Sioux Lookout Hydro Inc.
P.O. Box 908, 25 Fifth Ave.
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January 11,2008

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
TORONTO, ON M4P 1E4

RE: Sioux Lookout Hydro Incorporated
Response to Board Staff Interrogatories
Board File No. EB-2007-0785

Dear Ms. Walli:

Please find attached Sioux Lookout Hydro Inc.'s response to Board Staff Interrogatories.

If there are any questions or concerns, please do not hesitate to contact me at (807)737-3800, or via email at slhydro@tbaytel.net.

Yours truly,

Digitally signed by Deanne Kulchyski
DN: cn=Deanne Kulchyski, o=Sioux Lookout Hydro Inc., ou=ABC123//, email=slhydro@tbaytel.net, c=CA
Date: 2008.01.11 15:45:23 -06'00'

Deanne Kulchyski
Financial & Regulatory Affairs Officer

Encl/

RESPONSE TO BOARD STAFF INTERROGATORIES

EB-2007-0785

JANUARY 11, 2008

SIOUX LOOKOUT HYDRO INCORPORATED
25 FIFTH AVENUE, P.O. BOX 908
SIOUX LOOKOUT, ON P8T 1B3

Response to Board Staff Interrogatories
2008 Electricity Distribution Rates
Sioux Lookout Hydro Inc.
EB-2007-0785

1. OPERATING COSTS

OUTSOURCING

1.1 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 6

Interrogatory

On page 1, Sioux Lookout Hydro lists the services which it has purchased from Thunder Bay Hydro. In the section "Summary of tendering approach/summary of cost approach," it is stated that such services are provided on a contract basis and are reviewed yearly. It is then stated that "Cost is based on customer count and flat rate fee." Please state: (i) if any customers are excluded from the customer count and, if so, which ones, and how the flat rate fee is determined.

Response

There are no customers excluded from the customer count. The flat rate is determined by the total number of customers. There is a table which sets out the range. For example, 0 to 999 is the first range, then 1000 to 2999 etc.

1.2 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 6

Interrogatory

On page 1, Sioux Lookout Hydro lists the services which it has purchased from other organizations and Thunder Bay Hydro is the only such organization listed. Please confirm that Thunder Bay Hydro is the only external organization from which Sioux Lookout Hydro purchases services. If Thunder Bay Hydro is not the only such organization, please state from which other organizations Sioux Lookout Hydro purchases such services and provide equivalent information on any such arrangements to that provided for the Thunder Bay Hydro arrangements, including equivalent information to that requested in interrogatory number 1.1

Response

Thunder Bay Hydro is the only external organization from which Sioux Lookout Hydro purchases services.

EMPLOYEE COMPENSATION

1.3 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 7

Interrogatory

On Page 1, Sioux Lookout provides a breakdown of total salary and wages from 2006 to 2008. Please confirm whether or not Sioux Lookout has overtime compensation. If so, please provide a breakdown of overtime amounts for 2006, including Historical Board Approved and Historical Actual, 2007 and 2008.

Response

Sioux Lookout Hydro does have overtime compensation. A breakdown of overtime amounts for 2006, including Historical Board Approved and Historical Actual, 2007 and 2008 is shown below:

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Overtime amounts included in Compensation	$16,150.02	$18,669.02	$20,409.60	$21,083.12

1.4 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 7

Interrogatory

On Page 1, Sioux Lookout provides a breakdown of total employee benefits. Please explain the increase in total benefits of 11% from 2006 to 2008.

Response

Sioux Lookout Hydro's Employee Benefit Program is provided by The MEARIE Group. The cost of providing these benefits has increased as follows:

Year	% Increase
2006	8.7%
2007	4.7%
2008	6.1%
Total	19.5%

Prior to 2008 Sioux Lookout Hydro offered Board Members the option to join the benefit program. This is no longer applicable. Therefore the total percentage increase is less than 19.5% due to the lower number of enrollments.

1.5 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 7

Interrogatory

On Page 2, Sioux Lookout provides a breakdown of the total costs charged for compensation to OM&A from 2006 to 2008. In 2006, Sioux Lookout charged $413,419 of its total costs to OM&A. Please explain where the remaining amount of $65,000 was charged.

Response

The remaining amount of $65,000 was charged to capital.

1.6 Ref: Exhibit(s) Exhibit 4 / Tab 2 / Schedule 7

Interrogatory

Please provide details regarding the status of Sioux Lookout's pension fund and all assumptions used in the analysis.

Response

Sioux Lookout Hydro is a member of the OMERS Pension Plan. The plan is a defined benefit pension plan and administered by OMERS when an employee retires. Sioux Lookout Hydro matches contributions paid by employees. The cost of the company's contributions are expensed in the period they are incurred. Therefore, Sioux Lookout Hydro does not have a pension fund.

OM&A EXPENSES

1.7 Ref: Exhibit(s) Exhibit 4 / Tab 1 / Schedule 1

Interrogatory

a) Please confirm that Sioux Lookout has not made changes to the company's accounting policies in respect to capitalization of operation expenses and/or has not made any significant changes to accounting estimates used in allocation of costs between operations and capital expenses post fiscal year end 2006. I

Response

Sioux Lookout Hydro has not made any changes to accounting policies in respect to capitalization of operation expenses and/or significant changes to accounting estimates used in allocation of costs between operations and capital expenses post fiscal year end 2006.

Interrogatory

b) f any accounting policy changes or any significant changes in accounting estimates have been made post 2006 fiscal year end, please provide all supporting documentation and a discussion highlighting the impact of the changes.

Response

n/a

1.8 Ref: Exhibit(s) Exhibit 4/ Tab 1 / Schedule 2 / Page 1

Interrogatory

The following table was modified by Board staff to review Sioux Lookout's OM&A expenses. Note rounding differences may occur, but are immaterial to this question.

SUMMARY OF OM&A COSTS	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved	% change
Operation (Working Capital)	$ 337,710	$ 340,553	$ 2,843	0.84%
Maintenance (Working Capital)	$ 89,819	$ 72,867	-$ 16,952	-18.87%
Billing and Collections	$ 242,157	$ 298,055	$ 55,898	23.08%
Community Relations	$ -	$ 2,218	$ 2,218	100.00%
Bad Debt	$ 2,814	$ 51,740	$ 48,926	1738.72%
Property Insurance	$ 25,446	$ 25,728	$ 282	1.11%
General Advertising Expenses	$ 785	$ 546	-$ 239	-30.45%
Administrative and General Expenses	$ 222,888	$ 246,991	$ 24,103	10.81%
Total OM&A	$ 921,618	**$ 1,038,698**	$ 117,080	12.70%
Administration		$ 513,033		
Operation Maintenance		$ 487,428		
Total Per Financial Statements		**$ 1,000,461**		
Unexplained Difference		**$ 38,237**		

a) 2006 Actual expenses per the above table are reported as $1,038,698. The value reported in the 2006 audited financial statements is $1,000,461. Please provide a reconciliation to explain the $38,237 difference.

Response

The audited financial statements include bank charges of $47,462 in a separate category. These charges are included in Billing and Collections under account 5315 – Customer Billing.

An amount of $8,675, for property taxes which is not included in the above table, is included in administration costs on the audited financial statements.

An amount of $1,981 is included in Account 5172-Sentinal Lights – Materials and Expenses and categorized on the audited financials under Amortization.

There is an amount of $(2,531) included in Other Operating Revenue on the audited financial statements for administration charges billed for miscellaneous materials sold to customers. This is included in account 5665-Miscellaneous General Expenses in the application.

See the table below for a summary of the differences:

2006 Audited Financials	
Interest and Bank Charges	$47,462
Property Taxes (included in administration)	$(8,675)
Amortization	$1,981
Other Operating Revenue	$(2,531)
Total	**$38,237**

Interrogatory

b) Billing and Collections increased by $55,898 between 2006 Actual and 2006 Board Approved. Per Exhibit 4/ Tab 2/ Schedule 2/Page 3 Meter Reading Expense has increased by $17,377 and Customer Billing increased by $36,637. Please provide explanations for these two increases.

Response

The 2006 Board Approved amounts are based on 2004 expenses. The costs for bank service charges increased from 2004 to 2006 by $22,740. This expense is classified under Customer Billing. Also, the cost to the company for utilizing Thunder Bay Hydro's billing system increased by $14,839 from 2004 to 2006.

The increase for Meter Reading can be explained in part by a rental agreement with Thunder Bay Hydro for a handheld meter reading unit for a cost of $5,640 in 2006. The unit was procured in 2005. The remaining difference of $11,737 is attributed to labour costs. Since Sioux Lookout Hydro has limited staff, when the meter reader is on holidays or unable to work, the other outside staff are reading meters at a higher rate of pay.

Interrogatory

c) Per Exhibit 4/ Tab 2/ Schedule 2/Page 5 Outside Services Employed has increased by $18,927. Please provide an explanation for this increase.

Response

This account includes yearly auditing fees and legal fees incurred. Prior to 2006 the auditing fees were expensed as billed. During our 2006 audit, performed in 2007, the expense was accrued and included in the 2006 expenses. Therefore there were two years of auditing fees included in the 2006 expense in order to properly account for them in the future. The amount accrued was $14,800.

The remaining increase is a result of the Electrical Distribution Safety Ontario Regulation 22/04 which requires an ESA Safety Audit to be performed each year.

1.9 Ref: Exhibit(s) Exhibit 4 / Tab 1 / Schedule 2 / Page 1

Interrogatory

The following table was modified by Board staff to review Sioux Lookout's OM&A expenses.

SUMMARY OF OM&A COSTS	2006 Actual	2007 Bridge	Variance form 2006 Actual	% change
Operation (Working Capital)	$ 340,553	$ 402,439	$ 61,886	18.17%
Maintenance (Working Capital)	$ 72,867	$ 90,755	$ 17,888	24.55%
Billing and Collections	$ 298,055	$ 307,814	$ 9,759	3.27%
Community Relations	$ 2,218	$ -	-$ 2,218	-100.00%
Bad Debt	$ 51,740	$ 40,000	-$ 11,740	-22.69%
Property Insurance	$ 25,728	$ 26,176	$ 448	1.74%
General Advertising Expenses	$ 546	$ 800	$ 254	46.52%
Administrative and General Expenses	$ 246,991	$ 251,308	$ 4,317	1.75%
Total OM&A	$ 1,038,698	$ 1,119,292	$ 80,594	7.76%

a) Operation expense increases by $61,896 between 2006 Actual and 2007 Bridge. On Exhibit 4/Tab 2/Schedule 3/ Page 1 Sioux Lookout identifies the driver of this increase as an adjustment to accrued sick leave in the amount of $50,729. The adjustment is made against operation labour Account 5020. Is this accounting entry a one time entry?

Response

Yes, the entry was a one-time entry as a credit in 2006 to account 5020. Our audit revealed that the company was carrying a liability for accrued sick leave that was incorrect.

Interrogatory

b) If this amount is not a one time accounting entry please explain why.

Response

n/a

1.10 Ref: Exhibit(s) Exhibit 4 / Tab 1 / Schedule 2 / Page 1

Interrogatory

The following table was modified by Board staff to review Sioux Lookout 'sOM&A expenses

SUMMARY OF OM&A COSTS	2007 Bridge	2008 Test	Variance form 2007 Bridge	% change
Operation (Working Capital)	$ 402,439	$ 421,827	$ 19,388	4.82%
Maintenance (Working Capital)	$ 90,755	$ 87,281	-$ 3,474	-3.83%
Billing and Collections	$ 307,814	$ 346,826	$ 39,012	12.67%
Community Relations	-	-	-	0.00%
Bad Debt	$ 40,000	$ 20,000	-$ 20,000	-50.00%
Property Insurance	$ 26,176	$ 26,700	$ 524	2.00%
General Advertising Expenses	$ 800	$ 1,000	$ 200	25.00%
Administrative and General Expenses	$ 251,308	$ 233,192	-$ 18,116	-7.21%
Total OM&A	$ 1,119,292	$ 1,136,826	$ 17,534	1.57%

a) Please prepare a reconciliation between the 2007 OM&A budget to the 2007 forecast as presented above in the amount of $1,119,292. If the values reconciled are materially different, please explain why these values are different.

Response

	2007 OM&A Budget	2007 Forecast	Difference	% Difference
Operation (Working Capital)	$424,300	$402,439	$(21,861)	-5.15%
Maintenance (Working Capital)	$112,500	$90,755	$(21,745)	-19.32%
Billing and Collections	$276,240	$307,814	$31,574	11.14%
Bad Debt	$10,000	$40,000	$30,000	300%
Property Insurance	$27,700	$26,176	$(1,524)	-5.50%
General Advertising Expenses	$800	$800	$0	0.00%
Administrative and General Expenses	$266,200	$251,308	$(14,892)	-5.59%
Totals	$1,117,740	$1,119,292	$1,552	.14%

The above table summarizes Sioux Lookout Hydro's 2007 operating budget and compares it to the 2007 forecasted amounts included in the application. The budget was prepared in 2006 based on 2006 costs. The 2007 forecasted amounts are based on 6 months actual costs and 6 months of forecasted costs.

The differences in the Operations and Maintenance, and Administrative and General Expenses can by and large be explained by the fact certain amortization expenses are recorded in these categories for the purpose of the budget. The model used for the application to determine 2007 forecast did not take this into consideration (see 2.8). Also the decrease in Administrative and General Expenses can be explained by an allocation difference between Billing and Collecting and Administrative expenses used for the budget and by the model. There is an amount of $18,000 which is classified as Administrative costs for budget purposes but is forecasted in Billing and Collecting by the model.

The differences in the Billing and Collections can be explained by the method used by the model to calculate labour expenses. The input for all labour accounts was and increase of 3.3% from 2006 to 2007. In 2006 the meter reading labour expense was high due to the absence of our meter reader and the fact that the linemen were reading meters at this time. The increase from the budget to the forecasted amount is approximately $17,000. An entry should have been made to normalize 2006 meter reading labour. This coupled with the $18,000 explained above accounts for the difference.

The increase in the forecasted Bad Debt to budgeted can be explained by an analysis done at the beginning of 2007 on the amount of customers in arrears. As a result of this analysis, Sioux Lookout Hydro implemented more aggressive collection procedures in April 2007 to try and collect overdue accounts. The consequence of this was a number of customers abandoning their residences rather than pay the outstanding amounts, some of which were very high. The drop of

50% in 2008 can be explained by the expectation that the new collection procedures will prevent customers from carrying very high balances and thus reducing the overall bad debt.

The decrease in Property Insurance is due to the actual amount paid for 2007 insurance being available at the time of the application.

Interrogatory

b) Operation costs increase by $19,388 between 2007 Bridge and 2008 Test. Per Exhibit 4/Tab 2/Schedule 1/ Page 1 Sioux Lookout identifies Account 5020 increasing by $8,888. Please confirm if Sioux Lookout has reversed the accounting entry for accrued sick leave for $50,729.

Response

Yes the accounting entry for accrued sick leave was reversed in 2007. This resulted in a significant increase from 2006 actual to 2007 forecasted.

Interrogatory

c) If Sioux Lookout has reversed the $50,729 please confirm that Sioux Lookout has increased Account 5020 by an amount of $59,617 ($50,729 plus $8,888), and explain the reason for this increase.

Response

Sioux Lookout Hydro has only increased account 5020 by an amount of $8,888. The $50,729 was applied as a credit to account 5020 in 2006 and a debit in 2007 to reflect the fact that it was a one-time event. Therefore it does not impact the change from 2007 to 2008.

1.11 <u>Ref: Exhibit(s) Exhibit 4 / Tab 1 / Schedule 2</u>

Interrogatory

a) Bad Debt expenses are reported as $2,814 for Board Approved 2006, $51,740 for Actual 2006, and $40,000 for Bridge 2007. Please provide details of the components (i.e. energy sales, work order recoveries etc.) that are included in Bad Debt Expenses for all years.

Response

The components of Bad Debt expense include any amounts owed to the company for the Energy, Distribution, Transmission, Regulatory and Debt Retirement Charges which are charged on the customer's bill.

In 2006 it was discovered that the company was significantly understating its bad debt expense. There were a large number of accounts which had been sent to collection agencies for collection that were not included in the Allowance for Doubtful accounts. After extensive review of all accounts, any amounts that had been sent for collection were included in the allowance. The impact of this was a very high bad debt expense. Sioux Lookout Hydro then proceeded to examine their collection procedures to reduce the amount of receivables sent in for collection. The new procedures were implemented in April 2007.

Interrogatory

b) Please describe the methodology(s) employed by Sioux Lookout to calculate the value for Bad Debt Expense of $20,000 for Test 2008.

Response

The Bad Debt Expense for 2008 is an estimate taking into consideration the new collection procedures put in place in April 2007.

1.12 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedules 4 and 5

Interrogatory

The Wholesale Network Transmission Rate will decrease 18% effective November 1 2007. The Wholesale Connection Transmission Rate will decrease 28% and the Wholesale Transformation Connection Transmission Rate will increase 7% effective November 1 2007.

a) For each rate class, please provide a revised RTR – Network Service Rate that would be revenue neutral over the 12 month period beginning May 1, 2008. (i.e. The amount collected by the revised RTR – Network Service Rate for each rate class should equal the amount paid for the Wholesale Network Transmission Rate.)
b) For each rate class, please provide a revised RTR – Line and Transformation Connection Service Rate that would be revenue neutral over the 12 month period beginning May 1, 2008. (i.e. The amount collected by the RTR - Line and Transformation Connection Service Rate for each rate class should equal the amount paid for the Wholesale Connection Transmission Rate and the Wholesale Transformation Connection Transmission Rate.)

Response

Prior to re-submitting the application on November 1, 2007, these changes were considered. Communication with the consultant working with Sioux Lookout Hydro on this application informed us that because we are an embedded distributor, and are charged by Hydro One not the IESO, these new rates did not apply.

2. RATE BASE

2.1 Ref: Exhibit(s) Exhibit 2 / Tab 1 / Schedule 1

Interrogatory

Please confirm that Sioux Lookout Hydro has no projects for which a Leave to Construct under section 92 is required.

Response

Sioux Lookout Hydro has no projects for which a Leave to Construct under section 92 is required.

2.2 Ref: Exhibit(s) Exhibit 2 / Tab 1 / Schedule 1

Interrogatory

a. Please provide Sioux Lookout 'sCode of Business Conduct.

Response

Sioux Lookout Hydro currently does not have a Code of Business Conduct.

Interrogatory

b. For the years 2002 to 2008 inclusive, please provide a table listing the following (use actual dollars in years where available, or expected or planned or projected dollars, or % where indicated):

i. Net Income
ii. Actual Return on Equity %
iii. Allowed Return on Equity %
iv. Retained Earnings
v. Dividends to Shareholders
vi. Sustainment Capital expenditures
vii. Development Capital Expenditures
viii. Operations Capital Expenditures
ix. Other Capital Expenditures (identify)
x. Total Capital Expenditures
xi. Depreciation

Response

	2002	2003	2004	2005	2006	2007	2008
Net Income	$295,427	$308,418	$76,989	$ 59,225	$128,542	$109,253	$262,198
Actual Return on Equity %	7.36%	7.58%	1.92%	1.47%	3.2%	2.72%	8.68%
Allowed Return on Equity %	9.88%	9.88%	9.88%	9.88%	9.00%	9.00%	8.68%
Retained Earnings	$362,292	$538,172	$482,624	$409,311	$252,695	$252,695	$252,695
Dividends to Shareholders	$88,359	$132,538	$132,538	$132,538	$285,158	$109,253	$262,198
Sustainment Expenditures	$19,637	$40,065	$450	$6,806	$17,415	$132,890	$135,590
Development Capital Expenditures	$23,439	$51,860	$24,502	$3,548	$66,899	$75,000	$295,000
Operations Capital Expenditures	$124,787	$347,765	$318,894	$236,566	$115,782	$115,000	$131,300
Other Capital Expenditures	$254,687	$11,403	$40,290	$64,902	$8,548	$21,400	$90,000
Depreciation	$199,657	$213,759	$224,897	$234,042	$234,760	$239,466	$257,984

2.3 Ref: Exhibit(s) Exhibit 1 / Tab 1 / Schedule 13 / Page 1

Interrogatory

Provide a detailed list and description of the "balance of the regulatory assets, not previously included in the 2006 EDR…" as stated in the1st paragraph.

Response

Please see below for a reproduced table received by Hydro One with Sioux Lookout Hydro's charges only:

APPENDIX A HYDRO ONE's PROPOSED REGULATORY ASSET CHARGES TO EMBEDDED DISTRIBUTORS FOR JAN. 2004 TO APR. 2006

	Deferred LV costs (to be included in 1586	**Acct 1508 Pension and OEB costs**	**Acct 1580 RSVA WMSC**	**Acct 1582 RSVA One Time**	**Acct 1584 RSVA Network**	**Acct 1586 RSVA Connection**	**Total April 30, 2006 Reg. Asset Variance Balance**
Sioux Lookout Hydro Inc.	$1,593,430	$73,791		$0	($28,373)	($102,216)	$1,536,631

In Sioux Lookout Hydro's 2006 EDR an amount of $447,364 was not included in the regulatory asset recovery worksheet in order to mitigate the impact of the rate rider on the customer. This amount is calculated as 30% of the total charges in account 1586 ($1,593,430 + ($102,216)) by Hydro One to Sioux Lookout Hydro for the period January 2004 to April 2006.

2.4 Ref: Exhibit(s) Exhibit 1 / Tab 3 / Schedule 1

Interrogatory

Please provide a complete list of the amortization periods for "other equipment". Please include Vehicles, Computer hardware and software.

Response

Other Equipment	Amortization Period
Trucks > 3 Tons	8 years
Trucks < 3 Tons	5 years
Power Operated Equipment	5 years
Major Tools	10 years
Computer Hardware	5 years
Computer Software	5 years
Office Equipment	10 years

2.5 Ref: Exhibit(s) Exhibit 2 / Tab 2 / Schedule 1 / Page 4

Interrogatory

In the Continuity statement, under 2007 Bridge year column total additions, Gross asset value is shown as $344,290. However in Exhibit 2/ Tab 3/ Schedule 1/ Pages 1-2, the sum of the capital budget for the 2007 Bridge year is $346,290.

a. There is an apparent repetition of one project (project 00008 office equipment) at the bottom of page 1 of the Exhibit 2/Tab 3 / Schedule 1 which would account for the difference. Should one of the rows be removed?

Response

Yes, Project 00008 Office Equipment should only be listed once.

Interrogatory

b. If the discrepancy is not due to the repetition described under a) above, please explain the discrepancy between the two amounts.

Response

n/a

2.6 Ref: Exhibit(s) Exhibit 2 / Tab 2 / Schedule 1 / Page 4

Interrogatory

Please explain the nature and provide the details of the adjustments in the third last row of the table of the Continuity statement e.g. under 2008 Test year an amount of $66,780 is shown as the adjustment under the Gross Asset value column.

Response

This adjustment relates to the disposal of conventional meters in 2008 due to the implementation of Smart Meters. Sioux Lookout Hydro filed a Smart Meter Implementation Plan with the OEB indicating that it intended to replace a total of 1,113 conventional meters with smart meters in 2008. The amount of $66,780 was based on an estimated residual value of $60 per meter.

2.7 Ref: Exhibit(s) Exhibit 2 / Tab 2 / Schedule 2 / Page 1

Interrogatory

The last column of the Gross Assets table is labelled as "Variance from 2006 Actual", but the numbers under the column are reflected as the variance between 2008 Test vs. 2007 Bridge. Please confirm that the column label should be "Variance from 2007 Bridge".

Response

The last column of the Gross Assets table should be labeled as "Variance from 2007 Bridge"

2.8 Ref: Exhibit(s) Exhibit 2 / Tab 2 / Schedule 4 / Page 3

Interrogatory

The total 2008 Accumulated depreciation increase from 2007 Bridge to 2008 Test year is shown as $256,324. However at Exhibit 9/Tab 1/ Schedule1/Page1 the total Amortization Expenses for 2008 is stated as $257,983.66. Please explain in detail the discrepancy.

Response

The variance between the total 2008 Accumulated Depreciation increase from 2007 Bridge to 2008 Test year, and the total Amortization Expenses for 2008 stated as $257,983.66 (at Exhibit 9/Tab 1/ Schedule1/Page1) was caused by a miscalculation in the depreciation expenses

For the purposes of this application only, the depreciation expense was erroneously calculated on fully depreciated assets.

The incorrect depreciation expenses stated at Exhibit 9 ($256,324) was calculated as follows; -$323,104 + $66,780(retirement and sale of 1860 meters) = -$256,324. The amount should have been calculated as follows -$257,895 + $66,780(retirement and sale of 1860 meters) = -$191,204.14

As a result of this revision, sections of the application are being restated. These sections include Continuity Statements (Exhibit 2, Tab 2, Schedule 1), Accumulated depreciation (Exhibit 2, Tab 2, Schedule 4), Summary of Rate Base (Exhibit 2, Tab 1, Schedule 1)

Please find below the revised continuity statements. The amounts marked in red have been revised.

CONTINUITY TABLE

CONTINUITY STATEMENTS	2006 Actual				2007 Bridge				2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value		Gross Asset Value	Accumulated Depreciation	Net Book Value		Gross Asset Value	Accumulated Depreciation	Net Book Value
1808-Buildings and Fixtures-Opening Balance	91,864.15	-18,974.39	72,889.76		91,864.15	-22,648.95	69,215.20		91,864.15	-25,450.95	66,413.20
1808-Buildings and Fixtures-Additions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1808-Buildings and Fixtures-Depreciation	0.00	-3,674.56	-3,674.56		0.00	-2,802.00	-2,802.00		0.00	-2,802.00	-2,802.00
1808-Buildings and Fixtures-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1808-Buildings and Fixtures-Closing Balance	91,864.15	-22,648.95	69,215.20		91,864.15	-25,450.95	66,413.20		91,864.15	-28,252.95	63,611.20
Average	91,864.15	-20,811.67	71,052.48		91,864.15	-24,049.95	67,814.20		91,864.15	-26,851.95	65,012.20
Poles and Wires											
1830-Poles, Towers and Fixtures-Opening Balance	2,512,523.23	-456,806.25	2,055,716.98		2,628,662.10	-561,952.74	2,066,709.36		2,871,552.10	-646,976.74	2,224,575.36
1830-Poles, Towers and Fixtures-Additions	116,138.87	0.00	116,138.87		242,890.00	0.00	242,890.00		274,190.00	0.00	274,190.00
1830-Poles, Towers and Fixtures-Depreciation	0.00	-105,146.49	-105,146.49		0.00	-85,024.00	-85,024.00		0.00	-95,366.00	-95,366.00
1830-Poles, Towers and Fixtures-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1830-Poles, Towers and Fixtures-Closing Balance	2,628,662.10	-561,952.74	2,066,709.36		2,871,552.10	-646,976.74	2,224,575.36		3,145,742.10	-742,342.74	2,403,399.36
Average	2,570,592.67	-509,379.50	2,061,213.17		2,750,107.10	-604,464.74	2,145,642.36		3,008,647.10	-694,659.74	2,313,987.36
1835-Overhead Conductors and Devices-Opening Balance	1,079,172.24	-215,823.42	863,348.82		1,079,172.24	-258,990.28	820,181.96		1,079,172.24	-291,902.28	787,269.96
1835-Overhead Conductors and Devices-Additions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1835-Overhead Conductors and Devices-Depreciation	0.00	-43,166.86	-43,166.86		0.00	-32,912.00	-32,912.00		0.00	-32,912.00	-32,912.00
1835-Overhead Conductors and Devices-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1835-Overhead Conductors and Devices-Closing Balance	1,079,172.24	-258,990.28	820,181.96		1,079,172.24	-291,902.28	787,269.96		1,079,172.24	-324,814.28	754,357.96
Average	1,079,172.24	-237,406.85	841,765.39		1,079,172.24	-275,446.28	803,725.96		1,079,172.24	-308,358.28	770,813.96
1840-Underground Conduit-Opening Balance	150,427.76	-28,983.27	121,444.49		152,957.46	-35,101.54	117,855.92		153,957.46	-39,786.54	114,170.92
1840-Underground Conduit-Additions	2,529.70	0.00	2,529.70		1,000.00	0.00	1,000.00		1,000.00	0.00	1,000.00
1840-Underground Conduit-Depreciation	0.00	-6,118.27	-6,118.27		0.00	-4,685.00	-4,685.00		0.00	-4,725.00	-4,725.00
1840-Underground Conduit-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00

CONTINUITY STATEMENTS	2006 Actual				2007 Bridge				2008 Test		
1840-Underground Conduit-Closing Balance	152,957.46	-35,101.54	117,855.92		153,957.46	-39,786.54	114,170.92		154,957.46	-44,511.54	110,445.92
Average	151,692.61	-32,042.41	119,650.21		153,457.46	-38,621.12	116,013.42		154,457.46	-42,149.04	112,308.42
1845-Underground Conductors and Devices-Opening Balance	641,113.54	-118,245.90	522,867.64		666,614.21	-144,910.46	521,703.75		680,614.21	-165,520.46	515,093.75
1845-Underground Conductors and Devices-Additions	25,500.67	0.00	25,500.67		14,000.00	0.00	14,000.00		14,000.00	0.00	14,000.00
1845-Underground Conductors and Devices-Depreciation	0.00	-26,664.56	-26,664.56		0.00	-20,610.00	-20,610.00		0.00	-21,170.00	-21,170.00
1845-Underground Conductors and Devices-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1845-Underground Conductors and Devices-Closing Balance	666,614.21	-144,910.46	521,703.75		680,614.21	-165,520.46	515,093.75		694,614.21	-186,690.46	507,923.75
Average	653,863.88	-131,578.18	522,285.70		673,614.21	-155,215.46	518,398.75		687,614.21	-176,105.46	511,508.75
Total											
Line Transformers											
1850-Line Transformers-Opening Balance	1,281,875.27	-238,199.38	1,043,675.89		1,294,176.33	-289,966.41	1,004,209.92		1,294,176.33	-329,435.41	964,740.92
1850-Line Transformers-Additions	12,301.06	0.00	12,301.06		0.00	0.00	0.00		2,700.00	0.00	2,700.00
1850-Line Transformers-Depreciation	0.00	-51,767.03	-51,767.03		0.00	-39,469.00	-39,469.00		0.00	-39,523.00	-39,523.00
1850-Line Transformers-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1850-Line Transformers-Closing Balance	1,294,176.33	-289,966.41	1,004,209.92		1,294,176.33	-329,435.41	964,740.92		1,296,876.33	-368,958.41	927,917.92
Average	1,288,025.80	-264,082.90	1,023,942.91		1,294,176.33	-309,700.91	984,475.42		1,295,526.33	-349,196.91	946,329.42
Total											
1860-Meters-Opening Balance	284,579.80	-51,388.02	233,191.78		326,901.51	-64,269.50	262,632.01		382,901.51	-66,359.50	316,542.01
1860-Meters-Additions	43,626.31	0.00	43,626.31		65,000.00	0.00	65,000.00		270,000.00	0.00	270,000.00
1860-Meters-Depreciation	0.00	-13,403.38	-13,403.38		0.00	-11,090.00	-11,090.00		0.00	-16,274.00	-16,274.00
1860-Meters-Adjustments	-1,304.60	521.90	-782.70		-9,000.00	9,000.00	0.00		-66,780.00	66,780.00	0.00
1860-Meters-Closing Balance	326,901.51	-64,269.50	262,632.01		382,901.51	-66,359.50	316,542.01		586,121.51	-15,853.50	570,268.01
Average	305,740.66	-57,828.76	247,911.90		354,901.51	-65,314.50	289,587.01		484,511.51	-41,106.50	443,405.01
Total											
IT Assets											
1920-Computer Equipment - Hardware-Opening Balance	19,832.94	-17,387.96	2,444.98		20,944.24	-18,530.82	2,413.42		20,944.24	-20,944.24	0.00
1920-Computer Equipment - Hardware-Additions	1,111.30	0.00	1,111.30		0.00	0.00	0.00		0.00	0.00	0.00
1920-Computer Equipment - Hardware-Depreciation	0.00	-1,142.86	-1,142.86		0.00	-2,413.42	-2,413.42		0.00	0.00	0.00
1920-Computer Equipment - Hardware-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1920-Computer Equipment - Hardware-Closing Balance	20,944.24	-18,530.82	2,413.42		20,944.24	-20,944.24	0.00		20,944.24	-20,944.24	0.00
Average	20,388.59	-17,959.39	2,429.20		20,944.24	-19,737.53	1,206.71		20,944.24	-20,944.24	0.00

CONTINUITY STATEMENTS	2006 Actual				2007 Bridge				2008 Test		
1925-Computer Software-Opening Balance	0.00	0.00	0.00		0.00	0.00	0.00		2,000.00	-200.00	1,800.00
1925-Computer Software-Additions	0.00	0.00	0.00		2,000.00	0.00	2,000.00		0.00	0.00	0.00
1925-Computer Software-Depreciation	0.00	0.00	0.00		0.00	-200.00	-200.00		0.00	-400.00	-400.00
1925-Computer Software-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1925-Computer Software-Closing Balance	0.00	0.00	0.00		2,000.00	-200.00	1,800.00		2,000.00	-600.00	1,400.00
Average	0.00	0.00	0.00		1,000.00	-100.00	900.00		2,000.00	-400.00	1,600.00
Total											
Equipment											
1915-Office Furniture and Equipment-Opening Balance	6,706.66	-2,843.07	3,863.59		6,706.66	-3,513.64	3,193.02		8,706.66	-4,124.64	4,582.02
1915-Office Furniture and Equipment-Additions	0.00	0.00	0.00		2,000.00	0.00	2,000.00		0.00	0.00	0.00
1915-Office Furniture and Equipment-Depreciation	0.00	-670.57	-670.57		0.00	-611.00	-611.00		0.00	-711.00	-711.00
1915-Office Furniture and Equipment-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1915-Office Furniture and Equipment-Closing Balance	6,706.66	-3,513.64	3,193.02		8,706.66	-4,124.64	4,582.02		8,706.66	-4,835.64	3,871.02
Average	6,706.66	-3,178.36	3,528.31		7,706.66	-3,819.14	3,887.52		8,706.66	-4,480.14	4,226.52
1930-Transportation Equipment-Opening Balance	365,285.96	-146,421.87	218,864.09		365,285.96	-196,517.68	168,768.28		365,285.96	-231,330.68	133,955.28
1930-Transportation Equipment-Additions	0.00	0.00	0.00		0.00	0.00	0.00		80,000.00		80,000.00
1930-Transportation Equipment-Depreciation	0.00	-50,095.81	-50,095.81		0.00	-34,813.00	-34,813.00			-39,813.00	-39,813.00
1930-Transportation Equipment-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1930-Transportation Equipment-Closing Balance	365,285.96	-196,517.68	168,768.28		365,285.96	-231,330.68	133,955.28		445,285.96	-271,143.68	174,142.28
Average	365,285.96	-171,469.78	193,816.19		365,285.96	-213,924.18	151,361.78		405,285.96	-251,237.18	154,048.78
1940-Tools, Shop and Garage Equipment-Opening Balance	46,723.44	-19,039.95	27,683.49		48,493.03	-23,889.24	24,603.79		53,493.03	-27,836.24	25,656.79
1940-Tools, Shop and Garage Equipment-Additions	1,769.59	0.00	1,769.59		5,000.00	0.00	5,000.00		5,000.00	0.00	5,000.00
1940-Tools, Shop and Garage Equipment-Depreciation	0.00	-4,849.29	-4,849.29		0.00	-3,947.00	-3,947.00		0.00	-4,447.00	-4,447.00
1940-Tools, Shop and Garage Equipment-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1940-Tools, Shop and Garage Equipment-Closing Balance	48,493.03	-23,889.24	24,603.79		53,493.03	-27,836.24	25,656.79		58,493.03	-32,283.24	26,209.79
Average	47,608.24	-21,464.60	26,143.64		50,993.03	-25,862.74	25,130.29		55,993.03	-30,059.74	25,933.29

CONTINUITY STATEMENTS	2006 Actual				2007 Bridge				2008 Test		
1945-Measurement and Testing Equipment-Opening Balance	9,351.19	-2,036.95	7,314.24		12,187.81	-3,255.73	8,932.08		15,187.81	-4,334.73	10,853.08
1945-Measurement and Testing Equipment-Additions	2,836.62	0.00	2,836.62		3,000.00	0.00	3,000.00		3,000.00	0.00	3,000.00
1945-Measurement and Testing Equipment-Depreciation	0.00	-1,218.78	-1,218.78		0.00	-1,079.00	-1,079.00		0.00	-1,379.00	-1,379.00
1945-Measurement and Testing Equipment-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1945-Measurement and Testing Equipment-Closing Balance	12,187.81	-3,255.73	8,932.08		15,187.81	-4,334.73	10,853.08		18,187.81	-5,713.73	12,474.08
Average	10,769.50	-2,646.34	8,123.16		13,687.81	-3,795.23	9,892.58		16,687.81	-5,024.23	11,663.58
1950-Power Operated Equipment-Opening Balance	109,995.61	-81,707.15	28,288.46		108,187.11	-89,485.23	18,701.88		108,187.11	-99,796.23	8,390.88
1950-Power Operated Equipment-Additions	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1950-Power Operated Equipment-Depreciation	0.00	-8,644.56	-8,644.56		0.00	-10,311.00	-10,311.00		0.00	-8,391.00	-8,391.00
1950-Power Operated Equipment-Adjustments	-1,808.50	866.48	-942.02		0.00	0.00	0.00		0.00	0.00	0.00
1950-Power Operated Equipment-Closing Balance	108,187.11	-89,485.23	18,701.88		108,187.11	-99,796.23	8,390.88		108,187.11	-108,187.23	-0.12
Average	109,091.36	-85,596.19	23,495.17		108,187.11	-94,640.73	13,546.38		108,187.11	-103,991.73	4,195.38
1955-Communication Equipment-Opening Balance	24,251.16	-11,887.82	12,363.34		26,091.89	-14,657.36	11,434.53		35,491.89	-17,116.36	18,375.53
1955-Communication Equipment-Additions	1,840.73	0.00	0.00		9,400.00	0.00	9,400.00		2,000.00	0.00	2,000.00
1955-Communication Equipment-Depreciation	0.00	-2,769.54	-2,769.54		0.00	-2,459.00	-2,459.00		0.00	-3,029.00	-3,029.00
1955-Communication Equipment-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1955-Communication Equipment-Closing Balance	26,091.89	-14,657.36	11,434.53		35,491.89	-17,116.36	18,375.53		37,491.89	-20,145.36	17,346.53
Average	25,171.53	-13,272.59	11,898.94		30,791.89	-15,886.86	14,905.03		36,491.89	-18,630.86	17,861.03
1985-Sentinel Lighting Rental Units-Opening Balance	18,816.61	-8,097.72	10,718.89		19,806.06	-10,078.31	9,727.75		19,806.06	-11,588.31	8,217.75
1985-Sentinel Lighting Rental Units-Additions	989.45	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1985-Sentinel Lighting Rental Units-Depreciation	0.00	-1,980.59	-1,980.59		0.00	-1,510.00	-1,510.00		0.00	-1,510.00	-1,510.00
1985-Sentinel Lighting Rental Units-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1985-Sentinel Lighting Rental Units-Closing Balance	19,806.06	-10,078.31	9,727.75		19,806.06	-11,588.31	8,217.75		19,806.06	-13,098.31	6,707.75
Average	19,311.34	-9,088.02	10,223.32		19,806.06	-10,833.31	8,972.75		19,806.06	-12,343.31	7,462.75
1995-Contributions and Grants - Credit-Opening Balance	-384,205.96	49,294.61	-334,911.35		-474,387.02	68,270.09	-406,116.93		-474,387.02	82,737.09	-391,649.93

CONTINUITY STATEMENTS	2006 Actual				2007 Bridge				2008 Test		
1995-Contributions and Grants - Credit-Additions	-90,181.06	0.00	-90,181.06		0.00	0.00	0.00		0.00	0.00	0.00
1995-Contributions and Grants - Credit-Depreciation	0.00	18,975.48	18,975.48		0.00	14,467.00	14,467.00		0.00	14,467.00	14,467.00
1995-Contributions and Grants - Credit-Adjustments	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1995-Contributions and Grants - Credit-Closing Balance	-474,387.02	68,270.09	-406,116.93		-474,387.02	82,737.09	-391,649.93		-474,387.02	97,204.09	-377,182.93
Average	-429,296.49	58,782.35	-370,514.14		-474,387.02	75,503.59	-398,883.43		-474,387.02	89,970.59	-384,416.43
Total											
Total Opening Balance	**6,258,313.60**	**-1,368,548.51**	**4,889,765.09**		**6,373,663.74**	**-1,669,497.80**	**4,704,165.94**		**6,708,953.74**	**-1,899,966.22**	**4,808,987.52**
Total Additions	**118,463.24**	**0.00**	**115,633.06**		**344,290.00**	**0.00**	**344,290.00**		**651,890.00**	**0.00**	**651,890.00**
Total Depreciation	**0.00**	**-302,337.67**	**-302,337.67**		**0.00**	**-239,468.42**	**-239,468.42**		**0.00**	**-257,985.00**	**-257,985.00**
Total Adjustments	**-3,113.10**	**1,388.38**	**-1,724.72**		**-9,000.00**	**9,000.00**	**0.00**		**-66,780.00**	**66,780.00**	**0.00**
Total Closing Balance	**6,373,663.74**	**-1,669,497.80**	**4,704,165.94**		**6,708,953.74**	**-1,899,966.22**	**4,808,987.52**		**7,294,063.74**	**-2,091,171.22**	**5,202,892.52**
Average	**6,315,988.67**	**-1,519,023.16**	**4,796,965.52**		**6,541,308.74**	**-1,784,732.01**	**4,756,576.73**		**7,001,508.74**	**-1,995,568.72**	**5,005,940.02**

RATE BASE SUMMARY TABLE

RATE BASE SUMMARY	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved	2006 Actual	2007 Bridge	Variance form 2006 Actual	Year End Average	2007 Bridge	2008 Test	Variance form 2007 Bridge	Year End Average	Variance form 2007 Bridge (Year End Avg)
	($'s)	($'s)	($'s)	($'s)	($'s)	($'s)		($'s)	($'s)	($'s)		($'s)
Gross Asset												
Asset Values at Cost	5,834,557.45	6,373,663.74	539,106.29	6,373,663.74	6,708,954.00	335,290.26	6,541,308.74	6,708,953.74	7,294,063.74	585,110.00	7,001,508.74	460,200.00
Accumulated Depreciation												
Depreciation	-933,529.86	-1,669,497.80	-735,967.95	-1,669,497.80	-1,899,966.22	-230,468.42	-1,784,732.01	-1,899,966.22	-2,091,171.00	-1,001,204.78	-1,995,568.72	-210,836.71
Net Fixed Asset	4,901,027.60	4,704,165.94	-196,861.65	4,704,165.94	4,808,987.52	104,821.58	4,756,576.73	4,808,987.52	5,202,892.74	393,905.22	5,005,940.02	249,363.29
Allowance for Working Capital												
	1,002,935.09	1,134,554.70	131,619.61	1,134,554.70	1,401,587.85	267,033.15	1,401,587.85	1,401,587.85	1,464,714.15	63,126.30	1,464,714.15	63,126.30
Utility Rate Base	**5,903,962.68**	**5,838,720.64**	**-65,242.04**	**5,838,720.64**	**6,210,575.63**	**371,854.99**	**6,024,648.14**	**6,210,575.37**	**6,667,606.89**	**40,936.74**	**6,470,654.17**	**312,489.59**

ACCUMULATED DEPRECIATION TABLE

ACCUMULATED DEPRECIATION TABLE	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved		2006 Actual	2007 Bridge	Variance form 2006 Actual		2007 Bridge	2008 Test	Variance form 2007 Bridge
	($'s)	($'s)			($'s)	($'s)			($'s)	($'s)	
	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Land and Buildings	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1805-Land-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1806-Land Rights-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1808-Buildings and Fixtures-Depreciation	-13,463.00	-22,649.00	-9,186.00		-22,649.00	-26,324.00	-3,675.00		-26,324.00	-29,125.52	-2,801.52
1905-Land-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1906-Land Rights-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1810-Leasehold Improvements-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Sub-Total-Land and Buildings	-13,463.00	-22,649.00	-9,186.00		-22,649.00	-26,324.00	-3,675.00		-26,324.00	-29,125.52	-2,801.52
TS Primary Above 50											
1815-Transformer Station Equipment - Normally Primary above 50 kV-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Sub-Total-TS Primary Above 50	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
DS											
1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Sub-Total-DS	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Poles and Wires											
1830-Poles, Towers and Fixtures-Depreciation	-361,446.00	-574,660.00	-213,214.00		-574,660.00	-684,664.00	-110,004.00		-684,664.00	-780,030.40	-95,366.40
1835-Overhead Conductors and Devices-Depreciation	-86,328.00	-246,283.00	-159,955.00		-246,283.00	-289,450.00	-43,167.00		-289,450.00	-322,361.80	-32,911.80
1840-Underground Conduit-Depreciation	-54,073.00	-36,002.00	18,071.00		-36,002.00	-42,141.00	-6,139.00		-42,141.00	-46,865.70	-4,724.70
1845-Underground Conductors and Devices-Depreciation	-38,726.00	-144,010.00	-105,284.00		-144,010.00	-170,954.00	-26,944.00		-170,954.00	-192,124.17	-21,170.17
Sub-Total-Poles and Wires	-540,573.00	-1,000,955.00	-460,382.00		-1,000,955.00	-1,187,209.00	-186,254.00		-1,187,209.00	-1,341,382.06	-154,173.06
Line Transformers											
1850-Line Transformers-Depreciation	-155,852.00	-289,966.00	-134,114.00		-289,966.00	-341,733.00	-51,767.00		-341,733.00	-381,256.46	-39,523.46
Sub-Total-Line Transformers	-155,852.00	-289,966.00			-289,966.00	-341,733.00	-51,767.00		-341,733.00	-381,256.46	-39,523.46
Services and Meters											

ACCUMULATED DEPRECIATION TABLE	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved		2006 Actual	2007 Bridge	Variance form 2006 Actual		2007 Bridge	2008 Test	Variance form 2007 Bridge
1855-Services-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1860-Meters-Depreciation	-36,145.00	-64,270.00	-28,125.00		-64,270.00	-69,466.00	-5,196.00		-69,466.00	-18,959.56	50,506.44
Sub-Total-Services and Meters	-36,145.00	-64,270.00	-28,125.00		-64,270.00	-69,466.00	-5,196.00		-69,466.00	-18,959.56	50,506.44
General Plant											
1908-Buildings and Fixtures-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1910-Leasehold Improvements-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
Sub-Total-General Plant	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
IT Assets											
1920-Computer Equipment - Hardware-Depreciation	-14,952.00	-18,531.00	-3,579.00		-18,531.00	-20,944.00	-2,413.00		-20,944.00	-20,944.24	-0.24
1925-Computer Software-Depreciation	0.00	0.00	0.00		0.00	-200.00	-200.00		-200.00	-600.00	-400.00
Sub-Total-IT Assets	-14,952.00	-18,531.00	-3,579.00		-18,531.00	-21,144.00	-2,613.00		-21,144.00	-21,544.24	-400.24
Equipment											
1915-Office Furniture and Equipment-Depreciation	-1,875.00	-3,514.00	-1,639.00		-3,514.00	-4,284.00	-770.00		-4,284.00	-4,995.31	-711.31
1930-Transportation Equipment-Depreciation	-83,608.00	-196,518.00	-112,910.00		-196,518.00	-242,178.00	-45,660.00		-242,178.00	-281,991.43	-39,813.43
1935-Stores Equipment-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1940-Tools, Shop and Garage Equipment-Depreciation	-12,276.00	-23,889.00	-11,613.00		-23,889.00	-28,989.00	-5,100.00		-28,989.00	-33,435.54	-4,446.54
1945-Measurement and Testing Equipment-Depreciation	-838.00	-3,256.00	-2,418.00		-3,256.00	-4,625.00	-1,369.00		-4,625.00	-6,003.51	-1,378.51
1950-Power Operated Equipment-Depreciation	-60,232.00	-89,485.00	-29,253.00		-89,485.00	-103,009.00	-13,524.00		-103,009.00	-111,399.62	-8,390.62
1955-Communication Equipment-Depreciation	-8,373.00	-14,657.00	-6,284.00		-14,657.00	-17,737.00	-3,080.00		-17,737.00	-20,765.55	-3,028.55
1960-Miscellaneous Equipment-Depreciation	-5,343.00	0.00	5,343.00		0.00	0.00	0.00		0.00	0.00	0.00
Sub-Total-Equipment	-172,545.00	-331,319.00	-158,774.00		-331,319.00	-400,822.00	-69,503.00		-400,822.00	-458,590.95	-57,768.95
											57,768.95
Other Distribution Assets											
1825-Storage Battery Equipment-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1970-Load Management Controls - Customer Premises-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1975-Load Management Controls - Utility Premises-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1980-System Supervisory Equipment-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1985-Sentinel Lighting Rental Units-Depreciation	0.00	-10,078.00	-10,078.00		-10,078.00	-12,059.00	-1,981.00		-12,059.00	-13,568.92	-1,509.92
1990-Other Tangible Property-Depreciation	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00	0.00
1995-Contributions and Grants - Credit-Depreciation	0.00	68,270.00	68,270.00		68,270.00	87,246.00	18,976.00		87,246.00	101,712.57	14,466.57
Sub-Total-Other Distribution Assets	0.00	58,192.00	58,192.00		58,192.00	75,187.00	16,995.00		75,187.00	88,143.65	12,956.65

ACCUMULATED DEPRECIATION TABLE	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved		2006 Actual	2007 Bridge	Variance form 2006 Actual		2007 Bridge	2008 Test	Variance form 2007 Bridge
ACCUMULATED DEPRICIATION TOTAL	-933,530.00	-1,669,498.00	-601,854.00		-1,669,498.00	-1,971,511.00	-302,013.00		-1,971,511.00	-2,162,715.14	-191,204.14

The depreciation expense in the continuity statement for 2006 of 302,338 differs from the actual amount on the trial balance of 232,779 because depreciation for sentinel lights, tools and rolling stock are expensed under Operations general ledger accounts rather than amortization.

2.9 Ref: Exhibit(s) Exhibit 2 / Tab 2 / Schedule 5

Interrogatory

At page 1 of the exhibit, the heading and the tables are not consistent e.g. "2006 Board Approved vs. 2006 Actual" is not reflected in the table which provides headings of "2006 Bridge" and "2008 Test". Please:

a) Provide a revised table reflecting the correct headings.

Response

2006 Board Approved vs 2006 Actual

Asset Account	2006 Board Approved	2006 Actual	Variance
1930-Transportation Equipment	-83,608.00	-196,518.00	-112,910.00

2006 Actual vs 2007 Bridge

Asset Account	2006 Actual	2007 Bridge	Variance
1830 – Poles Towers and Fixtures – Depreciation	-574,660.00	-684,664.00	-110,004.00

Asset Account	2006 Actual	2007 Bridge	Variance
1850 – Line Transformers – Depreciation	-289,966.00	-341,733.00	-51,767.00

2007 Bridge vs 2008 Test

Asset Account	2007 Bridge	2008 Test	Variance
1930-Transportation Equipment	-242,178.00	-292,839.00	-50,661.00

Asset Account	2007 Bridge	2008 Test	Variance
1830- Poles, Towers and Fixtures – Depreciation	-684,664.00	-805,010.00	-120,346.00

Asset Account	2007 Bridge	2008 Test	Variance
1850 – Line Transformers – Depreciation	-341,733.00	-393555	-51,822.00

Asset Account	2007 Bridge	2008 Test	Variance
1860- Meters- Depreciation	-69,466.00	-22,066.00	-47,400.00

Interrogatory

b) Provide a table with accumulated depreciation for all the asset account items and provide a total amount for the variance of the projects which are material and for the total of accounts which are non-material to reconcile the total with the total accumulated variance on all projects.

Response

Please see interrogatory 2.8 for a revised Accumulated Depreciation Table which values for each asset account listing the accumulated depreciation and all variances.

Interrogatory

c) Below the account 1930 table, it states "The amounts were determined using the average of the 2003 and 2004 balances, which thereby reduced the actual amount in this account as of the end of 2004."

i Please explain why the variance between the 2006 Board approved and the 2006 actuals, can be explained by the half-year rule.

Response

The 2006 EDR model provided by the OEB calculated accumulated depreciation for 2006 based on the following formula: (2003 accumulated + 2004 accumulated) / 2. The actual accumulated depreciation for account 1930 in 2004 was $103,485. Depreciation expense for account 1930 was $42,936 in 2005 and $50,096 in 2006. So the difference of $19,877 ($103,485 - $83,608) between the calculated board approved and the actual, plus the depreciation realized in 2005 and 2006 accounts for the variance.

Interrogatory

ii Is the purchase of the new truck in 2005, the only difference?

Response

The difference between the 2005 depreciation expense and 2006 depreciation expense is explained by the purchase of the new truck in 2005 along with the disposal of an old truck. The company wrote off $835 in accumulated depreciation in 2005.

Interrogatory

d) Please confirm whether or not the 2006 actual figure of $196,518 reflects the half-year rule or the end of year balance for 2006.

Response

The figure of $196,518 reflects the end of year balance for 2006.

2.10 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 1

Interrogatory

Please provide the capital budget by project for 2006, Board approved and Actual, using the same format listed in Exhibit 2 Tab 3, Schedule 1, pages 1 to 3.

Response

Sioux Lookout Hydro did not apply for any adjustments to the balance of their capital accounts in the 2006 EDR, therefore a capital budget for the 2006 Board Approved cannot be provided. Prior to 2007 Sioux Lookout Hydro budgeted for capital by account number, not by project. See below for the 2006 actual capital budget approved by the Board of Sioux Lookout Hydro.

Account Description	USoA Account	Amount
Office Equipment	1915	$0
Overhead lines	1830/1835	$60,000
Underground lines	1845/1840	$20,000
Transformers	1850	$15,000
Tools	1940	$5,000
	1945	$2,000
	1955	$2,000
Meters	1860	$125,000
Sentinal Lights	1985	$600

Please note that at the end of 2005, Sioux Lookout Hydro was a market participant, and the metering unit at the Sam Lake DS was due to be reverified in 2006. This accounts for the $125,000 budgeted for meters. During 2006 Sioux Lookout Hydro deregistered from the market and became totally embedded with Hydro One. Therefore Hydro One took on the responsibility of changing out the meter at the Sam Lake DS.

2.11 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 1

Interrogatory

For each of the years 2006, 2007 and 2008, please provide:

a. The calculation of the materiality level

Response

The materiality level is calculated on Total Net Fixed Assets. The materiality threshold is 1% of Total Net Fixed Assets as set out in Chapter 2 of the Board Report (EB-2006-0170). The thresholds are shown in the table below:

Year	Net Fixed Asset	Threshold
2006	4,704,166	47,041
2007	4,737,444	47,374
2008	5,066,230	50,662

Interrogatory

b. A comprehensive table of capital expenditures on a project basis, with a subtotal for those which exceed the materiality threshold, and a subtotal for the group of those which do not exceed the materiality threshold. Provide the overall total capital expenditures;

Response

Project	**USoA**	**2007 Bridge**	**2008 Test**	**Variance**
P00004 – Truck Replacement	1930	0	80,000	80,000
P00006 – Smart Meters	1860	50,000	270,000	220,000
P00001 – Mill Line Upgrade	1830	100,000	131,300	31,300
P00003 – Pole Replacement Program	1830	100,000	100,000	0
Total above Materiality Threshold		**250,000**	**581,300**	**331,300**
P00005 – New Connections	1830	10,000	10,000	0
	1845	14,000	14,000	0
	1840	1,000	1,000	0
P00002 – Hwy 72 South	1830	32,890	32,890	0
	1850	0	2,700	2,700
P00007 – Tools	1940	5,000	5,000	0
	1945	3,000	3,000	0
	1955	2,000	2,000	0
P00008 – Office Equipment	1915	2,000	0	(2,000)
P00009 – Meter replacements	1860	15,000	0	(15,000)
P00010 – Phone System	1955	7,400	0	(7,400)
	1925	2,000	0	(2,000)
Total Below Materiality Threshold		94,290	70,590	**(23,700)**
Overall Total		**344,290**	**651,890**	**306,900**

Please see 2.10 regarding the 2006 Actual. Capital Expenditures in 2006 were tracked by account number no by project.

Interrogatory

c. Please produce a capital expenditures budgets summary for projects above the materiality level according to a) above and indicate:

i. How would the table be adjusted if the budget was required to be reduced by 25%?

ii. What would be the consequences of the adjustment on each of the programs?

Response

Table: Budget Summary

Project	USoA	2007 Bridge	2008 Test	Variance
P00004 – Truck Replacement	1930	0	80,000	80,000
P00006 – Smart Meters	1860	50,000	270,000	220,000
P00001 – Mill Line Upgrade	1830	100,000	131,300	31,300
P00003 – Pole Replacement Program	1830	100,000	100,000	0
Total above Materiality Threshold		**250,000**	**581,300**	**331,300**

Table: Adjusted Budget – 25% reduction

Project	USoA	2007 Bridge	2008 Test	Variance
P00004 – Truck Replacement	1930	0	60,000	60,000
P00006 – Smart Meters	1860	37,500	202,500	165,000
P00001 – Mill Line Upgrade	1830	75,000	98,475	23,475
P00003 – Pole Replacement Program	1830	75,000	75,000	0
Total above Materiality Threshold		**187,500**	**435,975**	**248,475**

The consequences of the adjustment on the Truck replacement would be a decrease in the quality of product able to purchase, which would likely result in greater maintenance costs. The same explanation can be used for all of the projects.

2.12 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 2 / Page 5

Interrogatory

At page 5, under Renewal Projects, Justification, it is stated that "The Applicant maintains its distribution plant according to a thorough assessment that uses a combination of time based and condition based maintenance methodology." Please

a) Provide details of the time based maintenance methodology, including timing of examinations for the various assets;

b) Provide details of the condition based maintenance methodology, including the asset condition assessment process and results, and how these are and have been converted to an action plan.

Response

Sioux Lookout Hydro has recently adopted new procedures relating to maintaining its distribution plant in response to Ontario Regulation 22/04 and the audits performed for 2005 and 2006.

The new procedures were developed through the OEB's Appendix C – Minimum Inspection Requirements. See below for the Policy and Procedure:

Sioux Lookout Hydro Inc.
Policy & Procedure for Overhead & Underground Maintenance

(Developed through the OEB's Appendix C – Minimum Inspection Requirements)

Inspection Cycles for Overhead and Underground

Sioux Lookout Hydro Inc(SLHI) ensures that only persons qualified under the Occupation of Health and Safety Act are involved in inspection activities. Since some inspections can expose inspectors to energized lines or high voltage circuits and equipment, and may include inspection and repair, a qualified person is assigned to this work. This assumes that they are both properly trained to protect both themselves and the public, and to respond to those emergencies, which may arise during inspections.

The patrol inspection is defined as follows:

> Patrol or simple visual inspections consisting of walking, driving or flying by equipment to identify obvious structural problems and hazards such as leaning power poles,

damaged equipment enclosures, and vandalism. In cases where a patrol notices that a problem exists or identifies a condition that warrants a more thorough or rigorous inspection, patrol may then include situations where structures are opened as necessary, and individual pieces of equipment carefully observed ant their condition noted and recorded. The specifics of these inspections would be recorded, and a summary document prepared in the distributor's annual reports as part of their rates or licensing submissions.

In all cases, SLHI ensures that appropriate follow up and corrective action is taken regarding problems identified during a patrol.

SLHI will file both annual summary reports of detailed patrol inspection activities that have taken place during the previous year as well as an outline of inspect tion plans ("compliance plans") for the forthcoming year.

Inspection cycles are categorized by SLHI's major distribution facilities:

Distribution Transformers
Switching and Protective Devices
Regulators
Capacitors
Conductors and Cables
Vegetation
Poles/Supports
Civil Infrastructure

For each of these facilities SLHI will further distinguish between overhead facilities and underground facilities. SLHI will also separate according to the facilities' location and the relative population density in the locale.

- Rural means those areas that are less populous suburban areas and are outside of a standard metropolitan area. Generally, rural will be defined on a circuit or sub-circuit basis by each utility, as areas with a line density of less than 60 customers per kilometer of line. It is recognized that there may be circumstances where the utility might want to treat something as urban thought it would otherwise be defined as "rural" according to this definition.
- Urban, means areas with higher density and, by definition pose safety and reliability consequences to greater numbers of people.

Line Patrol Inspection Checklist:

Transformers and switching kiosks:
Paint condition and corrosion
Placement on pad or vault
Check for lock and penta bolt in place
Grading changes

Access changes (Shrubs, trees, etc.)
Phase indicators and unit numbers match operating map(where used)
Leaking oil
Flashed or cracked insulators
Pad mounted – lid damage, missing bolts, cabinet damage, public security lock damage

Switching/Protective Devices
- Overhead
  - Bent, broken bushings and cutouts,
  - Damaged lightning arresters, control boxes, current and potential transformers
- Underground
  - Security and structural condition of enclosure
- Pad mounted
  - Security and structural condition of enclosure
- Regulators
  - Condition of bushings
  - Tank corrosion/leaks
  - Damaged disconnect switches or lightning arresters
- Capacitors
  - Conditions of bushings
  - Tank corrosion/leaks
  - Damaged cutouts, disconnects or control cabinet
- Conductors and Cables
  - Low conductor clearance
  - Broken/frayed conductors or tie wires
  - Tree Conditions, exposed broken ground conductors
  - Broken strands, bird caging, and excessive or inadequate sag
  - Insulation fraying on secondary especially open wire
- Pole/Supports
  - Bent, cracked or broken poles
  - Excessive surface wear or scaling
  - Loose, cracked or broken cross arms and brackets
  - Wood pecker or insect damage, bird nests
  - Loose or unattached guy wires or stubs
  - Guy strain insulators pulled apart or broken
  - Guy guards out of position or missing
  - Grading changes, or washouts
  - Indications of burning
- Hardware and attachments
  - Loose or missing hardware
  - Insulators unattached from pins
  - Conductor unattached from insulators
  - Insulators flashed over or obviously contaminated (difficult to see)

Tie wires unraveled
Ground wire broken or removed
Ground wire guards removed or broken

Equipment Installations (includes transformers)
Contamination/discoloration of bushings
Oil Leaks
Rust
Ground lead attachments
Ground wires on arrestors unattached
Bird or animal nests
Vines or brush growth interference
Evidence of bushing flashover
Accessibility compromised

Vegetation and Right of Way
Leaning or broken "danger" trees
Growth into line of "climbing" trees
Unapproved/unsafe occupation or secondary use

Civil Infrastructure – For example, buildings that house the equipment may need attention (cracking, fire hazard, etc.). In addition, cable chambers, underground vaults and tunnels crossing the rail track or water are also included in this category. These inspections will be conducted in the patrol of the equipment with which they are "associated".

Underground Systems:

With respect to underground systems, riser poles will be checked as with an overhead patrol, with a visual check of cable, cable guards, terminators and arrestors. While it is not possible to inspect underground cable directly, the system will be checked for exposed cable and or grade changes that may indicate that the cable has been brought too close to the surface.

Since cable is difficult to check, the system will be checked for exposed cable and/or grading changes that may have brought cable or wire too close to the surface.

Table C-1 below outlines SLHI's inspection cycles in years. Table C-2 is the inspection report to be completed on an annual basis. Finally Table C-3 is a sample of the patrol deficiency record to be used to document areas of concern.

TABLE C-1 Electric Utility System Inspection Cycles (Maximum Intervals in Years)

Major or Substantial Distribution Facility*	Patrol	Patrol
Distribution Transformers	**Urban**	**Rural**
Overhead	3	3
Submersible	3	3
Vault	3	3
Pad Mounted	3	3

Stations (see note below)	Outdoor Open	Outdoor Enclosed	Indoor Enclosed	Outdoor Open	Outdoor Enclosed	Indoor Enclosed
Transformer Station	n/a	n/a	n/a	n/a	n/a	n/a
Distribution Station	n/a	n/a	n/a	n/a	n/a	n/a
Customer Specific Substation	n/a	n/a	n/a	n/a	n/a	n/a

Lines and Associated Equipment		
Regulators	3	3
Switching and Protective Devices	3	3
Capacitors	3	3
Conductors and Cables		
Overhead	3	3
Underground	3	3
Submarine	3	3
Vegetation	3	3
Poles	3	3
Civil Infrastructure	3	3

TABLE C-2 Sample Annual Inspection Summary Report

Distributor						
Reviewed by	**Name:**		**Position/Title:**			
Date:	**Signature:**					
DESCRIPTION Part 1 - Lines		**Percentage of Distribution System Scheduled for Patrol (%)**	**Percentage of Distribution System Actually Patrolled (%)**	**Reason Patrol was not Completed**	**Date Patrol will be Completed**	
Overhead Plant Transformers Switching & Protective Devices Regulators Capacitors Conductor Vegetation Poles Civil Infrastructure	**Urban**					
	Rural					
Underground Plant Transformers Switching & Protective Devices Regulators Capacitors Cable Civil Infrastructure	**Urban**					
	Rural					

TABLE C-3 Sample Patrol Deficiency Record

Area/District _____ **Date** _____ **Circuit** _____ **Patrolled by** _____ **Grid** _____ **Page** _____ **of** _____

Location	Equipment Id. No.	Equipment Classification	Repair Required/ Problem	Corrective Action Priority		Assigned to or Work Order No.	Date Repair Completed or Scheduled
				Grade 1	Grade 2		
Number of Deficiencies for the Circuit/Area							

2.13 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 2

Interrogatory

Provide the following information on service reliability indicators recorded and used by SLHI:

a) Provide a listing of all the Service Reliability Indicators maintained and used, and their actual values for each of the years 2002 through 2006, and indicate the target that the utility is seeking to maintain;

Response

	SAIDI	SAIFI	CAIDI
2002	.748505	1.314943	.569
2003	1.239169	.882968	1.403
2004	.768215	1.524585	.504
2005	15.58064	3.549832	4.389
2006	18.06	5.26	21.02

Sioux Lookout Hydro seeks to maintain the lowest possible indicators. Please note that in Sioux Lookout experiences a number of outages due to loss of supply from Hydro One, which impact our indicators significantly. The majority of our outages are caused by extreme weather conditions.

Interrogatory

b) Indicate whether there is any relationship between the indicators and the capital expenditure program, and provide the specific data which supports capital expenditures which are initiated due to reliability reasons;

Response

Sioux Lookout Hydro has not done any analyses on the relationship between the capital expenditure program and the service reliability indicators.

Interrogatory

c) Indicate which capital expenditure programs are responsive to the indices which are outside of the recent three year average.

Response

Please refer to the response above.

2.14 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 2 / Page 12-13

Interrogatory

For transportation and related equipment. Please:

a) Provide an inventory of vehicles, including the type, and the year of acquisition for each of the years 2006, 2007 and 2008

Response

Vehicle Type	Year of Acquisition
GMC 1 Ton	2000
Nodwell	2000
Freightliner	2002
Chev Tracker	2004
Chev Silverado LS	2005

Interrogatory

b) Describe the vehicle(s) to be replaced or modified under the $80,000 budget in 2008, and whether new or modified.

Response

The vehicle to be replaced in 2008 is the GMC 1 Ton. It will be replaced by a new truck.

2.15 Ref: Exhibit(s) Exhibit 2 / Tab 3 / Schedule 4 / Page 1-2

Interrogatory

The Capitalization Policy provided describes how capital expenditures are undertaken. Please indicate

a. The policy according to which overhead costs are assigned to projects;

Response

Overhead costs are assigned to projects as incurred.

Interrogatory

b. How they are capitalized e.g. % of project value, or % based on work hours

Response

Overhead costs are capitalized based on a percentage of labour hours.

Interrogatory

c. How interest on capital used during construction is capitalized.

Response

Currently, and in the past, Sioux Lookout Hydro funds capital additions through cash not debt, therefore any interest paid is not capitalized. With regards to Construction Work in Progress, Sioux Lookout Hydro only recently began calculating and capitalizing interest base on the prescribed interest rates released by the Board in Q2 of 2006.

3 -COST OF CAPITAL

3.1 Ref: Exhibit(s) Exhibit 6 / Tab 1 / Schedule 1 – Capital Structure

Interrogatory

Sioux Lookout provides the following table under "Capital Structure":

	Amount	Portion	Cost Rate	Weighted Avg.
Long Term Debt	3,191,975	49.33%	Description	2.96%
Short Term Debt	258,826	4.00%	4.77%	0.19%
Common Equity	3,019,856	46.67%	8.68%	4.05%
Total	6,470,658	100%		7.20%

a) Please confirm that the table shown corresponds to the 2008 forward test year for which Sioux Lookout is seeking Board approval of its revenue requirement and distribution rates.

Response

Yes, the above table corresponds to the 2008 test year.

Interrogatory

b) Please provide the information in the same table format for each of the years:
ii) 2006 Board-approved
iii) 2006 actual; and
iiii) 2007 bridge

Response
2006 Board-approved

Description	Amount	Portion	Cost Rate	Weighted Avg.
Long Term Debt	1,901,667	32.1%	4.0%	1.3%
Short Term Debt	0			
Common Equity	4,016,312	67.9%	9.0%	6.1%
Total	5,917,979	100.0%		7.4%

2006 Actual

Description	Amount	Portion	Cost Rate	Weighted Avg.
Long Term Debt	1,621,667	28.8%	5.81%	1.7%
Short Term Debt				
Common Equity	4,016,312	71.2%	9.0%	6.4%
Total	5,637,979	100%		8.1%

2007 Bridge

Description	Amount	Portion	Cost Rate	Weighted Avg.
Long Term Debt	2,683,489	49.1%	6.0%	2.9%
Short Term Debt				
Common Equity	2,789,823	51.1%	9.0%	4.6%
Total	5,463,312	100%		7.5%

3.2 Ref: Exhibit(s) Exhibit 6 / Tab 1 / Schedule 1 – Short-term Debt

Interrogatory

In the table shown under "Capital Structure" and duplicated in interrogatory 1, Sioux Lookout has used a short-term debt rate (or "Cost Rate") of 4.77%.

The Board Report on Cost of Capital and 2nd Generation Incentive Regulation Mechanism for Ontario Electricity Distributors, issued December 20, 2006 (the "Board Report") states the following in section 2.2.2:

"The Board has determined that the deemed short-term debt rate will be calculated as the average of the 3-month bankers' acceptance rate plus a fixed spread of 25 basis points. This is consistent with the Board's method for accounting interest rates (i.e. short-term carrying cost treatment) for variance and deferral accounts. The Board will use the 3-month bankers' acceptance rate as published on the Bank of Canada's website, for all business days of the same month as used for determining the deemed long-term debt rate and the ROE.

For the purposes of distribution rate-setting, the deemed short-term debt rate will be updated whenever a cost of service rate application is filed. The deemed short-term debt rate will be applied to the deemed short-term debt component of a distributor's rate base. Further, consistent with updating of the ROE and deemed long-term rate, the deemed short-term debt rate will be updated using data available three full months in advance of the effective date of the rates." [Emphasis in original]

a) Please provide the derivation of the 4.77% short-term debt rate estimate showing the calculations, data used and identifying data sources.

Response

Please see the table below

METHOD TO UPDATE SHORT-TERM DEBT

Source for 3-month Bankers' acceptance rate:
http://www.bankofcanada.ca/en/rates/interest-look.html

1) Click hyperlink above
2) Under 'Specific date or range' select the first and last day of the most recent month for your start and end dates
3) Check the box for V39071 in the 'Quick date' section
4) Click the first 'Get Rates' button in the 'Specific date or range' section
5) Take the average and add 25 basis points as follows:

3-month Bankers' Acceptance Rate	4.52 *
Add 25 Basis Points	0.25
Short-Term Debt Rate	**4.77** %

*Based on June 1-30, 2007 data

Interrogatory

a) *Please confirm if Sioux Lookout is proposing that the deemed short-term debt rate would be updated based on January 2008 Consensus Forecasts and Bank of Canada data, in accordance with the methodology documented in section 2.2.2 of Board Report. If Sioux Lookout is not proposing that the methodology in the Board Report be followed, please provide Sioux Lookout's reasons for varying from the methodology in the Board Report.*

Response

Yes, the deemed short-tem debt rate will be updated based on January 2008 Consensus Forecasts and Bank of Canada data, in accordance with the methodology documented in section 2.2.2 of the Board Report.

3.3 Ref: Exhibit(s) Exhibit 6 / Tab 1/ Schedule 1 and Exhibit 1 / Tab 1

Interrogatory

Sioux Lookout states that it is requesting an equity return of 8.68% per the Board's formulaic approach as documented in Appendix B of the Board Report, with the final ROE for 2008 rate-setting purposes to be established based on January 2008 Consensus Forecasts and Bank of Canada data per the methodology in the Board Report. Please provide the derivation of the 8.68% ROE showing the calculations, data used and identifying data sources and date(s) of the data used.

Response

Government of Canada Bond Yields	
3-month forecast of the 10-year bond yield	4.60%
12-month forecast of the 10-year bond yield	4.80%
Average actual prior month 30-year bond yield	4.03%
Average actual prior month 10-year bond yield	4.12%
Long Canada Bond Forecast (LCBF)	4.61%
Return On Equity	**8.68%**

3.4 Ref: Exhibit(s) Exhibit 6 / Tab 1 / Schedule 2 and Exhibit 1 / Tab 2

Interrogatory

Sioux Lookout provides data on its cost of debt in Exhibit 6 / Tab 1/ Schedule 2. Note 6 of Sioux Lookout's 2006 Audited Financial Statements provides further information on the existing bank instalment loan.

In the Board Report, the Board states, in section 2.2.1, the following policy for setting the debt rate:

*"**For rate-making purposes, the Board considers it appropriate that further distinctions be made between affiliated debt and third party debt, and between new and existing debt.** **The Board has determined that for embedded debt the rate approved in prior Board decisions shall be maintained for the life of each active instrument, unless a new rate is negotiated, in which case it will be treated as new debt. The Board has determined that the rate for new debt that is held by a third party will be the prudently negotiated contracted rate. This would include recognition of premiums and discounts.**

For new affiliated debt, the Board has determined that the allowed rate will be the lower of the contracted rate and the deemed long-term debt rate. This deemed long-term debt rate will be calculated as the Long Canada Bond Forecast plus an average spread with "A/BBB" rate corporate bond yields. The Long Canada Bond Forecast is comprised of the 10-year Government of Canada bond yield forecast (Consensus Forecast) plus the actual spread between 10-year and 30-year bond yields observed in Bank of Canada data. The average spread with "A/BBB" rate corporate bond yields is calculated from the observed spread between Government of Canada Bonds and "A/BBB" corporate bond yield data of the same term from Scotia Capital Inc., both available from the Bank of Canada.

For all variable-rate debt and for all affiliate debt that is callable on demand the Board will use the current deemed long-term debt rate. When setting distribution rates at rebasing these debt rates will be adjusted regardless of whether the applicant makes a request for the change." [Emphasis in original]

a) Please restate the information shown in Exhibit 6 / Tab 1 / Schedule 2 to show the following information for debt instruments in effect and the weighted average cost of long-term debt of Sioux Lookout for each year:

i) 2004;
ii) 2005;
iii) 2006 Board Approved;
iv) 2006 Actual;
v) 2007 bridge; and
vi) 2008 forward test

Response

Year:							
	Name of instrument	Debt Holder (name)	Is debt holder affiliated with Sioux Lookout Hydro? (Yes/No)	Issue date	Maturity date	Principal Owed At year end	Interest rate
2004	Demand Installment Loan	CIBC	No	April 10, 2002	July 1, 2018	1,901,667	4.00%
2005	Demand Installment Loan	CIBC	No	April 10, 2002	July 1, 2018	1,761,667	4.42%
2006 Board Approved	Demand Installment Loan	CIBC	No	April 10, 2002	July 1, 2018	1,901,667	4.00%
2006 Actual	Demand Installment Loan	CIBC	No	April 10, 2002	July 1, 2018	1,621,667	5.81%
2007 Bridge	Demand Installment Loan	CIBC	No	April 10, 2002	July 1, 2018	0	

2007 Bridge	Demand Installment Loan	CIBC	No	July 4, 2007	June 1, 2022	2,789,823	6.00%
2008 Forward Test	Demand Installment Loan	CIBC	No	July 4, 2007	June 1, 2022	2,712,323	6.00%

Interrogatory

b) Note 6 of the 2006 Audited Financial Statements states that the bank operating loan bears interest at the bank's prime rate. In Exhibit 6 / Tab 1 / Schedule 2, Sioux Lookout provides the following information on its debt:

	Issue Date	Amount Outstanding	Rate	Termination Date	Year	Year-days	Average Balance	Cost
Demand Instalment Loan	10-Apr-02	1,901,667	4.00%	04-Jul-07	2004	366	1,901,667	76,067
Demand Instalment Loan	10-Apr-02	1,761,667	4.42%	04-Jul-07	2005	365	1,761,667	77,868
Demand Instalment Loan	10-Apr-02	1,621,667	5.81%	04-Jul-07	2006	365	1,621,667	94,219
Demand Instalment Loan	10-Apr-02	1,563,334	6.00%	04-Jul-07	2007	185	792,375	47,542
Demand Instalment Loan	04-Jul-07	2,789,823	6.00%	01-Jun-22	2007	181	1,383,446	83,007
Demand Instalment Loan	04-Jul-07	2,712,323	6.00%	01-Jun-22	2008	366	2,712,323	162,739

iii For debt instruments up to July 4, 2007, please explain if the rates shown are the actual bank prime rate.

Response

Yes, the rate is calculated by the actual bank prime rate, averaged over the year.

Interrogatory

iv For the new or renewed demand installment loan issued on July 4, 2007, please explain if the 6.00% is the actual or forecasted bank prime rate. If it is not, please provide a justification for the proposed 6.0% rate.

Response

The interest rate for the renewed demand installment loan is based on the actual bank prime rate at the time the application was prepared.

Interrogatory

> *v. Is the rate for the demand installment loan variable? Please provide documentation to support the response.*

Response

The rate for the demand installment loan is based a floating rate of prime rate per year, which has payments of fixed principal amounts, plus interest. See below for Sioux Lookout Hydro's agreement with the CIBC concerning the loan:

CIBC

RECEIVED
JUL 0 9 2007

Box 189
Sioux Lookout, Ontario
P8T 1A3

June 4, 2007

Sioux Lookout Hydro Inc.
P.O. Box 908 Stn Main
Sioux Lookout, Ontario
P8T 1B3

Attention: Mr Gord Maki

Dear Mr Maki:

We, Canadian Imperial Bank of Commerce ("CIBC"), are pleased to establish the following Credits for you, our customer.

Credit A: Operating Line

Credit Limit:	$175,000.00.
Description and Rate:	A revolving demand credit, for general business purposes, having the following parts: (1) Canadian dollar loans and overdrafts. The Interest Rate is as follows: Prime Rate per year.

Credit B: Demand Instalment Loan

Loan Amount:	$2,789,823.00.
Purpose:	To help repay funds that were used to purchase assets from Ontario Hydro in 1998 and to make a lump sum payment to The Corporation of the Municipality of Sioux Lookout
Interest Rate:	Prime Rate per year.
Scheduled Payments:	Unless we make demand, you will pay CIBC as follows: 180 regular monthly payments of $15,500.00 each, plus interest. The first/next regular monthly payment is due on July 1,2007. The last payment, plus any outstanding principal and interest together with any other amount due under this Agreement, is due on June 1, 2022.

Interrogatory

vi For the new or renewed demand installment loan, please explain if and how the proposed rate complies with the debt rate policy for rate-setting, as documented in section 2.2.1 of the Board Report. If the proposed rate does not comply with the methodology documented in the Board Report, please provide a justification for the deviation.

Response

Sioux Lookout Hydro considers the demand installment loan as of July 4, 2007 renewed debt. As such the debt rate remained at prime as per the previous contract with the CIBC.

4 REVENUE REQUIRMENT

4.1 Ref: Exhibit(s) Exhibit 7 / Tab 1 / Schedule 1

Interrogatory

Board Staff have prepared the following table which shows the calculation of Sioux Lookout's Revenue Requirement from Distribution Rates and Revenue Requirement from Rate Riders from the 2006 EDR. Revenue Requirement from Distribution Rates can be confirmed by applying the 2006 EDR distribution billing determinants times the Board approved May 1, 2006 distributions rates. Note some difference may occur due to rounding.

Revenue Requirement - 2006 OEB Approved

Sioux Lookout Hydro Inc

EB-2005-0415

	2006 EDR Model Reference			2006 OEB Approved				
Applicants Rate Base	*Worksheet*	*Cell*						
Net Fixed Assets	*3-1 RATE BASE*	*F12*				$	4,901,028	A
Working Capital Allowance Base			$	6,686,234	B			
Working Capital Allowance	*3-1 RATE BASE*	*F16*		15%	C	$	1,002,935	D
Rate Base	*3-1 RATE BASE*	*F21*				**$**	**5,903,963**	E
Return on Rate Base								
Deemed Debt %	*3-2 COST OF CAPITAL (Input)*	*C18*		50.0%	F	$	2,951,981	H
Deemed Equity %	*3-2 COST OF CAPITAL (Input)*	*C19*		50.0%	G	$	2,951,981	I
Interest	*3-2 COST OF CAPITAL (Input)*	*C25*		4.00%	J	$	118,079	M
Return on Equity	*3-2 COST OF CAPITAL (Input)*	*E32*		9.00%	K	$	265,678	N
Return on Rate Base	*5-1 SERVICE REVENUE REQUIREMENT*	*F15*		**6.50%**	L	**$**	**383,758**	O
Distribution Expenses								
OM&A Expenses	*See Note 1 below*		$	929,085	P			
Transformer Allowance	*6-3 Trfmr Ownership (Input)*	*R120*	$	30,437	Q			
Amortization	*See Note 1 below*		$	223,151	R			
PILs	*5-1 SERVICE REVENUE REQUIREMENT*	*F21*	$	54,184	S	**$**	**1,236,856**	T
Variance / Deferral Account Rate Adders								
Low Voltage	*7-2 ALLOCATION - LV-Wheeling*	*L120*	$	-	U			
Smart Meters	*See Note 2 Below*		$	8,208	V			
Incremental CDM	*5-1 SERVICE REVENUE REQUIREMENT*	*F17*	$	-	W	**$**	**8,208**	X
Revenue Offsets								
Specific Service Charges	*5-5 BASE REVENUE REQUIREMENT*	*D19*	-$	50,231	Y			
Late Payment Charges	*5-5 BASE REVENUE REQUIREMENT*	*D20*	-$	50,517	Z			
Other Distribution Income	*5-5 BASE REVENUE REQUIREMENT*	*D21*	-$	16,367	AA			
Other Income and Deductions	*5-5 BASE REVENUE REQUIREMENT*	*D22*	-$	31,846	AB	**-$**	**148,961**	AC
Revenue Requirement from Distribution Rates						**$**	**1,479,861**	AD
Variance / Deferral Account Rate Riders								
Regulatory Assets	*Reg Asset Model 2. Rate Rders Calculation*	*C53*				$	927,574	AE
LRAM & SSM						$	-	AF
Revenue Requirement from Rate Riders						**$**	**927,574**	AG
Revenue Requirement from Distribution Rates							N/A	
2008 Forecast Billing Determinants Time Current Rates							N/A	
Revenue Sufficiency/Deficiency							**N/A**	

Note 1: Proof Distribution Expenses			
OM&A Expenses	*P*	*$*	*929,085*
Amortization	*R*	*$*	*223,151*
Low Voltage	*U*	*$*	*-*
5-1 SERVICE REVENUE REQUIREMENT	***F17***	***$***	***1,152,235***

Note 2: Proof Smart Meters		
2006 EDR Metered Customers		*2,736*
Monthly Smart Meter Rate	*$*	*0.25*
Months		*12*
Smart Meter Rate Adder	***$***	***8,208***

a) Please confirm that Sioux Lookout agrees with the values in the table above. If Sioux Lookout does not agree please prepare an amended schedule with supporting details.

Response

Sioux Lookout agrees with the values in the above table.

Interrogatory

b) Please use the following format from the table below as a guide for preparing a similar schedule for Sioux Lookout's2008 application. Please ensure that application references are accurate. Note the values entered are for example purposes only and may or may not be correct for this application.

Response

Revenue Requirement - 2008 EDR Application

Sioux Lookout Hydro Inc.

EB-2007-0785

	2008 Application Reference	2008 Application Amount	
Applicants Rate Base			
2007 Net Fixed Assets	Interrogatory 2.8 Continuity Schedule	$4,808,988	
2008 Net Fixed Assets	Interrogatory 2.8 Continuity Schedule	$5,202,893	
Average Net Fixed Assets (2007 Plus 2008 Divided by 2)			$5,005,940
Working Capital Allowance Base	Exhibit 2/Tab 4/Schedule 1/Page 4	$9,764,765	
Working Capital Allowance	Exhibit 2/Tab 4/Schedule 1/Page 4	15%	$1,464,715
Rate Base	Exhibit 2/Tab 1/Schedule 2/Page 1		**$6,470,655**
Return on Rate Base			
Deemed ShortTerm Debt%	Exhibit 6/Tab 1/Schedule 1/Page 2	4.00%	$258,826
Deemed Long Term Debt%	Exhibit 6/Tab 1/Schedule 1/Page 2	49.33%	$3,191,974
Deemed Equity %	Exhibit 6/Tab 1/Schedule 1/Page 2	46.67%	$3,019,855
Short Term Interest	Exhibit 6/Tab 1/Schedule 1/Page 2	4.77%	$12,346
Long Term Interest	Exhibit 6/Tab 1/Schedule 1/Page 2	6.00%	$191,518
Return on Equity	Exhibit 6/Tab 1/Schedule 1/Page 2	8.68%	$262,217
Return on Rate Base	Exhibit 6/Tab 1/Schedule 1/Page 2	7.20%	**$466,081**
Distribution Expenses			
OM&A Expenses	Exhibit 7/Tab 1/Schedule 2/Page 1	$1,145,527	
Transformer Allowance			
Amortization	Exhibit 7/Tab 1/Schedule 2/Page 1	$257,984	
PILs	Exhibit 7/Tab 1/Schedule 2/Page 1	$52,135	**$1,455,646**
Variance/Deferral Account Rate Adders			
Low Voltage	Included in OM&A Expenses		
Smart Meters			
Incremental CDM			
Revenue Offsets			
Specific Service Charges	Exhibit 3/Tab 1/Schedule 2/ Page 1	$20,122	

Late Payment Charges	Exhibit 3/Tab 1/Schedule 2/ Page 1	$54,000	
Other Distribution Income	Exhibit 3/Tab 1/Schedule 2/ Page 1	$42,027	
Other Income and Deductions	Exhibit 3/Tab 1/Schedule 2/ Page 1	$57,991	**$174,140**
Revenue Requirement from Distribution Rates			**$1,747,587**
Variance/Deferral Account Rate Riders			
Regulatory Assets	Exhibit 5/Tab 1/Schedule 3/Page 3		-$33,724
LRAM & SSM			
Revenue Requirement from Rate Riders			**-$33,724**
Revenue Requirement from Distribution Rates			$1,713,863
2008 Forecast Billing Determinants Time Current Rates	Exhibit 7/Tab 1 /Schedule 2/Page 1		$1,532,447
Revenue Sufficiency/Deficiency			**$181,416**

Interrogatory

c) Using the applicant prepared 2008 Revenue Requirement schedule as requested above please compare and contrast the 2008 Test Year application values to the OEB Approved 2006 values in the Board staff table. Please identify application references that exist in the application where 2006 values have been compared to 2006 actual results (i.e. OM&A expenses). If no comparison schedule exists in the application please prepare complete supporting schedules in the format required by the minimum filing guidelines.

Response

2006 values have been compared to 2006 actual results for OM&A expenses in Exhibit 2, Tab 1 Schedule 3, page 2. The rate base is compared in Exhibit 2 Tab 1 Schedules 2 and 3.

Interrogatory

d) Please compare the prepared schedule from b. above to Sioux Lookout'sRevenue Sufficiency or Deficiency values as calculated on Exhibit 7/Tab 1/Schedule 1. If Revenue Sufficiency or Deficiency values are different please prepare a reconciliation to explain differences.

Response

The Revenue Deficiency (Gross-up) in Exhibit 7, Tab1, Schedule 2 is 215,122. The Revenue deficiency from the schedule prepared in b) is 181,416. The variance can be explained by the

inclusion of Variance/Deferral Account rate rider of -33,724, which was not included in the base revenue requirement calculation. The remaining difference of 18 is due to rounding.

5 SMART METERS

Sioux Lookout Hydro is not one of the thirteen licensed distributors authorized by Ontario Regulation 427/06 to conduct discretionary metering activities with respect to smart meters. In its decision on Sioux Lookout's 2007 IRM application (EB-2007-0576), the Board confirmed its understanding that Sioux Lookout would not be undertaking any smart metering activity (i.e discretionary metering activity) in 2007.

5.1 Ref: Exhibit(s) Exhibit 1/ Tab 1 / Schedule 7

Interrogatory

On page 2, Sioux Lookout states that it "has not included any costs related to Smart Metering. In decision EB-2007-0576 dated April 12, 2007, the Board approved $0.25 per month per metered customer. At the present time, it is unclear how Smart Metering costs will be recovered and therefore Sioux Lookout Hydro Inc. requests to be included in any provincial mandate of Smart Metering Costs recovery."

a) Please confirm if any costs have been incurred by Sioux Lookout with respect to Smart Metering until the date of the filing of this application; if so, please provide:
vii An itemized cost breakdown; and
viii Associated number of smart meter installations

Response

As of the date of filing this application no costs have been incurred with respect to Smart Metering. Sioux Lookout Hydro is part of the consortium with London Hydro for the RFP for smart meters. Subsequent to filing, Sioux Lookout Hydro has entered into an agreement with Utili-assist to act as a consultant on the RFP process as well as the implementation process.

There are no meter installations.

Interrogatory

b) Please confirm that, in Test Year 2008, Sioux Lookout is going to maintain its current rate adder which was approved by the Board in the April 12, 2007 Decision and Order (EB-2007-0576). If not,:
i What is the Smart Meter Rate Adder Sioux Lookout is intending to implement in Test Year 2008?
ii Please provide justification for the amount of this Smart Meter Rate Adder.

Response

Sioux Lookout Hydro confirms that it is going to maintain its current rate adder which was approved by the Board in the April 12, 2007 Decision and Order (EB-2007-0576)

6 LOSS FACTORS

6.1 Ref: Exhibit(s) Exhibit 1 / Tab 1 / Schedule 6 / Page 4
Exhibit 4 / Tab 2 / Schedule (9)8 / Page 1
Exhibit 9 / Tab 1 / Schedule 4 / Page 2
Exhibit 9 / Tab 1 / Schedule 6 / Page 2

Interrogatory

The table titled "Loss Factors" in the 1st reference shows % change in the total loss factors (TLF) for secondary and primary customers <5,000 kW for 2007 and the test year 2008. The 2nd reference shows TLF for secondary and primary customers for customers <5,000 kW and >5,000kW for 2006, a table titled "Determination of Loss Adjustment Factor" and a table titled "Total Utility Loss Adjustment Factor". The 3rd reference provides TLF for secondary and primary customers <5,000 kW for 2007. The 4th reference provides TLF for secondary and primary customers for customers <5,000 kW and >5,000kW for 2008.

a) Please confirm that the various factors provided in the table titled "Determination of Loss Adjustment Factor" in the 2nd reference pertain to the test year 2008.

Response

The factors provided in the table calculate the actual loss factor for 2006, but which are applied for in the 2008 test year.

Interrogatory

b) The references indicate that the TLF is constant for 2006 and 2007 and the proposal for 2008 reflects an increase of 0.9%. Please provide an explanation for this increase.

Response

Sioux Lookout Hydro applied for the maximum allowed loss factor in the 2006 EDR, which was 5%, even though the actual loss factor at the time was 7.6% (2004). This was done in order to minimize the impact on the customers' bill, and with the expectation that the loss factor would be reduced as explained in Exhibit 4, Tab 2, Schedule 10, Page 1. The resultant 6.42% is the average loss factor from 2002 to 2006.

Interrogatory

c) The 2nd, 4th and 3rd references respectively provide TLF for secondary and primary customers for customers <5,000 kW and >5,000kW for 2006 and 2008, and only

for customers <5,000 kW for 2007. Please indicate the reason for omitting customers >5,000kW in 2007.

Response

The reason for omitting customers > 5000kW in 2007 is due to the fact that Sioux Lookout Hydro does not have any customers in that category.

Interrogatory

d) In the table titled "Determination of Loss Adjustment Factor" in the 2nd reference:

i Please explain the calculation method used to obtain 1.06418 as "Distribution Loss Adjustment Factor" (row H) in the 2006 column.

Response

The calculation used to obtain the 1.06418 as the "Distribution Loss Adjustment Factor" (row H) in the 2006 column is the average of 2002 to 2006 loss factors.[(1.0600 + 1.0600+ 1.0760 + 1.0634 + 1.0615)/5]

Interrogatory

ii Please confirm that "Loss Factor [(C)/(F)]" (row G) in the 2002-2004 columns computes to 1.0586, 1.0614 and 1.0765 respectively rather than 1.0600, 1.0600 and 1.0760 as indicated.

Response

Sioux Lookout Hydro confirms that the 2002-2004 columns compute to 1.0586, 1.0614 and 1.0765 respectively rather that 1.0600, 1.0600 and 1.0760 as indicated.

7 REVENUE OFFSETS

7.1 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 1

Interrogatory

Please confirm the amount shown for Revenue Offsets for the 2008 test year. If not confirmed, please provide the correct amount and reconcile that amount with the information provided in Exhibit 3, Tab 1, Schedule 2.

Response

The amount of $174,140 in Exhibit 9, Tab 1, Schedule 1 is correct. The amount in Exhibit 3, Tab 1, Schedule 2 of $173,728 is incorrect. The amount shown for account 4360 – Loss on disposition of Utility and Other Property should be (412) not (825).

8 COST ALLOCATION

8.1 Ref: Exhibit(s) Board Report on the Application of Cost Allocation for Electricity Distributors, EB-2007-0667

Interrogatory

On November 28, 2007, the Board released its report on the application of allocated costs to specific matters in rate design. In chapter 5, it states: "The cost allocation policies reflected in this Report should be followed by distributors whenever they apply for rates on a cost of service basis." Please explain any adjustments to the proposed rates that you would make to implement this policy.

Response

Based on the report issued on November 28, 2007 and Exhibit 8, Tab 1, Schedule 2, Page 2 of Sioux Lookout's application, the results of the cost allocation informational filing fall within the prescribed ranges revealed in the report, with the exception of Street lights. As stated in Exhibit 8, Tab 1, Schedule 2, Page 3, Sioux Lookout does not propose to make any changes to the ratio for the street lighting class until the Board reviews the issue of under allocation within this class on a provincial basis.

8.2 Ref: Exhibit(s) Cost Allocation Information Filing EB-2007-0003

Interrogatory

Does Run 1 or Run 2 of the Informational Filing more closely represent the customer classification in the Application? Please file it as part of the record in this PROCEEDING.

Response

Run 2 of the Informational Filing more closely represents the customer classification in the Application. See below for sheets I2, I4, and O1 of the filing.

2006 COST ALLOCATION INFORMATION

SIOUX LOOKOUT HYDRO INC.

EB-2005-0415 EB-2007-0003
May 15, 2007

Sheet I2 Class Selection - Second Run

Instructions:
Step 1: Pleae input your existing classes
Step 2: If this is your first run, select "First Run" in the drop-down menu below
Step 3: After all classes have been entered, Click the "Update" button in

Click for Drop-Down Menu: **Second Run**

If desired, provide a summary of this run:

		Utility's Class Definition	Current
1	Residential		YES
2	GS <50		YES
3	GS>50-Regular		YES
4	GS> 50-TOU		NO
5	GS >50-Intermediate		NO
6	Large Use >5MW		NO
7	Street Light		YES
8	Sentinel		NO
9	Unmetered Scattered Load		YES
10	Embedded Distributor		NO
11	Back-up/Standby Power		NO
12	Rate Class 1		NO
13	Rate class 2		NO
14	Rate class 3		NO
15	Rate class 4		NO
16	Rate class 5		NO
17	Rate class 6		NO
18	Rate class 7		NO
19	Rate class 8		NO
20	Rate class 9		NO

** Space available for additional information about this run

2006 COST ALLOCATION INFORMATION
SIOUX LOOKOUT HYDRO INC.
EB-2005-0415 EB-2007-0003
May 15, 2007
Sheet I4 Break Out Worksheet - Second Run

Instructions:
This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.
Please see Handbook for detailed instructions

Enter Net Fixed Assets from $4,901,028

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
											5705	5710	5715	5720
Account	Description	Break out Functions	BREAK OUT (%)	BREAK OUT ($)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contributions	Accumulated Depreciation 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments
1565	Conservation and Demand Management	$0		-	-					-				
1808	Buildings and Fixtures	$91,864		($91,864)	-									
1808-1	Buildings and Fixtures > 50 kV			$0	-					-				
1808-2	Buildings and Fixtures < 50 KV		100.00%	$91,864	91,864	$0		$ (13,463)		78,402	$3,675			
1830	Poles, Towers and Fixtures	$2,776,720		($2,776,720)	-									
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery			$0	-					-				
1830-4	Poles, Towers and Fixtures - Primary		90.00%	$2,499,048	2,499,048	($137,158)	$11,788	$ (337,070)		2,036,588	$76,154			
1830-5	Poles, Towers and Fixtures - Secondary		10.00%	$277,672	277,672	($15,240)	$1,308	$ (37,452)		226,288	$8,584			
1835	Overhead Conductors and Devices	$537,916		($537,916)	-									
1835-4	Overhead Conductors and Devices - Primary		90.00%	$484,125	484,125			$ (77,695)		406,429	$34,425			
1835-5	Overhead Conductors and Devices - Secondary		10.00%	$53,792	53,792			$ (8,633)		45,159	$8,907			
1840	Underground Conduit	$425,043		($425,043)	-									

1840-3	Underground Conduit - Bulk Delivery			$0	-					-				
1840-4	Underground Conduit - Primary		80.00%	$340,034	340,034			$ (43,259)		296,776	$4,744			
1840-5	Underground Conduit - Secondary		20.00%	$85,009	85,009			$ (10,815)		74,194	$1,186			
1845	Underground Conductors and Devices	$305,724		($305,724)	-									
1845-4	Underground Conductors and Devices - Primary		80.00%	$244,579	244,579	($65,777)	$6,083	$ (37,070)		147,815	$16,289			
1845-5	Underground Conductors and Devices - Secondary		20.00%	$61,145	61,145	$ (16,444)	$1,521	$ (9,260)		36,961	$4,072			
1850	Line Transformers	$1,205,532		$0	1,205,532	($72,691)	$5,961	$ (161,813)		976,990	$46,670			
1855	Services	$0		$0	-					-				
1860	Meters	$286,081		$0	286,081	($2,993)	$246	$ (36,391)		246,943	$11,475			
	Total	**$5,628,880**		**($0)**	**$5,628,880**	**($310,303)**	**$26,887**	**($772,920)**	**$0**	**4,572,544**	**$217,982**	**$0**	**$0**	**$0**
	SUB TOTAL from I3	**$5,628,880**		**Breakout does not match Total**										

											5705	5710	5715	5720
General Plant		**Break out Functions**				**Contributed Capital - 1995**	**Accumulated Depreciation - 2105 Capital Contribution**	**Accumulated Depreciation 2105 Fixed Assets Only**	**Accumulated Depreciation - 2120**	**Net Asset**	**Amortization Expense - Property, Plant, and Equipment**	**Amortization of Limited Term Electric Plant**	**Amortization of Intangibles and Other Electric Plant**	**Amortization of Electric Plant Acquisition Adjustments**
1905	Land	$0			-					$ -				
1906	Land Rights	$0			-					$ -				
1908	Buildings and Fixtures	$0			-					$ -				
1910	Leasehold Improvements	$0			-					$ -				
1915	Office Furniture and Equipment	$5,521			5,521	$0	$0	$ (1,875)		$ 3,646				
1920	Computer Equipment - Hardware	$21,713			21,713	$0	$0	$ (14,952)		$ 6,762				
1925	Computer Software	$0			-					$ -	595			
1930	Transportation Equipment	$321,228			321,228	$0	$0	$ (83,608)		$ 237,620	4,574			
1935	Stores Equipment	$0			-					$ -				
1940	Tools, Shop and Garage Equipment	$39,644			39,644	$0	$0	$ (12,276)		$ 27,368				
1945	Measurement and Testing Equipment	$6,295			6,295	$0	$0	$ (838)		$ 5,457				
1950	Power Operated Equipment	$98,332			98,332	$0	$0	$ (60,232)		$ 38,099				
1955	Communication Equipment	$23,248			23,248	$0	$0	$ (8,373)		$ 14,875				
1960	Miscellaneous Equipment	$0			-			$ (5,343)		-$ 5,343				

Total	$515,981	$0	$515,981	$0	$0	($187,497)	$0	$328,484	$5,169	$0	$0	$0
SUB TOTAL from I3	$515,981											
I3 Directly Allocated	$0											
Grand Total	$6,144,861	($0)	$6,144,861	($310,303)	$26,887	($960,417)	$0	$4,901,028	$223,151	$0	$0	$0

To be Prorated

1995	Contributed Capital - 1995	($310,303)			$310,303	Balanced							
2105	Accumulated Depreciation - 2105	($933,530)					$933,530	Balanced					
2120	Accumulated Depreciation - 2120	$0						$0	Balanced				
	Total	**($1,243,833)**											
	Net Assets	**$4,901,028**	**Net Fixed Assets Match EDR**										

Amortization Expenses

5705	Amortization Expense - Property, Plant, and Equipment	$223,151								($223,151)	Balanced		
5710	Amortization of Limited Term Electric Plant	$0									$0	Balanced	
5715	Amortization of Intangibles and Other Electric Plant	$0										$0	Balanced
5720	Amortization of Electric Plant Acquisition Adjustments	$0											$0 Balanced
	Total Amortization Expense	**$223,151**											

2006 COST ALLOCATION INFORMATION FILING
SIOUX LOOKOUT HYDRO INC.
EB-2005-0415 EB-2007-0003
May 15, 2007
Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
crev	Distribution Revenue (asle)	$1,471,854	$825,590	$304,056	$330,218	$8,919	$2,861
mi	Miscellaneous Revenue (mi)	$148,961	$99,085	$34,971	$11,104	$3,646	$155
	Total Revenue	$1,620,815	$924,675	$339,027	$341,322	$12,565	$3,016
	Expenses						
di	Distribution Costs (di)	$443,646	$253,470	$73,700	$71,965	$43,518	$972
cu	Customer Related Costs (cu)	$250,291	$164,126	$80,704	$14,164	$46	$230
ad	General and Administration (ad)	$256,585	$151,900	$54,584	$32,780	$16,872	$450
dep	Depreciation and Amortization (dep)	$223,151	$128,997	$36,979	$36,342	$20,377	$456
INPUT	PILs (INPUT)	$54,184	$31,328	$8,975	$8,831	$4,939	$111
INT	Interest	$118,079	$68,271	$19,559	$19,245	$10,763	$241
	Total Expenses	$1,354,059	$798,093	$274,502	$183,388	$96,515	$2,460
	Direct Allocation	$0	$0	$0	$0	$0	$0
NI	Allocated Net Income (NI)	$266,670	$153,611	$44,009	$43,300	$24,216	$542
	Revenue Requirement (includes NI)	$1,620,614	$951,703	$318,511	$226,688	$120,731	$3,002
		Revenue Requirement Input equals Output					
	Rate Base Calculation						
	Net Assets						
dp	Distribution Plant - Gross	$5,620,880	$3,252,269	$932,711	$917,094	$515,273	$11,534
gp	General Plant - Gross	$515,981	$298,181	$85,489	$84,025	$47,228	$1,057
accum dep	Accumulated Depreciation	($933,530)	($538,965)	($154,769)	($152,478)	($85,504)	($1,914)
co	Capital Contribution	($310,303)	($177,988)	($51,578)	($49,915)	($30,148)	($674)
	Total Net Plant	$4,901,029	$2,833,597	$811,853	$798,725	$446,849	$10,003
	Directly Allocated Net Fixed Assets	$0	$0	$0	$0	$0	$0
COP	Cost of Power (COP)	$5,757,149	$2,000,304	$1,175,353	$2,550,945	$28,852	$1,695
	OM&A Expenses	$959,522	$569,496	$208,988	$118,949	$60,436	$1,652
	Directly Allocated Expenses	$0	$0	$0	$0	$0	$0
	Subtotal	$6,716,671	$2,569,800	$1,384,341	$2,669,894	$89,288	$3,347
	Working Capital	$1,007,501	$385,470	$207,651	$400,484	$13,383	$532
	Total Rate Base	$5,908,529	$3,219,067	$1,018,504	$1,199,209	$460,213	$10,536
		Rate Base Input equals Output					
	Equity Component of Rate Base	$2,954,264	$1,609,534	$509,752	$599,605	$230,106	$5,267
	Net Income on Allocated Assets	$266,679	$126,583	$84,536	$157,866	($83,951)	$556
	Net Income on Direct Allocation Assets	$0	$0	$0	$0	$0	$0
	Net Income	$266,679	$126,583	$84,536	$157,866	($83,951)	$556
	RATIOS ANALYSIS						
	REVENUE TO EXPENSES %	100.00%	97.16%	106.44%	150.56%	10.41%	100.45%
	EXISTING REVENUE MINUS ALLOCATED	$1	($27,028)	$20,527	$114,656	($108,167)	$14
	RETURN ON EQUITY COMPONENT OF R	9.99%	7.86%	12.66%	26.34%	-36.48%	10.55%

8.3 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 9 / Page 1

Interrogatory

In the table titled "Cost Alloctation Comparison – Dollar Impact", the cost share of the residential class is 57.95%.

i Is this revenue to cost ratio consistent with Sioux Lookout's informational filing?

ii If yes, please identify the reference.

iii If not please explain.

Response

The cost allocation share of residential or other classes is consistent with the informational filing.

The percentages in question were calculated as follows

Cost Allocation Informational filing, worksheet "O1 – Revenue to Cost | RR", Line 35 entitled "Revenue Requirement (including NI) see below excerpt.

		1	2	3	7	9
	Total	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
Distribution Revenue (sale)	**$1,471,654**	$825,590	$304,066	$330,218	$8,919	$2,861
Miscellaneous Revenue (mi)	**$148,961**	$99,085	$34,971	$11,104	$3,646	$155
Total Revenue	**$1,620,615**	**$924,675**	**$339,037**	**$341,322**	**$12,565**	**$3,016**
Expenses						
Distribution Costs (di)	**$443,646**	$253,470	$73,700	$71,985	$43,518	$972
Customer Related Costs (cu)	**$259,291**	$164,126	$80,704	$14,184	$46	$230
General and Administration (ad)	**$256,585**	$151,900	$54,584	$32,780	$16,872	$450
Depreciation and Amortization (dep)	**$223,151**	$128,997	$36,979	$36,342	$20,377	$456

PILs (INPUT)	**$54,184**	$31,328	$8,975	$8,831	$4,939	$111
Interest	**$118,079**	$68,271	$19,559	$19,245	$10,763	$241
Total Expenses	**$1,354,936**	**$798,093**	**$274,502**	**$183,366**	**$96,515**	**$2,460**
Direct Allocation	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Allocated Net Income (NI)	**$265,678**	$153,611	$44,009	$43,300	$24,216	$542
Revenue Requirement (includes NI)	**$1,620,614**	$951,703	$318,511	$226,666	$120,731	$3,002

The percent allocation were calculated as follows

ClassName	OldSRR	SRRpct	NewSRR	OldMiscRev	MiscRevPct	NewMiscRev	NewBRR	CDMbrr	OutstandingBRR	OutstandingPct
Residential	$ 951,703.13	58.72%	$ 1,128,521.04	$ 99,085.03	66.52%	$ 115,833.75	$ 1,012,687.28	$ -	$ 1,012,687.28	**57.95%**
GS <50	$ 318,510.56	19.65%	$ 377,686.96	$ 34,971.34	23.48%	$ 40,882.68	$ 336,804.28	$ -	$ 336,804.28	**19.27%**
GS>50-Regular	$ 226,666.26	13.99%	$ 268,778.82	$ 11,104.14	7.45%	$ 12,981.11	$ 255,797.70	$ -	$ 255,797.70	**14.64%**
Street Light	$ 120,731.42	7.45%	$ 143,162.24	$ 3,645.61	2.45%	$ 4,261.84	$ 138,900.40	$ -	$ 138,900.40	**7.95%**
Unmetered Scattered Load	$ 3,002.18	0.19%	$ 3,559.95	$ 154.78	0.10%	$ 180.94	$ 3,379.01	$ -	$ 3,379.01	**0.19%**
TOTAL	$ 1,620,613.55	100.00%	$ 1,921,709.01	$ 148,960.89	100.00%	$ 174,140.33	$ 1,747,568.68	$ -	$ 1,747,568.68	**100.00%**

OldSRR	The dollar amounts of the Service Revenue Requirement (SRR) by Customer Class, as specified in Cost Allocation filing
SRRpct	Customer Class OldSRR as a percentage of total OldSRR
NewSRR	New SRR by Customer Class, determined by multiplying the SRRpct for each class by the new Service Revenue Requirement
OldMiscRev	The dollar amounts of Miscellaneous revenues (revenue offsets), as specified in Cost Allocation filing
MiscRevPct	Customer Class OldMiscRev as a percentage of total OldMiscRev
NewMiscRev	New Miscellaneous Revenue by Customer Class (MiscRevPct for each class multiplied by the new total Revenue Offsets)
NewBRR	Base Revenue Requirement (BRR) = NewSRR - NewMiscRev
LowVoltBRR	Low Voltage revenue component of BRR (per Direct Revenue Allocations)
CDMbrr	CDM revenue component of BRR (per Direct Revenue Allocations)
OutstandingBRR	Outstanding amount of BRR to be allocated = NewBRR - LowVoltBRR - CDMbrr
OutstandingPct	Customer Class OutstandingBRR as a percentage of total OutstandingBRR

8.4 Ref: Exhibit(s) Exhibit 9/ Tab 1 / Schedule 9 / Page 1

Interrogatory

It would appear that "column F / column D", or "Rate Application / Cost Allocation" would yield a result that is analogous to a "revenue to cost" ratio.

i Please confirm that this is a reasonable interpretation of this calculation.

ii Please identify whether for each class, the calculated amount of this ratio is further away from 100% than it was in the Informational Filing

Response

In response to interrogatory 8.4a), if by stating; …*a result that is analogous to a "revenue to cost ratio*", the OEB means that SLH's existing ratio is similar or equivalent in some respect to the cost allocation ratio, then, SLH would have to agree with the OEB's interpretation of this calculation.

As displayed in the table below (except from Exhibit 9, Schedule 1, Page 1), SLH used the existing rate ratio in its application.

	A	B	C	D	E	F	G	H
Customer Class	Outstanding Base Revenue Requirement %			Outstanding Base Revenue Requirement $			CDM Revenue Allocation	Total Base Revenue Requirement
	Cost Allocation	Existing Rates	Rate Application	Cost Allocation	Existing Rates	Rate Application		
Residential	57.95%	55.56%	**55.56%**	1,012,687	970,929	**970,949**	0	970,949
GS <50	19.27%	18.34%	**18.34%**	336,804	320,453	**320,504**	0	320,504
GS>50-Regular	14.64%	25.34%	**25.34%**	255,798	442,849	**442,834**	0	442,834
Street Light	7.95%	0.58%	**0.58%**	138,900	10,206	**10,136**	0	10,136
Unmetered Scattered Load	0.19%	0.18%	**0.18%**	3,379	3,132	**3,146**	0	3,146

TOTAL	**100.00%**	**100.00%**	**100.00%**	**1,747,569**	**1,747,569**	**1,747,569**	**0**	**1,747,569**

SLH's answer to 8.3b) is that the ratio used in the application is in fact further away from 100% than in the Informational filing. The percent change is summarized in the below table

	Cost Allocation	Rate Application	% of Cost Allocation Filing in Rate Application
Residential	57.95%	**55.56%**	**95.87%**
GS <50	19.27%	**18.34%**	**95.10%**
GS>50-Regular	14.64%	**25.34%**	**173.01%**
Street Light	7.95%	**0.58%**	**7.29%**
Unmetered Scattered Load	0.19%	**0.18%**	**94.74%**

8.5 Ref: Exhibit(s) Information Filing EB-2007-0003, Sheet I6 ' Customer Data', Sheet I8 'Demand Data' and Sheet O3.1 'Line Transformers Unit Cost Worksheet'

Interrogatory

a) In Sheet I8, GS>50, the amount for LTNCP4 is lower than DNCP4, but the amount for LTNCP12 is identical to DNCP12. Please provide a revised value for LTNCP12, if appropriate, or alternatively provide an explanation for why DNCP12 and LTNCP12 should be identical for the GS>50 customer class.

Response

No adjustment was made for LTNCP12 because it was determined using the CP Test #2 from Board Directions on Cost Allocation Methodology For Electricity Distributors, that Sioux Lookout Hydro must use the 4 CP method for allocating demand costs. Therefore only 4 CP amounts were broken out.

Interrogatory

b) Please reconcile the load data inputs for customers in the GS>50 class receiving the transformer allowance in Sheet I6 row 23 (input: 50,728 kW), Sheet O3.1 row 25 (input: 59,769 kW), and Sheet I8 (row 67 less row 69, including any revision made in part a).

Response

The balances in I6 and sheet O3.1 are correct. The demand for GS> 50kW receiving the transformer allowance was 50,728. The total demand for GS > 50kW was 110,497. Therefore the value of 59,769 kW from O3.1 is for customers not receiving the transformer allowance (110,497 – 50728). See above response for sheet I8.

8.6 Ref: Exhibit(s) Informational Filing EB-2007-0003, Manager's Summary, Page 6, and Exhibit 9 / Tab 1/ Schedule 1/ Page 7

Interrogatory

Please reconcile the conclusion in the Manager's Summary that $0.37 per kW would be a reasonable transformer allowance with the Application for approval of $0.305 per kW.

Response

With respect to the Cost Allocation informational filling, the Model provided by the Board suggested a transformer ownership allowance of $0.3731 per kW. At the time, this amount appeared to be reasonable but SLH also suggested that the OEB review this issue on a provincial basis before the current the transformer ownership allowance is adjusted.
In view of the rebasing application, SLH took the opportunity to review its transformer allowance and consequently updated it to 0.305. The amount applied for is based on bridge year and test year projections. Calculations are detailed in the tables below.

Customer Class	Historical Approved Data			Historical Actual Data			Bridge Year Projection			Test Year Projection		
	Volume	Rate	Total	Volume	Rate	Total	Volume	Rate	Total	Volume	Rate	Total
Residential			0.00			0.00			0.00			0.00
GS <50			0.00			0.00			0.00			0.00
GS>50-Regular	50728.00	-0.60	-30436.80	54794.00	-0.60	-32876.40	59177.00	-0.60	-35506.20	61544.00	-0.60	-36926.40
Street Light			0.00			0.00			0.00			0.00
Unmetered Scattered Load			0.00			0.00			0.00			0.00
TOTAL			-30436.80			-32876.40			-35506.20			-36926.40

Customer Class	Before Adjustment			Transformer Allowance Impact			Low Voltage Charges		Adjusted Rat
	Usage Rate	per	Total $	Load	Rate	Total $	Load	Rate	Usage
Residential	0.0099	kWh	0.00	33,435,194.85	0.0000	122,816.98	33,435,194.85	0.0037	0.0136
GS <50	0.0078	kWh	0.00	15,941,009.21	0.0000	53,083.35	15,941,009.21	0.0033	0.0111
GS>50-Regular	1.6411	kW	-36,926.40	121,066.34	-0.3050	162,506.59	121,066.34	1.3423	2.6784
Street Light	2.5824	kW	0.00	1,475.28	0.0000	1,510.56	1,475.28	1.0239	3.6063
Unmetered Scattered Load	0.0078	kWh	0.00	24,781.00	0.0000	82.52	24,781.00	0.0033	0.0111
TOTAL			-36,926.40			340,000.00			

8.7 Ref: Exhibit(s) Exhibit 1 / Tab 1 / Schedule 11 / Page 3

Interrogatory

In its Decision on 2007 Electricity Distribution Rates, the Board directed that the Applicant would file a report on Low Voltage charge recoveries and account balances. Please indicate where such a report is found in this Application, if other than the second paragraph in Exhibit 1 / Tab 1 / Schedule 13 / Page 1, and the data for Account # 1550, LV Variance in Exhibit 5 / Tab 1 / Schedule 3 / Page 1.

Response

The report was submitted to the Board on March 15, 2007, and is only referred to in the application.

8.8 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 3 / Page 1

Interrogatory

Please provide information on the balances in Account # 1550, LV Variance:

a) What are the costs and revenues that have resulted and/or are forecast to result in the balance moving from $435,959 in December 2006 to $384,051 in April 2008?

Response

Opening Balance	**435,959**
Jan 1, 2007 to Apr 30, 2007 payments to hydro one	260,424
Entry made in 2007 to 1590 for disposal of EDR 2006 Balances	- 1,822,785
Interest on 2006 Principal	6,645
May 1, 2007 to Dec 31, 2007 payments to hydro one	520,848
Interest calculated by DVAD model	-34,518
2005 Hydro One Reg Assets - Jan to Apr 2008*	132,700
2006 Hydro One Reg Assets - Jan to Dec 2008*	383,172
2006 Hydro One Reg Assets - Jan 2009 to Mar 2010*	510,896
Interest calculated by DVAD model	-9,290
Closing Balance	**384,051**

*Entries for Hydro One regulatory assets charged are entered in the general ledger when paid

Interrogatory

b) Are the amounts that are allocated to the rate classes proportional to the allocation of transmission connection charges (per the 2006 EDR Handbook, Chapter 10.7), or on some other basis such as energy consumption. If not allocated according to the Handbook methodology, please provide the amounts that would be the outcome of that methodology.

Response

The LV variance account was allocated based on energy consumption (2008 load forecast). To the best of our understanding, the 2006 EDR Handbook specified a methodology for the allocation of Low Voltage charges but not the Low Voltage variance account. See the table below in interrogatory 8.9 for the impact. It would be the same.

8.9 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 1 / Page 6

Interrogatory

a) Please confirm that in the table 'Variable Distribution Charge Calculation', the seventh column which totals $340,000 refers to Low Voltage Charges, and not to the Transformer Ownership Allowance.

Response

Yes the $340,000 refers to low voltage charges.

Interrogatory

b) It would appear from Exhibit 2 / Tab 4 / Schedule 1 / Page 4, Account 4750 that the amount of $340,000 applies to the bridge year 2007, and that a larger amount $340,456 should apply to the test year. Please state which of these amounts is correct.

Response

The correct amount for the test year is $340,000.

Interrogatory

c) Are the amounts of the Low Voltage Charges allocated to each class consistent with the methodology in the 2006 EDR Handbook, Chapter 10.7? If not, what would these amounts be?

Response

In the application, Low Voltage charges are allocated to customer classes in the same proportions as total retail transmission revenues. According to the methodology in the 2006 EDR Handbook, Low Voltage charges would be allocated to customer classes in the same proportions as retail transmission connection charges. The following table illustrates the impact of the difference in methodology, which is no material.

Customer Class	**2008 Application**		**2006 EDR Handbook**	
	%	$	%	$
Residential	36.12%	122,817	36.54%	124,226
GS < 50	15.61%	53,083	15.68%	53,305
GS > 50	47.80%	162,507	47.31%	160,871
Street Lighting	0.44%	1,511	0.45%	1,515
Unmetered Scattered Load	0.02%	83	0.02%	83
TOTAL	**100.00%**	**340,000**	**100.00%**	**340,000**

Interrogatory

d) If necessary as a result of part b) and /or part c), please provide an updated version of the table in Exhibit 9 / Tab 1 / Schedule 1 / Page 6.

Response

n/a

9 RATE DESIGN

9.4 Ref: Exhibit(s) Exhibit 9 / Tab 1/ Schedule 9

Interrogatory

a) Please confirm that the increase in the proposed distribution rates for Streetlighting is approximately 14% (net of the effect of the LV charge on the volumetric rates), and that this is approximately the same percentage as for all other classes.

Response

Yes the proposed distribution rates for street lighting is approximately 14% (net of the effect of the LV charge on the volumetric rates), and it is approximately the same percentage as for all other classes.

Interrogatory

b) Please provide a justification for increasing the rates to Streetlights by this uniform percentage, in light of the low revenue to cost ratio of less than 11% in the Cost Allocation Informational Filing.

Response

As stated in Exhibit 8, Tab1, Schedule 2, page 3, " SLHI is in the opinion that although the Street Lighting class continues to be insufficient to cover the costs of servicing this class, SLHI understands that this is not only an issue for Sioux Lookout Hydro Inc but an issue for all distributors in Ontario. SLHI therefore proposes to maintain the current ratio for the Streetlight class until OEB reviews this issue on a provincial basis.

9.2 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 9

Interrogatory

The proposed monthly service charge is $41.32 in Exhibit 9 / Tab 1 / Schedule 1 Table 11, and also in Exhibit 9 / Tab 1 / Schedule 6 / Page 1. It is $41.12 in Exhibit 9 / Tab 1 / Schedule 1 / Page 6, and also in Exhibit 9 / Tab 1 / Schedule 1 / Table 14. Please state which of these values is correct, or provide an explanation of the apparent discrepancy.

Response

The correct value is $41.32. The discrepancy is a result of an input error.

9.3 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 9

Interrogatory

Please provide a justification for increasing the rates to the GS>50 kW class by approximately the same percentage as all other classes, in light of the comparatively high revenue to cost ratio of approximately 137% (after adjusting for transformer ownership) in the Cost Allocation Informational Filing.

Response

The revenue to cost ratio falls within the allowed range of -20% to +80% of 1.00 as stated in the Application of Cost Allocation of Electricity Distributors, Report of the Board dated November 28, 2007, therefore we do not propose any changes.

9.4 Ref: Exhibit(s) Exhibit 9 / Tab 1 / Schedule 1 / Page 6
Cost Allocation Informational Filing Manager's Summary / Page 6

Interrogatory

Please provide a justification for decreasing the transformer ownership allowance from $0.60 per kW to $0.305 per kW, in light of the calculation in the Cost Allocation Informational Filing that an allowance of $0.37 would be appropriate.

Response

Please see the response in 8.6 for justification.

10 DEFERRAL, VARIANCE ACCOUNTS AND PILS

10.1 Ref: Exhibit(s) Exhibit 1 / Tab 3 / Schedule 1
Exhibit 1 / Tab 3 / Schedule 2/ Page 1

Interrogatory

Sioux Lookout Hydro's Accumulated Depreciation decreased from $1,669,498 in 2006 (Audited Financial Statements Exhibit 1 Tab 3 Schedule 1 Note 4) to $385,743 in 2007 and 576,947 in 2008. Please explain.

Response

This is a result of the adjustments made for depreciation to the model used to calculate the revenue requirement.,as explained in Interrogatory 2.8.

10.2 Ref: Exhibit(s) Exhibit 1 / Tab 3/ Schedule 2 / Page 1

Interrogatory

Sioux Lookout is projecting that it will pay $0 Income Taxes on a profit of $122,522 (Ex1/Tab4/Sch3/Pg1) despite paying $13,100 Income Taxes on a profit of $61,802 (Exhibit 1 Tab 3 Schedule 2 Page 1). Please explain.

Response

The 2008 pro-forma is incorrect. The actual amount estimated for 2008 income taxes is $52,135, which is the amount included in the distribution revenue requirement (including gross-up).

10.3 Ref: Exhibit(s) Exhibit 1 / Tab 3 / Schedule 2 / Page 1

Interrogatory

Shareholders' Equity increased by $425,017 between 2007 and 2008 in the Pro-Forma Balance Sheets while net income was only $122.522 in 2008. Please explain.

Response

This is an error.

See below for a revised Exhibit 1, Tab 3, Schedule 2, and Schedule 3, Pro-Forma Financial statements for December 31, 2007 and December 31, 2008:

SIOUX LOOKOUT HYDRO INC.

PRO FORMA FINANCIAL STATEMENTS AT DECEMBER 31, 2007

Balance Sheet

Description	Total
1050-Current Assets	3,586,944
1100-Inventory	65,936
1200-Other Assets and Deferred Charges	-490,458
1300-Intangible Plant	0
1450-Distribution Plant	5,071,690
1500-General Plant	123,043
1550-Other Capital Assets	303,660
1600-Accumulated Amortization	-385,743
1650-Current Liabilities	-664,156
1700-Non-Current Liabilities	-177,718
1800-Long-Term Debt	-4,353,157
1850-Shareholders' Equity	-3,080,041
Balance Sheet Total	**0.00**

Profit and Loss

Description	Total
3000-Sales of Electricity	-7,454,659
3050-Revenues From Services - Distribution	-1,491,686
3100-Other Operating Revenues	-116,149
3150-Other Income & Deductions	32,421
3200-Investment Income	-43,000
3350-Power Supply Expenses	7,454,659
3500-Distribution Expenses - Operation	402,439
3550-Distribution Expenses - Maintenance	90,755
3650-Billing and Collecting	347,815
3700-Community Relations	0
3800-Administrative and General Expenses	278,284
3850-Amortization Expense	239,466
3900-Interest Expense	176,054
3950-Taxes Other Than Income Taxes	8,700
4000-Income Taxes	12,035
Net Income	-62,866

PRO FORMA FINANCIAL STATEMENTS
AT
DECEMBER 31, 2008

Balance Sheet

Description	Total
1050-Current Assets	3,586,944
1100-Inventory	65,936
1200-Other Assets and Deferred Charges	942,745
1300-Intangible Plant	0
1450-Distribution Plant	5,566,800
1500-General Plant	213,043
1550-Other Capital Assets	303,660
1600-Accumulated Amortization	-576,947
1650-Current Liabilities	-3,485,766
1700-Non-Current Liabilities	-177,718
1800-Long-Term Debt	-2,712,323
1850-Shareholders' Equity	-3,366,374
Balance Sheet Total	**0**

Profit and Loss

Description	Total
3000-Sales of Electricity	-7,518,122
3050-Revenues From Services - Distribution	-1,747,569
3100-Other Operating Revenues	-116,149
3150-Other Income & Deductions	-13,404
3200-Investment Income	-45,000
3350-Power Supply Expenses	7,518,122
3500-Distribution Expenses - Operation	421,827
3550-Distribution Expenses - Maintenance	87,282
3650-Billing and Collecting	366,827
3700-Community Relations	0
3800-Administrative and General Expenses	260,891
3850-Amortization Expense	257,984
3900-Interest Expense	180,142
3950-Taxes Other Than Income Taxes	8,700
4000-Income Taxes	52,135
Net Income	-286,334

10.4 Ref: Exhibit(s) Exhibit 1 / Tab 3 / Schedule 1
Exhibit 1 / Tab 3 / Schedule 2 / Page 1

Interrogatory

a) Long-Term Debt increased by $4,353,157 in the 2007 Pro-Forma Balance Sheet when compared to 2006 audited financial statements. Please explain.

b) Long-Term Debt decreased by $1,640,834 in the 2008 Pro-Forma Balance Sheet when compared to 2007 Pro-Forma Balance Sheet. Please explain.

Response

The 2007 Balance in the pro formas is overstated by $1,563,344 due to a modeling error, and should have been stated as $2,789,823. In the 2006 audited statements, the balance owing is reported under Bank Indebtedness ($1,621,667). The increase of $1,168,156 is the result of renewing the demand installment loan with additional debt in July 2007.

The 2008 Balance in the pro formas is correctly stated and therefore represents a reduction of $77,500 from the 2007 balance.

10.5 Ref: Exhibit(s) Exhibit 2 / Tab 4 / Schedule 1

Interrogatory

a) Is Sioux Lookout using the Board-prescribed interest rate, as per the Board's letter to LDC's dated November 28, 2006, for construction work in progress (CWIP) since May 1, 2006?

Response

Yes, Sioux Lookout Hydro is using the Board-prescribed interest rate for CWIP since May 1, 2006.

Interrogatory

b) If not, what interest rate has Sioux Lookout been using for CWIP?

Response

n/a

Interrogatory

c) If not using the Board-prescribed interest rates, what would the impact on

ratebase, revenue requirement, and CWIP be if Sioux Lookout did use the prescribed interest rates?

Response

n/a

10.6 Ref: Exhibit(s) Exhibit 1 / Tab 1 / Schedule 13 / Page 1
Exhibit 5/ Tab 1 / Schedule 2
Exhibit 5 / Tab 1 / Schedule 3

In Ex1/Tab1/Sch13/Pg1, Sioux Lookout stated an amount of $384,051 has been included in the application for Recovery of Regulatory Asset balances under account 1550, LV Variance. This amount includes a credit of $1,822,785 to record the amount approved to be recovered in the 2006 EDR that was transferred to account 1590 Recover of Regulatory Asset Balances, plus the January 2007 to April 2007 regulatory asset payments made to Hydro One of $260,424 (net entry of $1,562,361 on Ex5/Tab1/Sch2/Pg1).
Please note that the following guidance has been provided by the Board, with respect to accounting for LV charges.
As per the Accounting Procedures Handbook (APH), account 1550, LV Variance is effective May 1, 2006 to record the variance between LV charges from a host transmitter including Hydro One and LV charges approved in the distribution rates of a distributor.
The Board's decision on regulatory assets Phase II and previous accounting guidance stated that Account 1586, , RSVA$_{CN}$ shall be used to record LV charges approved for historic amounts included in the distributor's regulatory asset rate riders in relation to Hydro One's LV charges approved for the periods ended December 31, 2003 and April 30, 2006.

Interrogatory

a) As noted above, there was a credit of $1,822,785 to record the amount approved to be recovered in the 2006 EDR that was transferred to account 1590 Recover of Regulatory Asset Balances.
i Please explain what period(s) the $1,822,785 relates to.
ii Does the $1,822,785 represent LV charges incurred prior to May 1, 2006 that were subsequently transferred to 1590?

Response

The amount of 1,822,785 relates to the regulatory asset charges applied to be recovered in the 2006 EDR. The balances of Hydro One charges have been recorded since May 2006 as incurred by Hydro One in account 1550, therefore disposition of the balance to account 1590 was applied to 1550 for the remaining amounts to be incurred. See below for a table derived from the Regulatory Asset Workheet included in the 2006 EDR, detailing the amounts:

1584 RSVA – Retail Transmission Network Charge	(12,660)	(20,717) – (8,057)*
1584 RSVA – Retail Transmission Network	(28,373)	

Charge		
1586 RSVA – Retail Transmission Connection Charge	718,635	1,175,938 – 457,303*
1586 RSVA – Retail Transmission Connection Charge	1,043,850	
1508 Other Regulatory Assets	73,791	
1525 Misc. Deferred Debits	24,943	39,041 – 14,098*
Total Principal amount	**1,820,186**	
1584 RSVA – Retail Transmission Network Charge – interest	(45)	
1586 RSVA – Retail Transmission Connection Charge – interest	2566	
1570 Qualifying Transition Costs	34	55 – 21*
Total Principal & interest included in 1550	**1,822,741**	
Difference from amount in application	**44**	

*The balance included in account 1550 does not include amounts already tracked in account 1586, 1584 , 1525 and 1570 up to May 1, 2006.

Interrogatory

b) Please provide the LV charges amount recorded in account 1586, $RSVA_{CN}$ that was approved for disposition by the Board as part of the regulatory assets in the 2006 EDR application. Please indicate whether the approved amount was recovered in rates or whether rates were mitigated and therefore the amount was left to be recovered in a future period?

Response

An amount of $457,303 was recorded in account 1586 that was approved for disposition by the Board. This amount is the actual amount charged to Sioux Lookout Hydro by Hydro One for Regulatory assets up to April 30 2006. This amount was recovered in rates.

Interrogatory

c) please provide the transmission connection variance amount (i.e., non LV charge amount) recorded in account 1586, $RSVA_{CN}$ that was approved for disposition by the Board as part of the regulatory assets in the 2006 EDR application. Please indicate whether the approved amount was recovered or refunded in rates or whether rates were mitigated and therefore the amount was left to be recovered or refunded in a future period?

Response

The non LV charge amount recorded in account 1586 that was approved for disposition by the Board as part of the regulatory assets in the 2006 EDR application is $(765,702) plus $(5,545) for interest to April 30, 2006. This amount was refunded in rates.

Interrogatory

d) Please provide each of the LV charges and transmission connection amounts, which were transferred to account 1590 Recovery of Regulatory Asset Balances on May 1, 2006, as per the Board's accounting requirements.

Response

The LV Charges(included in 1586) transferred to account 1590 were $457,303 plus $2,566 for interest. The transmission connection amounts transferred to account 1590 were $(765,702) plus $(5,545) for interest. Please note this entry was not done until June 2007.

Interrogatory

e) For the entry made to 1590 Recovery of Regulatory Asset Balances on May 1, 2006, what accounts did the offsetting entry go to for each of the amounts identified in part d) above?

Response
The offsetting entry went to account 1586 for the amounts identified in part d) above.

Interrogatory

f) If the offsetting entry for the LV charges identified in part e) above was recorded in account 1550, LV Variance Account instead of 1586, RSVACN , please make an adjustment to 1550, LV Variance and 1586, $RSVA_{CN}$ to reflect the correct accounting. If an adjustment is required, please submit a revised Ex5/Tab1/Schedule 2 and Ex5/Tab1/Schedule 3 to reflect the adjustment.

Response

As stated in interrogatory 10.6a), the charges from Hydro One for LV charges up to April 30, 2006 are applied as they are billed by Hydro One. Therefore the offsetting entry for LV charges included only the amounts billed by Hydro One up to April 30, 2006 and was applied to account 1586.

Interrogatory

g) Please explain why a balance of $384,051 is included in the application for the recovery of regulatory asset balances under account 1550, LV Variance in Ex1/Tab1/Sch13 whereas a balance of $421,214 in account 1550, LV Variance is included in Ex5/Tab1/Schedule2. Also:

i Please indicate which balance is correct for recovery.
ii Was account 1550, LV Variance used to record LV charges related to periods prior to May 1, 2006?

Response
Ex 5/Tab 1/Schedule 2 is incorrect. The correct balance is $384,051. The calculation of balances by account in Exhibit 5 excludes interest, which explains the difference.

As explained above, account 1550 has been used to record the recovery of/and charges for Hydro One regulatory assets relating to periods prior to May 1, 2006.

Interrogatory

h) Please show the derivation of the balances in 1550, LV Variance of $520,848 for the period May 1 to December 31, 2007 and $1,026,768 for the period January 1 to April 30, 2008 as shown at Ex5/Tab1/Sch2/Pg1. Please explain why these were the only "other" accruals of all of the deferral and variance accounts for these periods.

Response

These were the only other accruals in order to recover the amount mitigated in the 2006 EDR. The $520,848 is comprised of May 1, 2007 to December 31, 2007 charges by Hydro One for their recovery of Regulatory Assets. The $1,026,768 is comprised of the remaining charges by Hydro One for their recovery of Regulatory Assets. These charges are applied to the deferral accounts as they are incurred.

	Regulatory Assets 2005	Regulatory Assets 2006	Total charges
May 2007	33,175	31,931	65,106
June 2007	33,175	31,931	65,106
July 2007	33,175	31,931	65,106
August 2007	33,175	31,931	65,106
September 2007	33,175	31,931	65,106
October 2007	33,175	31,931	65,106
November 2007	33,175	31,931	65,106
December 2007	33,175	31,931	65,106
Total 2007	**265,400**	**255,448**	**520,848**
2008	132,700	383,172	515,872
2009	0	383,172	383,172
2010	0	127,724	127,724
Total 2008 to 2010	**132,700**	**894,068**	**1,026,768**

Interrogatory

i) Please confirm that Sioux Lookout has requested LV charges of $340,000 in the application for inclusion in its revenue requirement. If this amount is incorrect, provide the correct amount.

Response

LV charges in the amount of $340,000 have been included in the revenue requirement.

10.7 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2
Exhibit 5 / Tab 1 / Schedule 3

Interrogatory

Please explain why the April 30, 2008 individual accounts with balances at Ex5/Tab1/Sch2 do not correspond to the April 30, 2008 individual account balances at Ex5/Tab 1/Sch3, with the exception of account 1525 and 1571.

Response

Ex/5/Tab1/Sch2 does not correspond to Ex5/Tab1/Sch3 because Schedule 2 incorrectly omits the calculated interest in the table.

10.8 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 1

Interrogatory

Please state where amounts incurred relating to retail transmission network charges and retail transmission connection charges are being recorded after May 1, 2006.

Response

Amounts incurred relating to retail transmission network charges and retail transmission connection charges are being recorded in accounts 1584 and 1586 respectively.

10.9 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please explain why there is a zero balance in account 1548.

Response

Sioux Lookout Hydro did not have any retailer customers until September 2006. The billing process for STRs has proven to be very onerous for little benefit. Also, the process of tracking

these costs and charges proved to be too much of a burden on the staff. Therefore we currently do not charge STRs.

10.10 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please detail the cause of the following adjustments made in the table "Calculation of Balances by Account" in the column "Other" for January 01, 2007 for the following accounts: 1518 ($2,668 credit), 1520 ($14,098 credit), 570 ($14,486 credit), 1571 (276,745 credit), 1572 (6,540 credit), 1580 ($107,535 credit), 1584 ($14,583 debit), 1586, RSVACN ($313,944 debit), and 1588 (449,634 credit)

Response

These amounts relate to the entry done for the disposal of the approved 2006 EDR amounts. The entry was not done until June 2007.

10.11 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please provide the interest rates used to calculate carrying charges for each regulatory deferral and variance account for the period from January 1, 2005 to present.

Response

Account	January to December 2005	January to April 2006	May to June 2006	July to December 2006	January to September 2007	October to December 2007
1580 RSVA – Wholesale Market Service Charge	7.25%	7.25%	4.14%	4.59%	4.59%	5.14%
1584 RSVA – Retail Transmission Network Charge	7.25%	7.25%	4.14%	4.59%	4.59%	5.14%
1586 RSVA – Wholesale Transmission Connection Charge	7.25%	7.25%	4.14%	4.59%	4.59%	5.14%
1588 RSVA – Power	7.25%	7.25%	4.14%	4.59%	4.59%	5.14%
1588 RSVA – Power, Sub Global Adjustment	7.25%	7.25%	4.14%	4.59%	4.59%	5.14%

1518 Retail Cost Variance Account – Retail	-	-	4.14%	4.59%	4.59%	5.14%
1525 Misc. Deferred Debits	-	-	-	-	-	-
1550 LV Variance Account	-		4.14%	4.59%	4.59%	5.14%
1555 Smart Meter Capital and Recovery Offset Variance	-	-	4.14%	4.59%	4.59%	5.14%
1556 Smart Meter OM&A Variance	-	-	4.14%	4.59%	4.59%	5.14%
1565 Conservation and Demand Management Expenditures and Recoveries	-	-	-	-	-	-
1566 CDM Contra	-	-	-	-	-	-
1570 Qualifying Transition Costs	-	-	-	-	4.59%	-
1571 Pre-Market Opening Energy Variances Total	-	-	-	-	-	-
1572 Extra-Ordinary Event Costs	-	-	-	-	4.59%	5.14%
1590 Recovery of Regulatory Assets	-	-	4.14%	4.59%	4.59%	5.14%

10.12 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

a) Why do the following accounts have no accumulated interest?
i 1525 Misc. Deferred Debits – including Rebate Cheques
ii 1562, Deferred Payments in Lieu of Taxes and 1563, PILs Contra Account
iii 1570 Qualifying Transition Costs

iv 1571 Pre-Market Opening Energy Variance Total
v 1572 Extra-Ordinary Event Losses

Response

Interest was not calculated on these accounts in error.

Interrogatory

b) Why is there no interest accrued on all regulatory asset and liability balances after December 31, 2006?

Response

The interest was omitted in error. Please see below for an amended Exhibit 5/Tab 1/ Schedule2.

Deferred Charge Accounts

Account Description	Account Number	Dec 31/06 Balance Principal Portion	Dec 31/06 Balance Accum. Interest	Dec 31/06 Balance Total	Apply for Disposal?	Jan1/07 to Apr30/07 Interest	Jan1/07 to Apr30/07 Other	Jan1/07 to Apr30/07 Balance	May1/07 to Dec31/07 Interest	May1/07 to Dec31/07 Other	May1/07 to Dec31/07 Balance	Jan1 to Apr30/08 Interest	Jan1 to Apr30/08 Other	Jan1 to Apr30/08 Balance	May1 to Dec31/08 Interest	May1 to Dec31/08 Other	May1 to Dec31/08 Balance
Unrecovered Plant and Regulatory Study Costs	1505			-	YES	-		-	-		-	-		-	-		-
Other Regulatory Assets	1508	79,793	306	80,098	YES	1,221		81,319	2,442		83,761	1,221		84,982	2,442		87,423
Preliminary Survey and Investigation Charges	1510			-	YES	-		-	-		-	-		-	-		-
Emission Allowance Inventory	1515			-	YES	-		-	-		-	-		-	-		-
Emission Allowances Withheld	1516			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - Retail	1518	11,315	29	11,344	YES	173	(2,668)	8,849	265		9,114	132		9,246	265		9,511
Power Purchase Variance Account	1520			-	YES	-		-	-		-	-		-	-		-
Misc. Deferred Debits - incl. Rebate Cheques	1525	14,098		14,098	YES	-	(14,098)	0	-		0	-		0	-		0
Deferred Losses from Disposition of Utility Plant	1530			-	YES	-		-	-		-	-		-	-		-
Unamortized Loss on Reacquired Debt	1540			-	YES	-		-	-		-	-		-	-		-
Development Charge Deposits/ Receivables	1545			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - STR	1548			-	YES	-		-	-		-	-		-	-		-
LV Variance Account	1550	434,311	1,649	435,959	YES	6,645	(1,562,361)	(1,119,757)	(34,518)	520,848	(633,427)	(9,290)	1,026,768	384,051	12,839		396,889
Smart Meter Capital Variance Account	1555	(3,175)	(28)	(3,203)	NO	(49)		(3,251)	(97)		(3,348)	(49)		(3,397)	(97)		(3,494)
Smart Meters OM&A Variance Account	1556	(1,349)	(24)	(1,373)	NO	(21)		(1,393)	(41)		(1,434)	(21)		(1,455)	(41)		(1,496)
Deferred Development Costs	1560			-	YES	-		-	-		-	-		-	-		-
Deferred Payments in Lieu of Taxes	1562	(48,950)		(48,950)	YES	(749)		(49,699)	(1,498)		(51,197)	(749)		(51,945)	(1,498)		(53,443)
PILS Contra Account	1563	48,950		48,950	YES	749		49,699	1,498		51,197	749		51,945	1,498		53,443
CDM Expenditures and Recoveries	1565	29,286		29,286	YES	-		29,286	896		30,182	448		30,630	896		31,526
CDM Contra Account	1566	(29,286)		(29,286)	YES	-		(29,286)	(896)		(30,182)	(448)		(30,630)	(896)		(31,526)
Qualifying Transition Costs	1570	14,486		14,486	YES	222	(14,486)	222	-		222	-		222	-		222
Pre-Market Opening Energy Variances Total	1571	276,745		276,745	YES	-	(276,745)	0	-		0	-		0	-		0
Extra-Ordinary Event Losses	1572	12,859		12,859	YES	-	(6,540)	6,319	193		6,513	97		6,609	193		6,803
Deferred Rate Impact Amounts	1574			-	YES	-		-	-		-	-		-	-		-
RSVA - Wholesale Market Service Charge	1580	116,357	772	117,129	YES	1,780	(107,535)	11,374	270		11,644	135		11,779	270		12,049
RSVA - One-time Wholesale Market Service	1582	-		-	YES	-		-	-		-	-		-	-		-
RSVA - Retail Transmission Network Charge	1584	(39,676)	(226)	(39,903)	YES	(607)	14,583	(25,927)	(768)		(26,695)	(384)		(27,078)	(768)		(27,846)
RSVA - Retail Transmission Connection Charge	1586	(922,613)	(5,184)	(927,797)	YES	(14,116)	313,944	(627,969)	(18,625)		(646,594)	(9,313)		(655,907)	(18,625)		(674,532)
RSVA - Power	1588	520,389	2,961	523,350	YES	7,962	(449,634)	81,678	2,165		83,843	1,083		84,926	2,165		87,091
Deferred PILs Account	1592			-	YES	-		-	-		-	-		-	-		-
Other Deferred Credits	2425			-	YES	-		-	-		-	-		-	-		-
Sub-totals		**513,540**	**255**	**513,794**		**3,211**	**(2,105,540)**	**(1,588,535)**	**(48,715)**	**520,848**	**(1,116,402)**	**(16,389)**	**1,026,768**	**(106,023)**	**(1,358)**	**-**	**(107,381)**

Recovery of Regulatory Asset Balances (acct #1590)

Approved Balance	**1,650,053**				
Less Period Disposals		358,615	717,229	377,132	754,264
Plus Period Interest		22,502	29,233	6,692	(3,722)
Balance to (Refund) or Recover from 2006	**1,650,053**	**1,313,940**	**625,944**	**255,503**	**(502,483)**

10.13 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

a) Did the utility transfer previous Board-approved amounts for regulatory asset recovery to 1590 Recover of Regulatory Asset Balances with offsetting entries into the individual regulatory accounts being disposed in 2007, instead of May 1, 2006, as per the Board's accounting requirements?

Response

Yes the utility transferred the Board-approved amounts for regulatory asset recovery to 1590 with offsetting entries into the individual regulatory accounts being disposed in 2007 instead of May 1, 2006.

Interrogatory

b) If no, when did Sioux Lookout do this transfer. Please update Exhibit 5, Tab 1, Schedule 2.

Response

The entry was made in June 2007 and is reflected in Exhibit 5, Tab 1, Schedule 2 under Other adjustments Jan1 /07 to Apr 30/07.

10.14 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Sioux Lookout is applying for disposition of regulatory variance accounts as per schedule Exhibit 5/Tab1/Sch3/spreadsheet. These totals do not correspond to totals reported to the Board as per 2.1.1 of the Reporting and Record Keeping Requirements for the period ending December 31st, 2006 plus interest accrued on those balances to April 30th 2008. Please provide the information as shown in the attached continuity schedule for regulatory assets and provide a further schedule

reconciling the continuity schedule with the amounts requested for disposition on Ex5/Tab1/Sch2/. In the continuity schedule, please breakout the sub-accounts for 1508. Please note that forecasting principal transactions beyond December 31, 2006 and the accrued interest on these forecasted balances and including them in the attached continuity schedule is optional.

Response

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY	SIOUX LOOKOUT HYDRO INC	**LICENCE NUMBER**	ED-2002-0514
NAME OF CONTACT	DEANNE KULCHYSKI	**DOCID NUMBER**	EB-2007-0785
E-mail Address	slhydro@tbaytel.net		
VERSION NUMBER	v3.0	**PHONE NUMBER**	807-737-3800
Date	08-Dec-07	**(extension)**	

Enter appropriate data in cells which are highlighted in yellow only.
Enter the total applied for Regulatory Asset amounts for each account in the appropriate cells below:
Debits should be recorded as positive numbers and credits should be recorded as negative numbers.
Repeat cells going across as necessary for each year in application

Account Description	Account Number	2005 Opening Principal Amounts as of Jan-1-05 [1]	Transactions (additions) during 2005, excluding interest and adjustments [6]	Transactions (reductions) during 2005, excluding interest and adjustments [6]	Adjustments during 2005 - instructed by Board [2]	Adjustments during 2005 - other [3]	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05	Interest Jan-1 to Dec31-05	Closing Interest Amounts as of Dec-31-05
RSVA - Wholesale Market Service Charge	1580	$ 62,550	$ 58,223			$ 20,853	$ 141,625	$ 378	$ 478	$ 856
RSVA - One-time Wholesale Market Service	1582	$ 23,019	$ 4,817				$ 27,837	$ 139	$ 29	$ 168
RSVA - Retail Transmission Network Charge	1584	$ (6,140)	$ 8,335				$ 2,196	$ (37)	$ 50	$ 13
RSVA - Retail Transmission Connection Charge	1586	$ (765,702)	$ 44,560				$ (721,143)	$ (4,626)	$ 269	$ (4,357)
Sub-Totals		$ (686,273)	$ 115,935		$ -	$ 20,853	$ (549,485)	$ (4,146)	$ 826	$ (3,320)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508		$ 12,129				$ 12,129			$ -
Other Regulatory Assets - Sub-Account - Pension Contributions	1508		$ 25,633				$ 25,633			$ -
Other Regulatory Assets - Sub-Account - Other [7]	1508						$ -			$ -
Other Regulatory Assets - Sub-Account - Other [7]	1508						$ -			$ -
Other Regulatory Assets - Sub-Account - Other [7]	1508						$ -			$ -
Retail Cost Variance Account - Retail	1518	$ 2,668	$ 4,665				$ 7,333			$ -
Retail Cost Variance Account - STR	1548						$ -			$ -
Misc. Deferred Debits	1525		$ 10,845				$ 10,845			$ -
LV Variance Account	1550						$ -			$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555						$ -			$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555						$ -			$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met	1555						$ -			$ -
Smart Meter OM&A Variance	1556						$ -			$ -
Conservation and Demand Management Expenditures and Recoveries	1565						$ -			$ -
CDM Contra	1566						$ -			$ -
Qualifying Transition Costs [5]	1570	$ 14,486	n/a	n/a			$ 14,486			$ -
Pre-Market Opening Energy Variances Total [5]	1571	$ 276,745	n/a	n/a			$ 276,745			$ -
Extra-Ordinary Event Costs	1572	$ 6,519	$ 6,337				$ 12,856			$ -
Deferred Rate Impact Amounts	1574						$ -			$ -
Other Deferred Credits	2425						$ -			$ -
Sub-Totals		$ 300,418	$ 59,608	$ -	$ -	$ -	$ 360,027	$ -	$ -	$ -
Deferred Payments in Lieu of Taxes	1562				see PILs reconciliation requested					
2006 PILs & Taxes Variance	1592				see PILs reconciliation requested					
Sub-Totals					see PILs reconciliation requested					
Total		$ (385,855)	$ 175,543	$ -	$ -	$ 20,853	$ (189,458)	$ (4,146)	$ 826	$ (3,320)
The following is not included in the total claim but is included on a memo basis:										
Deferred PILs Contra Account [8]	1563				see PILs reconciliation requested					
RSVA - Power (including Global Adjustment)	1588	$ 446,652	$ (74,412)				$ 372,239	$ 2,728	$ (480)	$ 2,249
RSVA - Power - Sub-Account - Global Adjustment [4]	1588		$ (445,764)				$ (445,764)	$ (2,693)		$ (2,693)
Recovery of Regulatory Asset Balances	1590	$ (46,423)	$ (269,680)				$ (316,102)			$ -

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[1] As per general ledger, if does not agree to Dec-31-04 balance filed in 2006 EDR then provide supplementary analysis
[2] Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, and etc.
[3] Provide supporting statement indicating nature of this adjustments and periods they relate to
[4] Not included in sub-total
[5] Closed April 30, 2002
[6] For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.
[7] Please describe "other" components of 1508 and add more component lines if necessary.
[8] 1563 is a contra-account and is not included in the total but is shown on a memo basis. Account 1562 establishes the obligation to the ratepayer.
[9] Interest projected on December 31, 2006 closing principal balance.

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY	SIOUX LOOKOUT HYDRO INC
NAME OF CONTACT	DEANNE KULCHYSKI
E-mail Address	slhydro@tbaytel.net
VERSION NUMBER	v3.0
Date	08-Dec-07

Account Description	Account Number	2006 Opening Principal Amounts as of Jan-1-06	2006 Transactions (additions) during 2006, excluding interest and adjustments [6]	2006 Transactions (reductions) during 2006, excluding interest and adjustments [6]	2006 Adjustments during 2006 - instructed by Board [2]	2006 Adjustments during 2006 - other [3]	2006 Transfer of Board-approved amounts to 1590 as per 2006 EDR	2006 Closing Principal Balance as of Dec-31-06	2006 Opening Interest Amounts as of Jan-1-06	2006 Interest Jan-1 to Dec31-06	2006 Transfer of Board-approved amounts to 1590 as per 2006 EDR	2006 Closing Interest Amounts as of Dec-31-06
RSVA - Wholesale Market Service Charge	1580	$ 141,625	$ (53,104)		$ 27,837		$ (106,421)	$ 9,937	$ 856	$ (84)	$ (1,114)	$ (342)
RSVA - One-time Wholesale Market Service	1582	$ 27,837	$ -		$ (27,837)			$ (0)	$ 168	$ (168)		$ -
RSVA - Retail Transmission Network Charge	1584	$ 2,196	$ (41,872)				$ 14,197	$ (25,479)	$ 13	$ (239)	$ 386	$ 160
RSVA - Retail Transmission Connection Charge	1586	$ (721,143)	$ (201,471)				$ 308,399	$ (614,214)	$ (4,357)	$ (827)	$ 2,979	$ (2,205)
Sub-Totals		$ (549,485)	$ (296,447)		$ -	$ -	$ 216,175	$ (629,757)	$ (3,320)	$ (1,318)	$ 2,251	$ (2,387)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	$ 12,129	$ 12,362					$ 24,491	$ -	$ 72		$ 72
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	$ 25,633	$ 29,638					$ 55,271	$ -	$ 234		$ 234
Other Regulatory Assets - Sub-Account - Other [7]	1508	$ -						$ -	$ -			$ -
Other Regulatory Assets - Sub-Account - Other [7]	1508	$ -						$ -	$ -			$ -
Other Regulatory Assets - Sub-Account - Other [7]	1508	$ -						$ -	$ -			$ -
Retail Cost Variance Account - Retail	1518	$ 7,333	$ 3,983				$ (2,668)	$ 8,647	$ -	$ 29		$ 29
Retail Cost Variance Account - STR	1548	$ -						$ -	$ -			$ -
Misc. Deferred Debits	1525	$ 10,845	$ 3,253				$ (14,098)	$ -	$ -			$ -
LV Variance Account	1550	$ -	$ 434,311				$ (1,822,785)	$ (1,388,474)	$ -	$ 1,649		$ 1,649
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	$ -						$ -	$ -			$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	$ -		$ (3,175)				$ (3,175)	$ -	$ (28)		$ (28)
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met	1555	$ -						$ -	$ -			$ -
Smart Meter OM&A Variance	1556	$ -		$ (1,349)				$ (1,349)	$ -	$ (24)		$ (24)
Conservation and Demand Management Expenditures and Recoveries	1565	$ -	$ 81,866	$ (52,580)				$ 29,286	$ -			$ -
CDM Contra	1566	$ -	$ (81,866)	$ 52,580				$ (29,286)	$ -			$ -
Qualifying Transition Costs [5]	1570	$ 14,486	n/a	n/a			$ (14,486)	$ (0)	$ -			$ -
Pre-Market Opening Energy Variances Total [5]	1571	$ 276,745	n/a	n/a			$ (276,745)	$ -	$ -			$ -
Extra-Ordinary Event Costs	1572	$ 12,856					$ (6,540)	$ 6,316	$ -			$ -
Deferred Rate Impact Amounts	1574	$ -						$ -	$ -			$ -
Other Deferred Credits	2425	$ -						$ -	$ -			$ -
Sub-Totals		$ 360,027	$ 483,547	$ (4,524)	$ -	$ -	$ (2,137,323)	$ (1,298,273)	$ -	$ 1,931	$ -	$ 1,931
Deferred Payments in Lieu of Taxes	1562					see PILs reconciliation requested						
2006 PILs & Taxes Variance	1592					see PILs reconciliation requested						
Sub-Totals						see PILs reconciliation requested						
Total		$ (189,458)	$ 187,100	$ (4,524)	$ -	$ -	$ (1,921,148)	$ (1,928,030)	$ (3,320)	$ 613	$ 2,251	$ (456)
The following is not included in the total claim but is included on a memo basis:												
Deferred PILs Contra Account [8]	1563					see PILs reconciliation requested						
RSVA - Power (including Global Adjustment)	1588	$ 372,239	$ 148,149				$ (446,652)	$ 73,737	$ 2,249	$ 712	$ (2,982)	$ (21)
RSVA - Power - Sub-Account - Global Adjustment [4]	1588	$ (445,764)	$ 336,264					$ (109,499)	$ (2,693)	$ 1,477		$ (1,216)
Recovery of Regulatory Asset Balances	1590	$ (316,102)	$ (396,256)				$ 2,364,511	$ 1,652,153	$ -	$ (2,099)		$ (2,099)

SHEET 1 - Regulatory Assets - Continuity Schedule

NAME OF UTILITY	SIOUX LOOKOUT HYDRO INC
NAME OF CONTACT	DEANNE KULCHYSKI
E-mail Address	slhydro@tbaytel.net
VERSION NUMBER	v3.0
Date	08-Dec-07

Account Description		Account Number	Projected Interest on Dec 31 -06 balance from Jan 1, 2007 to Dec 31, 2007 [9]	Projected Interest on Dec 31 -06 balance from Jan 1, 2008 to April 30, 2008 [9]	Claim before Forecasted Transactions	Forecasted Transactions, Excluding Interest from Jan 1, 2007 to Dec 31, 2007	Forecasted Transactions, Excluding Interest from Jan 1, 2008 to April 30, 2008	Projected Interest from Jan 1, 2007 to April 30, 2008 on Forecasted Transx (Excl Interest) from Jan 1, 2007 to December 31, 2007	Projected Interest from Jan 1, 2008 to April 30, 2008 on Forecasted Transx (Excl Interest) from Jan 1, 2008 to April 30, 2008	Total Claim
RSVA - Wholesale Market Service Charge		1580	$ 2,050	$ 135	$ 11,780					$ 11,780
RSVA - One-time Wholesale Market Service		1582			$ (0)					$ (0)
RSVA - Retail Transmission Network Charge		1584	$ (1,375)	$ (384)	$ (27,079)					$ (27,079)
RSVA - Retail Transmission Connection Charge		1586	$ (32,741)	$ (9,313)	$ (658,473)					$ (658,473)
	Sub-Totals		$ (32,066)	$ (9,562)	$ (673,772)	$ -	$ -	$ -	$ -	$ (673,772)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments		1508	$ 1,124	$ 375	$ 26,062					$ 26,062
Other Regulatory Assets - Sub-Account - Pension Contributions		1508	$ 2,537	$ 846	$ 58,888					$ 58,888
Other Regulatory Assets - Sub-Account - Other [7]		1508			$ -					$ -
Other Regulatory Assets - Sub-Account - Other [7]		1508			$ -					$ -
Other Regulatory Assets - Sub-Account - Other [7]		1508			$ -					$ -
Retail Cost Variance Account - Retail		1518	$ 438	$ 132	$ 9,246					$ 9,246
Retail Cost Variance Account - STR		1548			$ -					$ -
Misc. Deferred Debits		1525			$ -					$ -
LV Variance Account		1550	$ (63,731)	$ (21,244)	$ (1,471,800)	$ 781,272	$ 1,026,768	$ 35,860	$ 15,710	$ 387,810
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital		1555			$ -					$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries		1555	$ (146)	$ (49)	$ (3,398)					$ (3,398)
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Met		1555			$ -					$ -
Smart Meter OM&A Variance		1556	$ (62)	$ (21)	$ (1,456)					$ (1,456)
Conservation and Demand Management Expenditures and Recoveries		1565	$ 896	$ 448	$ 30,630					$ 30,630
CDM Contra		1566	$ (896)	$ (448)	$ (30,630)					$ (30,630)
Qualifying Transition Costs [5]		1570			$ (0)					$ (0)
Pre-Market Opening Energy Variances Total [5]		1571			$ -					$ -
Extra-Ordinary Event Costs		1572	$ 193	$ 97	$ 6,606					$ 6,606
Deferred Rate Impact Amounts		1574			$ -					$ -
Other Deferred Credits		2425			$ -					$ -
	Sub-Totals		$ (59,647)	$ (19,864)	$ (1,375,853)	$ 781,272	$ 1,026,768	$ 35,860	$ 15,710	$ 483,757
Deferred Payments in Lieu of Taxes		1562								
2006 PILs & Taxes Variance		1592								
	Sub-Totals				$ -					$ -
	Total		$ (91,713)	$ (29,426)	$ (2,049,625)	$ 781,272	$ 1,026,768	$ 35,860	$ 15,710	$ (190,015)
The following is not included in the total claim but is included on a memo basis:										
Deferred PILs Contra Account [8]		1563								
RSVA - Power (including Global Adjustment)		1588	$ 10,127	$ 1,083	$ 84,926					$ 84,926
RSVA - Power - Sub-Account - Global Adjustment [4]		1588			$ (110,715)					$ (110,715)
Recovery of Regulatory Asset Balances		1590			$ 1,650,054	$ (1,075,844)	$ (377,132)	$ 51,735	$ 6,692	$ 255,505

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Reconciliation of Regulatory Assets Continuity Schedule and Amounts requested for Disposition

Account #	Description	Balance Per Continuity Schedule April 30, 2008	Balance Per Exhibit 5/Tab 1/Schedule 2 April 30, 2008	Variance
1508	Other Regulatory Assets	84,950	84,982	-32
1518	Retail Cost Variance Account	9,246	9,246	0
1525	Misc Deferred Debits	0		0
1550	LV Variance Account	387,810	384,051	3,759
1555	Smart Meter Capital Variance Account	-3,398	-3,397	-1
1556	Smart Meter OM&A Account	-1,456	-1,455	-1
1565	CDM Expenditures & Recoveries	30,630	30,630	0
1566	CDM Conta Account	-30,630	-30,630	0
1570	Qualifying Transition Costs	0	222	-222
1571	Pre-Market Opening Energy Variance	0	0	0
1572	Extra-Ordinary Event Losses	6,606	6,609	-3
1580	RSVA - Wholesale Market Service Chg	11,780	11,779	1
1582	RSVA One-Time Wholesale Market Ser	0	0	0
1584	RSVA - Retail Transmission Network Chg	-27,079	-27,078	-1
1586	RSVA - Retail Transmission Connection Chg	-658,473	-655,907	-2,566
1588	RSVA - Power	84,926	84,926	0
1590	Recovery of Regulatory Asset Balances	255,505	255,504	1

The variance of 3,759 can be explained by the difference in calculation of interest for the two schedules. In the continuity schedule, the balance as of Dec 31, 2006 is different from the Exhibit due to the entry for disposition not being entered until 2007.
The variance of -222 is the result of an error of calculating interest on the disposed of amount for account 1570. The amount is not material.
The variance of -2,566 is the result of an error. An amount of -2,566 for interest to be disposed was not applied in Exhibit 5.

See Below for an updated Exhibit 5, Tab 1, Schedule 2 and Schedule 3:

Exhibit 5/Tab2/Schedule 2:

trial balances.

Deferred Charge Accounts

Account Description	Account Number	Dec 31/06 Balance Principal Portion	Dec 31/06 Balance Accum. Interest	Dec 31/06 Balance Total	Apply for Disposal?	Jan1/07 to Apr30.07 Interest	Jan1/07 to Apr30.07 Other	Jan1/07 to Apr30.07 Balance	May1/07 to Dec31/07 Interest	May1/07 to Dec31/07 Other	May1/07 to Dec31/07 Balance	Jan1 to Apr30.08 Interest	Jan1 to Apr30.08 Other	Jan1 to Apr30.08 Balance	May1 to Dec31.08 Interest	May1 to Dec31.08 Other	May1 to Dec31.08 Balance
Unrecovered Plant and Regulatory Study Costs	1505			-	YES	-		-	-		-	-		-	-		-
Other Regulatory Assets	1508	79,793	306	80,098	YES	1,221		81,319	2,442		83,761	1,221		84,982	2,442		87,423
Preliminary Survey and Investigation Charges	1510			-	YES	-		-	-		-	-		-	-		-
Emission Allowance Inventory	1515			-	YES	-		-	-		-	-		-	-		-
Emission Allowances Withheld	1516			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - Retail	1518	11,315	29	11,344	YES	173	(2,668)	8,849	265		9,114	132		9,246	265		9,511
Power Purchase Variance Account	1520			-	YES	-		-	-		-	-		-	-		-
Misc. Deferred Debits - incl. Rebate Cheques	1525	14,098		14,098	YES	-	(14,098)	0	0		0	0		0	0		0
Deferred Losses from Disposition of Utility Plant	1530			-	YES	-		-	-		-	-		-	-		-
Unamortized Loss on Reacquired Debt	1540			-	YES	-		-	-		-	-		-	-		-
Development Charge Deposits/ Receivables	1545			-	YES	-		-	-		-	-		-	-		-
Retail Cost Variance Account - STR	1548			-	YES	-		-	-		-	-		-	-		-
LV Variance Account	1550	434,311	1,649	435,959	YES	6,645	(1,562,361)	(1,119,757)	(34,518)	520,848	(633,427)	(9,290)	1,026,768	384,051	12,839		396,889
Smart Meter Capital Variance Account	1555	(3,175)	(28)	(3,203)	NO	(49)		(3,251)	(97)		(3,348)	(49)		(3,397)	(97)		(3,494)
Smart Meters OM&A Variance Account	1556	(1,349)	(24)	(1,373)	NO	(21)		(1,393)	(41)		(1,434)	(21)		(1,455)	(41)		(1,496)
Deferred Development Costs	1560			-	YES	-		-	-		-	-		-	-		-
Deferred Payments in Lieu of Taxes	1562	(48,950)		(48,950)	YES	(749)		(49,699)	(1,498)		(51,197)	(749)		(51,945)	(1,498)		(53,443)
PILS Contra Account	1563	48,950		48,950	YES	749		49,699	1,498		51,197	749		51,945	1,498		53,443
CDM Expenditures and Recoveries	1565	29,286		29,286	YES	-		29,286	896		30,182	448		30,630	896		31,526
CDM Contra Account	1566	(29,286)		(29,286)	YES	-		(29,286)	(896)		(30,182)	(448)		(30,630)	(896)		(31,526)
Qualifying Transition Costs	1570	14,486		14,486	YES	-	(14,486)	(0)	(0)		(0)	(0)		(0)	(0)		(0)
Pre-Market Opening Energy Variances Total	1571	276,745		276,745	YES	-	(276,745)	0	0		0	0		0	0		0
Extra-Ordinary Event Losses	1572	12,859		12,859	YES	-	(6,540)	6,319	193		6,513	97		6,609	193		6,803
Deferred Rate Impact Amounts	1574			-	YES	-		-	-		-	-		-	-		-
RSVA - Wholesale Market Service Charge	1580	116,357	772	117,129	YES	1,780	(107,535)	11,374	270		11,644	135		11,779	270		12,049
RSVA - One-time Wholesale Market Service	1582	-		-	YES	-		-	-		-	-		-	-		-
RSVA - Retail Transmission Network Charge	1584	(39,676)	(226)	(39,903)	YES	(607)	14,583	(25,927)	(768)		(26,695)	(384)		(27,078)	(768)		(27,846)
RSVA - Retail Transmission Connection Charge	1586	(922,613)	(5,184)	(927,797)	YES	(14,116)	311,378	(630,535)	(18,704)		(649,239)	(9,352)		(658,591)	(18,704)		(677,295)
RSVA - Power	1588	520,389	2,961	523,350	YES	7,962	(449,634)	81,678	2,165		83,843	1,083		84,926	2,165		87,091
Deferred PILs Account	1592			-	YES	-		-	-		-	-		-	-		-
Other Deferred Credits	2425			-	YES	-		-	-		-	-		-	-		-
Sub-totals		**513,540**	**255**	**513,794**		**2,989**	**(2,108,106)**	**(1,591,323)**	**(48,794)**	**520,848**	**(1,119,268)**	**(16,428)**	**1,026,768**	**(108,928)**	**(1,437)**	**-**	**(110,365)**

Recovery of Regulatory Asset Balances (acct #1590)

Approved Balance			**1,650,053**														
Less Period Disposals							358,615			717,229			377,132			754,264	
Plus Period Interest					22,502			29,233			6,892			(3,722)			
Balance to (Refund) or Recover from 2006			**1,650,053**				**1,313,941**			**625,944**			**255,504**				**(502,482)**

Bridge Year (2007) Forecast

Customer Class	Metric	kW	kWhs	# Customers	EDR 2006 Approved Rates*	EDR 2007 Approved Rates**	Jan1/07 to Apr30/07 Disposal	May1/07 to Dec31/07 Disposal	Proportional Allocation
Residential	kWhs		33,377,072	2,297	0.0106	0.0106	117,932	235,865	33%
GS < 50 KW	kWhs		15,521,963	389	0.0104	0.0104	53,809	107,619	15%
GS > 50 Non TOU	kW	132,328	52,824,099	47	4.2041	4.2041	185,440	370,880	52%
GS > 50 TOU	kW						-	-	0%
Intermediate	kW						-	-	0%
Large Users	kW						-	-	0%
Small Scattered Load	kWhs		24,781	12	0.0104	0.0104	86	172	0%
Standby Power	kW						-	-	0%
Sentinel Lighting	kW						-	-	0%
Street Lighting	kW	1,477	478,103	533	2.7359	2.7359	1,347	2,694	0%
Additional Customer Class 1							-	-	0%
Additional Customer Class 2							-	-	0%
Additional Customer Class 3							-	-	0%
Additional Customer Class 4							-	-	0%
Totals		**133,805**	**102,226,018**	**3,278**			**358,615**	**717,229**	**100%**

Test Year (2008) Forecast

Customer Class	Metric	kW	kWhs	# Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3	EDR 2007 Approved Rates	Jan1/08 to Apr30/08 Disposal	May 1/08 to Dec 31/08 Disposal
Residential	kWhs		33,435,195	2,301	989,925					0.0106	118,138	236,275
GS < 50 KW	kWhs		15,113,933	378	304,923					0.0104	52,395	104,790
GS > 50 Non TOU	kW	146,406	58,443,684	52	484,290					4.2041	205,168	410,337
GS > 50 TOU	kW									0.0000	-	-
Intermediate	kW									0.0000	-	-
Large Users	kW									0.0000	-	-
Small Scattered Load	kWhs		24,781	12	3,408					0.0104	86	172
Standby Power	kW									0.0000	-	-
Sentinel Lighting	kW									0.0000	-	-
Street Lighting	kW	1,475	477,656	533	11,121					2.7359	1,345	2,690
Additional Customer Class 1											-	-
Additional Customer Class 2											-	-
Additional Customer Class 3											-	-
Additional Customer Class 4											-	-
Totals		**147,881**	**107,495,249**	**3,276**	**1,793,667**	-	-	-	-		**377,132**	**754,264**

Account Description	Account Number	Dec31/06 Balance	Apr 30/08 Balance	Allocation Basis	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Standby Power	Sentinel Lighting	Street Lighting	Additional Customer Class 1	Additional Customer Class 2	Additional Customer Class 3	Additional Customer Class 4	Totals
Unrecovered Plant and Regulatory Study Costs	1505	-	-																-
Other Regulatory Assets	1508	80,098	84,982	KWh	26,433	11,949	46,203	-	-	-	20	-	-	378	-	-	-	-	84,982
Preliminary Survey and Investigation Charges	1510	-	-																-
Emission Allowance Inventory	1515	-	-																-
Emission Allowances Withheld	1516	-	-																-
Retail Cost Variance Account - Retail	1518	11,344	9,246	# Customers	6,494	1,067	147	-	-	-	34	-	-	1,504	-	-	-	-	9,246
Power Purchase Variance Account	1520	-	-																-
Misc. Deferred Debits - incl. Rebate Cheques	1525	14,098	0	# Customers w/Rebate Cheques	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Losses from Disposition of Utility Plant	1530	-	-																-
Unamortized Loss on Reacquired Debt	1540	-	-																-
Development Charge Deposits/ Receivables	1545	-	-																-
Retail Cost Variance Account - STR	1548	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LV Variance Account	1550	435,959	384,051	KWh	119,455	53,998	208,803	-	-	-	89	-	-	1,707	-	-	-	-	384,051
Smart Meter Capital Variance Account	1555	-	-																-
Smart Meters OM&A Variance Account	1556	-	-																-
Deferred Development Costs	1560	-	-																-
Deferred Payments in Lieu of Taxes	1562	(48,950)	(51,945)	KWh	(16,157)	(7,304)	(28,242)	-	-	-	(12)	-	-	(231)	-	-	-	-	(51,945)
PILS Contra Account	1563	48,950	51,945	KWh	16,157	7,304	28,242	-	-	-	12	-	-	231	-	-	-	-	51,945
CDM Expenditures and Recoveries	1565	29,286	30,630	KWh	9,527	4,307	16,653	-	-	-	7	-	-	136	-	-	-	-	30,630
CDM Contra Account	1566	(29,286)	(30,630)	KWh	(9,527)	(4,307)	(16,653)	-	-	-	(7)	-	-	(136)	-	-	-	-	(30,630)
Qualifying Transition Costs	1570	14,486	(0)	# Customers	(0)	(0)	(0)	-	-	-	(0)	-	-	(0)	-	-	-	-	(0)
Pre-Market Opening Energy Variances Total	1571	276,745	0	KWh for Non TOU Customers	0	0	0	-	-	-	0	-	-	-	-	-	-	-	0
Extra-Ordinary Event Losses	1572	12,859	6,609	Dx Revenue	3,648	1,124	1,785	-	-	-	13	-	-	41	-	-	-	-	6,609
Deferred Rate Impact Amounts	1574	-	-																-
RSVA - Wholesale Market Service Charge	1580	117,129	11,779	KWh	3,664	1,656	6,404	-	-	-	3	-	-	52	-	-	-	-	11,779
RSVA - One-time Wholesale Market Service	1582	-	-	KWh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RSVA - Retail Transmission Network Charge	1584	(39,903)	(27,078)	KWh	(8,422)	(3,807)	(14,722)	-	-	-	(6)	-	-	(120)	-	-	-	-	(27,078)
RSVA - Retail Transmission Connection Charge	1586	(927,797)	(658,591)	KWh	(204,847)	(92,598)	(358,067)	-	-	-	(152)	-	-	(2,926)	-	-	-	-	(658,591)
RSVA - Power	1588	523,350	84,926	KWh	26,415	11,941	46,173	-	-	-	20	-	-	377	-	-	-	-	84,926
Deferred PILs Account	1592	-	-																-
Other Deferred Credits	2425	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total to Dispose at May1/08 or Dec31/06?	Apr30/08	**518,370**	**(104,076)**		**(27,162)**	**(14,672)**	**(63,274)**	-	-	-	**19**	-	-	**1,012**	-	-	-	-	**(104,076)**
Clear residual 1590 balance as of April 30/08?	NO				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total to Dispose at May1/08					**(27,162)**	**(14,672)**	**(63,274)**	-	-	-	**19**	-	-	**1,012**	-	-	-	-	**(104,076)**
Disposal period?	3 YEARS				(9,054)	(4,891)	(21,091)	-	-	-	6	-	-	337	-	-	-	-	**(34,692)**
Projected 2008 Rate Riders					**(0.0003)**	**(0.0003)**	**(0.1441)**				**0.0003**			**0.2288**	**0.0000**	**0.0000**	**0.0000**		
Rate Determinant					kWh	kWh	kW	kW	kW	kW	kWh	kW	kW	kW					

Test Year (2008) Allocations

Customer Class	Metric	kW	KWh	# Customers	KWh for Non TOU Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3
Residential	kWhs	0%	31%	70%	31%	55%	0%			
GS < 50 KW	kWhs	0%	14%	12%	14%	17%	0%			
GS > 50 Non TOU	kW	99%	54%	2%	55%	27%	0%			
GS > 50 TOU	kW	0%	0%	0%		0%	0%			
Intermediate	kW	0%	0%	0%		0%	0%			
Large Users	kW	0%	0%	0%		0%	0%			
Small Scattered Load	kWhs	0%	0%	0%	0%	0%	0%			
Standby Power	kW	0%	0%	0%		0%	0%			
Sentinel Lighting	kW	0%	0%	0%		0%	0%			
Street Lighting	kW	1%	0%	16%		1%	0%			
Additional Customer Class 1		0%	0%	0%		0%	0%			
Additional Customer Class 2		0%	0%	0%		0%	0%			
Additional Customer Class 3		0%	0%	0%		0%	0%			
Additional Customer Class 4		0%	0%	0%		0%	0%			
Totals		**100%**	**100%**	**100%**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**

As a result of the changes the GS > 50 kW rate rider should be (0.1441) / kw and the Street Lighting rate rider should be .2288/ kW.

10.15 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please confirm that Sioux Lookout is using PILs method three in calculating the balances in account 1562 Deferred Payments in Lieu of Taxes and 1563 Contra Asset – Deferred Payments in Payments in Lieu of Taxes by reference to the Board's FAQs dated April 2003.

Response

Yes, Sioux Lookout uses PILs method 3 in calculating balances in account 1562 and 1563.

10.16 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Did Sioux Lookout change PILs accounting methods at anytime from October 1, 2001 to April 30, 2006? If yes, please explain the impacts of the change.

Response

During Sioux Lookout's audit for the year 2004, it was discovered that we had not been tracking the PILs proxy amount approved by the Board or the PILs collected from customers from 2001 to March 31, 2003. At this time an analysis was done to determine the amount of PILs collected from customers during this period based on the Rate adders from Sheet 6 and 8 of the 2002 RAM. Entries were then made to the 2004 general ledger to record 2003's recoveries as well as approved amounts in the accounts 1562 and 1563. An entry was not made for 2002 because the variance was very small.

When the rates were set up for April 1, 2004, the revenue collected for PILs was applied directly to 1562 as a credit. Sioux Lookout's auditor felt that we should be recognizing these amounts as revenue, and after reviewing the three different alternatives method three was chosen for accounting for PILs. Therefore, at the end of 2004 adjustments were made to properly reflect the revenue collected for PILs and the contra account 1563 was implemented.

10.17 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please provide a continuity schedule that shows how the transaction amounts in the PILs account 1562 Deferred Payments in Lieu of Taxes and 1563 Contra Asset – Deferred Payments in Payments in Lieu of Taxes were recorded in the general ledger as at each

year end since the period beginning October 1, 2001. Please separate the PILs proxy or allowance in rates, amounts billed or collected, adjustments, and interest. Please explain any adjustments.

Response

PILs Account 1562 Deferred Payments in Lieu of Taxes
Continuity Schedule

	2001	2002	2003	2004	2005	2006	2007	Total
Balance Forward	$0	$0	$0	$0	-$39,061	-$50,442	-$48,950	
PILs proxy	$0	$0	$0	$92,965	$68,012	$48,464		$209,441
Billed amounts	$0	$0	$0	$124,897	$79,393	$46,972		$251,262
Adjustments*	$0	$0	$0	-$7,129	$0	$0	$1	-$7,128
Interest	$0	$0	$0	$0	$0	$0		$0
Ending Balance	$0	$0	$0	-$39,061	-$50,442	-$48,950	-$48,948	-$48,948

PILs Account 1563 Contra Asset - Deferred Payments in Lieu of Taxes
Continuity Schedule

	2001	2002	2003	2004	2005	2006	2007	Total
Balance Forward	$0	$0	$0	$0	$39,061	$50,442	$48,950	
PILs proxy	$0	$0	$0	$92,965	$68,012	$48,464		$209,441
Billed amounts	$0	$0	$0	$124,897	$79,393	$46,972		$251,262
Adjustments*	$0	$0	$0	$7,129	$0	$0	-$1	$7,128
Interest	$0	$0	$0	$0	$0	$0		$0
Ending Balance	$0	$0	$0	$39,061	$50,442	$48,950	$48,948	$48,948

The adjustment in 2004 was calculated based on the 2003 proxy amount of $123,953 allowed in the rates and an amount billed of $131,082. The 2004 PILs allowance in rates was prorated by taking nine months of the proxy amount. (123953/12 * 9 = 92965). The allowance for 2005 and 2006 was similarly prorated using the same methodology. Interest was not calculated on these two accounts in error.

In June 2007 it was discovered that account 1562 should relate only to the periods up to April 30, 2006. The account was being used to record PILs amounts from the 2006 EDR in error, therefore an adjustment was made in 2007 for 2006. The adjustment was calculated based on the allowed 2006 EDR amount of $54,184 prorated from May 1 to December 31, 2006 ($36,122.72). The amounts billed in rates were determined as $36,124.03 from May 1, 2006 to December 31, 2006. Therefore the net adjustment for 2006 was $1.

10.18 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please provide an analysis for account 1562 Deferred Payments in Lieu of Taxes and 1563

Contra Asset – Deferred Payments in Payments in Lieu of Taxes for each year end from October 1, 2001 through December 31, 2006. The schedule should show:

a) The PILs proxy or allowance approved in rates;
b) The amounts billed to or collected from customers;
c) Adjustments calculated by the Board's methodology for true-up and deferral account entries;
d) Any other adjustments recorded by Sioux Lookout;
e) The interest carrying charge calculations and an explanation of how the interest amounts were calculated;
f) Excess interest claw-back, if applicable.

Response

Analysis of Account 1562: **Deferred Payments in lieu of Taxes**

Sign Convention: + for increase; - for decrease

Year start:		01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	
Year end:		31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	31/12/2006	Total
Opening balance:	=		40,154	64,543	75,372	76,184	21,132	0
a)PILs Proxy Amount	+/-	39,439	123,953	163,392	133,813	68,012	12,341	540,950
c)True-up Variance Adjustment	+/-					0	5,712	5,712
c)Deferral Account Variance Adjustment	+/-					-44,648	0	-44,648
d)Adjustments to reported prior years' variances								0
e) InterestCarrying charges	+/-	715	4,315	4,755	4,489	977	50	15,301
b)PILs billed to customers	-	0	-103,879	-157,318	-137,490	-79,393	-29,480	-507,559
Ending balance: # 1562		40,154	64,543	75,372	76,184	21,132	9,755	9,755

Interest was calculated on the beginning balances plus or minus any adjustments throughout the year less prior years' interest multiplied by 7.25%. The 2006 interest calculation is determined using only four months (7.25 *4/12).

10.19 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please explain any differences between the two analyses requested above.

Response

Reconciliation of Variance in Total

	Analysis of Account	Continuity Schedule	Variance
PILs proxy	540,950	209,441	331,509
Billed amounts	-507,558	-251,262	-256,296
True -up and Deferral Account Entries	-38,936	0	-38,936
Adjustments*	0	-7,129	7,129
Interest	15,301		15,301
Total Variance			**58,707**

In interrogatory 10.16 it was explained that PILs were erroneously not tracked in the general ledger prior to 2004. This is the main reason for the variances in the Continuity Schedule and analysis. Since the PILs proxy was not recorded in the books until 2004, there is a large variance. The same explanation can be used to explain the variance in the billed amounts. The billed amounts used in the analysis were determined by multiplying the approved rate adder and the applicable allocator for each year, whereas the general ledger used actual amounts. Also, as explained in 10.16, interest was not calculated on balances in error.

10.20 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Where Sioux Lookout deviated from the Board's PILs and SIMPIL methodology, please provide a description of each deviation and the reasons for each.

Response

Please refer to interrogatory 10.16 through 10.19.

10.21 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

What assumptions did Sioux Lookout make for the following items in calculating its account

1562 Deferred Payments in Lieu of Taxes and 1563 Contra Asset – Deferred Payments in Payments in Lieu of Taxes balance to be disposed:

a) Interest and penalties on unpaid or under-paid taxes;
b) Non-deductible expenses like: meals, club dues, car expenses;
c) Donations paid to registered charities or municipal owners;
d) Joint ventures, subsidiary companies, equity income;
e) Costs disallowed by the Board in any proceeding;
f) Profit or losses on disposals of fixed assets for accounting purposes;
g) Capital gains or capital losses on disposals of capital assets for tax purposes;
h) Regulatory asset write-offs and recoveries for tax purposes.

Response

The amount applied for to be disposed is simply the December 31, 2006 balance plus any interest on that balance to April 30, 2008.

10.22 Ref: Exhibit(s) Exhibit 5 / Tab 2 / Schedule 2

Interrogatory

Are there Board precedents on which Sioux Lookout has relied in disposition of account 1562 Deferred Payments in Lieu of Taxes and 1563 Contra Asset – Deferred Payments in Payments in Lieu of Taxes? Please provide the proceeding case docket references.

Response

No.

10.23 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Should the expensing or recovery of regulatory assets be included in the calculation of regulatory PILs taxes? If yes, what Board precedents are being relied on in making this assertion? Please describe how Sioux Lookout processed these transactions in the PILs calculations to determine the balance in account 1562 Deferred Payments in Lieu of Taxes.

Response

Since the recovery of regulatory assets are not reflected in the income statement and therefore have no effect on net income they shouldn't be included in the calculation of regulatory PILs taxes.

10.24 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

If a regulatory asset amount is denied collection by the Board, how should the denial be treated in the PILs tax calculations and reconciliation of the 1562 Deferred Payments in Lieu of Taxes account?

Response

Sioux Lookout has not had any regulatory asset amount denied by the Board.

10.25 Ref: Exhbit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

What assumptions has Sioux Lookout made in recording transactions in 1562 Deferred Payments in Lieu of Taxes subsequent to April 30, 2006?

Response

The only transactions recorded in 1562 Deferred Payments in Lieu of Taxes subsequent to April 30, 2006 were the adjustment to remove post April 30, 2006 transactions, and any interest on the balance.

10.26 Ref: Exhibit(s) Exhibit 4 / Tab 3/ Schedule 1/ Page 1 Tax Calculations

Interrogatory

a) Please provide the calculations for each year for the regulatory net income numbers shown on the schedule.

Response

There was an error in the tax calculations for 2007. Please see below for a revised E4/T3/S1, Tax Calculations:

INCOME TAX, LARGE CORPORATON TAX AND ONTARIO CAPITAL TAX TABLE	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Determination of Taxable Income				
Regulatory Net Income (before tax)	265,678.00	161,910.00	74,901.00	262,199
Additions to Accounting Income:				
Interest and penalties on taxes	2,900.00			

Amortization of tangible assets	223,151.00	300,949.00	239,466.00	257,984
Loss on disposal of assets	400.00	825.00		
Non-deductible meals and entertainment expense	2,600.00	1,732.00		
Other Additions (see OtherAdditions sheet)		9,761.00	176,054.00	170,500
Total Additions	**229,051.00**	**313,267.00**	**415,520.00**	**428,484.00**
Deductions from Accounting Income:				
Gain on disposal of assets per financial statements			(824.72)	-825
Capital cost allowance from Schedule 8	238,187.00	246,801.00	233,713.00	256,119
Cumulative eligible capital deduction from Schedule 10	12,866.00	11,965.00	11,127.48	10,349
Interest capitalized for accounting deducted for tax	6,548.00			
Capital Lease Payments	312.00			
Other Deductions (see OtherDeductions sheet)		37,209.00	181,771.00	170,500
Total Deductions	**257,913.00**	**295,975.00**	**425,786.76**	**436,143.00**
Regulatory Taxable Income	**236,816.00**	**179,202.00**	**64,634.24**	**254,540.00**
Corporate Income Tax Rate			0.19	0.17
Calculation of Utility Income Taxes				
Income Taxes (Line 23)			12,034.90	43,271.80
Large Corporation Tax (Line 14, page 2)				
Total Taxes			14,788.52	52,134.70

2006: See audited financial statements (E1/T3/S1), Statement of Operations (page 5), line item "Income before payment in lieu of taxes"

2007: See the revised 2007 Pro-forma Profit and Loss above in 10.4. The regulatory net income is equal to 62,866 plus 12,035 (74,901).

2008: The regulatory net income equals the 2008 rate base 6,470,658 x Equity portion 46.67% x ROE 8.68% = 262,199.

Interrogatory

b) Please provide the exhibit references for the amortization numbers shown for each year. Please provide a table of amortization for each year if there are no exhibit references.

Response

2006: See audited financial statements (E1/T3/S1), Notes to the Financial Statements, 13. Amortization of Capital Assets (page 14).

2007 and 2008: See Pro-Forma Financial Statements (E1/T3/S2 & S3), Profit & Loss line item 3850- Amortization Expense.

Interrogatory

c) Please provide the calculations for each year for the cumulative eligible capital deduction.

Response

Per table below:

	2007	**2008**
Opening Balance – Eligible Capital Property	158,964	147,837
Cumulative Eligible Capital Deduction 7%	11,127	10,349
Ending Balance – Eligible Capital Property	147,837	137,488

Interrogatory

d) Why is there an assumption that the utility will sell fixed assets, and make a capital gain in 2008?

Response

This is a model error. The projection files were missing an override entry to change this number to zero.

Interrogatory

e) Please confirm that the income tax rate used for 2007 was 18.62% and that the rate shown of 0.19 is a rounding error.

Response

Yes, the tax rate used for 2007 is 18.62%.

10.27 Ref: Exhibit(s) Exhibit 4/ Tab 3 / Schedule 2 / Page 2 – 4 Capital Cost Allowance (CCA)

Interrogatory

a) Please provide a table that shows the total capital expenditures for each year 2006, 2007, 2008, and how these numbers tie in with the additions column information in the CCA tables. The table in E2/T3/S2/P2 does not agree with the CCA tables.

Response

See table below: (note: 2006 Capital expenditures were not tracked by project therefore could not complete for that year.)

Capital Expenditures	2007	2008
Mill Line Upgrade	100,000	131,300
Hwy 72 South	32,890	35,590
Pole Replacement	100,000	100,000
Truck Replacement		80,000
New Connections	25,000	25,000
Smart Meters	50,000	270,000
Tools	10,000	10,000
Office Equipment	2,000	
Meter Replacement	15,000	
Phone System	9,400	
TOTAL (PER E2/T3/S2)	344,290	651,890
CCA Additions (E4/T3/S2)	344,290	651,890
Difference	0	0

Interrogatory

b) Please explain why the additions for distribution system for 2006, 2007 and 2008 have been shown under Class 1, 4% CCA rate, instead of under Class 47, 8% CCA rate.

Response

This was an error in the 2006 tax returns. The additions should have been classified under class 47 not Class 1. The effect for the 2006 taxes is immaterial.

10.28 Ref: Exhibit(s) Exhibit 5 / Tab 1 / Schedule 2

Interrogatory

Please provide the following tax-related documents for each tax year from 2001 through 2006:

a) Federal T2 tax return and supporting schedules – original and any returns that were subsequently amended and re-filed.

b) Ontario CT 23 tax return and supporting schedules – original and any returns that were subsequently amended and re-filed.

c) Financial statements for each year that were submitted with the tax returns.

d) Notice of Assessment received from the Ontario Ministry of Finance, Corporations Tax Branch.

e) Notice of Reassessment from the Ontario Ministry of Finance Corporations Tax Branch.

f) Correspondence between Sioux Lookout and the Ministry of Finance concerning disputes or disagreements regarding the calculations of PILs income tax, Large Corporation Tax and Ontario Capital Tax in any tax return for any year.

Response

Please see below for copies of the requested documents.

T2 CORPORATION INCOME TAX RETURN

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

200
Code 0101

EXEMPT FROM TAX 055 Do not use this area

COPY

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

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

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

Identification

Business Number (BN) 001 870538170RC0001

Corporation's name

002 SIOUX LOOKOUT HYDRO INC.

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

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

Address of head office

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

011 25 FIFTH AVENUE

012 BOX 908

City	Province, territory, or state
015 SIOUX LOOKOUT	016 ON
Country (other than Canada)	Postal Code/ZIP code
017	018 P8T-1B3

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City	Province, territory, or state
025	026
Country (other than Canada)	Postal code/ZIP code
027	028

Location of books and records

031 25 FIFTH AVENUE

032 BOX 908

City	Province, territory, or state
035 SIOUX LOOKOUT	036 ON
Country (other than Canada)	Postal Code/ZIP code
037	038 P8T-1B3

040 Type of corporation at the end of the taxation year

1 ☒ Canadian-controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (please specify, below)

If the type of corporation changed during the taxation year, please provide the effective date of the change ..... 043 _____ YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start	Taxation year end
060 2001-01-01 YYYY/MM/DD	061 2001-12-31 YYYY/MM/DD

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

If *yes*, provide the date control was acquired ..... 065 _____ YYYY/MM/DD

Is the corporation a professional corporation that is a member of a partnership? ..... 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? ..... 070 1 Yes ☐ 2 No ☒

Amalgamation? ..... 071 1 Yes ☐ 2 No ☒

If *yes*, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year?

If *yes*, please provide Schedule 24 ..... 072 1 Yes ☐ 2 No ☒

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

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

Is the corporation a resident of Canada?

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

081

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

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

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

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

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

Guide item			Yes	Schedule
27	Is the corporation related to any other corporations?	150		9
28	Does the corporation have any non-resident shareholders?	151		19
29	Is the corporation an associated Canadian-controlled private corporation?	160		23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents	162		11
33	If you answered *yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
41	Did the corporation have any foreign affiliates during the year?	169		25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal *Income Tax Regulations*?	170		29
43	Has the corporation had any non-arm's-length transactions with a non-resident?	171		T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172		—
46	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201		1
78-81	Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	202		2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
69-76	Is the corporation claiming any type of losses?	204		4
131	Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
102	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
57	Does the corporation have any property that is eligible for capital cost allowance?	208		8
58	Does the corporation have any property that is eligible capital property?	210		10
59	Does the corporation have any resource-related deductions?	212		12
60	Is the corporation claiming reserves of any kind?	213		13
61	Is the corporation claiming a patronage dividend deduction?	216		16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
149	Is the corporation an investment corporation or a mutual fund corporation?	218		18
130	Was the corporation carrying on business in Canada while not a Canadian corporation?	220		20 *
117	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
154	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
110	Does the corporation have any Canadian manufacturing and processing profits?	227		27
120	Is the corporation claiming an investment tax credit?	231		31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232		T661
123	Is the corporation subject to gross Part I.3 tax?	233		33/34/35
123	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236		36
123	Is the corporation claiming a surtax credit?	237		37
127	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
127	Is the corporation claiming a Part I tax credit?	242		42
128	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
128	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
124	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
127	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
127	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251		40
127	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252		41
151	Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131

Corporation's name	Business Number	Taxation year-end
SIOUX LOOKOUT HYDRO INC.	870538170RC0001	2001-12-31

Attachments - continued from page 2

Guide item		Yes	Schedule
129	Is the corporation subject to Part XIII.1 tax?		92 *
152	Is the corporation claiming a film or video production services tax credit refund?		T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?		T1134-A
44	Did the corporation have any controlled foreign affiliates?		T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over $100,000?		T1135
44	Did the corporation transfer or loan property to a non-resident trust?		T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?		T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?		T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?		T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?		T1174
—	Is the corporation claiming the BC mining exploration tax credit?		421
—	Is the corporation claiming the BC SR&ED tax credit?		T666

Additional information

Is the corporation inactive?	280	1 Yes		2 No	X
Has the major business activity changed since the last return was filed? (enter *yes* for first time filers)	281	1 Yes		2 No	X

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

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

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	HYDRO	285	100 %
286		287	0 %
288		289	0 %

Did the corporation immigrate to Canada during the taxation year?	291	1 Yes		2 No	X
Did the corporation emigrate from Canada during the taxation year?	292	1 Yes		2 No	X

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI		300		0 A
Deduct: Charitable donations from Schedule 2	311	0		
Gifts to Canada or a province from Schedule 2	312	0		
Cultural gifts from Schedule 2	313	0		
Ecological gifts from Schedule 2	314	0		
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0		
Part VI.1 tax deduction from Schedule 43	325	0		
Non-capital losses of preceding taxation years from Schedule 4	331	0		
Net-capital losses of preceding taxation years from Schedule 4	332	0		
Restricted farm losses of preceding taxation years from Schedule 4	333	0		
Farm losses of preceding taxation years from Schedule 4	334	0		
Limited partnership losses of preceding taxation years from Schedule 4	335	0		
Taxable capital gains or taxable dividends allocated from a central credit union	340	0		
Prospector's and grubstaker's shares	350	0		
Subtotal		0		0 B
Subtotal (amount A minus amount B)				0 C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions		355		0 D
Taxable income (amount C plus amount D)		360		0
Income exempt under paragraph 149(1)(t)		370		0
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)				0 Z

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	0	A
Taxable income from line 360 or amount Z on page 3, whichever applies, **minus** 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and **minus** any amount that, because of federal law is exempt from Part I tax	405	0	B
Business limit (for associated corporations, enter business limit from Schedule 23)	410	200,000	C

Reduction to business limit:

Amount C 200,000 x 415 *** 0 D / 11,250 = 0 E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	200,000	F
Small business deduction - 16.00% of the least of amounts A, B, C, and F (enter amount G on line 9 of page 7)	430	0	G

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

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

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

Accelerated tax reduction

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

Reduced business limit (amount from line 425)	200,000 x 3/2 =	300,000	A	
Net active business income (amount from line 400) *		0	B	
Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of the maximum deductible amount at line 636** on page 7, and minus any amount that, because of federal law is exempt for Part I Tax	0	C		
Deduct: Aggregate investment income (amount from line 440 of page 6)	0	D		
Amount C minus amount D (if negative, enter "0")	0		0	E
The least of amounts A, B, or E above			0	F
Amount Z from Part 9 of Schedule 27	0 x 100/7 =	0	G	
Amount QQ from Part 13 of Schedule 27	0	H		
Resource allowance (amount from line 346 of Schedule 1)	0 x 3 =	0	I	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	0	J		
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction	0	K		
Total of amounts G, H, I, J, and K	0		0	L
Amount F minus amount L (if negative, enter "0")			0	M

Amount M 0 x (Number of days in the taxation year after December 31, 2000 / Number of days in the taxation year) 365/365 = 0 N

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

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

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

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

Amount J	0 x	Number of days in the taxation year in 2001 / Number of days in the taxation year	365 / 365	x 1% =		0 K
Amount J	0 x	Number of days in the taxation year in 2002 / Number of days in the taxation year	0 / 365	x 3% =		0 L
Amount J	0 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	x 5% =		0 M
Amount J	0 x	Number of days in the taxation year after 2003 / Number of days in the taxation year	0 / 365	x 7% =		0 N

General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N (enter amount O on line 638 of page 7) ..... 0 O

General tax reduction

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

Taxable income from line 360 or amount Z of page 3				0 A
Amount Z from Part 9 of Schedule 27	0 x 100/7		0 B	
Amount QQ from Part 13 of Schedule 27			0 C	
Resource allowance (amount from line 346 of Schedule 1)	0 x 3 =		0 D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0 E	
Total of amounts B, C, D, and E			0	0 F
Amount A minus amount F (if negative, enter "0")				0 G

Amount G	0 x	Number of days in the taxation year in 2001 / Number of days in the taxation year	365 / 365	x 1% =		0 H
Amount G	0 x	Number of days in the taxation year in 2002 / Number of days in the taxation year	0 / 365	x 3% =		0 I
Amount G	0 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	0 / 365	x 5% =		0 J
Amount G	0 x	Number of days in the taxation year after 2003 / Number of days in the taxation year	0 / 365	x 7% =		0 K

General tax reduction - Total of amounts H, I, J and K (enter amount L on line 639 of page 7) ..... 0 L

Corporation's name	Business Number	Taxation year-end
SIOUX LOOKOUT HYDRO INC.	870538170RC0001	2001-12-31

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

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

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

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

0 0

0 x 26 2/3% = 0 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 0

Deduct corporate surtax from line 600 of page 7 0

Net amount ..... 0 0 E

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

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year **460** 0

Deduct dividend refund for the previous taxation year **465** 0

0 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

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

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

0 0 B

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

Dividend refund

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

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

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

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

Corporation's name	Business Number	Taxation year-end
SIOUX LOOKOUT HYDRO INC.	870538170RC0001	2001-12-31

Part I tax

Base amount of Part I tax - 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... 550 0 A

Corporate surtax calculation

Base amount from line A above 0 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... 0 2

Investment corporation deduction from line 620 below 0 3

Federal logging tax credit from line 640 below 0 4

Federal qualifying environmental trust tax credit from line 648 below 0 5

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

28.00 % of taxable income from line 360 of page 3 ..... 0 a

28.00 % of taxed capital gains ..... 0 b — 0 6

Part I tax otherwise payable ..... 0 c

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

Total of lines 2 to 6 ..... 0 7

Net amount (line 1 minus line 7) 0 8

Corporate surtax - 4.00% of the amount on line 8 ..... 600 0 B

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

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

Aggregate investment income from line 440 on page 6 ..... 0 i

Taxable income from line 360 on page 3 0

Deduct:

The least of amounts on lines 400, 405, 410, and 425 of page 4 .. 0

Net amount ..... 0 0 ii

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

Subtotal (add lines A, B, C, and D) 0 E

Deduct:

Small business deduction from line 430 of page 4 ..... 0 9

Federal tax abatement 608 0

Manufacturing and processing profits deduction from amount BB or amount VV of Schedule 27 ..... 616 0

Investment corporation deduction 620 0

(taxed capital gains 624 0)

Additional deduction - credit unions from Schedule 17 ..... 628 0

Federal foreign non-business income tax credit from Schedule 21 ..... 632 0

Federal foreign business income tax credit from Schedule 21 ..... 636 0

Accelerated tax reduction from amount O of page 4 ..... 637 0

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

General tax reduction from amount L of page 5 ..... 639 0

Federal logging tax credit from Schedule 21 ..... 640 0

Federal political contribution tax credit 644 0

Federal political contributions 646 0

Federal qualifying environmental trust tax credit 648 0

Investment tax credit from Schedule 31 ..... 652 0

Subtotal 0 0 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) ..... 0 G

Corporation's name: SIOUX LOOKOUT HYDRO INC.

Business Number: 870538170RC0001

Taxation year-end: 2001-12-31

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	0
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		0

Add provincial and territorial tax:

Provincial or territorial jurisdiction 750 ON

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760	0	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	0	
		0	0
Total tax payable	770		0 A

Deduct other credits:

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

Refund code 894 0 Overpayment 0

Balance (line A minus line B) 0

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.

Enter the amount on whichever line applies.
We do not charge or refund a difference of less than $2.

Balance unpaid 0

Enclosed payment 898 0

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 taxation year, does it qualify for the one month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

Certification

I, 950 MAKI (Last name in block letters) 951 GORD (First name in block letters) 954 GENERAL MANAGER (Position, office or rank)

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2002-06-30 Date (yyyy/mm/dd) — Signature of an authorized signing officer of the corporation — 956 807-737-3800 Telephone number

COPY

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

958 _____ Name in block letters 959 _____ Telephone number

Language of correspondence - Langue de correspondance

990 Please indicate the language of your choice. Indiquer la langue de correspondance de votre choix. 1 English/Anglais ☒ 2 Français/French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and extraordinary items per financial statements			0	A
Additions:				
Subtotal of additions		0	0	
Other Additions:				
Miscellaneous Other Additions:				
Subtotal of Other Additions	199	0	0	
Total Additions	500	0	0	
Deductions:				
Subtotal of Deductions		0	0	
Other Deductions:				
Miscellaneous Other Deductions:				
Subtotal of Other Deductions	499	0	0	
Total Deductions	510	0	0	
Net income (loss) for income tax purposes (enter on line 300 on the T2 return)			0	

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

SHAREHOLDER INFORMATION
(1998 and later taxation years)

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

Name of shareholder	Business Number (note 1)	Social Insurance Number (note 2)	Percentage common shares	Percentage preferred shares
100	200	300	400	500
Corporation of the Town of Sioux Lookout	106984859RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

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

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

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

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

T2 CORPORATION INCOME TAX RETURN

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide (T4012)*.

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

055 Do not use this area

Identification

Business number (BN) (item 11) 001 87053 8170 RC 0001

Corporation's name (item 12)

002 SIOUX LOOKOUT HYDRO INC.

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

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

Address of head office (item 13)

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

011 25 FIFTH AVENUE

012 BOX 908

City: 015 SIOUX LOOKOUT — Province, territory, or state: 016 ON

Country (other than Canada): 017 — Postal code/Zip code: 018 P8T 1B3

Mailing address (if different from head office address) (item 14)

Has the address changed since the last time we were notified? 020 Yes ☐ No ☒

021 C/o

022 25 FIFTH AVENUE

023 BOX 908

City: 025 SIOUX LOOKOUT — Province, territory, or state: 026 ON

Country (other than Canada): 027 — Postal code/Zip code: 028 P8T 1B3

Location of books and records (item 15)

031 25 FIFTH AVENUE

032 BOX 908

City: 035 SIOUX LOOKOUT — Province, territory, or state: 036 ON

Country (other than Canada): 037 — Postal code/Zip code: 038 P8T 1B3

040 Type of corporation at end of taxation year (item 16)

1 ☒ Canadian controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (please specify, below)

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

To which taxation year does this return apply? (item 17)

From 060 2002/01/01 to 061 2002/12/31

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

If *yes*, provide date control was acquired 065

Is the corporation a professional corporation that is a member of a partnership? (item 18) 067 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? (item 19) 070 ☐ Yes ☒ No

Amalgamation? (item 20) 071 ☐ Yes ☒ No

If *yes*, complete Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21)

If *yes*, complete Schedule 24 072 ☐ Yes ☒ No

Is this the final taxation year before amalgamation? (item 22) 076 ☐ Yes ☒ No

Is this the final return up to dissolution? (item 23) 078 ☐ Yes ☒ No

Is the corporation a resident of Canada? (item 24) 080 ☒ Yes ☐ No

If *no*, give the country of residence. 081

Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24) 082 ☐ Yes ☒ No

If *yes*, complete Schedule 91

If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25)

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

Guide	Item		Yes	Schedule
27	Is the corporation related to any other corporations?	150		9
28	Does the corporation have any non-resident shareholders?	151		19
29	Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160		23
30	Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
33	If you answered *yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
38	Is the corporation a member of a partnership for which an identification number has been assigned?	167		T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
41	Did the corporation have any foreign affiliates during the year?	169		25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal *Income Tax Regulations*?	170		29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
47	Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172		-----
46	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
55	Is the net income/loss shown on financial statements different from the net income for income tax purposes?	201	X	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	202		2
82,104	Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203		3
69-76	Is the corporation claiming any type of losses?	204	X	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
103	(i) Is the corporation claiming the small business deduction and reporting income from : (a) property (other than dividends), (b) a partnership, (c) a foreign business, or (d) a personal services business; or (ii) is the corporation claiming the refundable portion of Part I tax?	207		7
57	Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
58	Does the corporation have any property that is eligible capital property?	210	X	10
59	Does the corporation have any resource-related deductions?	212		12
60	Is the corporation claiming reserves of any kind?	213		13
61	Is the corporation claiming a patronage dividend deduction?	216		16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
150	is the corporation an investment corporation or a mutual fund corporation?	218		18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
118	Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221		21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227		27
121	Is the corporation claiming an investment tax credit?	231		31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232		T661/T665
124	Is the corporation subject to Part 1.3 tax?	233		33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236		36
124	Is the corporation claiming a surtax credit?	237		37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
128	Is the corporation claiming a Part I tax credit?	242		42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
128	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251		40

Attachments - Continued from page 2

Guide item		Yes	Schedule
128	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252 ☐	41
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253 ☐	T1131
130	Is the corporation subject to Part XIII.1 tax?	☐	92 *
153	Is the corporation claiming a film or video production services tax credit refund?	☐	T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	☐	T1134-A
44	Did the corporation have any controlled foreign affiliates?	☐	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over $100,000?	☐	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	☐	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	☐	T1142
-	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	☐	T1145
-	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	☐	T1146
-	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	☐	T1174

Additional information

Is the corporation inactive? (item 48)	280	1 Yes ☐	2 No ☒
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes ☐	2 No ☒

What is the corporation's major business activity? (item 50) **282**

(Only complete if *yes* was entered at line 281.)

If the major activity involves the resale of goods, indicate whether is is wholesale or retail (item 51) **283** 1 Wholesale ☐ 2 Retail ☒

Specify the principal product(s) mined, manufactured, sold, constructed, or service provided, giving the approximate percentage of the total revenue that each product or service represents. (item 52)

284	HYDRO	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the taxation year? (item 53)	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the taxation year? (item 54)	292	1 Yes ☐	2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFI (item 77)			300 286,840	A
Deduct: Charitable donations from Schedule 2 (item 78)	311			
Gifts to Canada or a province, or a territory from Schedule 2 (item 79)	312			
Cultural gifts from Schedule 2 (item 80)	313			
Ecological gifts from Schedule 2 (item 81)	314			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320			
Part VI.1 tax deduction from Schedule 43 (item 83)*	325			
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331	156,547		
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332			
Restricted farm losses of prior taxation years from Schedule 4 (item 86)	333			
Farm losses of prior taxation years from Schedule 4 (item 87)	334			
Limited partnership losses of prior years from Schedule 4 (item 88)	335			
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340			
Prospector's and grubstaker's shares (item 90)	350			
Subtotal		156,547	156,547	B
Subtotal (amount A minus amount B) (if negative, enter "0")			130,293	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91)			355	D
Taxable income (amount C plus amount D) (item 92)			360 130,293	
Income exempt under paragraph 149(1)(t) (item 93)			370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)				Z

* If the taxation year ends after December 31, 2002, use "3" Instead of "9/4" in the calculation of the Part VI.1 tax deduction indicated in item 83 of the *T2 Corporation Income Tax Guide*.

Small business deduction

Canadian-controlled private corporations throughout the taxation year

Income from active business carried on in Canada from Schedule 7 (item 95)	400	286,840	A
Taxable income from line 360 or amount Z on page 3, whichever applies, **minus** 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96)	405	130,293	B

Calculation of the business limit: (item 97)
for all CCPCs, calculate the amount at line 4 below

$200,000 x	Number of days in the taxation year before 2003 / Number of days in the taxation year	365 / 365	=	200,000	1
$225,000 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	/ 365	=		2
$250,000 x	Number of days in the taxation year in 2004 / Number of days in the taxation year	/ 365	=		3
		Add amounts at line 1, 2, and 3		200,000	4

Business limit (see notes 1 and 2 below)	410	200,000	C

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

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

Business limit reduction: (item 98)

Amount C 200,000 X **415** *** D / 11,250 = E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	200,000	F
Small business deduction - 16% of the least of amounts A, B, C, and F	430	20,847	G

(enter amount G of line 9 on page 7)

Accelerated tax reduction (item 99)

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

Reduced business limit (amount from line 425)	200,000	x	300,000 / 200,000 =		300,000 A
Net active business income (amount from line 400)*					286,840 B
Taxable income from line 360 or amount Z on page 3, whichever applies, **minus** 10/4 of line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax (item 96)			130,293	C	
Deduct:					
Aggregate investment income (amount from line 440 of page 6)				D	
Amount C minus amount D (if negative, enter "0")			130,293 ▶		130,293 E
Amount A, B, or E above, whichever is less					130,293 F
Amount Z from Part 9 of Schedule 27		x 100 / 7 =		G	
Amount QQ from Part 13 of Schedule 27				H	
Resource allowance (line 346 of Schedule 1)		x 3 =		I	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)				J	
Amount on line 400, 405, 410 or 425, whichever is less			130,293	K	
Total of amounts G, H, I, J, and K			130,293 ▶		130,293 L
Amount F minus amount L (if negative, enter "0")					M
Accelerated tax reduction - 7% of amount M					N

(Enter amount N on line 637 of page 7)

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

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

General tax reduction for Canadian-controlled private corporations (item 101)

Canadian-controlled private corporations throughout taxation year

Taxable income from line 360 page 3				130,293 A
Amount Z from Part 9 of Schedule 27		x 100 / 7 =	B	
Amount QQ from Part 13 of Schedule 27			C	
Resource allowance (line 346 of Schedule 1)		x 3 =	D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less		130,293	F	
Aggregate investment income from line 440 of page 6			G	
Amount used to calculate the accelerated tax reduction (amount M of page 4)			H	
Total of amounts B, C, D, E, F, G, and H		130,293 ▶		130,293 I
Amount A minus amount I (if negative, enter "0")				J

Amount J	x	Number of days in the taxation year in 2001 / Number of days in the taxation year	365	x 1% =	K
Amount J	x	Number of days in the taxation year in 2002 / Number of days in the taxation year	365 / 365	x 3% =	L
Amount J	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	365	x 5% =	M
Amount J	x	Number of days in the taxation year after 2003 / Number of days in the taxation year	365	x 7% =	N

General tax reduction for Canadian-controlled private corporations - total of amounts K, L, M and N O

(enter amount O on line 638 of page 7)

General tax reduction (item 102)

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

Taxable income from line 360 on page 3				A
Amount Z from Part 9 of Schedule 27		x 100 / 7 =	B	
Amount QQ from Part 13 of Schedule 27			C	
Resource allowance (line 346 of Schedule 1)		x 3 =	D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Total of amounts B, C, D and E			▶	F
Amount A minus amount F (if negative, enter "0")				G

Amount G	x	Number of days in the taxation year in 2001 / Number of days in the taxation year		x 1% =	H
Amount G	x	Number of days in the taxation year in 2002 / Number of days in the taxation year		x 3% =	I
Amount G	x	Number of days in the taxation year in 2003 / Number of days in the taxation year		x 5% =	J
Amount G	x	Number of days in the taxation year after 2003 / Number of days in the taxation year		x 7% =	K

General tax reduction - total of amounts H, I, J and K L

(enter amount L on line 639 of page 7)

Refundable portion of Part I tax (item 103)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440 _____ X 26 2/3 % = _____ A
(Amount P from Part 1 of Schedule 7)

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

Deduct:

Foreign investment income 445 _____ X 9 1/3 % = _____
(Amount O from Part 1 of Schedule 7) (if negative, enter "0") _____ ▶ _____ B

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

Taxable income from line 360 on page 3 130,293

Deduct:

Least of amounts on lines 400, 405, 410, and 425 on page 4 130,293

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

Foreign business income tax credit from line 636 on page 7 x 10/4 = _____

130,293 ▶ 130,293

_____ X 26 2/3% = _____ D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8) 17,094

Deduct corporate surtax from line 600 on page 7 1,459

Net amount 15,635 ▶ 15,635 E

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

Refundable dividend tax on hand (item 104)

Refundable dividend tax on hand at the end of the preceding tax year 460 _____

Deduct dividend refund for the previous taxation year 465 _____

_____ ▶ _____ A

Add the total of:

Refundable portion of Part I tax from line 450 above _____

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

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

_____ ▶ _____ B

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

Dividend refund (item 105)

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

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

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

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

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3 (item 106) — 550 — 49,511 — A

Corporate surtax calculation (item 107)

Base amount from line A above		49,511	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		13,029	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment trust tax credit from line 648 below			5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b and c below on line 6:			
28% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	15,635 c		
Total of lines 2 to 6		13,029	7
Net amount (line 1 minus line 7)		36,482	8

Corporate surtax - 4% of the amount on line 8 — 600 — 1,459 — B

Recapture of investment tax credit from line PPP in Part 21 on page 8 of Schedule 31 (item 108) — 602 — C

Calculation for the refundable tax on Canadian-controlled private corporation's investment income (for a CCPC throughout the taxation year) (item 109)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 4	130,293		
Deduct:			
The least of amounts on lines 400, 405, 410, and 425 on page 4	130,293		
Net amount			ii

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

Subtotal (add lines A, B, C, and D) — 50,970 — E

Deduct:

Small business deduction from line 430 on page 4		20,847	9
Federal tax abatement (item 110)	608	13,029	
Manufacturing and processing profits deduction from amount BB of Schedule 27 (item 111)	616		
Investment corporation deduction (item 112)	620		
(Taxed capital gains 624)			
Additional deduction - credit unions from Schedule 17 (item 113)	628		
Federal foreign non-business income tax credit from Schedule 21 (item 114)	632		
Federal foreign business income tax credit from Schedule 21 (item 115)	636		
Accelerated tax reduction from amount N of page 4 (item 116)	637		
General tax reduction for CCPC's from amount O of page 5 (item 117)	638		
General tax reduction from amount L of page 5 (item 117)	639		
Federal logging tax credit from Schedule 21 (item 118)	640		
Federal political contribution tax credit (item 119)	644		
Federal political contributions 646			
Federal qualifying environmental trust tax credit (item 120)	648		
Investment tax credit from Schedule 31 (item 121)	652		
Subtotal		33,876	

33,876 — F

Part I tax payable - Line E minus line F (enter amount G on line 700 on page 8) (item 122) — 17,094 — G

Summary of tax and credits

Federal tax

Part I tax payable from page 7 (item 123)	700	17,094
Part I.3 tax payable from Schedule 33, 34, or 35 (item 124)	704	
Part II surtax tax payable from Schedule 46 (item 125)	708	
Part IV tax payable from Schedule 3 (item 126)	712	
Part IV.1 tax payable from Schedule 43 (item 127)	716	
Part VI tax payable from Schedule 38 (item 128)	720	
Part VI.1 tax payable from Schedule 43 (item 129)	724	
Part XIII.1 tax payable from Schedule 92 (item 130)	727	
Part XIV tax payable from Schedule 20 (item 131)	728	
Total federal tax		17,094

Add provincial and territorial tax

Provincial or territorial jurisdiction (item 132) 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) (item 133)	760		
Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 147)	765		
Total tax payable	770	17,094	A

Deduct other credits

Investment tax credit refund from Schedule 31 (items 148)	780		
Dividend refund from Page 4 (items 149)	784		
Federal capital gains refund from Schedule 18 (item 150)	788		
Federal qualifying environmental trust tax credit refund (item 151)	792		
Canadian film or video production tax credit refund from Form T1131 (item 152)	796		
Film or video production services tax credit refund from Form T1177 (item 153)	797		
Tax withheld at source (item 154)	800		
Total payments on which tax has been withheld (item 154)	801		
Allowable refund for non-resident-owned investment corporations - Schedule 26 (item 155)	804		
Provincial and territorial capital gains refund from Schedule 18 (item 156)	808		
Provincial and territorial refundable tax credits from Schedule 5 (item 157)	812		
Royalties deductible under Syncrude Remission Order	815		
Tax remitted under Syncrude Remission Order (item 158)	816		
Tax instalments paid (item 159)	840		
Total credits	890		B

Refund Code 894 ☐ (item 160) Overpayment (item 163)

Balance (line A minus line B) 17,094 I

Direct Deposit Request (item 164)

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

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

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

Balance unpaid (item 163) 17,094

Enclosed payment (item 162) 898

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance is due? (item 161) 896 1 Yes ☒ 2 No ☐ NA ☐

Certification (item 165)

950 MAKI Surname 951 GORD First name 954 GENERAL MANAGER Position, office or rank

955 2004/05/28 Date 956 (807) 737-3800 Telephone number

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

958 Name 959 ( ) - Telephone number

Language of correspondence - Langue de correspondance (item 166)

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Schedule 1

- 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.

Net income (loss) after taxes and extraordinary items per financial statements			A	295,427
Add:				
Provision for income taxes - current	101	32,230		
Amortization of tangible assets	104	244,072		
Loss on disposal of assets	111	2,885		
Total of fields 101 to 199	500	279,187	▶	279,187
Deduct:				
Capital cost allowance - Schedule 8	403	271,779		
Cumulative eligible capital deduction - Schedule 10	405	15,995		
Total of fields 401 to 499	510	287,774	▶	287,774
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				286,840

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NON-CAPITAL LOSS CONTINUITY AND CARRY BACK

Schedule 4

Part 1 - Non-capital loss

Non-capital loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1995/09/30		Expired					
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31	156,547					156,547	
2002/12/31							
Totals	156,547					156,547	

Current year non-capital loss

Net income (loss) for income tax purposes		286,840
Deduct:		
Net capital losses deducted in the year		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)		
Subtotal - if positive, enter "0"		
Deduct: Section 110.5 - addition for foreign tax credits		
Add: Current year farm loss		
Current year non-capital loss (if positive, enter "0")		

Non-capital loss continuity and carry-back request

Non-capital losses at end of preceding taxation year		156,547	
Losses expired after 7 years	100	-	
Non-capital losses - beginning balance	102	= 156,547	156,547
Transfers from wind-up of wholly-owned subsidiary and amalgamation	105		+
Current year non-capital loss from above	110		
Deduct - Non-capital loss carry back to:			
1st preceding taxation year against taxable income	901		
2nd preceding taxation year against taxable income	902		
3rd preceding taxation year against taxable income	903		
1st preceding taxation year against taxable dividends subject to Part IV tax	911		
2nd preceding taxation year against taxable dividends subject to Part IV tax	912		
3rd preceding taxation year against taxable dividends subject to Part IV tax	913		
Current year non-capital loss net of carryback			+
		Subtotal	= 156,547
Deduct:			
Amount applied against taxable income (enter on line 331 of T2 return)	130	156,547	
Amount applied against dividends subject to Part IV tax	135		
Section 80 adjustments	140		
Other adjustments	150		
		156,547	- 156,547
Non-capital losses - ending balance	180		=

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator 190 ☐ Yes

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

NON-CAPITAL LOSS CONTINUITY AND CARRY BACK

Part 2 - Farm loss

Farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1992/09/30		Expired					
1993/09/30							
1994/09/30							
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
Totals							

Farm loss continuity and carry-back request

Farm losses at end of preceding taxation year			
Losses expired after 10 years	300	-	
Farm losses - beginning balance	302	=	
Transfers from wind-up of wholly-owned subsidiary and amalgamation		305	+
Current year farm loss	310		
Deduct - Farm loss carry back to:			
1st preceding taxation year against taxable income	921		
2nd preceding taxation year against taxable income	922		
3rd preceding taxation year against taxable income	923		
1st preceding taxation year against taxable dividends subject to Part IV tax	931		
2nd preceding taxation year against taxable dividends subject to Part IV tax	932		
3rd preceding taxation year against taxable dividends subject to Part IV tax	933		
Subtotal			
Current year farm loss net of carry-back			+
Subtotal			=
Deduct:			
Amount applied against taxable income (enter on line 334 of T2 return)	330		
Amount applied against dividends subject to Part IV tax	335		
Section 80 adjustments	340		
Other adjustments	350		
			-
Farm losses - ending balance		380	=

NON-CAPITAL LOSS CONTINUITY AND CARRY BACK

Part 3 - Restricted farm loss

Restricted farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1992/09/30		Expired					
1993/09/30							
1994/09/30							
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
Totals							

Current year restricted farm loss

Net loss from farming business			485
Deductible farm loss:			
Net loss from above	A		
$2,500 plus 1/2 (A - $2,500)	B	2,500	
Maximum deduction	C	8,750	
Deductible farm loss (lesser of A, B, and C)			-
Current year restricted farm loss			

Restricted farm loss continuity and carry-back request

Restricted farm losses at end of preceding taxation year			
Losses expired after 10 years	400	-	
Restricted farm losses - beginning balance	402	=	
Transfers from wind-up of wholly-owned subsidiary and amalgamation			405 +
Current year restricted farm loss (enter on line 233 of Schedule 1)	410		
Deduct - Restricted farm loss carry back to:			
1st preceding taxation year against farming income	941		
2nd preceding taxation year against farming income	942		
3rd preceding taxation year against farming income	943		
Current year restricted farm loss net of carry-back			+
Deduct:			
Amount applied against taxable income (enter on line 333 of T2 return)	430		
Section 80 adjustments	440		
Other adjustments	450		
			-
Restricted farm losses - ending balance			480 =

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CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	87,230					87,230	4	3,489			83,741
1	4,796,755	355,488		28,005	163,742	4,960,496	4	198,420			4,925,818
8	65,147	8,129		61,517		11,759	20	2,352			9,407
10	295,060			69,999		225,061	30	67,518			157,543
Totals	5,244,192	363,617		159,521	163,742	5,284,546		271,779			5,176,509

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Schedule 10

- 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 beginning of taxation year (if negative, enter nil)				200 228,499	A
Add:					
Cost of eligible capital property acquired during the taxation year	222		B		
Transfer from predecessor or subsidiary corporation	224		C		
Other adjustments	226		D		
(add amounts B, C, and D)			x 3/4 =		E
Subtotal (amount A **plus** amount E)				230 228,499	F
Deduct:					
Proceeds of sale (less outlays and expenses) 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)				228,499	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)					
Current year deduction amount K		228,499	x 7% =	250 15,995	L
(Deduct amount L on line 405 of Schedule 1)					
Cumulative eligible capital balance at the end of the taxation year				300 212,504	M

Note: The maximum current year deduction is 7%. You can claim any amount up to the maximum. If your fiscal period starts after December 21, 2000, and is less than 365 days, prorate the calculation for line 250 by multiplying by the number of days in the year divided by 365.

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

(complete this part only if line K is negative)

Amount from line K above (show as a positive amount)					N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	400		1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)	401		2		
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	402		3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	408		4		
Line 3 **minus** line 4	409			5	
Total of lines 1, 2, and 5				6	
Line T from schedule 10 of previous taxation years ending after February 27, 2000				7	
Line 6 **minus** line 7					O
Line N **minus** line O (cannot be negative)					P
Amount on line 5 X 1/2					Q
Line P **minus** line Q					R
Amount on line R X 66.6667 *					S
Lesser of line N or line O					T
Amount to be included in income on line 108 of schedule 1, line S **plus** line T				410	

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

* For taxation years ending after October 17, 2000 use the fraction 2/3 to calculate line S

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SHAREHOLDER INFORMATION

Schedule 50

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

Name of shareholder 100	Business Number * 200	Social Insurance Number * 300	Percentage common shares 400	Percentage preferred shares 500
Corporation of the Town of Sioux Lookout	10698 4859 RC 0001		100.000	
	RC			

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

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T2 CORPORATION INCOME TAX RETURN

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide (T4012)*.

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

055 Do not use this area

Identification

Business number (BN) (item 11) 001 87053 8170 RC 0001

Corporation's name (item 12)

002 SIOUX LOOKOUT HYDRO INC.

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

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

Address of head office (item 13)

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

011 25 FIFTH AVENUE

012 BOX 908

City: 015 SIOUX LOOKOUT — Province, territory, or state: 016 ON

Country (other than Canada): 017 — Postal code/Zip code: 018 P8T 1B3

Mailing address (if different from head office address) (item 14)

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

020 Yes ☐ No ☒

021 C/o

022 25 FIFTH AVENUE

023 BOX 908

City: 025 SIOUX LOOKOUT — Province, territory, or state: 026 ON

Country (other than Canada): 027 — Postal code/Zip code: 028 P8T 1B3

Location of books and records (item 15)

031 25 FIFTH AVENUE

032 BOX 908

City: 035 SIOUX LOOKOUT — Province, territory, or state: 036 ON

Country (other than Canada): 037 — Postal code/Zip code: 038 P8T 1B3

040 Type of corporation at end of taxation year (item 16)

1 ☒ Canadian controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (please specify, below)

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

To which taxation year does this return apply? (item 17)

From 060 2003/01/01 to 061 2003/12/31

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

If *yes*, provide date control was acquired 065

Is the corporation a professional corporation that is a member of a partnership? (item 18) 067 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? (item 19) 070 ☐ Yes ☒ No

Amalgamation? (item 20) 071 ☐ Yes ☒ No

If *yes*, complete Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year? (item 21)

If *yes*, complete Schedule 24 072 ☐ Yes ☒ No

Is this the final taxation year before amalgamation? (item 22) 076 ☐ Yes ☒ No

Is this the final return up to dissolution? (item 23) 078 ☐ Yes ☒ No

Is the corporation a resident of Canada? (item 24) 080 ☒ Yes ☐ No

If *no*, give the country of residence. 081

Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24) 082 ☐ Yes ☒ No

If *yes*, complete Schedule 91

If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25)

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

Guide	Item		Yes	Schedule
27	Is the corporation related to any other corporations?	150		9
28	Does the corporation have any non-resident shareholders?	151		19
29	Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160		23
30	Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
33	If you answered *yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
38	Is the corporation a member of a partnership for which an identification number has been assigned?	167		T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
41	Did the corporation have any foreign affiliates during the year?	169		25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal *Income Tax Regulations*?	170		29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
47	Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172		-----
46	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
55	Is the net income/loss shown on financial statements different from the net income for income tax purposes?	201	X	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	202		2
82,104	Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203		3
69-76	Is the corporation claiming any type of losses?	204		4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206		6
103	(i) Is the corporation claiming the small business deduction and reporting income from : (a) property (other than dividends), (b) a partnership, (c) a foreign business, or (d) a personal services business; or (ii) is the corporation claiming the refundable portion of Part I tax?	207		7
57	Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
58	Does the corporation have any property that is eligible capital property?	210	X	10
59	Does the corporation have any resource-related deductions?	212		12
60	Is the corporation claiming reserves of any kind?	213		13
61	Is the corporation claiming a patronage dividend deduction?	216		16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
150	is the corporation an investment corporation or a mutual fund corporation?	218		18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
118	Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221		21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227		27
121	Is the corporation claiming an investment tax credit?	231		31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232		T661/T665
124	Is the corporation subject to Part 1.3 tax?	233		33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236		36
124	Is the corporation claiming a surtax credit?	237		37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
128	Is the corporation claiming a Part I tax credit?	242		42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
128	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251		40

Attachments - Continued from page 2

Guide item		Yes	Schedule
128	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252 ☐	41
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253 ☐	T1131
130	Is the corporation subject to Part XIII.1 tax?	☐	92 *
153	Is the corporation claiming a film or video production services tax credit refund?	☐	T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	☐	T1134-A
44	Did the corporation have any controlled foreign affiliates?	☐	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over $100,000?	☐	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	☐	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	☐	T1142
-	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	☐	T1145
-	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	☐	T1146
-	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	☐	T1174

Additional information

Is the corporation inactive? (item 48)	280	1 Yes ☐	2 No ☒
Has the major business activity changed since the last return was filed? (enter yes for first time filers) (item 49)	281	1 Yes ☐	2 No ☒

What is the corporation's major business activity? (item 50) **282** _____

(Only complete if *yes* was entered at line 281.)

If the major activity involves the resale of goods, indicate whether is is wholesale or retail (item 51) **283** 1 Wholesale ☐ 2 Retail ☒

Specify the principal product(s) mined, manufactured, sold, constructed, or service provided, giving the approximate percentage of the total revenue that each product or service represents. (item 52)

284	HYDRO	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the taxation year? (item 53)	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the taxation year? (item 54)	292	1 Yes ☐	2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFI (item 77)		300	446,986	A
Deduct: Charitable donations from Schedule 2 (item 78)	311			
Gifts to Canada or a province, or a territory from Schedule 2 (item 79)	312			
Cultural gifts from Schedule 2 (item 80)	313			
Ecological gifts from Schedule 2 (item 81)	314			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320			
Part VI.1 tax deduction from Schedule 43 (item 83)*	325			
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331			
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332			
Restricted farm losses of prior taxation years from Schedule 4 (item 86)	333			
Farm losses of prior taxation years from Schedule 4 (item 87)	334			
Limited partnership losses of prior years from Schedule 4 (item 88)	335			
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340			
Prospector's and grubstaker's shares (item 90)	350			
Subtotal				B
Subtotal (amount A minus amount B) (if negative, enter "0")			446,986	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91)		355		D
Taxable income (amount C plus amount D) (item 92)		360	446,986	
Income exempt under paragraph 149(1)(t) (item 93)		370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)				Z

* If the taxation year ends after December 31, 2002, use "3" Instead of "9/4" in the calculation of the Part VI.1 tax deduction indicated in item 83 of the *T2 Corporation Income Tax Guide.*

Small business deduction

Canadian-controlled private corporations throughout the taxation year

Income from active business carried on in Canada from Schedule 7 (item 95)	400	446,986	A
Taxable income from line 360 on page 3, **minus** 10/3 the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96)	405	446,986	B

Calculation of the business limit: (item 97)
for all CCPCs, calculate the amount at line 4 below

$200,000 x	Number of days in the taxation year before 2003 / Number of days in the taxation year		=		1
		365			
$225,000 x	Number of days in the taxation year in 2003 / Number of days in the taxation year	365 / 365	=	225,000	2
$250,000 x	Number of days in the taxation year in 2004 / Number of days in the taxation year		=		3
		365			
	Add amounts at line 1, 2, and 3			225,000	4

Business limit (see notes 1 and 2 below)	410	225,000	C

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

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

Business limit reduction: (item 98)

Amount C 225,000 X 415 *** / 11,250 D = E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	225,000	F
Small business deduction - 16% of the least of amounts A, B, C, and F (enter amount G of line 9 on page 7)	430	36,000	G

Accelerated tax reduction (item 99)

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

Reduced business limit (amount from line 425)	225,000	x	300,000 / 225,000	=	300,000 A
Net active business income (amount from line 400)*					446,986 B
Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax (item 96)			446,986	C	
Deduct:					
Aggregate investment income (amount from line 440 of page 6)				D	
Amount C minus amount D (if negative, enter "0")			446,986	▶	446,986 E
Amount A, B, or E above, whichever is less					300,000 F
Amount Z from Part 9 of Schedule 27		x 100 / 7 =		G	
Amount QQ from Part 13 of Schedule 27				H	
Taxable resource income from line 435 on page 5				I	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)				J	
Amount on line 400, 405, 410 or 425, whichever is less			225,000	K	
Total of amounts G, H, I, J, and K			225,000	▶	225,000 L
Amount F minus amount L (if negative, enter "0")					75,000 M
Accelerated tax reduction - 7% of amount M (Enter amount N on line 637 of page 7)					5,250 N

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

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

Resource deduction (item 100)

Taxable resource income				435	A
Amount A	x Number of days in the taxation year in 2003 / Number of days in the taxation year	365 / 365	x 1% =		B
Amount A	x Number of days in the taxation year in 2004 / Number of days in the taxation year	/ 365	x 2% =		C
Resource deduction - amount B plus amount C				438	D

(enter amount D on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations (item 101)

Canadian-controlled private corporations throughout taxation year

Taxable income from line 360 page 3			446,986	A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Taxable resource income from line 435 above		D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less		225,000 F		
Aggregate investment income from line 440 of page 6		G		
Amount used to calculate the accelerated tax reduction (amount M of page 4)		75,000 H		
Total of amounts B, C, D, E, F, G, and H		300,000 ▶	300,000	I
Amount A minus amount I (if negative, enter "0")			146,986	J

Amount J 146,986	x Number of days in the taxation year in 2001 / Number of days in the taxation year	/ 365	x 1% =		K
Amount J 146,986	x Number of days in the taxation year in 2002 / Number of days in the taxation year	/ 365	x 3% =		L
Amount J 146,986	x Number of days in the taxation year in 2003 / Number of days in the taxation year	365 / 365	x 5% =	7,349	M
Amount J 146,986	x Number of days in the taxation year after 2003 / Number of days in the taxation year	/ 365	x 7% =		N
General tax reduction for Canadian-controlled private corporations - total of amounts K, L, M and N				7,349	O

(enter amount O on line 638 of page 7)

General tax reduction (item 102)

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

Taxable income from line 360 on page 3				A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B		
Amount QQ from Part 13 of Schedule 27		C		
Taxable resource income from line 435 above		D		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E		
Total of amounts B, C, D and E		▶		F
Amount A minus amount F (if negative, enter "0")				G

Amount G	x Number of days in the taxation year in 2001 / Number of days in the taxation year	/	x 1% =		H
Amount G	x Number of days in the taxation year in 2002 / Number of days in the taxation year	/	x 3% =		I
Amount G	x Number of days in the taxation year in 2003 / Number of days in the taxation year	/	x 5% =		J
Amount G	x Number of days in the taxation year after 2003 / Number of days in the taxation year	/	x 7% =		K
General tax reduction - total of amounts H, I, J and K					L

(enter amount L on line 639 of page 7)

Refundable portion of Part I tax (item 103)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (Amount P from Part 1 of Schedule 7) **440** _____ X 26 2/3 % = _____ A

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

Deduct:

Foreign investment income (Amount O from Part 1 of Schedule 7) **445** _____ X 9 1/3 % = _____ (if negative, enter "0") _____ B

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

Taxable income from line 360 on page 3 446,986

Deduct:

Least of amounts on lines 400, 405, 410, and 425 on page 4 225,000

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

Foreign business income tax credit from line 636 on page 7 _____ x 3 = _____

225,000 225,000

221,986 X 26 2/3% = 59,196 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8) 81,563

Deduct corporate surtax from line 600 on page 7 5,006

Net amount 76,557 76,557 E

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

Refundable dividend tax on hand (item 104)

Refundable dividend tax on hand at the end of the preceding tax year **460** _____

Deduct dividend refund for the previous taxation year **465** _____ A

Add the total of:

Refundable portion of Part I tax from line 450 above _____

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

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

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

Dividend refund (item 105)

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

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

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

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

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3 (item 106) — 550 — 169,855 — A

Corporate surtax calculation (item 107)

Base amount from line A above		169,855	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		44,699	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment trust tax credit from line 648 below			5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b and c below on line 6:			
28% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	76,557 c		
Total of lines 2 to 6		44,699	7
Net amount (line 1 minus line 7)		125,156	8

Corporate surtax - 4% of the amount on line 8 — 600 — 5,006 — B

Recapture of investment tax credit from line PPP in Part 21 on page 8 of Schedule 31 (item 108) — 602 — C

Calculation for the refundable tax on Canadian-controlled private corporation's investment income (for a CCPC throughout the taxation year) (item 109)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 4	446,986		
Deduct: The least of amounts on lines 400, 405, 410, and 425 on page 4	225,000		
Net amount	221,986	221,986	ii

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

Subtotal (add lines A, B, C, and D) — 174,861 — E

Deduct:

Small business deduction from line 430 on page 4		36,000	9
Federal tax abatement (item 110)	608	44,699	
Manufacturing and processing profits deduction from amount BB of Schedule 27 (item 111)	616		
Investment corporation deduction (item 112)	620		
(Taxed capital gains 624)			
Additional deduction - credit unions from Schedule 17 (item 113)	628		
Federal foreign non-business income tax credit from Schedule 21 (item 114)	632		
Federal foreign business income tax credit from Schedule 21 (item 115)	636		
Accelerated tax reduction from amount N of page 4 (item 116)	637	5,250	
Resource deduction from line 438 of page 5			10
General tax reduction for CCPC's from amount O of page 5 (item 117)	638	7,349	
General tax reduction from amount L of page 5 (item 117)	639		
Federal logging tax credit from Schedule 21 (item 118)	640		
Federal political contribution tax credit (item 119)	644		
Federal political contributions 646			
Federal qualifying environmental trust tax credit (item 120)	648		
Investment tax credit from Schedule 31 (item 121)	652		
Subtotal		93,298	93,298 F

Part I tax payable - Line E minus line F (enter amount G on line 700 on page 8) (item 122) — 81,563 — G

Summary of tax and credits

Federal tax

Part I tax payable from page 7 (item 123)	700	81,563
Part I.3 tax payable from Schedule 33, 34, or 35 (item 124)	704	
Part II surtax tax payable from Schedule 46 (item 125)	708	
Part IV tax payable from Schedule 3 (item 126)	712	
Part IV.1 tax payable from Schedule 43 (item 127)	716	
Part VI tax payable from Schedule 38 (item 128)	720	
Part VI.1 tax payable from Schedule 43 (item 129)	724	
Part XIII.1 tax payable from Schedule 92 (item 130)	727	
Part XIV tax payable from Schedule 20 (item 131)	728	
Total federal tax		81,563

Add provincial and territorial tax

Provincial or territorial jurisdiction (item 132) 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) (item 133)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 147)	765	
Total tax payable	770	81,563 A

Deduct other credits

Investment tax credit refund from Schedule 31 (items 148)	780	
Dividend refund from Page 4 (items 149)	784	
Federal capital gains refund from Schedule 18 (item 150)	788	
Federal qualifying environmental trust tax credit refund (item 151)	792	
Canadian film or video production tax credit refund from Form T1131 (item 152)	796	
Film or video production services tax credit refund from Form T1177 (item 153)	797	
Tax withheld at source (item 154)	800	
Total payments on which tax has been withheld (item 154)	801	
Allowable refund for non-resident-owned investment corporations - Schedule 26 (item 155)	804	
Provincial and territorial capital gains refund from Schedule 18 (item 156)	808	
Provincial and territorial refundable tax credits from Schedule 5 (item 157)	812	
Royalties deductible under Syncrude Remission Order	815	
Tax remitted under Syncrude Remission Order (item 158)	816	
Tax instalments paid (item 159)	840	
Total credits	890	B

Refund Code (item 160) 894 ☐ Overpayment (item 163) _____ Balance (line A minus line B) 81,563 I

Direct Deposit Request (item 164)

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

☐ Start ☐ Change information 910 _____ Branch number

914 _____ Institution number 918 _____ Account number

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

Balance unpaid (item 163) 81,563
Enclosed payment (item 162) 898 _____

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance is due? (item 161) 896 1 Yes ☒ 2 No ☐ NA ☐

Certification (item 165)

950 MAKI Surname 951 GORD First name 954 GENERAL MANAGER Position, office or rank

955 2004/05/28 Date 956 (807) 737-3800 Telephone number

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

958 _____ Name 959 ( ) - Telephone number

Language of correspondence - Langue de correspondance (item 166)

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Schedule 1

- 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.

Net income (loss) after taxes and extraordinary items per financial statements			A	308,418
Add:				
Provision for income taxes - current	101	126,718		
Amortization of tangible assets	104	277,748		
Loss on disposal of assets	111	4,519		
Total of fields 101 to 199	500	408,985	▶	408,985
Deduct:				
Capital cost allowance - Schedule 8	403	249,602		
Cumulative eligible capital deduction - Schedule 10	405	14,875		
Total of fields 300 to 394	499	5,940		
Total of fields 401 to 499	510	270,417	▶	270,417
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)				446,986

Deduct:

Other deductions:

700 PAYMENT OF PRIOR YEAR CAPITAL TAX	390		5,940
Total of fields 300 to 394 (Enter this amount at line 499)			5,940

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CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	83,741	4,634			2,317	86,058	4	3,442			84,933
1	4,925,818	306,150			153,075	5,078,893	4	203,156			5,028,812
8	9,407	10,306			5,153	14,560	20	2,912			16,801
10	157,543	1,098		25,000		133,641	30	40,092			93,549
Totals	5,176,509	322,188		25,000	160,545	5,313,152		249,602			5,224,095

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Schedule 10

- 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 beginning of taxation year (if negative, enter nil)				200 212,504	A
Add:					
Cost of eligible capital property acquired during the taxation year	222		B		
Transfer from predecessor or subsidiary corporation	224		C		
Other adjustments	226		D		
(add amounts B, C, and D)			x 3/4 =		E
Subtotal (amount A **plus** amount E)				230 212,504	F
Deduct:					
Proceeds of sale (less outlays and expenses) 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)					212,504 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)					
Current year deduction amount K		212,504	x 7% =	250 14,875	L
(Deduct amount L on line 405 of Schedule 1)					
Cumulative eligible capital balance at the end of the taxation year				300 197,629	M

Note: The maximum current year deduction is 7%. You can claim any amount up to the maximum. If your fiscal period starts after December 21, 2000, and is less than 365 days, prorate the calculation for line 250 by multiplying by the number of days in the year divided by 365.

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

(complete this part only if line K is negative)

Amount from line K above (show as a positive amount)					N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	400		1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)	401		2		
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	402		3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	408		4		
Line 3 **minus** line 4	409			5	
Total of lines 1, 2, and 5				6	
Line T from schedule 10 of previous taxation years ending after February 27, 2000				7	
Line 6 **minus** line 7					O
Line N **minus** line O (cannot be negative)					P
Amount on line 5 X 1/2					Q
Line P **minus** line Q					R
Amount on line R X 66.6667 *					S
Lesser of line N or line O					T
Amount to be included in income on line 108 of schedule 1, line S **plus** line T				410	

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

* For taxation years ending after October 17, 2000 use the fraction 2/3 to calculate line S

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SHAREHOLDER INFORMATION

Schedule 50

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

Name of shareholder **100**	Business Number * **200**	Social Insurance Number * **300**	Percentage common shares **400**	Percentage preferred shares **500**
Corporation of the Town of Sioux Lookout	10698 4859 RC 0001		100.000	
	RC			

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

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T2 CORPORATION INCOME TAX RETURN

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

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

055 Do not use this area

Identification

Business number (BN) (item 11) **001** 87053 8170 RC 0001

Corporation's name (item 12)

002 SIOUX LOOKOUT HYDRO INC.

COPY

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

If *Yes*, do you have a copy of the articles of amendment? **004** ☐ Yes ☐ No

Address of head office (item 13)

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

011 25 FIFTH AVENUE

012 BOX 908

City: **015** SIOUX LOOKOUT — Province, territory, or state: **016** ON

Country (other than Canada): **017** — Postal code/Zip code: **018** P8T 1B3

Mailing address (if different from head office address) (item 14)

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

020 Yes ☐ No ☒

021 C/o

022 25 FIFTH AVENUE

023 BOX 908

City: **025** SIOUX LOOKOUT — Province, territory, or state: **026** ON

Country (other than Canada): **027** — Postal code/Zip code: **028** P8T 1B3

Location of books and records (item 15)

Has the location of books and records changed since the last time we were notified? **030** ☐ Yes ☒ No

031 25 FIFTH AVENUE

032 BOX 908

City: **035** SIOUX LOOKOUT — Province, territory, or state: **036** ON

Country (other than Canada): **037** — Postal code/Zip code: **038** P8T 1B3

040 Type of corporation at end of taxation year (item 16)

1 ☒ Canadian controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (please specify, below)

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

To which taxation year does this return apply? (item 17)

From **060** 2004/01/01 to **061** 2004/12/31

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

If *Yes*, give the date control was acquired **065**

Is the corporation a professional corporation that is a member of a partnership? (item 18) **067** ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? (item 19) **070** ☐ Yes ☒ No

Amalgamation? (item 20) **071** ☐ Yes ☒ No

If *Yes*, complete and attach Schedule 24

Has there been a wind-up of a subsidiary under section 88 during the current taxation year?(item 21)

If *Yes*, complete and attach Schedule 24 **072** ☐ Yes ☒ No

Is this the final taxation year before amalgamation? (item 22) **076** ☐ Yes ☒ No

Is this the final return up to dissolution? (item 23) **078** ☐ Yes ☒ No

Is the corporation a resident of Canada? (item 24) **080** ☒ Yes ☐ No

If *No*, give the country of residence. **081**

Is the non-resident corporation claiming an exemption under an income tax treaty? (item 24) **082** ☐ Yes ☒ No

If *Yes*, complete and attach Schedule 91

If the corporation is exempt from tax under section 149, tick one of the following boxes: (item 25)

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141. * We do not print these schedules.

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

Guide item			Yes	Schedule
27	Is the corporation related to any other corporations?	150	☐	9
28	Does the corporation have any non-resident shareholders?	151	☐	19
29	Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160	☐	23
30	Is the corporation an associated CCPC that is claiming the expenditure limit?	161	☐	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	☐	11
33	If you answered *Yes* to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	☐	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	☐	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	☐	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	☐	T5004
38	Is the corporation a member of a partnership for which an identification number has been assigned?	167	☐	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	☐	22
41	Did the corporation have any foreign affiliates during the year?	169	☐	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal *Income Tax Regulations*?	170	☐	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171	☐	T106
47	Has the corporation made payments to, or received amounts from a retirement compensation arrangement?	172	☐	-----
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	☒	50
55	Is the net income/loss shown on financial statements different from the net income/loss for income tax purposes?	201	☒	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202	☐	2
82,104	Has the corporation received dividends or paid taxable dividends for purposes of the dividend refund?	203	☒	3
69-76	Is the corporation claiming any type of losses?	204	☐	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☐	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	☐	6
103	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207	☐	7
57	Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
58	Does the corporation have any property that is eligible capital property?	210	☒	10
59	Does the corporation have any resource-related deductions?	212	☐	12
60	Is the corporation claiming reserves of any kind?	213	☐	13
61	Is the corporation claiming a patronage dividend deduction?	216	☐	16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217	☐	17
150	is the corporation an investment corporation or a mutual fund corporation?	218	☐	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220	☐	20
118	Is the corporation claiming any federal or provincial foreign tax credits, or logging tax credits?	221	☐	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226	☐	26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227	☐	27
121	Is the corporation claiming an investment tax credit?	231	☐	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232	☐	T661
124	Is the corporation subject to Part 1.3 tax?	233	☐	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part 1.3 tax?	236	☐	36
124	Is the corporation claiming a surtax credit?	237	☐	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
128	Is the corporation claiming a Part I tax credit?	242	☐	42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
125	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	☐	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253	☐	T1131
153	Is the corporation claiming a film or video production services tax credit refund?	254	☐	T1177
130	Is the corporation subject to Part XIII.1 tax?	255	☐	92 *

Attachments - Continued from page 2

Guide item		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 ☐	T1134-A
44	Did the corporation have any controlled foreign affiliates?	258 ☐	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259 ☐	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	260 ☐	T1141
44	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

Additional information

Is the corporation inactive? (item 48)	280	1 Yes ☐	2 No ☒
Has the major business activity changed since the last return was filed? (enter *Yes* for first time-filers) (item 49)	281	1 Yes ☐	2 No ☒
What is the corporation's major business activity? (item 50) (Only complete if *Yes* was entered at line 281)	282		
If the major activity involves the resale of goods, indicate whether it is wholesale or retail (item 51)	283	1 Wholesale ☐	2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or service provided, giving the approximate percentage of the total revenue that each product or service represents. (item 52)

284	HYDRO	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the taxation year? (item 53)	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the taxation year? (item 54)	292	1 Yes ☐	2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI (item 77)	300	144,618	A
Deduct: Charitable donations from Schedule 2 (item 78)	311		
Gifts to Canada or a province, or a territory from Schedule 2 (item 79)	312		
Cultural gifts from Schedule 2 (item 80)	313		
Ecological gifts from Schedule 2 (item 81)	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 (item 82)	320		
Part VI.1 tax deduction from Schedule 43 (item 83)**	325		
Non-capital losses of preceding taxation years from Schedule 4 (item 84)	331		
Net capital losses of preceding taxation years from Schedule 4 (item 85)	332		
Restricted farm losses of preceding taxation years from Schedule 4 (item 86)	333		
Farm losses of preceding taxation years from Schedule 4 (item 87)	334		
Limited partnership losses of preceding taxation years from Schedule 4 (item 88)	335		
Taxable capital gains or taxable dividends allocated from a central credit union (item 89)	340		
Prospector's and grubstaker's shares (item 90)	350		
Subtotal		▶	B
Subtotal (amount A minus amount B) (if negative, enter "0")		144,618	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions (item 91)	355		D
Taxable income (amount C plus amount D) (item 92)	360	144,618	
Income exempt under paragraph 149(1)(t) (item 93)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) (item 94)			Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 (item 95)	400	144,618	A
Taxable income from line 360 on page 3, **minus** 10/3 the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96)	405	144,618	B

Calculation of the business limit: (item 97)

For all CCPCs, calculate the amount at line 4 below

$225,000 x	Number of days in the taxation year in 2003 / Number of days in the taxation year		=		1
		366			
$250,000 x	Number of days in the taxation year in 2004 / Number of days in the taxation year	366 / 366	=	250,000	2
$300,000 x	Number of days in the taxation year after 2004 / Number of days in the taxation year	366	=		3
	Add amounts at line 1, 2, and 3			250,000	4

Business limit (see notes 1 and 2 below)	410	250,000	C

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

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

Business limit reduction: (item 98)

Amount C 250,000 X **415** *** D / 11,250 = E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	250,000	F
Small business deduction - 16% of whichever amount is least: A, B, C, or F	430	23,139	G

(enter amount G of line 9 on page 7)

Accelerated tax reduction (item 99)

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

Reduced business limit (amount from line 425)	250,000	x	300,000 / 250,000	=	300,000 A
Net active business income (amount from line 400)*					144,618 B
Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax (item 96)			144,618 C		
Deduct:					
Aggregate investment income (amount from line 440 of page 6)			D		
Amount C minus amount D (if negative, enter "0")			144,618 ▶		144,618 E
Amount A, B, or E above, whichever is less					144,618 F
Amount Z from Part 9 of Schedule 27		x 100 / 7 =	G		
Amount QQ from Part 13 of Schedule 27			H		
Taxable resource income from line 435 on page 5			I		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			J		
Amount on line 400, 405, 410 or 425 of the small business deduction, whichever is less			144,618 K		
Total of amounts G, H, I, J, and K			144,618 ▶		144,618 L
Amount F minus amount L (if negative, enter "0")					M
Accelerated tax reduction - 7% of amount M					N

(enter amount N on line 637 of page 7)

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

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

Resource deduction (item 100)

Taxable resource income [as defined in subsection 125.11(1)] **435** _____ A

Amount A _____ x Number of days in the taxation year in 2003 / Number of days in the taxation year 366 x 1% = _____ B

Amount A _____ x Number of days in the taxation year in 2004 366 / Number of days in the taxation year 366 x 2% = _____ C

Amount A _____ x Number of days in the taxation year in 2005 / Number of days in the taxation year 366 x 3% = _____ D

Amount A _____ x Number of days in the taxation year in 2006 / Number of days in the taxation year 366 x 5% = _____ E

Resource deduction - total of amounts B, C, D and E **438** _____ F
(enter amount F on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations (item 101)

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 page 3			144,618 A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B	
Amount QQ from Part 13 of Schedule 27		C	
Taxable resource income from line 435 above		D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E	
Amounts on lines 400, 405, 410, and 425 on page 4, whichever is less	144,618	F	
Aggregate investment income from line 440 of page 6		G	
Amount used to calculate the accelerated tax reduction (amount M of page 4)		H	
Total of amounts B, C, D, E, F, G, and H	144,618 ▶		144,618 I
Amount A minus amount I (if negative, enter "0")			J

Amount J _____ x Number of days in the taxation year in 2003 / Number of days in the taxation year 366 x 5% = _____ K

Amount J _____ x Number of days in the taxation year after 2003 366 / Number of days in the taxation year 366 x 7% = _____ L

General tax reduction for Canadian-controlled private corporations - total of amounts K and L _____ M
(enter amount M on line 638 of page 7)

General tax reduction (item 102)

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

Taxable income from line 360 on page 3			A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =	B	
Amount QQ from Part 13 of Schedule 27		C	
Taxable resource income from line 435 above		D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		E	
Total of amounts B, C, D and E	▶		F
Amount A minus amount F (if negative, enter "0")			G

Amount G _____ x Number of days in the taxation year in 2003 / Number of days in the taxation year x 5% = _____ H

Amount G _____ x Number of days in the taxation year after 2003 / Number of days in the taxation year x 7% = _____ I

General tax reduction - total of amounts H and I _____ J
(enter amount J on line 639 of page 7)

Refundable portion of Part I tax (item 103)

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income (Amount P from Part 1 of Schedule 7)	440		X 26 2/3 % =		A
Foreign non-business income tax credit from line 632 on page 7					
Deduct:					
Foreign investment income (Amount O from Part 1 of Schedule 7)	445		X 9 1/3 % = (if negative, enter "0")		B
Amount A **minus** amount B (if negative, enter "0")					C
Taxable income from line 360 on page 3			144,618		
Deduct:					
Amount on line 400, 405, 410, and 425 on page 4, whichever is less		144,618			
Foreign non-business income tax credit from line 632 on page 7		x 25/9 =			
Foreign business income tax credit from line 636 on page 7		x 3 =			
		144,618	144,618		
				X 26 2/3% =	D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8)			18,974		
Deduct: Corporate surtax from line 600 of page 7			1,620		
Net amount			17,354	17,354	E
Refundable portion of Part I tax - Amount C, D, or E, whichever is less				450 0	F

Refundable dividend tax on hand (item 104)

Refundable dividend tax on hand at the end of the preceding tax year	460			
Deduct: Dividend refund for the previous taxation year	465			A
Add the total of:				
Refundable portion of Part I tax from line 450 above				
Total Part IV tax payable from line 360 on page 2 of Schedule 3				
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			B
Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B			485	0

Dividend refund (item 105)

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3	132,538	X 1/3	44,179 A
Refundable dividend tax on hand at the end of the taxation year from line 485 above			B
Dividend refund - Amount A or B, whichever is less (enter this amount on line 784 on page 8)			0

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3 (item 106) **550** 54,955 A

Corporate surtax calculation (item 107)

Base amount from line A above		54,955	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		14,462	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment trust tax credit from line 648 below			5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:			
28% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	17,354 c		
Total of lines 2 to 6		14,462	7
Net amount (line 1 minus line 7)		40,493	8

Corporate surtax - 4% of the amount on line 8 **600** 1,620 B

Recapture of investment tax credit from line PPP in Part 21 on page 8 of Schedule 31 (item 108) **602** C

Calculation for the refundable tax on Canadian-controlled private corporation's (CCPC) investment income (for a CCPC throughout the taxation year) (item 109)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	144,618		
Deduct: Amount on lines 400, 405, 410, or 425 of page 4, whichever is less	144,618		
Net amount			ii

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

Subtotal (add lines A, B, C, and D) 56,575 E

Deduct:

Small business deduction from line 430 on page 4		23,139	9
Federal tax abatement (item 110)	**608**	14,462	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 (item 111)	**616**		
Investment corporation deduction (item 112)	**620**		
(taxed capital gains **624**)			
Additional deduction - credit unions from Schedule 17 (item 113)	**628**		
Federal foreign non-business income tax credit from Schedule 21 (item 114)	**632**		
Federal foreign business income tax credit from Schedule 21 (item 115)	**636**		
Accelerated tax reduction from amount N of page 4 (item 116)	**637**		
Resource deduction from line 438 of page 5			10
General tax reduction for CCPC's from amount M of page 5 (item 117)	**638**		
General tax reduction from amount J of page 5 (item 117)	**639**		
Federal logging tax credit from Schedule 21 (item 118)	**640**		
Federal political contribution tax credit (item 119)	**644**		
Federal political contributions **646**			
Federal qualifying environmental trust tax credit (item 120)	**648**		
Investment tax credit from Schedule 31 (item 121)	**652**		
Subtotal		37,601	

Part I tax payable - Line E minus line F (enter amount G on line 700 on page 8) (item 122) 18,974 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7 (item 123)	700	18,974
Part I.3 tax payable from Schedule 33, 34, or 35 (item 124)	704	
Part II surtax tax payable from Schedule 46 (item 125)	708	
Part IV tax payable from Schedule 3 (item 126)	712	
Part IV.1 tax payable from Schedule 43 (item 127)	716	
Part VI tax payable from Schedule 38 (item 128)	720	
Part VI.1 tax payable from Schedule 43 (item 129)	724	
Part XIII.1 tax payable from Schedule 92 (item 130)	727	
Part XIV tax payable from Schedule 20 (item 131)	728	
Total federal tax		18,974

Add provincial and territorial tax:

Provincial or territorial jurisdiction (item 132) 750 ON (if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial and territorial tax payable (except Quebec, Ontario and Alberta) (item 133)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia) (item 147)	765	
Total tax payable	770	18,974 A

Deduct other credits:

Investment tax credit refund from Schedule 31 (items 148)	780	
Dividend refund from page 6 (items 149)	784	
Federal capital gains refund from Schedule 18 (item 150)	788	
Federal qualifying environmental trust tax credit refund (item 151)	792	
Canadian film or video production tax credit refund from Form T1131 (item 152)	796	
Film or video production services tax credit refund from Form T1177 (item 153)	797	
Tax withheld at source (item 154)	800	
Total payments on which tax has been withheld (item 154) 801		
Allowable refund for non-resident-owned investment corporations - Schedule 26 (item 155)	804	
Provincial and territorial capital gains refund from Schedule 18 (item 156)	808	
Provincial and territorial refundable tax credits from Schedule 5 (item 157)	812	
Royalties deductible under Syncrude Remission Order 815		
Tax remitted under Syncrude Remission Order (item 158)	816	
Tax instalments paid (item 159)	840	
Total credits	890	B
Balance (line A minus line B)		18,974 I

Refund Code (item 160) 894 ☐ Overpayment (item 163)

Direct Deposit Request (item 164)

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

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

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

Balance unpaid (item 163) 18,974

Enclosed payment (item 162) 898

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance is due? (item 161) 896 1 Yes ☐ 2 No ☒ NA ☐

Certification (item 165)

950 MAKI Surname | 951 GORD First name | 954 GENERAL MANAGER Position, office or rank

955 2005/07/18 Date | 956 (807) 737-3800 Telephone number

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

958 Name | 959 ( ) - Telephone number

Language of correspondence - Langue de correspondance (item 166)

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

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

- 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.

Net income (loss) after taxes and extraordinary items per financial statements				A	76,890
Add:					
Provision for income taxes - current		101	34,063		
Interest and penalties on taxes		103	2,867		
Amortization of intangible assets		106	292,170		
Loss on disposal of assets		111	3,329		
Non-deductible meals and entertainment expenses	5,107 X 50%	121	2,554		
	Total of fields 101 to 199	500	334,983	▶	334,983
Deduct:					
Capital cost allowance - Schedule 8		403	246,561		
Cumulative eligible capital deduction - Schedule 10		405	13,834		
Total of fields 300 to 394		499	6,860		
	Total of fields 401 to 499	510	267,255	▶	267,255
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)					144,618

Deduct:
Other deductions:

700 PAYMENT OF 2003 CAPITAL TAX	390	6,548
701 PAYMENT OF 2002 ADD'L CAPITAL TAX 6,252 - 5,940	391	312
Total of fields 300 to 394 (Enter this amount at line 499)		6,860

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

Schedule 3

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

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

A	B	C	D	E	F
Name of payer corporation **200**	Connected? **205**	Dividends from foreign source?	Dividends subject to Part IV tax?	Dividends deductible from income under s.112, 113, and 138(6) **240**	Non-taxable dividends deductible under section 83 **230**

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

Complete if payer corporation is connected and a private or subject corporation				
G	H	I	J	K
Business number **210**	Taxation year end of the payer corporation in which the dividend was paid **220**	Total taxable dividends paid by connected payer corporation **250**	Dividend refund of the connected payer corporation **260**	Part IV tax before deductions ** **270**
RC		0	0	0

Total non-taxable dividends deductible under section 83 _____

Total dividends deductible from income under sections 112, 113, and 138(6) _____

** For dividends received from non-connected corporations, Part IV tax = the amount entered in column E x 1/3
For dividends received from connected corporations, do the following calculation: Part IV tax = column E x column J / column I
Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column K in Part 1) _____

Deduct:

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

Subtotal _____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax **330** _____

Non-capital losses from previous years claimed to reduce Part IV tax **335** _____

Current-year farm loss claimed to reduce Part IV tax **340** _____

Farm losses from previous years claimed to reduce Part IV tax **345** _____

Total losses applied against Part IV tax _____ x 1/3 = _____

Part IV tax payable (enter amount on line 712 of the T2 return) **360** 0

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

Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation 400	Business number 410	Taxation year end of connected recipient corporation in which the dividend was received 420	Taxable dividends paid to connected corporations 430
	RC		
Note		**Total**	

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations	450	132,538
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	460	132,538

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

		500	
Deduct:			
Dividends paid out of capital dividend account	510		
Capital gains dividends	520		
Dividends paid on shares described in subsection 129(1.2)	530		
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540		
Subtotal			
Total taxable dividends paid in the taxation year for purposes of a dividend refund			0

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CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	84,933					84,933	4	3,397			81,536
1	5,028,812	260,511			130,256	5,159,067	4	206,363			5,082,960
8	16,801	13,343			6,672	23,472	20	4,694			25,450
10	93,549	26,948			13,474	107,023	30	32,107			88,390
Totals	5,224,095	300,802			150,402	5,374,495		246,561			5,278,336

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year	4,914,951		
Less: Land	-		
NBV of depreciable capital assets, beginning of year	4,914,951	4,914,951	
UCC beginning of year	5,224,095		
Less: Opening Class 14 balance	-		
Adjusted UCC	5,224,095	- 5,224,095	
Timing difference, beginning of year		(309,144)	A
CCA and amortization			
CCA claimed (except class 14)	+ 246,561		
Terminal loss	+		
Recapture	-		
Amortization per financial statements	- 292,170		
Class 10.1			
Difference on purchase (cost _____ less ceiling _____)	+		
Beginning UCC less CCA in year of disposal	+		
NBV of class 10.1 asset prior to sale (proceeds, if financial statement gain)	-		
Gains and losses			
Gain on disposal of capital assets per financial statements	+		
Capital loss portion of total loss	+		
Loss on disposal of capital assets per financial statements	- 3,329		
Capital gain portion of total gain	-		
Other			
Operating leases capitalized for financial statement purposes	+		
Deductible items capitalized for financial statement purposes	+		
Section 85 difference	+		
Pre-valuation day depreciation	+		
	+		
Timing difference, current year	(48,938)	+ (48,938)	B
Timing difference, end of year (A + B)		(358,082)	C
Proof			
NBV of capital assets, end of year	4,920,343		
Less: Land	-		
NBV of depreciable capital assets, end of year	4,920,343	4,920,343	
UCC end of year	5,278,336		
Less: Ending Class 14 balance	-		
Adjusted UCC	5,278,336	- 5,278,336	
Timing difference as at 2004/12/31 (amount D should equal amount C)		(357,993)	D

Notes

NBV OF ASSETS REMOVED PER W/P U.2 IS 3,239 HOWEVER LOSS ON DISPOSAL PER STMT OF CASH FLOWS IS 3,329 FOR A DIFFERENCE OF 90 - COULD BE A TRANSPOSITION ERROR - NOT MATERIAL

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION — Schedule 10

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")				200 197,629	A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226				
Subtotal (line 222 plus line 226)		x 3/4 =			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")			▶		D
Amount transferred on amalgamation or wind-up of subsidiary				224	E
Subtotal (add amounts A, D, and E)				230 197,629	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)				197,629	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249				
amount K 197,629					
less amount from line 249					
Current year deduction 197,629		x 7% =	250 13,834 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			13,834 ▶	13,834	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")				300 183,795	M

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

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

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 66.6667			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	

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SHAREHOLDER INFORMATION

Schedule 50

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

Name of shareholder (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**	Percentage common shares **400**	Percentage preferred shares **500**
Corporation of the Town of Sioux Lookout	10698 4859 RC 0001		100.000	
	RC			

* If the shareholder is a trust, enter NR at field 200 or NA at field 300.

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T2 CORPORATION INCOME TAX RETURN

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the Income Tax Act. This return may contain changes that had not yet become law at the time of printing. For more information on how to complete the return, see the *T2 Corporation – Income Tax Guide (T4012)*.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area

Identification

Business number (BN) 001 87053 8170 RC 0001

Corporation's name

002 SIOUX LOOKOUT HYDRO INC.

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

If *Yes*, do you have a copy of the articles of amendment? 004 ☐ Yes ☐ No

Address of head office

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

(If Yes, complete lines 011 to 018)

011 25 FIFTH AVENUE

012 BOX 908

City: 015 SIOUX LOOKOUT

Province, territory, or state: 016 ON

Country (other than Canada): 017

Postal code/Zip code: 018 P8T 1B3

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? 020 Yes ☐ No ☒

(If Yes, complete lines 021 to 028)

021 c/o

022 25 FIFTH AVENUE

023 BOX 908

City: 025 SIOUX LOOKOUT

Province, territory, or state: 026 ON

Country (other than Canada): 027

Postal code/Zip code: 028 P8T 1B3

Location of books and records

Has the location of books and records changed since the last time we were notified? 030 ☐ Yes ☒ No

(If Yes, complete lines 031 to 038)

031 25 FIFTH AVENUE

032 BOX 908

City: 035 SIOUX LOOKOUT

Province, territory, or state: 036 ON

Country (other than Canada): 037

Postal code/Zip code: 038 P8T 1B3

040 Type of corporation at the end of the tax year

1 ☒ 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

To which tax year does this return apply?

From 060 2006/01/01 to 061 2006/12/31

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

If *Yes*, provide the date control was acquired 065

Is the corporation a professional corporation that is a member of a partnership? 067 ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? 070 ☐ Yes ☒ No

Amalgamation? 071 ☐ Yes ☒ No

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year?

If *Yes*, complete and attach Schedule 24 072 ☐ Yes ☒ No

Is this the final tax year before amalgamation? 076 ☐ Yes ☒ No

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

Is the corporation a resident of Canada? 080 ☒ Yes ☐ 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 ☐ Yes ☒ No

If *Yes*, complete and attach Schedule 91.

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

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

Do not use this area

091	092	093	094	095	096
100					

Attachments

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

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

		Yes	Schedule
Is the corporation related to any other corporations?	150		9
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160		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		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		-----
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	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		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233		33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236		36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

*** We do not print this schedule.**

Attachments - Continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐	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

Additional information

Is the corporation inactive?	280	1 Yes ☐	2 No ☒
Has the major business activity changed since the last return was filed? (enter *Yes* for first-time filers)	281	1 Yes ☐	2 No ☒

What is the corporation's major business activity? 282

(Only complete if *Yes* was entered at line 281.)

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

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	HYDRO	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	292	1 Yes ☐	2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300	179,202	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction from Schedule 43 *	325		
Non-capital losses of preceding tax years from Schedule 4	331		
Net capital losses of preceding tax years from Schedule 4	332		
Restricted farm losses of preceding tax years from Schedule 4	333		
Farm losses of preceding tax years from Schedule 4	334		
Limited partnership losses of preceding tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		179,202	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	179,202	
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)			Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	179,202	A
Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632 on page 7, **minus** 3 times the amount on line 636 on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax	405	179,202	B

Calculation of the business limit:

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

$250,000 x	Number of days in the tax year in 2004 / Number of days in the tax year	/ 365	=		1
$300,000 x	Number of days in the tax year in 2005 and in 2006 / Number of days in the tax year	365 / 365	=	300,000	2
$400,000 x	Number of days in the tax year after 2006 / Number of days in the tax year	/ 365	=		3
		Add amounts at lines 1, 2, and 3		300,000	4
Business limit (see notes 1 and 2 below)				410	300,000 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 300,000 X 415 D / 11,250 = E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	300,000	F
Small business deduction – 16% of whichever amount is the least: A, B, C, or F	430	28,672	G

(enter amount G on line 9 of page 7)

Accelerated tax reduction

(For tax years ending before January 1, 2006)

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

Reduced business limit (amount from line 425)		x	=		a
Net active business income (amount from line 400)*					b
Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax					c
Deduct:					
Aggregate investment income (amount from line 440 of page 6)					d
Amount c minus amount d (if negative, enter "0")			▶		e
Amount a, b, or e above, whichever is less					f
Amount Z from Part 9 of Schedule 27		x 100 / 7 =			g
Amount QQ from Part 13 of Schedule 27					h
Taxable resource income from line 435 on page 5					i
Amount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17)					j
Amount on line 400, 405, 410 or 425 of the small business deduction, whichever is less					k
Total of amounts g, h, i, j, and k			▶		l
Amount f minus amount l (if negative, enter "0")					m
Accelerated tax reduction - 7% of amount m					n

(enter amount n on line 637 of page 7)

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]			435	H
Amount H	x Number of days in the taxation year in 2003 / Number of days in the taxation year	365 x 1% =		I
Amount H	x Number of days in the taxation year in 2004 / Number of days in the taxation year	365 x 2% =		J
Amount H	x Number of days in the taxation year in 2005 / Number of days in the taxation year	365 x 3% =		K
Amount H	x Number of days in the taxation year in 2006 / Number of days in the taxation year	365 / 365 x 5% =		L
Amount H	x Number of days in the taxation year after 2006 / Number of days in the taxation year	365 x 7% =		M
Resource deduction – total of amounts I, J, K, L, and M			438	N

(enter amount N on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 page 3				179,202 A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		B	
Amount QQ from Part 13 of Schedule 27			C	
Taxable resource income from line 435 above			D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least		179,202	F	
Aggregate investment income from line 440 of page 6			G	
	Subtotal	179,202		179,202 H
Amount A minus amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations - Amount x 7%				J

(Enter amount J on line 638 of page 7)

General tax reduction

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

Taxable income from line 360 on page 3				M
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		N	
Amount QQ from Part 13 of Schedule 27			O	
Taxable resource income from line 435 above			P	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			Q	
Total of amounts N, O, P, and Q				R
Amount M **minus** amount R (if negative, enter "0")				S
General tax reduction - Amount S x 7%				T

(enter amount T on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income (Amount O from Part 1 of Schedule 7) 440 _____ X 26 2/3 % = _____ A

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

Deduct:

Foreign investment income (Amount L from Part 2 of Schedule 7) 445 _____ X 9 1/3 % = _____ (if negative, enter "0") _____ B

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

Taxable income from line 360 on page 3 179,202

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is the least 179,202

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

Foreign business income tax credit from line 636 of page 7 x 3 = _____

179,202 ▸ 179,202

X 26 2/3% = _____ D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8) 23,512

Deduct: Corporate surtax from line 600 of page 7 2,007

Net amount 21,505 ▸ 21,505 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year 460 _____

Deduct: Dividend refund for the previous tax year 465 _____ ▸ _____ G

Add the total of:

Refundable portion of Part I tax from line 450 above _____

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

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation 480 _____ ▸ _____ H

Refundable dividend tax on hand at the end of the tax year - Amount G **plus** amount H 485 0

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 on page 2 of Schedule 3 285,158 X 1/3 = 95,053 I

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

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3 — 550 — 68,097 — A

Corporate surtax calculation

Base amount from line A above		68,097	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		17,920	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment 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% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	21,505 c		
Total of lines 2 to 6		17,920	7
Net amount (line 1 minus line 7)		50,177	8

Corporate surtax - 4% of the amount on line 8 — 600 — 2,007 — B

Recapture of investment tax credit from line III in Part 24 of Schedule 31 — 602 — C

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

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	179,202		
Deduct:			
Amount on line 400, 405, 410, or 425 of page 4, whichever is the least	179,202		
Net amount			ii

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

Subtotal (add lines A, B, C, and D) — 70,104 — E

Deduct:

Small business deduction from line 430 on page 4		28,672	9
Federal tax abatement	608	17,920	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616		
Investment corporation deduction	620		
(taxed capital gains 624)			
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
Resource deduction from line 438 of page 5			10
General tax reduction for CCPCs from amount J on page 5	638		
General tax reduction from amount T on page 5	639		
Federal logging tax credit from Schedule 21	640		
Federal political contribution tax credit	644		
Federal political contributions 646			
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Apprenticeship Job Creation Tax Credit (Applicable for salaries and wages paid to qualifying apprentices on or after May 2, 2006)			
Subtotal		46,592	46,592 F

Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8) — 23,512 — G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	23,512
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax tax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		23,512

Add provincial and 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 Quebec, Ontario and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	23,512 A

Deduct other credits:

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

Refund Code 894 ☐ Overpayment

Balance (line A minus line B) 23,512 I

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 23,512

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 ☐ NA ☐

Certification

950 MAKI Surname 951 GORD First name 954 GENERAL MANAGER Position, office or rank

955 2007/05/02 Date 956 (807) 737-3800 Telephone number

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

958 Name 959 ( ) - Telephone number

Language of correspondence - Langue de correspondance

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

Prepared without audit based on information provided by the taxpayer.

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Schedule 1

- 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.

Net income (loss) after taxes and extraordinary items per financial statements				A	128,542
Add:					
Provision for income taxes - current		101	33,368		
Amortization of tangible assets		104	300,949		
Loss on disposal of assets		111	825		
Non-deductible meals and entertainment expenses	3,464 X 50%	121	1,732		
Total of fields 201 to 294		199	9,761		
	Total of fields 101 to 199	500	346,635	▶	346,635
Deduct:					
Capital cost allowance - Schedule 8		403	246,801		
Cumulative eligible capital deduction - Schedule 10		405	11,965		
Total of fields 300 to 394		499	37,209		
	Total of fields 401 to 499	510	295,975	▶	295,975
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)					179,202

Add:

Other additions:

603 Net change in post employment benefit accrual	293	9,761	
Total of fields 201 to 294 (Enter this amount at line 199)			9,761

Deduct:

Other deductions:

700 Net change in vested sick leave accrual	390	37,209	
Total of fields 300 to 394 (Enter this amount at line 499)			37,209

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

Schedule 3

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

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

A		B	C	D	E	F
Name of payer corporation 200		Connected? 205	Dividends from foreign source?	Dividends subject to Part IV tax?	Dividends deductible from income under s.112, 113, and 138(6) 240	Non-taxable dividends deductible under section 83 230

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

Complete if payer corporation is connected and a private or subject corporation					K	GRIP / LRIP	
G		H	I	J			
Business number 210		Taxation year end of the payer corporation in which the dividend was paid 220	Total taxable dividends paid by connected payer corporation 250	Dividend refund of the connected payer corporation 260	Part IV tax before deductions ** 270	Column E deduction type	Indicate eligible dividends
	RC		0	0	0		

Total non-taxable dividends deductible under section 83 _____

Total dividends deductible from income under sections 112, 113, and 138(6) _____

** For dividends received from non-connected corporations, Part IV tax = the amount entered in column E x 1/3
For dividends received from connected corporations, do the following calculation: Part IV tax = column E x column J / column I
Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column K in Part 1) _____

Deduct:

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

Subtotal _____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax 330 _____

Non-capital losses from previous years claimed to reduce Part IV tax 335 _____

Current-year farm loss claimed to reduce Part IV tax 340 _____

Farm losses from previous years claimed to reduce Part IV tax 345 _____

Total losses applied against Part IV tax _____ x 1/3 = _____

Part IV tax payable (enter amount on line 712 of the T2 return) 360 0

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

Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation 400	Business number 410	Taxation year end of connected recipient corporation in which the dividend was received 420	Taxable dividends paid to connected corporations 430
	RC		
		Total	

Note

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations	450	285,158
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	460	285,158

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

		500	
Deduct:			
Dividends paid out of capital dividend account	510		
Capital gains dividends	520		
Dividends paid on shares described in subsection 129(1.2)	530		
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540		
Subtotal			
Total taxable dividends paid in the taxation year for purposes of a dividend refund			0

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CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	78,275					78,275	4	3,131			75,144
1	5,091,362	109,916			54,958	5,146,320	4	205,853			4,995,425
8	26,926	7,436			3,718	30,644	20	6,129			28,233
10	105,068			2,291		102,777	30	30,833			71,944
45	1,345	1,111			556	1,900	45	855			1,601
Totals	5,302,976	118,463		2,291	59,232	5,359,916		246,801			5,172,347

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year	4,889,766		
Less: Land	-		
NBV of depreciable capital assets, beginning of year	4,889,766		4,889,766
UCC beginning of year	5,302,976		
Less: Opening Class 14 balance	-		
Adjusted UCC	5,302,976	-	5,302,976
Timing difference, beginning of year			(413,210) A
CCA and amortization			
CCA claimed (except class 14)	+ 246,801		
Terminal loss	+		
Recapture	-		
Amortization per financial statements	- 300,949		
Class 10.1			
Difference on purchase (cost _____ less ceiling _____)	+		
Beginning UCC less CCA in year of disposal	+		
NBV of class 10.1 asset prior to sale (proceeds, if financial statement gain)	-		
Gains and losses			
Gain on disposal of capital assets per financial statements	+		
Capital loss portion of total loss	+		
Loss on disposal of capital assets per financial statements	- 825		
Capital gain portion of total gain	-		
Other			
Operating leases capitalized for financial statement purposes	+		
Deductible items capitalized for financial statement purposes	+		
Section 85 difference	+		
Pre-valuation day depreciation	+		
	+		
Timing difference, current year	(54,973)	+	(54,973) B
Timing difference, end of year (A + B)			(468,183) C
Proof			
NBV of capital assets, end of year	4,704,164		
Less: Land	-		
NBV of depreciable capital assets, end of year	4,704,164		4,704,164
UCC end of year	5,172,347		
Less: Ending Class 14 balance	-		
Adjusted UCC	5,172,347	-	5,172,347
Timing difference as at 2006/12/31 (amount D should equal amount C)			(468,183) D

Notes

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Schedule 10

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	170,929 A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226				
Subtotal (line 222 plus line 226)		x 3/4 =			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")					D
Amount transferred on amalgamation or wind-up of subsidiary				224	E
Subtotal (add amounts A, D, and E)				230	170,929 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)					170,929 K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249				
amount K	170,929				
less amount from line 249					
Current year deduction	170,929	x 7% =		250	11,965 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)				11,965	11,965 L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")				300	158,964 M

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

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

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 66.6667		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

Canada Revenue Agency | Agence du revenu du Canada

SHAREHOLDER INFORMATION

Schedule 50

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

Name of shareholder (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 (If a trust number is not available, enter "NA") * 350	Percentage common shares 400	Percentage preferred shares 500
Corporation of the Town of Sioux Lookout	10698 4859 RC 0001			100.000	
	RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.

Ontario

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

Revised 2001 CT23 Corporations Tax and Annual Return

For taxation years commencing after May 4, 1999

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

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return,** together with the applicable schedules. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).

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

Ministry Use

MCBS Annual Return Required? *(Refer to Guide)* Yes [X] No [ ]

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

SIOUX LOOKOUT HYDRO INC.

25 FIFTH AVENUE
BOX 908
SIOUX LOOKOUT
ON CA P8T-1B3

COPY

Ontario Corporations Tax Account No. (MOF)

This CT23 Return covers the Taxation Year

Start: year month day 2001-10-01

End: year month day 2001-12-31

Has address changed since last filed CT23 Return? Yes [ ]

Date of Change: year month day

Date of Incorporation or Amalgamation: year month day 2000-01-13

Registered/Head Office Address

25 FIFTH AVENUE
BOX 908
SIOUX LOOKOUT
ON CA P8T-1B3

Ontario Corporation No. (MCBS): 1396033

Location of Books and Records

25 FIFTH AVENUE
BOX 908
SIOUX LOOKOUT
ON CA P8T-1B3

Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.

If applicable, enter: 87053817ORC0001

Name of person to contact regarding this CT23 Return	Telephone No.	Fax No.
GORD MAKI	807-737-3800	

Jurisdiction Incorporated: ONTARIO

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

ON CA -

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

Commenced: year month day

Ceased: year month day

(Not Applicable) [X]

Former Corporation Name *(Extra-Provincial Corporations only)* ***(Not Applicable)*** [X] (MCBS)

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

No. of Schedule(s): 0

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

[X] **No change**

Preferred Language/*Langue de préférence*
English *anglais* [X] French *français* [ ]

Ministry use

Certification (MCBS)

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

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

GORD MAKI

Title: D [ ] Director O [ ] Officer P [X] Other individual having knowledge of the affairs of the Corporation

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

SIOUX LOOKOUT HYDRO INC. | 2001-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

1
- [X] 1 Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))
- [ ] 2 Other Private
- [ ] 3 Public
- [ ] 4 Non-share Capital
- [ ] 5 Other (specify)

Share Capital with full voting rights owned by Canadian Residents (nearest percent): 100%

2
- [ ] 1 Family Farm Corporation s.1 (2)
- [ ] 2 Family Fishing Corporation s.1 (2)
- [ ] 3 Mortgage Investment Corporation s.47
- [ ] 4 Credit Union s.51
- [ ] 5 Bank Mortgage Subsidiary s.61 (4)
- [ ] 6 Bank s.1 (2)
- [ ] 7 Loan and Trust Corporation s.61 (4)
- [ ] 8 Non-resident Corporation s.2(2)(a) or (b)
- [ ] 9 Non-resident Corporation s.2(2)(c)
- [ ] 10 Mutual Fund Corporation s.48
- [ ] 11 Non-resident owned investment Corporation s.49
- [ ] 12 Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- [ ] 14 Bare Trustee Corporation
- [ ] 15 Branch of Non-residents s.63(1)
- [ ] 16 Financial institution prescribed by Regulation only
- [ ] 17 Investment Dealer
- [ ] 18 Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- [X] 19 Hydro successor, Municipal Electrical Utility or subsidiary of either
- [ ] 20 Producer and seller of steam for uses other than for the generation of electricity
- [ ] 21 Insurance Exchange s.74.4
- [ ] 22 Farm Feeder Finance Co-operative Corporation
- [ ] 23 Professional Corporation (incorporated professionals only)

Ontario Retail Sales Tax Vendor Permit No. (Use Head Office no.)
if applicable, enter

Ontario Employer Health Tax Account No. (Use Head Office no.)
if applicable, enter

Specify major business activity

Please "X" box(es) if applicable:

- [ ] First Year of Filing
- [ ] Amended Return
- [X] Taxation Year End has changed - Canada Customs and Revenue Agency (formerly Revenue Canada) approval required
- [ ] Final Taxation Year up to Dissolution (wind-up)
- [ ] Final Taxation Year before Amalgamation
- [ ] Floating Fiscal Year End
- [ ] Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- [ ] Acquisition of Control fed s.249(4)

Date Control was acquired
year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	[ ]	[X]
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	[X]	[ ]
Are you requesting a refund due to: the Carry-back of a Loss?	[ ]	[X]
an Overpayment?	[ ]	[X]
a Specified Refundable Tax Credit?	[ ]	[X]
Are you a Member of a Partnership or Joint Venture?	[ ]	[X]

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter. Bulletin 2617). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

Net income (loss) for Ontario purposes (per reconciliation schedule, page 16)			±	From 690	-156,547.
Subtract: Charitable donations			–	1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule)*			–	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3			–	3	0.
Subtract: Ontario political contributions *(Attach schedule)*			–	4	0.
Subtract: Federal Part VI.1 tax	0. X 9/4		–	5	0.
Subtract: Prior years' losses applied – Non-capital losses			–	From 704	0.
Net capital losses (From 715 page 17)	0. X inclusion rate	50.000000% =	–	714	0.
Farm losses			–	From 724	0.
Restricted farm losses			–	From 734	0.
Limited partnership losses			–	From 754	0.
Taxable Income (Non-capital loss)			=	10	-156,547.
Addition to taxable income for unused foreign tax deduction for federal purposes			+	11	0.
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)			=	20	0.

Taxable Income

Number of Days in Taxation Year

From 10 (or 20 if applicable)	0.	x 30 Ontario Allocation 100.0000%	x 15.5000%	x	Days before May 2, 2000 22: 0	÷	Total Days 73: 92	= +	23	0.
From 10 (or 20 if applicable)	0.	x 30 Ontario Allocation 100.0000%	x 14.5000%	x	Days after May 1, 2000 and before Jan 1, 2001 24: 0	÷	Total Days 73: 92	= +	25	0.
From 10 (or 20 if applicable)	0.	x 30 Ontario Allocation 100.0000%	x 14.0000%	x	Days after Dec 31, 2000 and before Oct 1, 2001 26: 0	÷	Total Days 73: 92	= +	27	0.
From 10 (or 20 if applicable)	0.	x 30 Ontario Allocation 100.0000%	x 12.5000%	x	Days after Sept 30, 2001 and before Jan 1, 2003 28: 92	÷	Total Days 73: 92	= +	29	0.
From 10 (or 20 if applicable)	0.	x 30 Ontario Allocation 100.0000%	x 11.0000%	x	Days after Dec 31, 2002 and before Jan 1, 2004 31: 0	÷	Total Days 73: 92	= +	32	0.

Income Tax Payable (before deduction of tax credits) 23 + 25 + 27 + 29 + 32 = 40 **0.**

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) [ ] Yes [X] No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))			50	0.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	0.		
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	0.		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	– 53	0.		
	=	0.	54	0.
Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding $ 200,000) *(Attach federal T2 SCH 23 if associated)*	+ 55	50,411.		
Add: Ontario enhancement of federal business limit				

Number of Days in Taxation Year

40,000 x	Days after Dec 31, 2000 and before Oct 1, 2001: 0	÷	Total Days 73: 92					
X From 55	50,411	÷	200,000	=+	42	0.		
80,000 x	Days after Sept 30, 2001 and before Jan 1, 2003: 92	÷	Total Days 73: 92					
X From 55	50,411	÷	200,000	=+	43	20,164.		
120,000 x	Days after Dec 31, 2002 and before Jan 1, 2004: 0	÷	Total Days 73: 92					
X From 55	50,411	÷	200,000	=+	46	0.		

Ontario enhancement of federal business limit	42 + 43 + 46	=	20,164.	+ 44	20,164.
Business Limit for Ontario purposes	55 + 44	=	70,575.	45	70,575.
Income eligible for the IDSBC	From 30	100.0000% * Ontario Allocation	X 56	0. =	60 **0.**

Least of 50, 54 or 45

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

continued on Page 5

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

Number of Days in Taxation Year

7.00%	x	Days after Dec 31, 1998 and before Jan 1, 2000: 74	0	÷ 73	Total Days: 92	= +	75	.0000
7.50%	x	Days after Dec 31, 1999 and before Oct 1, 2001: 76	0	÷ 73	Total Days: 92	= +	77	.0000
6.50%	x	Days after Sept 30, 2001 and before Jan 1, 2003: 28	92	÷ 73	Total Days: 92	= +	79	6.5000
5.50%	x	Days after Dec 31, 2002 and before Jan 1, 2004: 31	0	÷ 73	Total Days: 92	= +	89	.0000

IDSBC Rate for Taxation Year [75] + [77] + [79] + [89] = [78] 6.5000

Claim From [60] 0. x From [78] 6.5000% = [70] 0.

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in [114] below.

Surtax on Canadian-controlled private corporations (s.41.1)

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

** **Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.
Associated Corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

** **Taxable Income of the corporation** From [10] (or [20] if applicable) + [80] 0.

If you are a member of an associated group (X) [81] (Yes)

Name of associated corporation (Canadian & foreign) *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Income (if loss, enter nil) **
			+ [82] 0.
			+ [83]
			+ [84]

Aggregate Taxable Income [80] + [82] + [83] + [84], etc. = [85] 0.

Number of Days in Taxation Year

Subtract: 200,000	x	Days before Jan 1, 2001: 558	0	÷ 73	Total Days: 92	= +	111	0.
240,000	x	Days after Dec 31, 2000 and before Oct 1, 2001: 26	0	÷ 73	Total Days: 92	= +	112	0.
280,000	x	Days after Sept 30, 2001 and before Jan 1, 2003: 28	92	÷ 73	Total Days: 92	= +	113	280,000.
320,000	x	Days after Dec 31, 2002 and before Jan 1, 2004: 31	0	÷ 73	Total Days: 92	= +	115	0.

[111] + [112] + [113] + [115] = 280,000. − [114] 280,000.

(If negative, enter nil) = [86] 0.

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax 4.67%	x	Days after Dec 31, 1998 and before Jan 1, 2000: 74	0	÷ 73	Total Days: 92	= +	92	.0000
5.00%	x	Days after Dec. 31, 1999 and before Oct 1, 2001: 76	0	÷ 73	Total Days: 92	= +	93	.0000
4.3330%	x	Days after Sept 30, 2001 and before Jan 1, 2003: 28	92	÷ 73	Total Days: 92	= +	95	4.3330
3.6670%	x	Days after Dec 31, 2002 and before Jan 1, 2004: 31	0	÷ 73	Total Days: 92	= +	96	.0000

Specified rate of surtax for Taxation Year [92] + [93] + [95] + [96] = [94] 4.3330

From [86] 0. x From [94] 4.3330% = [87] 0.

From [87] 0. x From [60] 0. ÷ From [114] 280,000. = [88] 0.

Surtax Lesser of [70] or [88] = [100] 0

Continued on Page 6

Income Tax *continued from Page 5*

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule)* ..... 110 0.

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

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

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.C.A. claimed).

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

Eligible Canadian Profits ..... + 120 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) ..... – From 56 0.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 0. ÷ From 30 100.0000 % * Ontario Allocation ÷ From 78 6.5000 % = 121 0.

Lesser of 56 or 121 ..... + 122 0.

120 – 56 + 122 ..... = 130 0.

Taxable Income ..... + From 10 -156,547.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) ..... – From 56 0.

Add: Adjustments for Surtax on Canadian-controlled private corporations ..... + From 122 0.

Subtract: Taxable Income From 10 -156,547. X Allocation % to jurisdictions outside Canada .0000 % .... – 140 0.

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses ..... – 141 0.

10 – 56 + 122 – 140 – 141 ..... = 142 0.

Number of Days in Taxation Year

Claim

143 0. X From 30 100.0000 % * Ontario Allocation X 2.0000 % X (152 Days before Oct 1, 2001: 0 ÷ 73 Total Days: 92) = + 153 0.

Lesser of 130 or 142

143 0. X From 30 100.0000 % * Ontario Allocation X 1.5000 % X (28 Days after Sept 30, 2001 and before Jan 1, 2003: 0 ÷ 73 Total Days: 92) = + 154 0.

Lesser of 130 or 142

143 0. X From 30 100.0000 % * Ontario Allocation X 1.0000 % X (31 Days after Dec 31, 2002 and before Jan 1, 2004: 0 ÷ 73 Total Days: 92) = + 155 0.

Lesser of 130 or 142

M&P claim for taxation year 153 + 154 + 155 ..... = 160 0.

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations ..... = 161 0.

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity ..... = 162 0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) *(Attach schedule)*. 170 0.

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 – 70 + 100 – 110 – 160 – 161 – 162 – 170 – 180 ..... = 190 0.

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to research and development in Ontario.
Eligible Credit From 5620 OITC Claim Form *(Attach original Claim Form)* + 191 0.

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible Credit From 5799 Summary Schedule F + 192 0.

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.
Eligible Credit From 5899 Claim Form Certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* + 193 0.

Graduate Transitions Tax Credit (GTTC) (s.43.6) No. of Graduates From 6596
Applies to employment of eligible unemployed graduate students. 194 0
Eligible Credit From 6599 Summary Schedule G + 195 0.

Ontario Book Publishing Tax Credit (OBPTC) (s 43.7)
Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.
Eligible Credit From 6900 OBPTC Claim Form *(Attach **only** the original Claim Form. Retain the Certification Form)* + 196 0.

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit From 6700 Claim Form Certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* + 197 0.

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit From 7100 OBRITC Claim Form *(Attach original Claim Form)* + 198 0.

Ontario Production Services Tax Credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.
Eligible Credit From 7300 Claim Form certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* + 199 0.

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit From 7400 Claim Form certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* + 200 0.

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit From 7500 OSRTC Claim Form *(Attach **only** the original Claim Form. Retain the Certification Form)* + 201 0.

Other (specify) _____ + 201.1 0.

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 201.1 = 220 0.

Specified Tax Credits ***Applied to reduce Income Tax*** = 225 0.

Income Tax 190 − 225 **OR Enter NIL if reporting Non-Capital Loss** = 230 0.

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see ***Determination of Applicability*** section for the CMT on ***Page 8***. If CMT is not applicable, transfer amount in 230 to Income Tax in ***Summary*** section on ***Page 18.***

OR

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

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

*** Total Assets of the corporation**	+ [240]	7,467,756.
*** Total Revenue of the corporation**	+ [241]	7,139,110.

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

Name of associated corporation (Canadian & foreign) *(if insufficient space, attach schedule)*	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
			+ [243] .	+ [244] .
			+ [245] .	+ [246] .
			+ [247] .	+ [248] .

Aggregate Total Assets	[240] + [243] + [245] + [247] , etc.	= [249] 7,467,756.
Aggregate Total Revenue	[241] + [244] + [246] + [248] , etc.	= [250] 7,139,110.

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

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

Gross CMT Payable	CMT Base From [2135]	0. (If negative, enter zero)	X From [30]	100.0000% (Ontario Allocation)	X 4%	= [276]	0.
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*						– [277]	0.
Subtract: Income Tax						– From [190]	0.
Net CMT Payable (If negative, enter Nil on Page 18.)						= [280]	0.

If [280] is less than zero and you do not have a CMT credit carryover, transfer [230] from ***Page 7*** to ***Income tax Summary, on Page 18.***

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

If [280] is greater than or equal to zero, transfer [230] to ***Page 18*** and transfer [280] to ***Page 18***, and to ***Schedule D: Continuity of CMT Credit Carryovers,*** on ***Page 21.***

CMT Credit Carryover available From [2307] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)			+ From [190]	0.
Gross CMT Payable	+ From [276]	0.		
Subtract: Foreign Tax Credit for CMT purposes	– From [277]	0.		
If [276] – [277] is negative, enter NIL in [290]	=	0.	– [290]	0.
Income Tax eligible for CMT Credit			= [300]	0.
B. Income tax (after deduction of specified credits)			+ From [230]	0.
Subtract: CMT credit used to reduce income taxes			– [310]	0.
Income Tax			= [320]	0.

Transfer to page 18

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

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

Capital Tax *(Refer to Guide)*

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on Page 13 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B.15-79, Int.B.L-12 and Int.B.L-16)

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

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

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

Paid-up Capital

Paid-up capital stock	+ 350	4,016,312.
Retained earnings (if deficit, deduct)	± 351	155,224.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+ 352	0.
Loans and advances *(Attach schedule)*	+ 353	0.
Bank loans	+ 354	2,100,000.
Bankers acceptances	+ 355	0.
Bonds and debentures payable	+ 356	0.
Mortgages payable	+ 357	0.
Lien notes payable	+ 358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	+ 359	11,558.
Contingent, investment, inventory and similar reserves	+ 360	0.
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)*	+ 361	304,988.
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))*	+ 362	0.
Subtotal	= 370	6,588,082.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)*	− 371	0.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	− 372	0.
Total Paid-up Capital	= 380	6,588,082.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	− 381	0.
Net Paid-up Capital	= 390	6,588,082.

Eligible Investments *(Refer to Guide)*

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

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

continued on Page 10

Capital Tax *continued from Page 9*

Total Assets

Total Assets per balance sheet	+ 420	7,467,756.
Mortgages or other liabilities deducted from assets	+ 421	0.
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	+ 422	0.
Subtract: Investment in partnership(s)/joint venture(s)	- 423	0.
Total Assets as adjusted	= 430	7,467,756.
Amounts in 360 and 361 (if deducted from assets)	+ 440	0.
Subtract: Amounts in 371, 372 and 381	- 441	0.
Subtract: Appraisal surplus if booked	- 442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	± 443	0.
Total Assets	= 450	7,467,756.

Investment Allowance (410 ÷ 450) x 390 — Not to exceed 410	= 460	0.
Taxable Capital 390 - 460	= 470	6,588,082.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	1,799,447.
Total Assets (as adjusted)	From 430	7,467,756.

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

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

OR **If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B and select and complete the one specific subsection (e.g. B4) that applies to the corporation.**

OR **If the corporation IS a member of an associated group and/or partnership, complete Section C. Next review, and if applicable, complete Section D. If Section D is not applicable review Section E and complete the applicable subsection: either E1 or E2. Note: if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.**

SECTION A

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

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

SECTION B

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

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

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

B3. If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both $3,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B4. If taxable capital, 470 on page 10 is $2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

continued on Page 11

Capital Tax Calculation *continued from page 10*

B5. If taxable capital, 470 exceeds $2,000,000 but is $5,000,000 or less, complete the following calculations and transfer the total from 508 to 543 and complete the return from that point.

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

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

Deduct:

$2,400,000 – From 470 0. x 1.5% = – 492 0. *If 2,400,000 is negative, enter NIL in* 492 – 470

(504 = 490 – 492) = 504 0. x From 30 100.0000% (Ontario Allocation) x 0 / ** 365 (366 if leap year) = + 505 0.

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

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

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

Deduct:

$2,800,000 – From 470 0. x 0.75% = – 493 0. *If 2,800,000 is negative, enter NIL in* 493 – 470

(506 = 490 – 493) = 506 0. x From 30 100.0000% (Ontario Allocation) x 0 / ** 365 (366 if leap year) = + 507 0.

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

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

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

Deduct:

$3,200,000 – From 470 0. x 0.5% = – 495 0. *If 3,200,000 is negative, enter NIL in* 495 – 470

(509 = 490 – 495) = 509 0. x From 30 100.0000% (Ontario Allocation) x 0 / ** 365 (366 if leap year) = + 522 0.

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

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose taxable capital is $5,000,000 or less and that is not associated, is NIL. . . . . + 0.

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

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

B6. If 470 exceeds **$5,000,000,** complete the following calculations and transfer the amount from 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 6,588,082. x From 30 100.0000% (Ontario Allocation) x .3000% x 0 / ** 365 (366 if leap year) . . . . . = + 502 0.

Days in taxation year before Oct 1, 2001 559

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 6,588,082.

Exemption – 5,000,000.

= 471 1,588,082. x From 30 100.0000% (Ontario Allocation) x .3000% x 92 / ** 365 (366 if leap year) . . . . . = + 523 1,201.

Days in taxation year after Sept 30, 2001 560

Total Capital Tax for the taxation year 502 + 523 . . . . . = 508 1,201.

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

*** If floating taxation year, refer to Guide.***

continued on Page 12

Capital Tax Calculation *continued from page 11*

SECTION C

If the corporation is a member of an associated group and/or partnership, complete the following two aggregate taxable capital calculations as applicable, and (x) [510] (Yes)

Note: Calculation #2 is not required if the taxation year commences after September 30, 2001.

Taxable Capital of the corporation ..... + From [470] 0.

Calculation 1

Determine aggregate taxable capital of an associated group and/or partnership having a permanent establishment in Canada

Names of associated corporations or related partners having a permanent establishment in Canada		Taxable Capital
	+ [531]	0.
Aggregate Taxable Capital [470] + [531]	= [540]	0.

If [540] above is $5,000,000 or less, the corporation's Capital Tax for the portion of the taxation year after September 30, 2001, is NIL.
Enter NIL in [523] in E1(d) or E2(b), as applicable.

If [540] above is greater than $5,000,000, the corporation must compute its share of the $5,000,000 exemption below in order to calculate its Capital Tax for the portion of the taxation year after September 30, 2001.

From [470] 0. ÷ From [540] 0. x 0 ..... = [541] 0.
Transfer to Section E2(b)

Calculation 2

Determine aggregate taxable capital of an associated group and/or partnership that does NOT have a permanent establishment in Canada

Names of Canadian & Foreign associated corporations or related partners with no permanent establishment in Canada		Taxable Capital
	+ [514]	0.
Total Aggregate Taxable Capital [540] + [514]	= [520]	0.

If [520] is greater than $2,000,000 and less than $3,200,000 and a portion of the taxation year is before October 1, 2001, the corporation must compute the following ratio.

From [470] 0. ÷ From [520] 0. = [521] .0000.
Transfer to Section E1(a) and/or (b) and/or (c) as applicable

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at [520] is *$2,000,000 or less.*

Enter NIL in [550] and complete the return from that point.

continued on Page 13

Capital Tax Calculation *continued from Page 12*

SECTION E

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at 520 *exceeds $2,000,000.*

E1. If the total aggregate taxable capital 520 exceeds **$2,000,000** but is **$3,200,000** or less, complete the following calculations and transfer the total From 508 to 543 and complete the return from that point.

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

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

Deduct: [$2,400,000 – From 520 0.] x 1.5% x From 521 .0000 = – 492 0.

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

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

(504 = 490 – 492) = 504 0. x From 30 100.0000 % x 0 / ** 365 (366 if leap year) = + 505 0.

Ontario Allocation

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

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

Deduct: [$2,800,000 – From 520 0.] x 0.75% x From 521 .0000 = – 493 0.

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

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

(506 = 490 – 493) = 506 0. x From 30 100.0000 % x 0 / ** 365 (366 if leap year) = + 507 0.

Ontario Allocation

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

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

Deduct: [$3,200,000 – From 520 0.] x 0.5% x From 521 .0000 = – 495 0.

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

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

(509 = 490 – 495) = 509 0. x From 30 100.0000 % x 0 / ** 365 (366 if leap year) = + 522 0.

Ontario Allocation

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose total aggregate taxable capital at 540 is $5,000,000 or less is NIL. Enter NIL ..... = + 523 0.

Total Capital Tax for the taxation year 505 + 507 + 522 + 523 ..... = 508 0.

Transfer to 543 *and complete the return from that point.*

E2. If the total aggregate taxable capital at 520 exceeds **$3,200,000** complete the following calculations and transfer the total From 508 to 543, and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 0. x From 30 100.0000 % x .3000% x Days in taxation year before Oct 1, 2001 555: 0 / ** 365 (366 if leap year) ..... = + 502 0.

Ontario Allocation

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 0.

From 541 (section C) – 0.

= 471 0. x From 30 100.0000 % x .3000% x Days in taxation year after Sept 30, 2001 560: 92 / ** 365 (366 if leap year) = + 523 0.

Ontario Allocation

Total Capital Tax for the taxation year 502 + 523 ..... = 508 0.

Transfer to 543 *and complete the return from that point.*

** ***If floating taxation year, refer to Guide.***

Capital Tax *before application of specified credits*	= 543	1,201.
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	– 546	0.
Capital Tax 543 – 546	= 550	1,201.

Transfer to Page 18

continued on Page 14

Capital Tax *continued from page 13*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in [550] on page 13, and complete the return from that point.

I.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes [565] and [570]. Do not submit with this tax return.)

[565] 0. x 0.00% X From [30] ____% x [555] 0 ÷ ** 0 (366 if leap year) = + [569] 0.

Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1 — Ontario Allocation — Days in taxation year

[570] 0. x [571] 0.00% X From [30] ____% x [555] 0 ÷ ** 0 (366 if leap year) = + [574] 0.

Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount — Capital Tax Rate *(Refer to Guide)* — Ontario Allocation — Days in taxation year

Capital Tax for Financial Institutions – other than Credit Unions (before Sections II) [569] + [574] = [575] 0.

**** If floating taxation year, refer to Guide.***

II. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments . . . . . – [585] 0.

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

Capital Tax – Financial Institutions [575] – [585] . . . . . = [586] 0.

Transfer to [543] on Page13

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

(1) Uninsured Benefits Arrangements . . . . . [587] 0. x 2% . . . . = [588] 0.

Applies to Ontario-related uninsured benefits arrangements.

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

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

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to Guide)* . . . . . – [589] 0.

Premium Tax [588] – [589] . . . . . = [590] 0.

Transfer to page 18

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

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 ± 600 -156,547.
Transfer to page 16

Add:

Federal capital cost allowance	+ 601	0.
Federal cumulative eligible capital deduction	+ 602	0.
Ontario taxable capital gain	+ 603	0.
Federal non allowable reserves. Balance beginning of year	+ 604	0.
Federal allowable reserves. Balance end of year	+ 605	0.
Ontario non-allowable reserves. Balance end of year	+ 606	0.
Ontario allowable reserves. Balance beginning of year	+ 607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of Days in Taxation Year

				Days before May 2, 2000		Total Days			
612	0.	x 5 ÷ 15.5000 x	22	0	÷ 73	92	= + 630	0.
				Days after May 1, 2000 and before Jan 1, 2001		Total Days			
612	0.	x 5 ÷ 14.5000 x	24	0	÷ 73	92	= + 631	0.
				Days after Dec 31, 2000 and before Oct 1, 2001		Total Days			
612	0.	x 5 ÷ 14.0000 x	26	0	÷ 73	92	= + 632	0.
				Days after Sept 30, 2001 and before Jan 1, 2003		Total Days			
612	0.	x 5 ÷ 12.5000 x	28	92	÷ 73	92	= + 633	0.
				Days after Dec 31, 2002 and before Jan 1, 2004		Total Days			
612	0.	x 5 ÷ 11.0000 x	31	0	÷ 73	92	= + 634	0.

Total add-back amount for Management fees, etc. 630 + 631 + 632 + 633 + 634 = 0. + 613 0.

Federal allowable business investment loss + 620 0.

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

Federal Scientific Research Expenses claimed in year from federal form T661 0.

Negative Ontario SR&ED Pool amounts from Ontario schedule 161 line 473 + 0.

= 0. + 615 0.

Subtotal of Additions 601 to 611 + 613 + 620 + 614 + 615 = 0. 640 0.
Transfer to page 16

continued on Page 16

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

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 ..... From ± 600 -156,547.

Subtotal of Additions ..... From + 640 0.

Deduct:

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

Ontario New Technology Tax Incentive (ONTTI) Gross-up
Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.

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

ONTTI Gross-up deduction calculation:

[From 662 0. x (Gross-up of CCA 100 / From 30 .0000 Ontario Allocation)] – From 662 0. = 663 0.

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

Qualifying expenditures: [665 0. x 30.00% x (100 / From 30 100.0000 Ontario Allocation)] = 666 0.

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

Qualifying expenditures: [667 0. x 100.00% x (100 / From 30 100.0000 Ontario Allocation)] = 668 0.

Number of Employees accommodated 669 0

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

Qualifying expenditures: [670 0. x 30.00% x (100 / From 30 100.0000 Ontario Allocation)] = 671 0.

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

Qualifying expenditures: [672 0. x 15.00% x (100 / From 30 100.0000 Ontario Allocation)] = 673 0.

Ontario allowable business investment loss	+ 678	0.
Ontario Scientific Research Expenses claimed in the year from Ontario form CT161	+ 679	0.
Total of other deductions allowed by Ontario *(Attach schedule)*	+ 664	0.

Subtotal of Deductions
650 to 660 + 674 + 661 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 664 ..... = 0. 680 0.

Net income (loss) for Ontario Purposes 600 + 640 – 680 ..... = 690 -156,547.
Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 0	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add: Current year's losses (7)	701 156,547	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 156,547	713 0	723 0	733 0	743 0	753 0
Subtract: Utilized during the year to reduce taxable income	704 0	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	
Subtotal	707 0	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 156,547	719 0	729 0	739 0	749 0	759 0

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.

(3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amount form 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in 709 must equal total of 829 + 839.

(9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.

(10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1993-09-30				850 0	870 0
801 1994-09-30				851 0	871 0
802 1995-09-30				852 0	872 0
803 1996-09-30	820 0	830 0	840 0	853 0	873 0
804 1997-09-30	821 0	831 0	841 0	854 0	874 0
805 1998-09-30	822 0	832 0	842 0	855 0	875 0
806 1999-09-30	823 0	833 0	843 0	856 0	876 0
807 2000-09-30	824 0	834 0	844 0	857 0	877 0
808 2001-09-30	825 0	835 0	845 0	858 0	878 0
809 2001-12-31	826 156,547	836 0	846 0	859 0	879 0
Total	829 156,547	839 0	849 0	869 0	889 0

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under ***any Act administered by the Ministry of Finance.***
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 156,547	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF) / **Taxation Year Ending** (year month day)				
i) 3rd preceding _____ 901	911 0	921 0	931 0	941 0
ii) 2nd preceding _____ 902	912 0	922 0	932 0	942 0
iii) 1st preceding _____ 903	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 156,547	929 0	939 0	949 0

Summary

Income tax	+ From	230 or 320	0.
Corporate Minimum Tax	+ From	280	0.
Capital Tax	+ From	550	1,201.
Premium Tax	+ From	590	0.
Total Tax Payable	=	950	1,201.
Subtract: Payments	–	960	0.
Capital Gains Refund (s.48)	–	965	0.
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	–	985	0.
Specified Tax Credits *(Refer to Guide)*	–	955	0.
Other (specify) _____	–		0.
Balance	=	970	1,201.
If payment due Enclosed *		990	1,201.
If overpayment: Refund *(Refer to Guide)*	=	975	0.
Apply to (year month day)		980	0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, ***payable to the MINISTER OF FINANCE*** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order.

Certification

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

Name (please print)

GORD MAKI
Title

GENERAL MANAGER
Full Residence Address

COPY

Signature | Date 2002-06-30

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

Corporate Minimum Tax - Schedule A: Calculation of CMT Base

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 **-218,464.**

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

Provision for recovery of income taxes	+ 2101	0.	
Provision for deferred income taxes (credits)	+ 2102	0.	
Equity income from corporations	+ 2103	0.	
Share of partnership(s)/joint venture(s) income	+ 2104	0.	
Dividends received/receivable deductible under fed.s.112	+ 2105	0.	
Dividends received/receivable deductible under fed.s.113	+ 2106	0.	
Dividends received/receivable deductible under fed.s.83(2)	+ 2107	0.	
Federal Part VI.1 tax paid on dividends declared and paid after May 5, 1997, under fed.s.191.1(1) 0. x 9/4	+ 2108	0.	
Subtotal	=	0.	- 2109 0.

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

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

Add/Subtract:

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

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

Subtotal (Additions)	=	0.	+ 2128 0.
Subtotal (Subtractions)	=	0.	- 2129 0.

** Other adjustments ± 2130 **0.**

Subtotal ± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130 = 2131 **-218,464.**

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss ± 2132 **0.**

Adjusted net income (loss) (if loss, transfer to 2202 *in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.)* = 2133 **-218,464.**

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

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

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

CMT Base = 2135 **0.**

Transfer to CMT Base on Page 8

DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2)				+ 2201	0.
Add: Current year's losses		+ 2202	218,464.		
Losses from predecessor corporations on amalgamation (3)		+ 2203	0.		
Losses from predecessor corporations on wind-up (3)		+ 2204	0.		
Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes					
Subtotal		=	218,464.	+ 2207	218,464.
Adjustments (attach schedule)				± 2208	0.
CMT losses available 2201 + 2207 ± 2208				= 2209	218,464.
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income		+ 2210	0.		
Other eligible losses utilized during the year to reduce adjusted net income (4)		+ 2211	0.		
Losses expired during the year		+ 2212	0.		
Subtotal		=	0.	– 2213	0.
Balances at End of Year (5) 2209 – 2213				= 2214	218,464.

Notes:

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

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

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

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

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2000-12-31	2260 0	2280 0
2241	2001-12-31	2261 218,464	2281 0
2242		2262 0	2282 0
2243		2263 0	2283 0
2244		2264 0	2284 0
2245		2265 0	2285 0
2246		2266 0	2286 0
2247		2267 0	2287 0
2248		2268 0	2288 0
2249		2269 0	2289 0
Totals		2270 218,464	2290 0

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1) ..... + 2301 **0.**

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) ..... + From 280 **0.**

CMT Credit Carryovers from predecessor corporations (2) ..... + 2302 **0.**

Amalgamation (x) 2303 ☐ Yes Wind-up (x) 2304 ☐ Yes

Subtotal ..... = **0.** + 2305 **0.**

Adjustments *(Attach schedule)* ..... ± 2306 **0.**

CMT credit carryover available 2301 + 2305 ± 2306 ..... = 2307 **0.**

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) + From 310 **0.**

CMT Credit expired during the year ..... + 2308 **0.**

Subtotal ..... = **0.** – 2309 **0.**

Balance at End of Year (3) 2307 – 2309 ..... = 2310 **0.**

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(3) Amount in 2310 must equal sum of 2370 + 2390.

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2000-12-31	2360 0	2380 0
2341	2001-12-31	2361 0	2381 0
2342		2362 0	2382 0
2343		2363 0	2383 0
2344		2364 0	2384 0
2345		2365 0	2385 0
2346		2366 0	2386 0
2347		2367 0	2387 0
2348		2368 0	2388 0
2349		2369 0	2389 0
Totals		2370 0	2390 0

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

Summary of Capital Cost Allowance

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	0	87,230	0	0	87,230	43,615	43,615	4	0	0	0	87,230
1	0	4,796,755	0	0	4,796,755	2,398,377	2,398,378	4	0	0	0	4,796,755
8	0	65,147	0	0	65,147	32,573	32,574	20	0	0	0	65,147
10	0	295,060	0	0	295,060	147,530	147,530	30	0	0	0	295,060
Total	0	5,244,192	0	0	5,244,192	2,622,095	2,622,097		0	0	0	5,244,192
							Enter in boxes		[650]	[650]	[650]	on the CT23

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

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

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

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

Ontario

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2001-12-31

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

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (*if negative, enter zero*) ..... **A** 0

Add:

Cost of eligible capital property acquired during the taxation year	+	**B** 304,665				
Amount transferred on amalgamation or wind-up of subsidiary	+	**C** 0				
Other adjustments	+	**D** 0				
Total of B + C + D	=	304,665	X 0.75	=	**E**	228,499
Subtotal A + E				=	**F**	228,499

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	**G** 0				
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada)	+	**H** 0				
Other adjustments	+	**I** 0				
Total of G + H + I	=	0	X 0.75	=	**J**	0
Ontario cumulative eligible capital balance F – J				=	**K**	228,499

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

Current year deduction **K** 228,499 X 7.00%* ..... = **L** 0

* *The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.*

Enter amount in box 651 *of the CT23*

Ontario cumulative eligible capital - closing balance K – L (*if negative, enter zero*) ..... = **M** 228,499

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

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

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

Amount from line K above (*show as a positive amount*) ..... **N** 0

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

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

Ontario

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

2001 (Revised) CT23 Corporations Tax and Annual Return

For taxation years commencing after May 4, 1999

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

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the MCBS Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-18, together with the applicable schedules on pages 19-22. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).
The **Annual Return** (common page 1 and MCBS Schedules A or K on pages 23 and 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

Ministry Use

MCBS Annual Return Required? *(Refer to Guide)* Yes [X] No [ ]

Page 1 of 24

Ontario Corporations Tax Account No. (MOF) [redacted]

Corporation's legal name and mailing address
SIOUX LOOKOUT HYDRO INC.

25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT
Province: ON
Country:
Postal code: P8T 1B3

This CT23 Return covers the Taxation Year
Start: 2002/01/01
End: 2002/12/31

Has address changed since last filed return? Yes [ ] Date of change

Date of Incorporation or Amalgamation: 2000/01/03

Registered/Head Office Address
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT
Province: ON
Country:
Postal code: P8T 1B3

Ontario Corporation No. (MCBS): 1396033

Location of books and records
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT
Province: ON
Country:
Postal code: P8T 1B3

Canada Customs and Revenue Agency Business No.: 870558170RC0001

Name of person to contact regarding this Return: GORD MAKI
Telephone no.: (807) 737-3800
Fax no.: ( ) -

Jurisdiction Incorporated: ONTARIO

Address of Principal Office in Ontario *(Extra-Provincial Corporations only)* (MCBS)
City:
Province:
Country:
Postal code:

If not incorporated in Ontario, indicate date Ontario business activity commenced and ceased:
Commenced:
Ceased:
(Not Applicable) [X]

Former Corporation Name *(Extra-Provincial Corporations only)* — ***Not applicable*** [ ] (MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). ▶ No. of Schedule(s): 0

Preferred Language / *Langue de préférence*: English / anglais [X] French / français [ ]

Ministry Use

If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check [✓] this box. Schedule(s) A and K are not required (MCBS). ▶ [X] No Change

Certification (MCBS)

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

Name of Authorized Person
GORD MAKI

Title: D [ ] Director O [ ] Officer P [X] Other individual having knowledge of the affairs of the Corporation

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

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:45

Taxation Year End

Exempt From Filing (EFF) Corporations Tax Return Declaration

Corporation's Legal Name | Ontario Corporations Tax Account No. (MOF)

I, _____ declare that:

The above corporation satisfies all of the exempt from filing criteria (a) through (f) below for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Criteria for exempt from filing status:

a) has filed a federal income tax return (T2) with Canada Customs and Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in NOTE 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act*(Canada));
e) had provided its Canada Customs and Revenue Agency business number to the Ministry of Finance, Corporations Tax Branch; and
f) is NOT subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

NOTE 1: Filing of this declaration and the Annual Return does NOT constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Signature	Title/Relationship to Corporation	Telephone number	Date
		( ) -	

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

NOTE 2: EFF corporations filing losses to be carried back and applied to prior years or applied to future years, *must file a tax return* completed with all the related schedules for the taxation year of the loss and for the taxation year to which the loss is being applied.

The following 3 items MUST be completed if the EFF declaration only is being submitted at this time. In cases where the annual return, which includes page 1, is **also** being filed, completion of these fields is NOT necessary

1. Corporation's Mailing Address

City Province Country Postal code

2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No.

RC

A corporation must file an Exempt From Filing Corporations Tax Return Declaration form for each taxation year that the corporation is exempt from filing, within 6 months after the end of its taxation year, to the address shown at the top of Page 1.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporations Tax Return. To obtain a copy contact the Revenue Operations and Client Services Branch. *(Refer to Guide)*

Yes	No	
☒	☐	(a) The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents 100 % (nearest whole percent)
☒	☐	(b) The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. *(Refer to guide)*
☒	☐	(c) The corporation is NOT a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
☐	☒	(d) The corporation's taxation year ends on or after January 1, 2000 and its gross revenue and total assets are each $1,000,000 or less and the corporation is not a financial institution; **OR** The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution.
☒	☐	(e) The corporation is NOT claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC) or Graduate Transitions Tax Credit (GTTC).
☒	☐	(f) The corporation's Ontario allocation factor is 100%.

NOTE: Family Farm or Fishing corporations that have a year ending on or after January 1, 2000 and that are NOT subject to the Corporate Minimum Tax, may also use the CT23 Short-Form Corporations Tax Return if the corporation checks "Yes" to (a),(b),(c), (e) and (f) above.

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/08/03 15:45

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) box(es) if applicable in sections 1 & 2

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

2 [ ] Other Private

3 [ ] Public

4 [ ] Non-share Capital

5 [ ] Other (specify)

Share Capital with full voting rights owned by Canadian residents. (nearest %) 100 %

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

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

Specify major business activity

2 [ ]

1 [ ] Family Farm Corporation s.1(2)
2 [ ] Family Fishing Corporation s.1(2)
3 [ ] Mortgage Investment Corp s.47
4 [ ] Credit Union s.51
5 [ ] Bank Mortgage Subsidiary s.61(4)
6 [ ] Bank s.1(2)
7 [ ] Loan and Trust Corporation s.61(4)
8 [ ] Non-resident Corp s.2(2)(a) or (b)
9 [ ] Non-resident Corporation s.2(2)(c)
10 [ ] Mutual Fund Corporation s.48
11 [ ] Non-resident owned investment Corp s.49
12 [ ] Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
14 [ ] Bare Trustee Corporation
15 [ ] Branch of Non-resident s.63(1)
16 [ ] Financial Institutions prescribed by Regulation only
17 [ ] Investment Dealer
18 [ ] Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
19 [X] Hydro successor, Municipal Electrical Utility or subsidary of either
20 [ ] Producer and seller of steam for uses other than for the generation of electricity
21 [ ] Insurance Exchange s.74.4
22 [ ] Farm Feeder Finance Co-operative Corporation
23 [ ] Professional Corporation (incorporated professionals only)

Please check (✓) box(es) if applicable:

[ ] First Year of Filing

[ ] Amended Return

[ ] Taxation Year End has changed - Canada Customs and Revenue Agency approval required

[ ] Final Taxation Year up to Dissolution (wind-up)

[ ] Final Taxation Year before Amalgamation

[ ] Floating Fiscal Year End

[ ] Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanen establishment outside Ontario

[ ] Acquisition of Control fed s.249(4)

Date control was acquired: _____

Was the corporation inactive throughout the taxation year?	Yes [ ]	No [X]
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	Yes [X]	No [ ]
Are you requesting a refund due to: the Carry-back of a Loss?	Yes [ ]	No [X]
an Overpayment?	Yes [ ]	No [X]
a Specified Refundable Tax Credit?	Yes [ ]	No [X]
Are you a Member of a Partnership or a Joint Venture?	Yes [ ]	No [X]

Income Tax

Allocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter.Bulletin 2617). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

Net income (loss) for Ontario purposes (per reconciliation schedule, page 16)	From 690 ±	150,480	1 -
Subtract: Charitable donations			2 -
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule)*			3 -
Subtract: Taxable dividends deductible, per federal T2 SCH 3			4
Subtract: Ontario political contributions *(Attach schedule)*			5 -
Subtract: Federal Part VI.1 tax X 9/4	From 704	150,480	
Subtract: Prior years' losses applied - Non-capital losses From 715	inclusion		
Net capital losses (page 17) X rate 50.000000 %	714		
Farm losses	From 724 -		
Restricted farm losses	From 734 -		
Limited partnership losses	From 754 -		
Taxable income (Non-capital loss)			10
Addition to taxable income for unused foreign tax deduction for federal purposes			11
Adjusted taxable income 10 + 11 (if 10 is negative, enter 11)			20

Taxable Income

Number of days in Taxation Year

From 10 (or 20)	X30 100.0000 % Ontario Allocation	X 14.5 % X	24 Days after May 1, 2000 and before Jan 1, 2001	÷ 73	365 Total days	=	25 +	
From 10 (or 20)	X30 100.0000 % Ontario Allocation	X 14.0 % X	26 Days after Dec 31, 2000 and before Oct 1, 2001	÷ 73	365 Total days	=	27 +	
From 10 (or 20)	X30 100.0000 % Ontario Allocation	X 12.5 % X	28 365 Days after Sept 30, 2001 and before Jan 1, 2003	÷ 73	365 Total days	=	29 +	
From 10 (or 20)	X30 100.0000 % Ontario Allocation	X 11.0 % X	31 Days after Dec 31, 2002 and before Jan 1, 2004	÷ 73	365 Total days	=	32 +	

Taxable Income Payable (before deduction of tax credits) 25 + 27 + 29 + 32 — 40

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☐ Yes ☒ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))		50	150,480
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	51 +		
Add: Losses of other years deducted for federal purposes (fed.s.111)	52 +	150,480	
Subtract: Losses of other years deducted for Ontario purposes (s.34)	53 -	150,480	
	=		54
Federal Business limit for the year before application of fed.s.125(5.1) (not exceeding $200,000) *(Attach T2 SCH 23 if associated)*		55	200,000

Add: Ontario enhancement of federal business limit

Number of days in Taxation Year

40,000 X	Days from 26 above ÷	Total Days 73	365 X	From 55	200,000 ÷200,000	42 +		
80,000 X	Days from 28 above 365 ÷	Total Days 73	365 X	From 55	200,000 ÷200,000	43 +	80,000	
120,000 X	Days from 31 above ÷	Total Days 73	365 X	From 55	200,000 ÷200,000	46 +		
Ontario enhancement of federal business limit 42 + 43 + 46					=		80,000	
						44 +	80,000	
						=	280,000	45
Business Limit for Ontario purposes 55 + 44								
Income eligible for the IDSBC	From 30 100.0000 % *Ontario Allocation	X				56 Least of 50, 54 or 45		60 =

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

Calculation of IDSBC Rate

Number of Days in Taxation Year

7.5% X 76	Days after Dec 31, 1999 and before Oct 1, 2001	÷ 73	Total Days 365	77 +			
6.5 % X 28	Days after Sept 30, 2001 and before Jan 1, 2003 365	÷ 73	Total Days 365	79 +	6.5000		
5.5 % X 31	Days after Dec 31, 2002 and before Jan 1, 2004	÷ 73	Total Days 365	89 +			
				78 =	6.5000		

IDSBC Rate for Taxation Year 77 + 79 + 89 70

Claim From 60 X From 78 6.5000 %

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

Surtax on Canadian-controlled private corporations (s.41.1)

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

*** Short Taxation Years*** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

Associated corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

** Taxable income of the corporation From 10 (or 20 if applicable) 80 +

If you are a member of an associated group (✓) 81 ☐ (Yes)

Taxable income of associated corporations *(Attach schedule)* 82 +

Aggregate Taxable Income 85

Number of days in Taxation Year

Subtract: 200,000 X 558	Days before Jan 1, 2001	÷	Total Days 73 365 =	111 +			
240,000 X 26	Days after Dec 31, 2000 and before Oct 1, 2001	÷	Total Days 73 365 =	112 +			
280,000 X 28	Days after Sept 30, 2001 and before Jan 1, 2003 365	÷	Total Days 73 365 =	113 +	280,000		
320,000 X 31	Days after Dec 31, 2002 and before Jan 1, 2004	÷	Total Days 73 365 =	115 +			
			111 + 112 + 113 + 115	=	280,000	114 -	280,000
(If negative, enter nil)						86 =	

Calculation of Specified Rate for Surtax

Number of Days in Taxation Year

5.0% X 76	Days after Dec 31, 1999 and before Oct 1, 2001	÷ 73	Total Days 365	93 +			
4.333% X 28	Days after Sept 30, 2001 and before Jan 1, 2003 365	÷ 73	Total Days 365	95 +	4.3330		
3.667% X 31	Days after Dec 31, 2002 and before Jan 1, 2004	÷ 73	Total Days 365	96 +			
				94 =	4.3330		

Specified rate of surtax for Taxation Year 93 + 95 + 96 87

From 86 X From 94 4.3330 % = ÷ From 114 280,000 88

From 87 X From 60 ÷

Surtax: Lesser of 70 or 88 100

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule)* 110

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

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

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you claiming this credit, attach a copy of the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.C.A. claimed).

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

120

Eligible Canadian Profits From 56 -

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 ÷ From 30 100.0000 % + From 78 6.5000 % = 121

*Ontario Allocation

122 +

Lesser of 56 or 121 130 =

120 - 56 + 122

From 10 +

Taxable income From 56 -

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) From 122 +

Add: Adjustments for Surtax on Canadian-controlled private corporations 140

Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada 141

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses 142

10 - 56 + 122 - 140 - 141

Number of Days in Taxation Year

				Days before Oct 1, 2001		Total Days		
n 143	X From	30 100.0000 %	2.0% X	152	÷	73 365	=	153 +
		*Ontario Allocation						
				Days after Sept 30, 2001 and before Jan 1, 2003		Total Days		
Claim 143	X From	30 100.0000 %	1.5% X	28 365	÷	73 365	=	154 +
		*Ontario Allocation						
				Days after Dec 31, 2002 and before Jan 1, 2004		Total Days		
Claim 143	X From	30 100.0000 %	1.0% X	31	÷	73 365	=	155 +
		*Ontario Allocation						

M&P claim for taxation year 153 + 154 + 155 160

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations 161

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity 162

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

Credit for Foreign Taxes Paid (s.40)

lies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) *(Attach schedule).* 170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible credit 175 Credit claimed 180

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 -170 - 180 190

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to research and development in Ontario.
Eligible credit from **5620** OITC claim form *(Attach original Claim Form)* 191

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible credit from **5798** Summary Schedule F 192

Ontario Film and Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.
Eligible credit from **5899** Claim Form Certified by Ontario Film Development Corp.
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* 193

Graduate Transitions Tax Credit (GTTC) (s.43.6)
Applies to employment of eligible unemployed graduate students. No. of Graduates from **6596** 194
Eligible Credit from **6598** Summary Schedule G 195

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.
Eligible Credit from **6900** OBPTC Claim Form *(Attach **only** the original Claim Form. Retain the Certification Form)* 196

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit from **6700** Claim Form certified by Ontario Film Development Corp.
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* 197

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)* 198

Ontario Production Services Tax credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.
Eligible Credit from **7300** Claim Form certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* 199

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit from **7400** Claim Form certified by Ontario Film Development Corporation
*(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.)* 200

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect to eligible Canadian sound recordings.
Eligible Credit from **7500** OSRTC Claim Form *(Attach **only** the original Claim Form. Retain the Certification Form)* 201

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 220

Specified Tax Credits *Applied to reduce Income Tax* 225

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss 230

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see ***Determination of Applicability*** section for the CMT on *Page 8*. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on *page 18*.

OR

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

Corporate Minimum Tax (CMT)

Determination of Applicability

Applies if ***either*** Total Assets **249** exceeds $5,000,000 ***or*** Total Revenue **250** exceeds $10,000,000.
* These amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

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

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

* Total Assets of the corporation	240 + 7,599,695	
* Total Revenue of the corporation		241 + 7,689,473
If you are a member of an associated group (✓) 242☐ (Yes)		
Total Assets of associated corporations *(Attach schedule)*	243 +	
Total Revenue of associated corporations *(Attach schedule)*		244 +
Aggregate Total Assets	249 = 7,599,695	
Aggregate Total Revenue		250 = 7,689,473

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

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

Gross CMT Payable CMT Base From 2135 [redacted] X From 30 100.0000 % X 4% = 276 =
(If negative, enter zero) (Ontario Allocation)

Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)* 277 [redacted]

Subtract: Income Tax From 190 -

Net CMT Payable (if negative, enter Nil on page 19.) 280 [redacted]

If **280** is less than zero and you do not have a CMT credit carryover, transfer **230** from ***Page 7 to Income Tax Summary, on Page 18.***

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

If **280** is greater than or equal to zero, transfer **230** to ***Page 18*** and transfer **280** to ***Page 18, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 21.***

CMT Credit Carryover available From 2307 [redacted]

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) From 190 +

Gross CMT payable From 276 +

Subtract: Foreign Tax Credit for CMT purposes From 277 -

If 276 - 277 is negative, enter NIL in **290** = ▶ 290 -

Income Tax eligible for CMT Credit 300 [redacted]

B. Income Tax (after deduction of specified credits) From 230 +

Subtract: CMT credit used to reduce income taxes 310 [redacted]

Income Tax 320 [redacted] Transfer to Page 1

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

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

Capital Tax *(Refer to Guide)*

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 13 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B.15-79, Int.B.L-12 and Int.B.L-16).

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

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

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

Paid-up Capital

Paid-up capital stock	350 +	4,016,312
Retained earnings (if deficit, deduct)	351 ±	258,162
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	352 +	
Loans and advances *(Attach schedule)*	353 +	298,461
Bank loans	354 +	2,100,000
Bankers acceptances	355 +	
Bonds and debentures payable	356 +	
Mortgages payable	357 +	
notes payable	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporation tax)	359 +	48,238
Contingent, investment, inventory and similar reserves	360 +	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)*	361 +	258,840
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))*	362 +	
Subtotal	370 =	6,980,013
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)*	371 -	
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	372 -	
Total Paid-up Capital	380 =	6,980,013
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	381 -	
Net Paid-up Capital	390 =	6,980,013

Eligible Investments *(Refer to Guide)*

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

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

Total Assets		
Total Assets per balance sheet	420 +	7,599,695
Mortgages or other liabilities deducted from assets	421 +	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422 +	
Subtract: Investment in partnership(s)/joint venture(s)	423 -	
Total Assets as adjusted	430 =	7,599,695
Amounts in 360 and 361 (if deducted from assets)	440 +	258,840
Subtract: Amounts in 371, 372 and 381	441 -	
Subtract: Appraisal surplus if booked	442 -	
Add or Subtract: Other adjustments (specify on an attached schedule)	443 ±	
Total Assets	450 =	7,858,535
Investment Allowance (410 + 450) X 390 — Not to exceed 410	460	
Taxable Capital 390 - 460	470 =	6,980,018

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

Gross Revenue of the corporation	7,689,473		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*			
Aggregate of Gross Revenue	7,689,473	480	7,689,473
Total Assets (as adjusted)	From 430		7,599,695

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

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

OR **If the corporation is NOT a member of an associated group and/or partnership**, review only the capital tax calculations in *Section B on pages 10 to 11* and select and complete the one specific subsection (e.g. B4) that applies to the corporation.

OR **If the corporation IS a member of an associated group and/or partnership**, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** If the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

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

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

B3. If the taxation year commences after September 30, 2001 and **430** and **480** on page 10 of the 2001 CT23 are both $3,000,000 or less, enter NIL in **550** on page 13 of the 2001 CT23 and complete the return from that point.

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

B5. If taxable capital, **470** on page 10, exceeds **$2,000,000** but is **$5,000,000 or less**, complete the following calculations and transfer the total from **508** to **543** on page 13 and complete the return from that point.

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

(a) From **470** _____ x 0.3% = **490** + _____

Deduct:

($5,000,000 - From **470** _____) x 0.75% = **493** - _____ (NIL if negative)

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

(**506** = **490** - **493**) **506** = _____ x From **30** [redacted]% x **553** _____ = **507** + _____

Ontario Allocation **365/366

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

(b) From **470** _____ x 0.3% = **490** + _____

Deduct:

($3,200,000 - From **470** _____) x 0.5% = **495** - _____ (NIL if negative)

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

(**509** = **490** - **495**) **509** = _____ x From **30** [redacted]% x **558** _____ = **522** + _____

Ontario Allocation ** 365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(c) Capital Tax for that portion of a taxation year after September 30, 2001 for a corporation whose taxable capital is $5,000,000 or less and that is not associated, is NIL. + 0

Total Capital Tax for the taxation year 507 + 522 **508** = _____

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

B6. If taxable capital, **470** on page 10 exceeds **$5,000,000**, complete the following calculation and transfer the amount from **508** to **543** on page 13 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From **470** 6,980,013 x From **30** [redacted] x 0.3% x **559** _____ = **502** + _____

Ontario Allocation Days in taxation year before October 1, 2001 **365/366

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) + From **470** 6,980,013

\- 5,000,000

= **471** 1,980,013 x From **30** [redacted] x 0.3% x **560** 365 = **523** + 5,940

Ontario Allocation Days in taxation year after September 30, 2001 **365/366

Total Capital Tax for the taxation year 502 + 523 **508** = 5,940

Transfer to 543 and complete the return from that poi

** *If floating taxation year, refer to Guide*

SECTION C

If the corporation is a member of an associated group and/or partnership, complete the following, and (✓) 510 ☒ (Yes)

Note: Calculation #2 is not required if the taxation year commences after September 30, 2001.

Taxable Capital of the corporation — From 470 + 6,980,013

Calculation 1

Determine aggregate taxable capital of an associated group and/or partnership having a permanent establishment in Canada

Taxable Capital of associated corporations *(Attach schedule)* — 531 +

Aggregate Taxable Capital **470 + 531** — 540 = 6,980,013

If **540** above is $5,000,000 or less, the corporation's Capital Tax for the portion of the taxation year after September 30, 2001, is NIL. Enter NIL in **523** in E1(c) or E2(b) as applicable.

If **540** above is greater than $5,000,000, the corporation must compute its share of the $5,000,000 exemption below in order to calculate its Capital Tax for the portion of the taxation year after September 30, 2001.

From **470** 6,980,013 ÷ From **540** 6,980,013 X 5,000,000 — **541** = 5,000,000 Transfer to Section E2(b)

Calculation 2

Determine aggregate taxable capital of an associated group and/or partnership that does NOT have a permanent establishment in Canada

Taxable Capital of associated corporations *(Attach schedule)* — 514 +

Total Aggregate Taxable Capital **540 + 514** — 520 = 6,980,013

If **520** above is greater than $2,000,000, and less than $3,200,000 and a portion of the taxation year is before October 1, 2001, the corporation must compute the following ratio.

From **470** ____ ÷ From **520** ____ — **521** = ____ Transfer to section E1(a) and/or (b) as applicable

Note: 521 cannot exceed 1.00000

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, 520 is *$2,000,000 or less.*

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

SECTION E

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, 520 *on page 12, exceeds $2,000,000.*

E1. If aggregate taxable capital **520** exceeds **$2,000,000** but is **$3,200,000** or less, complete the following calculations and transfer the total from **508** to **543** and complete the return from that point.

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

(a) From **470** _____ x 0.3% _____ = **490** + _____

Deduct:

($2,800,000 - From **520** _____) x 0.75% x From **521** _____ = **493** - _____

(**506 = 490 - 493**) **506** = _____

x 30 [redacted] % (Ontario Allocation) x **553** _____ (**365/366) = **507 + _____

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

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

(b) From **470** _____ x 0.3% _____ = **490** + _____

Deduct:

($3,200,000 - From **520** _____) x 0.5% x From **521** _____ = **495** - _____

(**509 = 490 - 495**) **509** = _____

x 30 [redacted] % (Ontario Allocation) x **557** _____ (**365/366) = **522** + _____

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

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(c) Capital tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose total aggregate taxable capital at **540** is $5,000,000 or less, is NIL. **523** + 0

Total Capital Tax for the taxation year 507 + 522 + 523 **508** = _____

Transfer to **543** and complete the return from that point

F If the aggregate taxable capital **520** on page 12, exceeds **$3,200,000** complete the following calculation and transfer the amount from **508** to **543** on this page, and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From **470** _____ x From 30 [redacted] (Ontario Allocation) x 0.3% x **555** _____ (365/366) = **502** + _____

Days in taxation year before Oct. 1, 2001

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) + From **470** _____

- From **541** _____

471 _____ x From 30 [redacted] (Ontario Allocation) x 0.3% x **560** _____ (365/366) = **523** + _____

Days in taxation year after September 30, 2001 =

Total Capital Tax for the taxation year 502 + 523 **508** = _____

Transfer to **543** and complete the return from that point

** *If floating taxation year, refer to Guide*

Capital Tax *before application of specified credits* **543** 5,940

Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)* **546** [redacted]

Capital Tax: 543 - 546 **550** 5,940

Transfer to Page 1

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions Only

For taxation years commencing after **May 4, 1999** enter NIL in **550** on page 13, and complete the return from that point.

I.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565 [redacted] x 0.6% x From 30 100.0000 % x Ontario Allocation 555 Days in taxation year 365 ÷ **365/366 =569 + _____

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

570 [redacted] x571 _____ x From 30 100.0000 % x Ontario Allocation 555 Days in taxation year 365 ÷ **365/366 =574 + _____

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

Capital Tax Rate *(Refer to Guide)*

Capital Tax for Financial Institutions - other than Credit Unions (before Section II) 569 + 574 575 [redacted]

*** If floating taxation year, refer to Guide***

II. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments 585 [redacted]

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

Capital Tax - Financial Institutions 575 - 585 586 = _____ *Transfer to 543 on Page 1*

Premium Tax (s.74.2 & 74.3) *(refer to Guide)*

(1) Uninsured Benefits Arrangements 587 [redacted] x 2% 588 [redacted]

Applies to Ontario-related uninsured benefits arrangements.

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

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

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to guide)* 589 [redacted]

Premium Tax 588 - 589 590 [redacted] *Transfer to Page 1*

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

Net income (loss) for federal income tax purposes, per federal T2 SCH 1	600 ±	150,480
		Transfer to Page 16

Add:

Federal capital cost allowance	601 +	271,779
Federal cumulative eligible capital deduction	602 +	15,995
Ontario taxable capital gain	603 +	
Federal non-allowable reserves. Balance beginning of year	604 +	
Federal allowable reserves. Balance end of year	605 +	
Ontario non-allowable reserves. Balance end of year	606 +	
Ontario allowable reserves. Balance beginning of year	607 +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608 +	
Federal resource allowance	609 +	
Federal depletion allowance	610 +	
Federal foreign exploration and development expenses	611 +	

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of days in Taxation Year

		Days after		Total days		
612	X 5/14.5 X	May 1, 2000 and before Jan 1, 2001: 24	÷ 73	365	= + 631	
612	X 5/14.0 X	Days after Dec 31, 2000 and before Oct. 1, 2001: 26	÷ 73	365	= + 632	
	X 5/12.5 X	Days after Sept. 30, 2001 and before Jan. 1, 2003: 365	÷ 73	365	= + 633	
612	X 5/11.0 X	Days after Dec. 31, 2002 and before Jan. 1, 2004: 31	÷ 73	365	= + 634	

Total add-back amount for Management fees, etc. 631 + 632 + 633 + 634 =	613 +	
Federal Scientific Research Expenses claimed in year from fed form T661	615 +	
Federal allowable business investment loss	620 +	
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	614 +	
Sub Total of Additions 601 to 615 + 620	= 287,774 640	287,774
		Transfer to Page 1

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

Net income (loss) for federal income tax purposes, per federal T2 SCH 1 — From 600 ± 150,480

Sub Total of Additions — From 640 = 287,774

Deduct:

Ontario capital cost allowance	650 +	271,779
Ontario cumulative eligible capital deduction	651 +	15,995
Federal taxable capital gain	652 +	
Ontario non-allowable reserves. Balance beginning of year	653 +	
Ontario allowable reserves. Balance end of year	654 +	
Federal non-allowable reserves. Balance end of year	655 +	
Federal allowable reserves. Balance beginning of year	656 +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	657 +	
Ontario depletion allowance	658 +	
Ontario resource allowance	659 +	
Ontario research and development super allowance *(Attach schedule)*	660	
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	674 +	
Ontario current cost adjustment *(Attach schedule)*	661	
Ontario Scientific Research Expenses claimed in year from Ont form CT161	679 +	

Ontario New Technology Tax Incentive (ONTTI) Gross-up
Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.

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

ONTTI Gross-up deduction calculation:

From 662 _____ Gross-up of CCA x 100/ 30 100.0000 Ontario allocation - From 662 _____ 663

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

Qualifying expenditures 665 _____ x 30% x 100/ 30 100.0000 Ontario Allocation 666

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

Qualifying expenditures: 667 _____ x 100% x 100/ 30 100.0000 Ontario Allocation 668

Number of Employees accommodated 669

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

Qualifying expenditures 670 _____ x 30% x 100/ 30 100.0000 Ontario Allocation 671

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

Qualifying expenditures 672 _____ x 15% x 100/ 30 100.0000 Ontario Allocation 673

Ontario allowable business investment loss	678 +	
Total of other deductions allowed by Ontario *(Attach schedule)*	664 +	
Sub Total of Deductions 650 to 660 + 674 + 661 + 679 + 663 + 666 + 668 + 671 + 673 + 678 + 664	= 287,774 680	287,774
Net income (loss) for Ontario purposes 600 + 640 - 680	690 =	150,480

Transfer to Page

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 156,547	710 (2)	720 (2)	730	740	750
Add: Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract: Utilized during the year to reduce taxable income	704 150,480	715 (4)	724	734 (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce income (5)	706 (2) To Pg 18	716 (2) To Pg 18	726 (2) To Pg 18	736 (2) To Pg 18	746	
Subtotal	707 150,480	717	727	737	747	757
Balance at End of Year	709 6,067	719	729	739	749	759

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.

(3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34. To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amounts from **11** if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in **709** must equal total of **829 + 839**.

(9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.

(10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first)	Non Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1994/09/30				850	870
801 1995/09/30				851	871
802 1996/09/30				852	872
803 1997/09/30	820	830	840	853	873
804 1998/09/30	821	831	841	854	874
805 1999/09/30	822	832	842	855	875
806 2000/09/30	823	833	843	856	876
807 2001/09/30	824	834	844	857	877
808 2001/12/31	825 6,067	835	845	858	878
809 2002/12/31	826	836	846	859	879
Total	829 6,067	839	849	869	889

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under ***any Act administered by the Minister of Finance.***
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses		Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
		910	920	930	940
Total amount of loss					
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.	Predecessor Corporation's Account No. (MOF) / Taxation Year Ending				
i) 3rd preceding	901 2000/09/30	911	921	931	941
ii) 2nd preceding	902 2001/09/30	912	922	932	942
iii) 1st preceding	903 2001/12/31	913	923	933	943
		From 706	From 716	From 726	From 736
Total loss to be carried back		919	929	939	949
Balance of loss available for carryforward					

Summary

Income Tax	From 230 or 320	
Corporate Minimum Tax	From 280	
Capital Tax	From 550	5,940
Premium Tax	From 590	
Total Tax Payable	950	5,940
Subtract: Payments	960	
Capital Gains Refund (s.48)	965	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*	985	
Specified Tax Credits *(Refer to Guide)*	955	
Balance	970 =	5,940
If payment due	Enclosed * 990	
If overpayment: Refund	975 =	
Apply to	980	

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, ***payable to the MINISTER OF FINANCE*** and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order.

Certification

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

Name
GORD MAKI

Title
GENERAL MANAGER

Full Residence Address

City

Province	Country	Postal Code

Signature

Date
2003/06/03

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

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:45

CT23 Schedule A

Corporate Minimum Tax - Schedule A: Calculation of CMT Base

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

Net income/(loss) (unconsolidated, determined in accordance with GAAP) 2100 ± 191,297

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

Provision for recovery of income taxes	2101 +	
Provision for deferred income taxes (credits)	2102 +	
Equity income from corporations	2103 +	
Share of partnership(s)/joint venture(s) income	2104 +	
Dividends received/receivable deductible under fed.s.112	2105 +	
Dividends received/receivable deductible under fed.s.113	2106 +	
Dividends received/receivable deductible under fed.s.83(2)	2107 +	
Federal Part VI.1 tax on dividends declared and paid after May 5, 1997, under fed.s.191.1(1) x 9/4 =	2108 +	
	=	▶ 2109 -

Subtotal

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

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

Subtotal

Add/Subtract:

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

** Fed.s.85	2116 +		or 2117 -	
** Fed.s.85.1	2118 +		or 2119 -	
** Fed.s.97	2120 +		or 2121 -	
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	2122 +		or 2123 -	
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	2124 +		or 2125 -	
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4) and 44 for current/prior years	2126 +		or 2127 -	
Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	2150 -			
	=	▶		2128 +
Subtotal (Additions)			=	▶ 2129 -
Subtotal (Subtractions)				2130 ±
** Other adjustments				2131 = 191,297
Subtotal ± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130				2132 ±
** Share of partnership(s)/joint venture(s) adjusted net income/loss *(Attach schedule)*				2133 = 191,297
Adjusted net income (loss) (if loss, transfer to 2202 in Schedule B)				
Jct: CMT losses: pre-1994 Loss *	From 2210 +			
CMT losses: other eligible losses *	2211 +	191,297		
	=	191,297	▶ 2134 -	191,297

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

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

CMT Base 2135 = *Transfer to CMT Base on page*

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:45

CT23 Schedule B & C

Corporate Minimum Tax (CMT)

Schedule B: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
1994/09/30							
5/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30						191,297	27,167
2001/12/31	218,464						
2002/12/31						191,297	27,167
Totals	218,464						

Balance at Beginning of year (1),(2)		2201 +	218,464
Add: Current year's losses	2202 +		
Losses from predecessor corporations on amalgamation (3)	2203 +		
Losses from predecessor corporations on wind-up (3)	2204 +		
Amalgamation (✓) 2205 ☐ Yes Wind-up (✓) 2206 ☐ Yes	=	▶ 2207 +	
Subtotal		2208 ±	
Adjustments (attach schedule)		2209 =	218,464
CMT losses available 2201 + 2207 ± 2208			
Deduct: Pre-1994 loss utilized during the year to reduce adjusted net income	2210 +		
Other eligible losses utilized during the year to reduce adjusted net income (4)	2211 +	191,297	
Losses expired during the year	2212 +		
	= 191,297	▶ 2213 -	191,297
Subtotal		2214 =	27,167
Balances at End of Year (5) 2209 - 2213			

Notes:

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

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

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

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

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

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

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

Year of Origin (oldest year first)	CMT Losses of Corporation		CMT Losses of Predecessor Corporations
2240 1994/09/30	2260		2280
2241 1995/09/30	2261		2281
2242 1996/09/30	2262		2282
2243 1997/09/30	2263		2283
2244 1998/09/30	2264		2284
2245 1999/09/30	2265		2285
2246 2000/09/30	2266		2286
2247 2001/09/30	2267		2287
2248 2001/12/31	2268	27,167	2288
2249 2002/12/31	2269		2289
Totals	2270	27,167	2290

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
Totals							

Balance at Beginning of year (1) 2301

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) From 280 + 2302

CMT Credit Carryovers from predecessor corporations (2)

Amalgamation (✓) 2303 ☐ Yes Wind-up (✓) 2304 ☐ Yes = ▶ 2305 +

Subtotal 2306

Adjustments *(Attach schedule)* 2307 =

credit carryover available 2301 + 2305 ± 2306 *Transfer to Page 8*

Subtract: CMT credit utilized during the year to reduce income tax (Page 8) From 310 + 2308

CMT credit expired during the year = ▶ 2309 -

Subtotal 2310

Balance at End of Year (3) 2307 - 2309

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(3) Amount in **2310** must equal the sum of **2370 + 2390**.

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

Year of Origin (oldest year first)	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporations
2340	2360	2380
2341 1995/09/30	2361	2281
2342 1996/09/30	2362	2382
2343 1997/09/30	2363	2383
2344 1998/09/30	2364	2384
2345 1999/09/30	2365	2385
2346 2000/09/30	2366	2386
2347 2001/09/30	2367	2387
2348 2001/12/31	2368	2388
2349 2002/12/31	2369	2389
Totals	2370	2390

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

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:46

OS4N
Schedule 4

Ontario non-capital loss continuity

Part 1: Non-capital loss

Non-capital loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30						150,480	6,067
2001/12/31	156,547						
2002/12/31						150,480	6,067
Totals	156,547						

Current year non-capital loss

Net income (loss) for Ontario tax purposes		150,480
Deduct:		
Net capital losses deducted in the year		
Taxable dividends deductible under sections 112, 113 or subsection 138(6)		
Amount of Part VI.1 tax deductible		
Subtotal - if positive, enter "0"		
Deduct: Section 110.5 - addition for foreign tax credits		
Add: Current year farm loss		
Current year non-capital loss (if positive, enter "0")		

Non-capital loss continuity and carry-back request

Non-capital losses at end of preceding taxation year	156,547	
Losses expired after 7 years	-	
Non-capital losses - beginning balance	= 156,547	156,547
Transfers from wind-up of wholly-owned subsidiary and amalgamation		+
Current year non-capital loss from above		
Deduct - Non-capital loss carry back to:		
1st preceding taxation year against taxable income		
2nd preceding taxation year against taxable income		
3rd preceding taxation year against taxable income		
Current year non-capital loss net of carryback	Subtotal	+ = 156,547
Deduct:		
Amount applied against taxable income (enter on line 704 of the CT23)	150,480	
Section 80 adjustments		
Other adjustments	150,480	- 150,480
Non-capital losses - ending balance		= 6,067

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:45

OS4N
Schedule 4

Ontario non-capital loss continuity

Part 2 - Farm loss

Farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1992/09/30							
3/09/30							
1994/09/30							
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
Totals							

Farm loss continuity and carry-back request

Farm losses at end of preceding taxation year
Losses expired after 10 years (-)
Farm losses - beginning balance (=)
Transfers from wind-up of wholly-owned subsidiary and amalgamation (+)

Current year farm loss

Deduct - Farm loss carry back to:

- preceding taxation year against taxable income
- d preceding taxation year against taxable income
- 3rd preceding taxation year against taxable income

Subtotal

Current year farm loss net of carry-back (+)

Subtotal (=)

Deduct:

- Amount applied against taxable income (enter on line 724 of the CT23)
- Section 80 adjustments
- Other adjustments

(-)

Farm losses - ending balance (=)

Client: SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2002/12/31 Printed: 2003/06/03 15:45

OS4N
Schedule 4

Ontario non-capital loss continuity

Part 3 - Restricted farm loss

Restricted farm loss continuity by year

Year of origin	Balance at end of prior year	Transfers on amalgamation or wind-up	Section 80 adjustments	Other adjustments	Current year loss net of carry-back	Applied	Ending balance
1992/09/30							
3/09/30							
1994/09/30							
1995/09/30							
1996/09/30							
1997/09/30							
1998/09/30							
1999/09/30							
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
Totals							

Current year restricted farm loss

Net loss from farming business			
Deductible farm loss:		A	
Net loss from above		B	2,500
$2,500 plus 1/2 (A - $2,500)		C	8,750
Maximum deduction			-
Deductible farm loss (lesser of A, B, and C)			
Current year restricted farm loss			

Restricted farm loss continuity and carry-back request

Restricted farm losses at end of preceding taxation year			
Losses expired after 10 years			-
Restricted farm losses - beginning balance			=
Transfers from wind-up of wholly-owned subsidiary and amalgamation			+
Current year restricted farm loss			
Deduct - Restricted farm loss carry back to:			
1st preceding taxation year against farming income			
2nd preceding taxation year against farming income			
3rd preceding taxation year against farming income			
Current year restricted farm loss net of carry-back			+
Deduct:			
Amount applied against taxable income (enter on line 734 of the CT23)			
Section 80 adjustments			
Other adjustments			-
Restricted farm losses - ending balance			=

Ontario

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

Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Ontario Corporations Tax Account No. (MOF) | Taxation Year End 2002/12/31

Corporation's Legal Name
SIOUX LOOKOUT HYDRO INC.

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year See note 1 below	4 Net adjustments	5 Proceed of dispositionsduring the yer	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
					87,230		87,230	4			3,489	83,741
1	87,230			26,006	5,124,238	163,742	4,960,496	4			198,420	4,925,818
1	4,796,755	355,488		67,517	11,759		11,759	20			2,352	9,407
8	65,147	8,129		68,999	225,061		225,061	30			67,518	157,543
10	295,060											
				151,521		163,742	5,284,546				271,779	5,176,509
Totals	5,244,192	363,617									Enter in box 650 on the CT23	

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

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

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

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

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
OUT HYDRO INC.		2002/12/31

corporation that has eligible capital property.
umulative eligible capital account must be kept for each business.

culation of current year deduction and carry-forward

ative eligible capital - balance at beginning of taxation year *(if negative, enter zero)*				228,499 A
of eligible capital property acquired during the taxation year	+		B	
unt transferred on amalgamation or wind-up of subsidiary	+		C	
r adjustments	+		D	
C + D	=		x 3/4 =	E
			=	228,499 F

ario proceeds of sales (less outlays and expenses not otherwise ductible) from the disposition of all eligible capital property ring the taxation year + G
gross amount of a reduction in respect of a forgiven debt obligation provided for in subsection 80(7) of the *Income Tax Act* (Canada) + H
r adjustments + I
= x 3/4 = J
E + I = 228,499 K
ulative eligible capital balance F - J
enter zero at line M and proceed to Part 2
= 15,995 L
deduction 228,499 K x 7%* *Enter amount in box 651 of the CT23*
current year deduction is 7%. However, you can claim any amount up to the maximum.
ulative eligible capital - closing balance K - L *(if negative, enter zero)* = 212,504 M

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

Amount to be included in income arising from disposition

Complete this part only if the amount at line K is negative

N
line K above *show as a positive amount*
of cumulative eligible capital deductions from income for ation years beginning after June 30, 1988 1
of all amounts which reduced cumulative eligible capital current or prior years under subsection 80 (7) 2
of cumulative eligible capital deductions claimed for taxation beginning before July 1, 1988 3
ative balances in the cumulative eligible capital account were included in income for taxation years beginning July 1, 1988 4
deduct line 4 5
lines 1 + 2 + 5 6
from previous Ontario Schedule 10 for taxation years ing after February 27, 2000 7
ct line 7 from line 6 O
(cannot be negative) P
ount on line 5 x 1/2 Q
R
ount on line R x 66.6667 S
ser of line N or line O T
mount to be included in income S + T

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

Ontario

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

2003 CT23 Corporations Tax and Annual Return

For taxation years commencing after September 30, 2001

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

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17, together with the applicable schedules on pages 18-21. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file th CT23 Short-Form Return** (see page 2).

The **Annual Return** (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MCBS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* ☒ Yes ☐ No **Page 1 of 24**

Ministry Use

Corporation's Legal Name *(including punctuation)*
SIOUX LOOKOUT HYDRO INC.

Ontario Corporations Tax Account No. (MOF)

This CT23 Return covers the Taxation Year
Start 2003/01/01
End 2003/12/31

Mailing address
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: | Postal code: P8T 1B3

Has the mailing address changed since last filed CT23 Return? ☐ Yes | Date of change:

Date of Incorporation or Amalgamation
2000/01/31

Registered/Head Office Address
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: | Postal code: P8T 1B3

Ontario Corporation No. (MCBS): 1396033

Location of Books and Records
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: | Postal code: P8T 1B3

Canada Customs and Revenue Agency Business No.
870638170RC0008

Name of person to contact regarding this CT23 Return: GORD MAKI
Telephone No.: (807) 737-3800
Fax No.: ( ) -

Jurisdiction Incorporated: ONTARIO

Address of Principal Office in Ontario *(Extra-Provincial Corporations only)* (MCBS)
City | Province | Country | Postal code

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced
Ceased
☒ *Not Applicable*

Former Corporation Name *(Extra-Provincial Corporations only)* ☐ *Not applicable* (MCBS)

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

No. of Schedule(s): 0

Preferred Language / *Langue de préférence*
☒ English / anglais ☐ French / français

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

Ministry Use

Certification (MCBS)

737 - 2832

SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2003/12/31 Printed: 2004/07/20 14:18

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

Name of Authorized Person

GORD MAKI

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

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

Taxation Year End

Exempt From Filing (EFF) Corporations Tax Return Declaration

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)

I, _____ declare that:

The above corporation satisfies **all** of the exempt from filing criteria (a) through (f) below for the taxation year and therefore qualifies under the *orporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Criteria for exempt from filing status:

a) has filed a federal income tax return (T2) with Canada Customs and Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in NOTE 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
e) had provided its Canada Customs and Revenue Agency business number to the Ministry of Finance, Corporations Tax Branch; and
f) is NOT subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

Signature	Title/Relationship to Corporation	Telephone number ( ) -	Date

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

NOTE 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

NOTE 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

1. If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.
2. If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, the Corporations Tax Branch will accept the filing of a tax return for a loss year at the time the loss is incurred.
3. If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed if the EFF declaration only is being submitted at this time. In cases where the annual return, which includes page 1, is also being filed, completion of these fields is NOT necessary.

1. Corporation's Mailing Address

City Province Country Postal code

2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No.

RC

A corporation must file an **Exempt From Filing Corporations Tax Return Declaration** form for each taxation year that the corporation is exempt from filing, **within 6 months** after the end of the taxation year, to the address shown at top of page 1.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2003/12/31 Printed: 2004/07/20 14:18

Yes	No		
X		(a)	The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) 100 %
	X	(b)	The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. *(Refer to guide)*
X		(c)	The corporation is NOT a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
	X	(d)	The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution; OR The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each $3,000,000 or less and the corporation is not a financial institution.
	X	(e)	The corporation is NOT claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC) or Graduate Transitions Tax Credit (GTTC).
X		(f)	The corporation's Ontario allocation factor is 100%.

NOTE: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are NOT subject to the Corporate Minimum Tax, may also use the **CT23 Short-Form Corporations Tax Return** if the corporation checks "Yes" to (a), (b), (c), (e) and (f) above.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) box(es) if applicable in sections 1 & 2

1
- 1 [X] Canadian-controlled private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))
- 2 [ ] Other Private
- 3 [ ] Public
- 4 [ ] Non-share Capital
- 5 [ ] Other (specify)

Share Capital with full voting rights owned by Canadian residents. (nearest %) 100 %

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

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

Specify major business activity

2
- 1 [ ] Family Farm Corporation s.1(2)
- 2 [ ] Family Fishing Corporation s.1(2)
- 3 [ ] Mortgage Investment Corp s.47
- 4 [ ] Credit Union s.51
- 5 [ ] Bank Mortgage Subsidiary s.61(4)
- 6 [ ] Bank s.1(2)
- 7 [ ] Loan and Trust Corporation s.61(4)
- 8 [ ] Non-resident Corp s.2(2)(a) or (b)
- 9 [ ] Non-resident Corporation s.2(2)(c)
- 10 [ ] Mutual Fund Corporation s.48
- 11 [ ] Non-resident owned investment Corp s.49
- 12 [ ] Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- 14 [ ] Bare Trustee Corporation
- 15 [ ] Branch of Non-resident s.63(1)
- 16 [ ] Financial institutions prescribed by Regulation only
- 17 [ ] Investment Dealer
- 18 [ ] Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- 19 [X] Hydro successor, Municipal Electrical Utility or subsidary of either
- 20 [ ] Producer and seller of steam for uses other than for the generation of electricity
- 21 [ ] Insurance Exchange s.74.4
- 22 [ ] Farm Feeder Finance Co-operative Corporation
- 23 [ ] Professional Corporation (incorporated professionals only)

Please check (✓) box(es) if applicable:

- [ ] First Year of Filing
- [ ] Amended Return
- [ ] Taxation Year End has changed - Canada Customs and Revenue Agency approval required
- [ ] Final Taxation Year up to Dissolution(wind-up) (Note: For discontinued businesses, see Guide.)
- [ ] Final Taxation Year before Amalgamation
- [ ] Floating Fiscal Year End
- [ ] Transfer or Receipt of Asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- [ ] Acquisition of Control fed s.249(4)

Date control was acquired: _____

Was the corporation inactive throughout the taxation year? Yes [ ] No [X]

SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2003/12/31 Printed: 2004/07/20 14:18

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?		Yes [X]	No [ ]
Are you requesting a refund due to:	the Carry-back of a Loss?	Yes [ ]	No [X]
	an Overpayment?	Yes [ ]	No [X]
	a Specified Refundable Tax Credit?	Yes [ ]	No [X]
Are you a Member of a Partnership or a Joint Venture?		Yes [ ]	No [X]

SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2003/12/31 Printed: 2004/07/20 14:18

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3006).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690 ±	446,986	
Subtract: Charitable donations	1 -		
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	2 -		
Subtract: Taxable dividends deductible, per federal T2 SCH 3	3 -		
Subtract: Ontario political contributions *(Attach schedule* 2A) (Int.B. 3002)	4 -		
Subtract: Federal Part VI.1 tax X 9/3	5 -		
Subtract: Prior years' losses applied - Non-capital losses	From 704 -		
Net capital losses (page 16) From 715 X inclusion rate 50.000000 %	= 714		
Farm losses	From 724 -		
Restricted farm losses	From 734 -		
Limited partnership losses	From 754 -		
Taxable Income (Non-capital loss)	10	446,986	
Addition to taxable income for unused foreign tax deduction for federal purposes	11		
Adjusted taxable income 10 + 11 (if **10** is negative, enter **11**)	20 =	446,986	

Taxable Income

Number of days in Taxation Year: Days after Sept 30, 2001 and before Jan 1, 2004 / Total days

From **10** (or **20**) 446,986 X30 100.0000 % Ontario Allocation X 12.5 % X **33** 365 ÷ **73** 365 = **29** + 55,873

Days after Dec 31, 2003 / Total days

From **10** (or **20**) 446,986 X30 100.0000 % Ontario Allocation X 14.0 % X **34** ÷ **73** 365 = **32** +

Income Tax Payable (before deduction of tax credits) **29** + **32**	40	55,873

Incentive Deduction for Small Business Corporations (IDSBC)(s.41) *(If this section is not completed, the IDSBC will be denied.)*

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	50	446,986
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	51 + 446,986	
Add: Losses of other years deducted for federal purposes (fed.s.111)	52 +	
Subtract: Losses of other years deducted for Ontario purposes (s.34)	53 -	
	= 446,986 ▶ 64	446,986
Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)	55	225,000

Ontario Business Limit Calculation

280,000 X **28**	÷ ** 365 (Days after Sept. 30, 2001 and before Jan. 1, 2003)	=+ 43		
320,000 X **31** 365	÷ ** 365 (Days after Dec. 31, 2002 and before Jan. 1, 2004)	=+ 46	320,000	
400,000 X **34**	÷ ** 365 (Days after Dec. 31, 2003)	=+ 47		

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

Business limit for Ontario purposes **43** + **46** + **47**	= 44	320,000	X 48 100.0000 % =	45	320,000
Income eligible for the IDSBC	From **30** 100.0000 % **** Ontario Allocation	X 56 320,000 Least of **50**, **54** or **45**		60 =	320,000

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

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

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

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

Income Tax *continued from Page 4*

Number of Days in Taxation Year

Calculation of IDSBC Rate

6.5 % X 28	Days after Sept 30, 2001 and before Jan 1, 2003	÷ 73	Total Days 365	= 79 +			
7.0 % X 31	Days after Dec 31, 2002 and before Jan 1, 2004 365	÷ 73	Total Days 365	= 89 +	7.0000		
8.5 % X 34	Days after Dec 31, 2003	÷ 73	Total Days 365	= 90 +			
				78 =	7.0000		

IDSBC Rate for Taxation Year 79 + 89 + 90

Claim From 60 320,000 X From 78 7.0000 % 70 = 22,400

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

Surtax on Canadian-controlled private corporations (s.41.1)

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

*** ***Short Taxation Years*** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

Associated corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

*** **Taxable Income of the corporation** From 10 (or 20 if applicable) 80 + 446,986

If you are a member of an associated group (✓) 81 ☒ (Yes)

Taxable income of associated corporations *(Attach schedule)* 82 +

Aggregate Taxable Income 85 = 446,986

Number of days in Taxation Year

Subtract: 280,000 X	28	Days after Sept 30, 2001 and before Jan 1, 2003 ÷	73	Total Days 365 =	113 +		
320,000 X	31	Days after Dec 31, 2002 and before Jan 1, 2004 365 ÷	73	Total Days 365 =	115 +	320,000	
400,000 X	34	Days after Dec 31, 2003 ÷	73	Total Days 365 =	116 +		
		113 + 115 + 116	=		320,000 ▶	114 -	320,000
(If negative, enter nil)						86 =	126,986

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax

4.333% X 28	Days after Sept 30, 2001 and before Jan 1, 2003 ÷	73	Total Days 365	= 95 +			
4.667% X 31	Days after Dec 31, 2002 and before Jan 1, 2004 365 ÷	73	Total Days 365	= 96 +	4.6670		
4.667% X 34	Days after Dec 31, 2003 ÷	73	Total Days 365	= 97 +			
				94 =	4.6670		

Specified rate of surtax for Taxation Year 95 + 96 + 97 87 = 5,926

From 86 126,986 X From 94 4.6670 % = 88 = 5,926

From 87 5,926 X From 60 320,000 ÷ From 114 320,000

Surtax: Lesser of 70 or 88 100 = 5,926

SIOUX LOOKOUT HYDRO INC. Ontario Account # Year-end: 2003/12/31 Printed: 2004/07/20 14:18

Income Tax *continued from Page 5*

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule 17)* 110

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

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

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

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

Eligible Canadian Profits		120	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	-	320,000
Add: Adjustment for Surtax on Canadian-controlled private corporations From 100 5,926 ÷ From 30 100.0000 % ÷ From 78 7.0000 % = 121 84,657 *Ontario Allocation			
Lesser of 56 or 121	122	+	84,657
120 - 56 + 122	130	=	
Taxable income	From 10	+	446,986
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	-	320,000
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	+	84,657
Subtract: Taxable income 10 X Allocation % to jurisdictions outside Canada	140		
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141		
10 - 56 + 122 - 140 - 141	142		211,643

Claim

Number of Days in Taxation Year

143 Lesser of 130 or 142	X From	30 100.0000 % *Ontario Allocation	X 1.5% X	Days after Sept 30, 2001 and before Jan 1, 2004 33 365	÷	Total Days 73 365	=	154	+
143 Lesser of 130 or 142	X From	30 100.0000 % *Ontario Allocation	X 2.0% X	Days after Dec 31, 2003 34	÷	Total Days 73 365	=	156	+

M&P claim for taxation year 154 + 156 160

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations 161

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity 162

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001) *(Attach schedule).* 170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible credit 175 Credit claimed 180

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 -170 - 180 190 59,399

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to research and development in Ontario.
Eligible credit from **5620** OITC claim form *(Attach original Claim Form)* 191

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible credit from **5798** Summary Schedule F 192

Ontario Film and Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.
Eligible credit from **5899** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MFO) CT Schedule 193/199, as applicable.
(Attach the original Certification/Claim Form received from the OMDC ***or*** *the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* 193

Graduate Transitions Tax Credit (GTTC) (s.43.6)
Applies to employment of eligible unemployed post secondary graduate.
No. of Graduates from 6598 194
Eligible Credit from **6598** Summary Schedule G 195

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.
Eligible Credit from **6900** OBPTC Claim Form *(Attach* ***both*** *the original Claim Form and the Certification Form)* 196

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit from **6700** Claim Form Certified by Ontario Media Development Corporation
(Attach the original Claim/Certification Form with the CT23 Tax Return.) 197

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)* 198

Ontario Production Services Tax credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.
Eligible Credit from **7300** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MFO) CT Schedule 193/199, as applicable
(Attach the original Certification/Claim Form received from the OMDC ***or*** *the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* 199

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit from **7400** Claim Form certified by Ontario Media Development Corporation
(Attach original Claim/Certification Form.) 200

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit from **7500** OSRTC Claim Form *(Attach* ***both*** *the original Claim Form and the Certification Form)* 201

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 220

Specified Tax Credits ***Applied to reduce Income Tax*** 225

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) 230 39,399

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see ***Determination of Applicability*** section for the CMT on ***Page 8***. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on ***Page 17***.

OR

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

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Corporate Minimum Tax (CMT)

Determination of Applicability

Applies if ***either*** Total Assets **249** exceeds $5,000,000 ***or*** Total Revenue **250** exceeds $10,000,000.
• These amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

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

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

*** Total Assets of the corporation**	**240** +	7,897,228	
*** Total Revenue of the corporation**			**241** + 7,257,109
If you are a member of an associated group (✓) **242** ☐ (Yes)			
Total Assets of associated corporations *(Attach schedule)*	**243** +		
Total Revenue of associated corporations *(Attach schedule)*			**244** +
Aggregate Total Assets	**249**	7,897,228	
Aggregate Total Revenue			**250** 7,257,109

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

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

Gross CMT Payable	CMT Base From **2135** 425,130 If negative, enter zero	X	From **30** 100.0000 % Ontario Allocation	X 4%	**276** = 17,405
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*					**277**
Subtract: Income Tax					From **190** - 39,399
Net CMT Payable (if negative, enter Nil on page 17.)					**280**

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

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

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

CMT Credit Carryover available From **2307**

Application of CMT Credit Carryovers

A.

Income Tax (before deduction of specified credits)			From **190** +	39,399
Gross CMT payable	From **276** +	17,405		
Subtract: Foreign Tax Credit for CMT purposes	From **277** -			
If **276 - 277** is negative, enter NIL in **290**	=	17,405 ▶	**290** -	17,405
Income Tax eligible for CMT Credit			**300**	17,405

B.

Income Tax (after deduction of specified credits)	From **230** +	39,399
Subtract: CMT credit used to reduce income taxes	**310**	
Income Tax	**320**	39,399

Transfer to Page 17

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

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

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both $3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	350 +	4,016,312
Retained earnings (if deficit, deduct) (Int.B. 3012)	351 ±	538,172
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)	352 +	
Loans and advances *(Attach schedule)*(Int.B. 3013)	353 +	250,365
Bank loans (Int.B. 3013)	354 +	2,041,667
Bankers acceptances (Int.B. 3013)	355 +	
Bonds and debentures payable (Int.B. 3013)	356 +	
Mortgages payable (Int.B. 3013)	357 +	
Lien notes payable (Int.B. 3013)	358 +	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	359 +	64,450
Contingent, investment, inventory and similar reserves (Int.B. 3012)	360 +	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012)	361 +	309,144
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017)	362 +	
Subtotal	370 =	7,220,110
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012)	371 -	37,474
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	372 -	
Total Paid-up Capital	380 =	7,182,636
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381 -	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	
Net Paid-up Capital	390	7,182,636

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402 +	
Mortgages due from other corporations	403 +	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	404 +	
Loans and advances to unrelated corporations	405 +	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	406 +	
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	407 +	
Total Eligible Investments	410	

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015)		
Total Assets per balance sheet	420+	7,897,228
Mortgages or other liabilities deducted from assets	421+	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422+	
Subtract: Investment in partnership(s)/joint venture(s)	423-	
Total Assets as adjusted	430=	7,897,228
Amounts in **360** and **361** (if deducted from assets)	440+	309,144
Subtract: Amounts in **371**, **372** and **381**	441-	37,474
Subtract: Appraisal surplus if booked	442-	
Add or Subtract: Other adjustments (specify on an attached schedule)	443±	
Total Assets	450=	7,897,228
Investment Allowance (410 ÷ 450) X 390 — Not to exceed 410	460=	
Taxable Capital 390 - 460	470=	7,182,636

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)			
Gross Revenue of the corporation	7,257,109		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*			
Aggregate of Gross Revenue	7,257,109	480	7,257,109
Total Assets (as adjusted)		From 430	7,897,228

Calculation of Capital Tax for all corporations except Financial Institutions

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

(Financial Institutions use calculations on page 13.)

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

OR **If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.**

OR **If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.**

SECTION A

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

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

SECTION B

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

B1. If the taxation year commences after September 30, 2001 and **430** and **480** on page 10 are both $3,000,000 or less, enter NIL in **550** on page 12 and complete the return from that point.

B2. If taxable capital, **470** on page 10, is **$5,000,000 or less**, enter NIL in **550** on page 12 and complete the return from that point.

B3. If taxable capital, **470** on page 10 exceeds **$5,000,000**, complete the following calculation and transfer the amount from **523** to **543** on page 12, and complete the return from that point.

+ From **470**	7,182,636							Days in taxation year			
-	5,000,000										
= **471**	2,182,636	x From **30**	[redacted]	x 0.3% x	**555**	365	=	**523**+	6,548
			Ontario Allocation			**365/366			*Transfer to 543 on page 12 and complete the return from that point*

**** If floating taxation year, refer to Guide.**

continued on Page 11

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Capital Tax Calculation *continued from page 10*

SECTION C

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

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

C2. ☐ **524** (✓ if applicable) **One or more of the corporations that you are associated with maintains a permanent establishment in Canada**
If the taxation year **ends before January 1, 2003**, you must complete the *Calculation* below.
If the taxation year **ends after December 31, 2002**, you and your associated group may continue to allocate the $5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group **may file an election** under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the $15,000 capital tax effect, relating to the $5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital form **470** on page 10 — From **470** +

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

Taxable Capital of associated corporations *(Attach schedule)* — **531** +

Total Aggregate Taxable Capital **470 + 531** — **540**

If **540** above is $5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in **523** in section D on page 12, as applicable.
If **540** above is greater than $5,000,000, the corporation must compute its share of the $5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From **470** ÷ From **540** X 5,000,000 — **541**
Transfer to Section 542 in D on page 12

Ss.69(2.1) Election Filed

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

Capital Tax Calculation *continued from page 11*

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital, 540 on *page 11* exceeds $5,000,000.

Complete the following calculation and transfer the amount From **523** to **543**, and complete the return from that point.

+ From **470** _____
\- **542** _____
= **471** _____ x From **30** _____ % x 0.3% x **555** _____ / 365 = **523** + _____

Ontario Allocation

Days in the taxation year
** (365/366)

Total Capital Tax for the taxation year

Transfer to 543 and complete the return from that point

SECTION E

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+ From **470** _____ X From **30** _____ x 0.3% = **561** + _____

\- Capital tax deduction relating to your corporation's capital tax deduction, on ss.69(2.1) election form From **995** _____ **562** = _____

Capital Tax _____ **562** _____ X **555** _____ / 365 = **563** + _____

Days in taxation year
** (365/366)

Transfer to 543 and complete the return from that point

**** If floating taxation year, refer to Guide**

Capital Tax *before application of specified credits*	**549**	6,548
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	**546**	
Capital Tax 543 - 546 *(amount cannot be negative)*	**550**	6,548

Transfer to page 17

Capital Tax *continued from page 12*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions Only

For taxation years commencing **after** May 4, 1999 enter NIL in **550** on page 12, and complete the return from that point.

I.2 Other than Credit Unions

*(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)*

565 _____ (Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1) x 0.6% x From 30 _____ % (Ontario Allocation) x Days in taxation year **555** _____ ÷ **365/366 = **569** +

570 _____ (Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount) x **571** _____ (Capital Tax Rate *(Refer to Guide)*) x From 30 _____ % (Ontario Allocation) x Days in taxation year **555** _____ ÷ **365/366 = **574** +

Capital Tax for Financial Institutions - other than Credit Unions (before Section II) 569 + 574 **575** _____

***** If floating taxation year, refer to Guide.***

II. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments **585** _____

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

Capital Tax - Financial Institutions 575 - 585 **586** = _____ *Transfer to 543 on Page 12*

Premium Tax (s.74.2 & 74.3) *(refer to Guide)*

(1) Uninsured Benefits Arrangements **587** _____ x 2% **588** _____
Applies to Ontario-related uninsured benefits arrangements.

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

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to guide)* **589** _____

Premium Tax 588 - 589 **590** _____ *Transfer to Page 17*

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

Net income (loss) for federal income tax purposes, per federal T2 SCH 1	600 ±	446,986
		Transfer to Page 15

Add:

Federal capital cost allowance	601 +	249,602
Federal cumulative eligible capital deduction	602 +	14,875
Ontario taxable capital gain	603 +	
Federal non-allowable reserves. Balance beginning of year	604 +	
Federal allowable reserves. Balance end of year	605 +	
Ontario non-allowable reserves. Balance end of year	606 +	
Ontario allowable reserves. Balance beginning of year	607 +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608 +	
Federal resource allowance	609 +	
Federal depletion allowance	610 +	
Federal foreign exploration and development expenses	611 +	

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of days in Taxation Year

	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total days		
612 _____ X 5/12.5 X 33	365 ÷ 73	365	= 633 +	

	Days after Dec. 31, 2003	Total days		
612 _____ X 5/14.0 X 34	_____ ÷ 73	365	= 634 +	

Total add-back amount for Management fees, etc. 633 + 634 =	613		
Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 schedule 161	615		
Add any negative amount in 473 from Ont. CT23 Schedule 161	616		
Federal allowable business investment loss	620 +		
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	614 +		
Sub Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614	=	264,477 640	264,477
			Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	650	249,602
Ontario cumulative eligible capital deduction	651	14,875
Federal taxable capital gain	652 +	
Ontario non-allowable reserves. Balance beginning of year	653 +	
Ontario allowable reserves. Balance end of year	654 +	
Federal non-allowable reserves. Balance end of year	655 +	
Federal allowable reserves. Balance beginning of year	656 +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	657 +	
Ontario depletion allowance	658 +	
Ontario resource allowance	659 +	
Ontario current cost adjustment *(Attach schedule)*	661	
Incentive for new electricity supply (section 13.6 deduction from income) (***Applies*** only to electrical generating corporations.)	674	
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	675	
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675	681	264,477
		Transfer to Page 15

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

Continued from page 14

Net income (loss) for federal income tax purposes, per federal T2 SCH 1 From 600 ± 446,986

Sub Total of Additions From 640 = 264,477

Sub Total of deductions on page 14 From 681 = 264,477

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(***Applies*** only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

ONTTI Gross-up deduction calculation:

From 662 Gross-up of CCA x 100/ 30 Ontario allocation 100.0000 - From 662 663

Workplace Child Care Tax Incentive

Qualifying expenditures: 665 x 30% x 100/ 30 Ontario Allocation 100.0000 666

Workplace Accessibility Tax Incentive

Qualifying expenditures: 667 x 100% x 100/ 30 Ontario Allocation 100.0000 668

Number of Employees accommodated 669

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

Qualifying expenditures 670 x 30% x 100/ 30 Ontario Allocation 100.0000 671

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

Qualifying expenditures 672 x 15% x 100/ 30 Ontario Allocation 100.0000 673

Ontario allowable business investment loss 678 +

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 264,477 680 264,477

Net income (loss) for Ontario purposes 600 + 640 - 680 690 = 446,986

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add: Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract: Utilized during the year to reduce taxable income	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce income (5)	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.

(3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amounts from **11** if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in **709** must equal total of **829 + 839**.

(9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.

(10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first)	Non Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800				850	870
801				851	871
802				852	872
803	820	830	840	853	873
804	821	831	841	854	874
805 2000/09/30	822	832	842	855	875
806 2001/09/30	823	833	843	856	876
807 2004/12/31	824	834	844	857	877
808 2002/12/31	825	835	845	858	878
809 2003/12/31	826	836	846	859	879
Total	829	839	849	869	889

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under ***any Act administered by the Minister of Finance.***
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Predecessor Corporation's Account No. (MOF)	Taxation Year Ending	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
			910	920	930	940
Total amount of loss						
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.						
i) 3rd preceding	901	2001/09/30	911	921	931	941
ii) 2nd preceding	902	2001/12/31	912	922	932	942
iii) 1st preceding	903	2002/12/31	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carryforward			919	929	939	949

Summary

Income Tax	From 230 or 320		39,399
Corporate Minimum Tax	From 280		
Capital Tax	From 550		6,548
Premium Tax	From 590		
Total Tax Payable		950 =	45,947
Subtract: **Payments**		960	
Capital Gains Refund (s.48)		965	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*		985	
Specified Tax Credits *(Refer to Guide)*		955	
Balance		970 =	45,947
If payment due	Enclosed *	990	
If overpayment: Refund *(Refer to Guide)*		975 =	
Apply to		980	

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, ***payable to the Minister of Finance*** and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order. (Refer to guide for other payment methods.)

Certification

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

Name
GORD MAKI

Title
GENERAL MANAGER

Full Residence Address

City

Province	Country	Postal Code

Signature

Date
2004/07/20

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

Ontario

Ministry of Finance

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

Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2003/12/31

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
											3,442	84,933
1	83,741	4,634			88,375	2,317	86,058	4			203,156	5,028,812
1	4,925,818	306,150			5,231,968	153,075	5,078,893	4			2,912	16,801
8	9,407	10,306			19,713	5,153	14,560	20			40,092	93,549
10	157,543	1,098		25,000	133,641		133,641	30				
											249,602	5,224,095
Totals	5,176,509	322,188		25,000		160,545	5,313,152					

Enter in box **650** on the CT23

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

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

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

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

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Ontario

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2003/12/31

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

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

Ontario Cumulative eligible capital - balance at beginning of taxation year *(if negative, enter zero)*					212,504 A
Add: Cost of eligible capital property acquired during the taxation year	+		B		
Amount transferred on amalgamation or wind-up of subsidiary	+		C		
Other adjustments	+		D		
Total of B + C + D	=			x 3/4=	E
Subtotal A + E				=	212,504 F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada)	+		H		
Other adjustments	+		I		
Total of G + H + I	=			x 3/4=	J
Ontario cumulative eligible capital balance F - J				=	212,504 K

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

Current year deduction 212,504 K x 7%* = 14,875 L

Enter amount in box 651 of the CT23

**The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.*

Ontario cumulative eligible capital - closing balance K - L *(if negative, enter zero)* = 197,629 M

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

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

Complete this part only if the amount at line K is negative

Amount from line K above *show as a positive amount*				N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988			1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)			2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988		3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988		4		
Line **3** deduct line **4**			5	
Total lines **1 + 2 + 5**			6	
Line **T** from previous Ontario Schedule 10 for taxation years ending after February 27, 2000			7	
Deduct line **7** from line **6**				O
N - O *(cannot be negative)*				P
Amount on line **5**	x 1/2			Q
P - Q				R
Amount on line **R**	x 66.6667			S
Lesser of line **N** or line **O**				T
Amount to be included in income S + T				

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

Ontario

Ministry of Finance

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

2004/ 2005

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2002

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

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

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

MCBS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* ☒ Yes ☐ No **Page 1 of 20**

Ministry Use

COPY

Corporation's Legal Name *(including punctuation)*
SIOUX LOOKOUT HYDRO INC.

Ontario Corporations Tax Account No. (MOF)

Mailing address
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: CA | Postal code: P8T 1B3

This Return covers the Taxation Year
Start: 2004/01/01
End: 2004/12/31

Has the mailing address changed since last filed CT23 Return? ☐ Yes | Date of change: year month day

Date of Incorporation or Amalgamation: 2000/01/13

Registered/Head Office Address
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: | Postal code: P8T 1B3

Ontario Corporation No. (MCBS): 1396033

Location of Books and Records
25 FIFTH AVENUE
BOX 908
City: SIOUX LOOKOUT | Province: ON | Country: | Postal code: P8T 1B3

Canada Customs and Revenue Agency Business No.: 870538170RC0001

Name of person to contact regarding this CT23 Return: GORD MAKI
Telephone No.: (807) 737-3800
Fax No.: ( ) -

Jurisdiction Incorporated: ONTARIO

Address of Principal Office in Ontario (*Extra-Provincial Corporations only*) (MCBS)
City | Province | Country | Postal code

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced:
Ceased:
☒ *Not Applicable*

Former Corporation Name (*Extra-Provincial Corporations only*) ☐ *Not Applicable* (MCBS)

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

No. of Schedule(s): 0

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

Preferred Language / *Langue de préférence*
☒ English *anglais* ☐ French *français*

Ministry Use

Certification (MCBS)

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

Name of Authorized Person
GORD MAKI

Title: D ☐ Director O ☐ Officer P ☒ Other individual having knowledge of the Corporation's business activities

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

Taxation Year End

Exempt From Filing (EFF) Corporations Tax Return Declaration

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

a) has filed a federal income tax return (T2) with Canada Customs and Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
e) has provided its Canada Customs and Revenue Agency business number to the Ministry of Finance, Corporations Tax Branch; and
f) is **not** subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.
- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, the Corporations Tax Branch will accept the filing of a tax return for a loss year at the time the loss is incurred.
- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is **also** being filed, completion of these fields is **not** required.

1. Corporation's Mailing Address

City Province Country Postal code

2. Ontario Corporation No. (MCBS)

3. Canada Customs and Revenue Agency Business No.
RC

I, _____ declare that:

The above corporation meets **all** of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature	Title/Relationship to Corporation	Telephone number ( ) -	Date

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No		
☒	☐	(a)	The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) 100 %
☒	☐	(b)	The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (*Refer to Guide*)
☒	☐	(c)	The corporation is **not** a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
☐	☒	(d)	The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each $3,000,000 or less and the corporation is not a financial institution.
☒	☐	(e)	The corporation is **not** claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
☒	☐	(f)	The corporation's Ontario allocation factor is 100%.

Note: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are **not** subject to the Corporate Minimum Tax, may also use the **CT23 Short-Form Corporations Tax Return** if the corporation checks "Yes" to a), b), c), e) and f) above.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please check (✓) box(es) if applicable in sections 1 & 2

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

2 [ ] Other Private

3 [ ] Public

4 [ ] Non-share Capital

5 [ ] Other (*specify*)

Share Capital with full voting rights owned by Canadian Residents. (nearest %) 100 %

[2] 1 [ ] Family Farm Corporation s.1(2)
2 [ ] Family Fishing Corporation s.1(2)
3 [ ] Mortgage Investment Corp s.47
4 [ ] Credit Union s.51
5 [ ] Bank Mortgage Subsidiary s.61(4)
6 [ ] Bank s.1(2)
7 [ ] Loan and Trust Corporation s.61(4)
8 [ ] Non-resident Corp s.2(2)(a) or (b)
9 [ ] Non-resident Corporation s.2(2)(c)
10 [ ] Mutual Fund Corporation s.48
11 [ ] Non-resident owned investment Corporation s.49
12 [ ] Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
14 [ ] Bare Trustee Corporation
15 [ ] Branch of Non-resident s.63(1)
16 [ ] Financial institution prescribed by Regulation only
17 [ ] Investment Dealer
18 [ ] Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
19 [X] Hydro successor, Municipal Electrical Utility or subsidary of either
20 [ ] Producer and seller of steam for uses other than for the generation of electricity
21 [ ] Insurance Exchange s.74.4
22 [ ] Farm Feeder Finance Co-operative Corporation
23 [ ] Professional Corporation (incorporated professionals only)

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

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

Specify major business activity

Please check (✓) box(es) if applicable:

[ ] First Year of Filing

[ ] Amended Return

[ ] Taxation Year End has changed - Canada Customs and Revenue Agency approval required

[ ] Final Taxation Year up to Dissolution (wind-up) (*Note: For discontinued businesses, see Guide.*)

[ ] Final Taxation Year before Amalgamation

[ ] Floating Fiscal Year End

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

[ ] Acquisition of Control fed s.249(4)

Date control was acquired: _____

Was the corporation inactive throughout the taxation year?		Yes [ ]	No [X]
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?		Yes [X]	No [ ]
Are you requesting a refund due to:	the Carry-back of a Loss?	Yes [ ]	No [X]
	an Overpayment?	Yes [ ]	No [X]
	a Specified Refundable Tax Credit?	Yes [ ]	No [X]
Are you a Member of a Partnership or a Joint Venture?		Yes [ ]	No [X]

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690	±	144,618
Subtract: Charitable donations	1	-	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	2	-	
Subtract: Taxable dividends deductible, per federal Schedule 3	3	-	
Subtract: Ontario political contributions *(Attach schedule* 2A) (Int.B. 3002R)	4	-	
Subtract: Federal Part VI.1 tax X 3	5	-	
Subtract: Prior years' losses applied - Non-capital losses	From 704	-	
From 715 inclusion: Net capital losses (page 16) X rate 50.000000 %	= 714	-	
Farm losses	From 724	-	
Restricted farm losses	From 734	-	
Limited partnership losses	From 754	-	
Taxable income (Non-capital loss)	10	=	144,618
Addition to taxable income for unused foreign tax deduction for federal purposes	11	+	
Adjusted taxable income 10 + 11 (if **10** is negative, enter **11**)	20	=	144,618

Taxable Income

Number of days in Taxation Year

					Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days				
From **10** (or **20**)	144,618	X **30** Ontario Allocation 100.0000 %	X 12.5 %	X **33**		÷ **73**	366	=	**29**	+	
From **10** (or **20**)	144,618	X **30** Ontario Allocation 100.0000 %	X 14.0 %	X **34**	366	÷ **73**	366	=	**32**	+	20,247
						Days after Dec. 31, 2003	Total Days				

Income Tax Payable (before deduction of tax credits) **29 + 32** — **40** = 20,247

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	50		144,618
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	51	+	144,618
Add: Losses of other years deducted for federal purposes (fed.s.111)	52	+	
Subtract: Losses of other years deducted for Ontario purposes (s.34)	53	-	
	=	144,618 ▶ 54	144,618
Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)	55		250,000

Ontario Business Limit Calculation

	Days after Dec. 31, 2002 and before Jan. 1, 2004						
320,000 X **31**		÷**	366	=+ **46**			
	Days after Dec. 31, 2003						
400,000 X **34**	366	÷**	366	=+ **47**	400,000		

Business limit for Ontario purposes **46 + 47** = **44** 400,000 X **48** Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated 100.0000 % = **45** 400,000

Income eligible for the IDSBC From **30** 100.0000 % ***Ontario Allocation X **56** 144,618 Least of **50**, **54** or **45** = **60** 144,618

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

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

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

continued on Page 5

Income Tax *continued from Page 4*

Number of Days in Taxation Year

Calculation of IDSBC Rate	7.0 % X **31**	Days after Dec. 31, 2002 and before Jan. 1, 2004	÷ **73**	Total Days 366	= **89**	+			
	8.5 % X **34**	Days after Dec. 31, 2003 366	÷ **73**	Total Days 366	= **90**	+	8.5000		
IDSBC Rate for Taxation Year **89 + 90**						**78**	=	8.5000	
Claim	From **60**	144,618	X From **78**	8.5000 %		**70**	=	12,293	

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in **114** below.

Surtax on Canadian-controlled private corporations (s.41.1)

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

Associated corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

*** Taxable Income of the corporation**	From **10** (or **20** if applicable)	**80**	+	144,618
If you are a member of an associated group (✓) **81** ☐ (Yes)				
Taxable income of associated corporations *(Attach schedule)*		**82**	+	
Aggregate Taxable Income		**85**	=	144,618

Number of days in Taxation Year

320,000 X	**31**	Days after Dec. 31, 2002 and before Jan. 1, 2004 ÷	**73**	Total Days 366	= **115**	+				
400,000 X	**34**	Days after Dec. 31, 2003 366 ÷	**73**	Total Days 366	= **116**	+	400,000			
			115 + 116		=	400,000 ▶		**114**	-	400,000
(If negative, enter nil)								**86**	=	

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax	4.667% X **38**	Days after Dec. 31, 2002 366	÷ **73**	Total Days 366	= **97**	+	4.6670				
From **86**	X From **97**	4.6670 % =						**87**	=		
From **87**	X From **60**	144,618	÷ From **114**	400,000				**88**	=		

Surtax: Lesser of **70** or **88** **100** =

* ***Note: Short Taxation Years*** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

Income Tax *continued from Page 5*

Additional Deduction for Credit Unions (s.51(4)) *(Attach schedule 17)* **110**

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

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

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

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

Eligible Canadian Profits		**120** +	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From **56**	-	144,618
Add: Adjustment for Surtax on Canadian-controlled private corporations From **100** ÷ From **30** 100.0000 % (*Ontario Allocation) ÷ From **78** 8.5000 % = **121**			
Lesser of **56** or **121**		**122** +	
120 - 56 + 122		**130** =	
Taxable income	From **10**	+	144,618
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From **56**	-	144,618
Add: Adjustments for Surtax on Canadian-controlled private corporations	From **122**	+	
Subtract: Taxable income **10** X Allocation % to jurisdictions outside Canada	**140**	-	
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	**141**	-	
10 - 56 + 122 - 140 - 141	**142**	=	

Claim

Number of Days in Taxation Year

143 Lesser of **130** or **142**	X From **30** 100.0000 % (*Ontario Allocation) X 1.5% X	Days after Dec. 31, 2002 and before Jan. 1, 2004 **33**	÷	Total Days **73** 366	= **154**	+			
143 Lesser of **130** or **142**	X From **30** 100.0000 % (*Ontario Allocation) X 2.0% X	Days after Dec. 31, 2003 **34** 366	÷	Total Days **73** 366	= **156**	+			

M&P claim for taxation year **154** + **156** **160**

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations **161**

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity **162**

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) *(Attach schedule)* **170**

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** Credit Claimed **180**

Subtotal of Income Tax **40 - 70 + 100 - 110 - 160 - 161 - 162 -170 - 180** **190** = 7,954

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to scientific research and experimental development in Ontario.
Eligible Credit from **5620** OITC Claim Form *(Attach original Claim Form)* **191** +

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible Credit from **5798** CT23 Schedule 113 *(Attach Schedule 113)* **192** +

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production **204**
Eligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **193** +

Graduate Transitions Tax Credit (GTTC) (s.43.6) No. of Graduates From **6596** **194**
Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.
Eligible Credit from **6598** CT23 Schedule 115 *(Attach Schedule 115)* **195** +

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.
Eligible Credit from **6900** OBPTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* **196** +

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit from **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC)
(Attach the original Certificate of Eligibility) **197** +

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)* **198** +

Ontario Production Services Tax Credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.
Eligible Credit from **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **199** +

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit from **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **200** +

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit from **7500** OSRTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* **201** +

Apprenticeship Training Tax Credit (ATTC) (s.43.13) No. of Apprentices From **5896** **202**
Applies to employment of eligible apprentices.
Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)* **203** +

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 **220** =

Specified Tax Credits ***Applied to reduce Income Tax*** **225** =

Income Tax **190 - 225 OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* **230** = 7,964

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

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

Corporate Minimum Tax (CMT)

Total Assets of the corporation	**240** +	7,767,854		
Total Revenue of the corporation			**241** +	7,148,838

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

If you are a member of an associated group (✓) **242** ☐ (Yes)

Total Assets of associated corporations *(Attach schedule)*	**243** +			
Total Revenue of associated corporations *(Attach schedule)*			**244** +	
Aggregate Total Assets	**249** =	7,767,854		
Aggregate Total Revenue			**250** =	7,148,838

Determination of Applicability

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

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

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

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

Calculation: CMT *(Attach Schedule 101.)*

Gross CMT Payable - CMT Base From Schedule 101	**2136**	110,953	X From **30** 100.0000 % X 4%		**276** =	4,438
		If negative, enter zero	Ontario Allocation			
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*					**277** -	
Subtract: Income Tax				From	**190** -	7,954
Net CMT Payable (if negative, enter Nil on page 17.)					**280** =	

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

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

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

CMT Credit Carryover available	From Schedule 101	From	**2333**

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)			From	**190** +	7,954
	Gross CMT Payable	From **276** +	4,438			
	Subtract: Foreign Tax Credit for CMT purposes	From **277** -				
	If **276 - 277** is negative, enter NIL in **290**	=	4,438 ▶		**290** -	4,438
	Income Tax eligible for CMT Credit				**300** =	3,516
B.	Income Tax (after deduction of specified credits)			From	**230** +	7,954
	Subtract: CMT credit used to reduce income taxes				**310** -	
	Income Tax				**320** =	7,954

Transfer to Page 17

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

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

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350	+	4,016,312
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351	±	482,525
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352	+	
Loans and advances *(Attach schedule)*(Int.B. 3013R)	353	+	264,447
Bank loans (Int.B. 3013R)	354	+	1,901,667
Bankers acceptances (Int.B. 3013R)	355	+	
Bonds and debentures payable (Int.B. 3013R)	356	+	
Mortgages payable (Int.B. 3013R)	357	+	
Lien notes payable (Int.B. 3013R)	358	+	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359	+	69,300
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360	+	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012R)	361	+	357,993
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R)	362	+	
Subtotal	370	=	7,092,244
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R)	371	-	55,919
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372	-	
Total Paid-up Capital	380	=	7,036,325
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381	-	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the *Corporations Tax Act*, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382		
Net Paid-up Capital	390	=	7,036,325

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402	+	
Mortgages due from other corporations	403	+	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	404	+	
Loans and advances to unrelated corporations	405	+	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	406	+	
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	407	+	
Total Eligible Investments	410	=	

continued on Page 10

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420	+	7,767,854
Mortgages or other liabilities deducted from assets	421	+	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422	+	
Subtract: Investment in partnership(s)/joint venture(s)	423	-	
Total Assets as adjusted	430	=	7,767,854
Amounts in **360** and **361** (if deducted from assets)	440	+	357,993
Subtract: Amounts in **371**, **372** and **381**	441	-	55,919
Subtract: Appraisal surplus if booked	442	-	
Add or Subtract: Other adjustments (specify on an attached schedule)	443	±	
Total Assets	450	=	8,069,928

Investment Allowance (410 ÷ 450) X 390 — Not to exceed 410	460	=	
Taxable Capital 390 - 460	470	=	7,036,325

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

Gross Revenue of the corporation	7,148,838		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*			
Aggregate of Gross Revenue	7,148,838	480	7,148,838
Total Assets (as adjusted)	From	430	7,767,854

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: *This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002. Financial Institutions use calculations on page 13.*

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

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

OR If the corporation **is** a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

		Days before Jan. 1, 2005		Total Days				
5,000,000	X	**35** 366	÷	**73** 366	=	**500** +	5,000,000
		Days after Dec. 31, 2004 and before Jan.1, 2006		Total Days				
7,500,000	X	**36**	÷	**73** 366	=	**501** +	
		Days after Dec. 31, 2005 and before Jan.1, 2007		Total Days				
10,000,000	X	**37**	÷	**73** 366	=	**502** +	
				Taxable Capital Deduction (TCD)	**500 + 501 + 502**	**503** =	5,000,000

SECTION C

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

C1. If **430** and **480** on page 10 are both $3,000,000 or less, enter NIL in **550** on page 12 and complete the return from that point.

C2. If Taxable Capital in **470** is **equal to or less than the TCD** in **503**, enter NIL in **550** on page 12 and complete the return from that point.

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

+ From **470**	7,036,325										
- From **503**	5,000,000										
= **471**	2,036,325	x From	**30** 100.0000	x 0.3%	x	**555** 366	=	**523** +	6,109
			Ontario Allocation			365 (366 if leap year) *If floating taxation year, refer to Guide.*			*Transfer to **543** on page 12 and complete the return from that point*

Days in taxation year

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION D

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

D1. ☐ **509** (✓ if applicable) — All corporations that you are associated with do **not** have a permanent establishment in Canada.
If Taxable Capital **470** on page 10 is equal to or less than the TCD **503** on page 10, enter NIL in **550** on page 12 and complete the return from that point.

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. ☐ **524** (✓ if applicable) — One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital form **470** on page 10 — From **470** +

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

Taxable Capital of associated corporations *(Attach schedule)* — **531** +

Aggregate Taxable Capital **470 + 531** — **540** =

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

From **470** _____ ÷ From **540** _____ X From **503** _____ **541** =

*Transfer to **542** in Section E on page 12*

Ss.69(2.1) Election Filed

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

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION E

This section applies if the corporation **is** a member of an associated group and/or partnership whose total **aggregate** Taxable Capital **540** on page 11 exceeds the TCD **503** on page 10.

Complete the following calculation and transfer the amount from **523** to **543**, and complete the return from that point.

+ From **470** _____
- **542** _____
= **471** _____ x From **30** 100.0000 % x 0.3% x **555** 366 = **523** + _____
Ontario Allocation — Days in the taxation year *365 (366 if leap year) — **Total Capital Tax for the taxation year**

*Transfer to **543** and complete the return from that point*

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

\+ From **470** _____ X From **30** 100.0000 x 0.3% = **561** + _____
Ontario Allocation

\- Capital tax deduction from **995** relating to **your corporation's** Capital Tax deduction, on Schedule 591 From **995** _____
562 = _____

Capital Tax _____ **562** _____ X **555** 366 = **563** + _____
Days in taxation year *365 (366 if leap year)

*Transfer to **543** and complete the return from that point*

* *If floating taxation year, refer to Guide*

Capital Tax before application of specified credits	**543** =	6,109
Subtract: Specified Tax Credits applied to reduce capital tax payable *(Refer to Guide)*	**546** -	
Capital Tax **543 - 546** *(amount cannot be negative)*	**550** =	6,109

Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions Only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.

1.2 Other than Credit Unions

*(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)*

565 _____ x 0.6% x From **30** _____ % x **555** _____ ÷ *365 = **569** + _____
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 — Ontario Allocation — Days in taxation year (366 if leap year)

570 _____ x **571** _____ x From **30** _____ % x **555** _____ ÷ *365 = **574** + _____
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount — Capital Tax Rate *(Refer to Guide)* — Ontario Allocation — Days in taxation year (366 if leap year)

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574 **575** =

** If floating taxation year, refer to Guide.*

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments **585**

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

Capital Tax - Financial Institutions 575 - 585 **586** =
*Transfer to **543** on Page 12*

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

(1) Uninsured Benefits Arrangements **587** x 2% **588** =
Applies to Ontario-related uninsured benefits arrangements.

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

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to Guide)* **589** -

Premium Tax 588 - 589 **590** =
Transfer to Page 17

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

Net income (loss) for federal income tax purposes, per federal T2 Schedule 1	**600**	±	144,618
			Transfer to Page 15

Add:

Federal capital cost allowance	**601**	+	246,561
Federal cumulative eligible capital deduction	**602**	+	13,834
Ontario taxable capital gain	**603**	+	
Federal non-allowable reserves. Balance beginning of year	**604**	+	
Federal allowable reserves. Balance end of year	**605**	+	
Ontario non-allowable reserves. Balance end of year	**606**	+	
Ontario allowable reserves. Balance beginning of year	**607**	+	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	**608**	+	
Federal resource allowance *(Refer to Guide)*	**609**	+	
Federal depletion allowance	**610**	+	
Federal foreign exploration and development expenses	**611**	+	
Crown charges, royalties, rentals, etc. deducted for Federal purposes *(Refer to Guide)*	**617**	+	
Management fees, rents, royalties and similar payments to non-arms' length non-residents			

Number of Days in Taxation Year

		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days				
612		X 5/12.5 X	**33**	÷ **73**	366	=	**633** +	
		Days after Dec. 31, 2003		Total Days				
612		X 5/14.0 X	**34**	366 ÷ **73**	366	=	**634** +	

Total add-back amount for Management fees, etc. **633 + 634** =	**613**			
Federal Scientific Research Expenses claimed in year from line **460** of fed. form T661 excluding any negative amount in **473** from Ont. CT23 Schedule 161	**615**	+		
Add any negative amount in **473** from Ont. CT23 Schedule 161	**616**	+		
Federal allowable business investment loss	**620**	+		
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	**614**	+		
Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614		=	260,395 **640**	260,395
				Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under **675**)	**650**	+	246,561
Ontario cumulative eligible capital deduction	**651**	+	13,834
Federal taxable capital gain	**652**	+	
Ontario non-allowable reserves. Balance beginning of year	**653**	+	
Ontario allowable reserves. Balance end of year	**654**	+	
Federal non-allowable reserves. Balance end of year	**655**	+	
Federal allowable reserves. Balance beginning of year	**656**	+	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	**657**	+	
Ontario depletion allowance	**658**	+	
Ontario resource allowance *(Refer to Guide)*	**659**	+	
Ontario current cost adjustment *(Attach schedule)*	**661**	+	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	**675**	+	
Subtotal of deductions for this page 650 to 659 + 661 + 675	**681**		260,395
			Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From **600** ±	144,618
Total of Additions on page 14	From **640** =	260,395
Sub Total of deductions on page 14	From **681** =	260,395

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(***Applies*** only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

ONTTI Gross-up deduction calculation:

From **662** x 100/ **30** 100.0000 (Ontario Allocation) - From **662** **663**

Workplace Child Care Tax Incentive (WCCT)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: **665** x 30% x 100/ **30** 100.0000 (Ontario Allocation) **666**

Workplace Accessibility Tax Incentive (WATI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: **667** x 100% x 100/ **30** 100.0000 (Ontario Allocation) **668**

Number of Employees accommodated **669**

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

Qualifying expenditures **670** x 30% x 100/ **30** 100.0000 (Ontario Allocation) **671**

Educational Technology Tax Incentive (ETTI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures **672** x 15% x 100/ **30** 100.0000 (Ontario Allocation) **673**

Ontario allowable business investment loss	**678** +	
Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161	**679** +	
Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003)	**677** +	
Total of other deductions allowed by Ontario *(Attach schedule)*	**664** +	

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664	=	260,395 **680**	260,395
Net income (loss) for Ontario Purposes 600 + 640 - 680		**690** =	144,618

Transfer to Page 4

Continuity of Losses Carried Forward

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

Analysis of Balance by Year of Origin

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

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.

(3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amounts from **11** if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in **709** must equal total of **829** + **839**.

(9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Minister of Finance**.
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Predecessor Corporation's Account No. (MOF)	Taxation Year Ending	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.						
i) 3rd preceding	901	2001/12/31	911	921	931	941
ii) 2nd preceding	902	2002/12/31	912	922	932	942
iii) 1st preceding	903	2003/12/31	913	923	933	943
Total loss to be carried back			From **706**	From **716**	From **726**	From **736**
Balance of loss available for carry-forward			919	929	939	949

Summary

Income Tax	From **230** or	320 +	7,954
Corporate Minimum Tax	From	280 +	
Capital Tax	From	550 +	6,109
Premium Tax	From	590 +	
Total Tax Payable		950 =	14,063
Subtract: Payments		960	
Capital Gains Refund (s.48)		965	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*		985	
Specified Tax Credits *(Refer to Guide)*		955	
Balance		970 =	14,063
If payment due	Enclosed *	990	
If overpayment: Refund *(Refer to Guide)*		975 =	
Apply to		980	

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order. *(Refer to Guide for other payment methods.)*

Certification

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

Name
GORD MAKI

Title
GENERAL MANAGER

Full Residence Address

City

Province | Country | Postal Code

Signature | Date 2005/07/18

COPY

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

Ontario

Ministry of Finance

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2004/12/31

Part 1: Calculation of CMT Base

Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.
Life Insurance corporations - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP)				2100 ±	76,890
Subtract (to the extent reflected in net income/loss):					
Provision for recovery of income taxes / benefit of current income taxes	2101 +				
Provision for deferred income taxes (credits) / benefit of future income taxes	2102 +				
Equity income from corporations	2103 +				
Share of partnership(s)/joint venture(s) income	2104 +				
Dividends received/receivable deductible under fed.s.112	2105 +				
Dividends received/receivable deductible under fed.s.113	2106 +				
Dividends received/receivable deductible under fed.s.83(2)	2107 +				
Dividends received/receivable deductible under fed.s.138(6)	2108 +				
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1) x 3 =	2109 +				
Subtotal		=		2110 -	
Add (to extent reflected in net income/loss):					
Provision for current taxes / cost of current income taxes	2111 +	34,063			
Provision for deferred income taxes (debits) / cost of future income taxes	2112 +				
Equity losses from corporations	2113 +				
Share of partnership(s)/joint venture(s) losses	2114 +				
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	2115 +				
Subtotal		=	34,063	2116 +	34,063

Add/Subtract:

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

Fed.s.85	2117 +		or 2118 -	
Fed.s.85.1	2119 +		or 2120 -	
Fed.s.97	2121 +		or 2122 -	
Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	2123 +		or 2124 -	
Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	2125 +		or 2126 -	
Amounts relating to s.57.10 election/ regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	2127 +		or 2128 -	
Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	2150 -			
Subtotal (Additions)	=			2129 +	
Subtotal (Subtractions)		=		2130 -	
Other adjustments				2131 ±	
Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131				2132 =	110,953
Share of partnership(s)/joint venture(s) **adjusted** net income/loss				2133 ±	
Adjusted net income (loss) (if loss, transfer to **2202** in ***Part 2: Continuity of CMT Losses Carried Forward.***)				2134 =	110,953
Deduct: CMT losses: pre-1994 Loss	From 2210 +				
CMT losses: other eligible losses	2211 +				
		=		2135 -	
CMT Base				2136 =	110,953

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

Corporate Minimum Tax (CMT)

Part 2: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
Totals							

Balance at Beginning of year Notes (1), (2) **2201** +

Add:
- Current year's losses **2202** +
- Losses from predecessor corporations on amalgamation Note (3) **2203** +
- Losses from predecessor corporations on wind-up Note (3) **2204** +
- Amalgamation (✓) **2205** ☐ Yes Wind-up (✓) **2206** ☐ Yes

Subtotal = ▶ **2207** +

Adjustments (attach schedule) **2208** ±

CMT losses available 2201 + 2207 ± 2208 **2209** =

Subtract:
- Pre-1994 loss utilized during the year to reduce adjusted net income **2210** +
- Other eligible losses utilized during the year to reduce adjusted net income Note (4) **2211** +
- Losses expired during the year **2212** +

Subtotal = ▶ **2213** -

Balances at End of Year Note (5) **2209 - 2213** **2214** =

Notes:

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

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

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

(4) CMT losses must be used to the extent of the lesser of the adjusted net income **2134** and CMT losses available **2209**.

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

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

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

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	**2260**	**2280**
2241	**2261**	**2281**
2242	**2262**	**2282**
2243	**2263**	**2283**
2244 2000/09/30	**2264**	**2284**
2245 2001/09/30	**2265**	**2285**
2246 2001/12/31	**2266**	**2286**
2247 2002/12/31	**2267**	**2287**
2248 2003/12/31	**2268**	**2288**
2249 2004/12/31	**2269**	**2289**
Totals	**2270**	**2290**

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

Corporate Minimum Tax (CMT)

Part 4: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2001/09/30							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
Totals							

Balance at Beginning of year Note (1) **2301** +

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

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

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

Subtotal (If negative, enter NIL) = ▶ **2305** -

Current year's CMT credit (If negative, enter NIL) **280** or **347** – **2305** = ▶ **2310** +

CMT Credit Carryovers from predecessor corporations Note (3) **2325** +

Amalgamation (✓) **2315** ☐ Yes Wind-up (✓) **2320** ☐ Yes

Subtotal **2301 + 2310 + 2325** **2330** +

Adjustments *(Attach schedule)* **2332** ±

CMT Credit Carryover available 2330 ± 2332 **2333** =

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

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

CMT Credit expired during the year **2334** +

Subtotal = ▶ **2335** -

Balance at End of Year Note (4) **2333 - 2335** **2336** =

Notes:

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

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

Year of Origin (oldest year first)	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	**2360**	**2380**
2341	**2361**	**2281**
2342	**2362**	**2382**
2343	**2363**	**2383**
2344	**2364**	**2384**
2345 2001/09/30	**2365**	**2385**
2346 2001/12/31	**2366**	**2386**
2347 2002/12/31	**2367**	**2387**
2348 2003/12/31	**2368**	**2388**
2349 2004/12/31	**2369**	**2389**
Totals	**2370**	**2390**

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

Ontario

Ministry of Finance

Corporations Tax Branch
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Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2004/12/31

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year (See note 1 below)	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule (See note 2 below)	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	84,933				84,933		84,933	4			3,397	81,536
1	5,028,812	260,511			5,289,323	130,256	5,159,067	4			206,363	5,082,960
8	16,801	13,343			30,144	6,672	23,472	20			4,694	25,450
10	93,549	26,948			120,497	13,474	107,023	30			32,107	88,390
Totals	5,224,095	300,802				150,402	5,374,495				246,561	5,278,336

Enter in box **650** on the CT23

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

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

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

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

Ontario

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33 King Street West
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Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.		2004/12/31

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

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

Ontario Cumulative eligible capital - balance at beginning of taxation year *(if negative, enter zero)*				197,629	A
Add: Cost of eligible capital property acquired during the taxation year	+		B		
Amount transferred on amalgamation or wind-up of subsidiary	+		C		
Other adjustments	+		D		
Total of B + C + D	=		x 3/4=		E
Subtotal A + E			=	197,629	F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada)	+		H		
Other adjustments	+		I		
Total of G + H + I	=		x 3/4=		J
Ontario cumulative eligible capital balance F - J			=	197,629	K

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

Current year deduction 197,629 K x 7%* = 13,834 L

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

Ontario cumulative eligible capital - closing balance K - L *(if negative, enter zero)* = 183,795 M

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

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

Complete this part only if the amount at line K is negative

Amount from line K above *show as a positive amount*				N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988		1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)		2		
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	3			
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	4			
Line **3** deduct line **4**		5		
Total lines **1 + 2 + 5**		6		
Line **T** from previous Ontario Schedule 10 for taxation years ending after February 27, 2000		7		
Deduct line **7** from line **6**				O
N - O *(cannot be negative)*				P
Amount on line **5**	x 1/2			Q
P - Q				R
Amount on line **R**	x 66.6667			S
Lesser of line **N** or line **O**				T
Amount to be included in income S + T				

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

Ontario

Ministry of Finance

Corporations Tax
33 King Street West
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Oshawa ON L1H 8E9

2006 CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

COPY

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

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

MGS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* ☐ Yes ☒ No **Page 1 of 20**

Ministry Use

Corporation's Legal Name *(including punctuation)*
SIOUX LOOKOUT HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800280

Mailing address
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON	CA	P8T 1B3

This Return covers the Taxation Year
Start 2005/01/01
End 2005/12/31

Has the mailing address changed since last filed CT23 Return? ☐ Yes | Date of change | year month day

Date of Incorporation or Amalgamation
2000/01/13

Registered/Head Office Address
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON		P8T 1B3

Ontario Corporation No. (MGS) 1396033

Location of Books and Records
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON		P8T 1B3

Canada Revenue Agency Business No.
870538170RC0001

Name of person to contact regarding this CT23 Return	Telephone No.	Fax No.
GORD MAKI	(807) 737-3800	( ) -

Jurisdiction Incorporated ONTARIO

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

City	Province	Country	Postal code

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced
Ceased
☒ *Not Applicable*

Former Corporation Name (*Extra-Provincial Corporations only*) ☐ *Not Applicable* (MGS)

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

No. of Schedule(s) 0

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

Preferred Language / *Langue de préférence*
☒ English *anglais* ☐ French *français*

Ministry Use

Certification (MGS)

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

Name of Authorized Person
GORD MAKI

Title: D ☐ Director O ☐ Officer P ☒ Other individual having knowledge of the Corporation's business activities

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

Taxation Year End

Exempt From Filing (EFF) Corporations Tax Return Declaration

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

a) has filed a federal Income Tax Return (T2) with Canada Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
e) had provided its Canada Revenue Agency business number to the Ministry of Finance; and
f) is **not** subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.
- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, ministry will accept the filing of a tax return for a loss year at the time the loss is incurred.
- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is **also** being filed, completion of these fields is **not** required.

1. Corporation's Mailing Address

City Province Country Postal code

2. Ontario Corporation No. (MGS)

3. Canada Revenue Agency Business No.
RC

I, _____ declare that:

The above corporation meets **all** of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature	Title/Relationship to Corporation	Telephone number ( ) -	Date

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No		
☒	☐	(a)	The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) 100 %
☒	☐	(b)	The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. (*Refer to Guide*)
☒	☐	(c)	The corporation is **not** a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
☐	☒	(d)	The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each $3,000,000 or less and the corporation is not a financial institution.
☒	☐	(e)	The corporation is **not** claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
☒	☐	(f)	The corporation's Ontario allocation factor is 100%.

Note: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are **not** subject to the Corporate Minimum Tax, may also use the **CT23 Short-Form Corporations Tax Return** if the corporation checks "Yes" to a), b), c), e) and f) above.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of Corporation

1
- 1 [X] Canadian-controlled private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))
- 2 [ ] Other Private
- 3 [ ] Public
- 4 [ ] Non-share Capital
- 5 [ ] Other (*specify*)

Share Capital with full voting rights owned by Canadian Residents. (nearest percent) 100 %

2
- 1 [ ] Family Farm Corporation s.1(2)
- 2 [ ] Family Fishing Corporation s.1(2)
- 3 [ ] Mortgage Investment Corp s.47
- 4 [ ] Credit Union s.51
- 5 [ ] Bank Mortgage Subsidiary s.61(4)
- 6 [ ] Bank s.1(2)
- 7 [ ] Loan and Trust Corporation s.61(4)
- 8 [ ] Non-resident Corp s.2(2)(a) or (b)
- 9 [ ] Non-resident Corporation s.2(2)(c)
- 10 [ ] Mutual Fund Corporation s.48
- 11 [ ] Non-resident owned investment Corporation s.49
- 12 [ ] Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- 14 [ ] Bare Trustee Corporation
- 15 [ ] Branch of Non-resident s.63(1)
- 16 [ ] Financial institution prescribed by Regulation only
- 17 [ ] Investment Dealer
- 18 [ ] Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- 19 [X] Hydro successor, Municipal Electrical Utility or subsidary of either
- 20 [ ] Producer and seller of steam for uses other than for the generation of electricity
- 21 [ ] Insurance Exchange s.74.4
- 22 [ ] Farm Feeder Finance Co-operative Corporation
- 23 [ ] Professional Corporation (incorporated professionals only)

- [ ] This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- [ ] Amended Return
- [ ] Taxation year end change - Canada Revenue Agency approval required
- [ ] Final taxation year up to dissolution (*Note: for discontinued businesses, see guide.*)
- [ ] Final taxation year before amalgamation
- [ ] The corporation has a floating fiscal year end
- [ ] There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- [ ] There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year
  If checked, date control was acquired _____
- [ ] The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- [ ] First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- [ ] Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes	No	
[ ]	[X]	Was the corporation inactive throughout the taxation year?
[X]	[ ]	Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?
		Are you requesting a refund due to:
[ ]	[X]	the Carry-back of a Loss?
[X]	[ ]	an Overpayment?
[ ]	[X]	a Specified Refundable Tax Credit?
[ ]	[X]	Are you a Member of a Partnership or a Joint Venture?

Complete if applicable

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

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

Specify major business activity

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690 ±	150,732	
Subtract: Charitable donations	1 -		
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	2 -		
Subtract: Taxable dividends deductible, per federal Schedule 3	3 -		
Subtract: Ontario political contributions *(Attach schedule* 2A) (Int.B. 3002R)	4 -		
Subtract: Federal Part VI.1 tax _____ X 3	5 -		
Subtract: Prior years' losses applied - Non-capital losses	From 704 -		
Net capital losses (page 16) From 715 _____ X inclusion rate 50.000000 % =	714 -		
Farm losses	From 724 -		
Restricted farm losses	From 734 -		
Limited partnership losses	From 754 -		
Taxable income (Non-capital loss)	10 =	150,732	
Addition to taxable income for unused foreign tax deduction for federal purposes	11 +		
Adjusted taxable income 10 + 11 (if **10** is negative, enter **11**)	20 =	150,732	

Taxable Income

					Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days			
From **10** (or **20**)	150,732	X **30** Ontario Allocation 100.0000	% X 12.5 % X	**33** _____	÷	**73** 365	=	**29** +		
				Days after Dec. 31, 2003		Total Days				
From **10** (or **20**)	150,732	X **30** Ontario Allocation 100.0000	% X 14.0 % X	**34** 365	÷	**73** 365	=	**32** +	21,102	
Income Tax Payable (before deduction of tax credits) **29 + 32**								**40** =	21,102	

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))		**50**	150,732
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	**51** + 150,732		
Add: Losses of other years deducted for federal purposes (fed.s.111)	**52** +		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	**53** -		
	= 150,732 ▶	**54**	150,732
Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)	**55** + 300,000		

Ontario Business Limit Calculation

320,000 X **31** _____ (Days after Dec. 31, 2002 and before Jan. 1, 2004) ÷ ** 365 =+ **46** _____

400,000 X **34** 365 (Days after Dec. 31, 2003) ÷ ** 365 =+ **47** 400,000

Business limit for Ontario purposes **46 + 47** = **44** 400,000 X **48** 100.0000 % = **45** 400,000

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

Income eligible for the IDSBC From **30** 100.0000 % X (***Ontario Allocation) **56** 150,732 (Least of **50**, **54** or **45**) **60** = 150,732

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

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

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

continued on Page 5

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

			Number of Days in Taxation Year							
			Days after Dec. 31, 2002 and before Jan. 1, 2004			Total Days				
	7.0 % X	31		÷	73	365	=	89	+	
			Days after Dec. 31, 2003			Total Days				
	8.5 % X	34	365	÷	73	365	=	90	+	8.5000
IDSBC Rate for Taxation Year **89 + 90**								78	=	8.5000
Claim	From	60	150,732	X From	78	8.5000 %		70	=	12,812

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in **114** below.

Surtax on Canadian-controlled Private Corporations (s.41.1)

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

Associated corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

* **Taxable Income of the corporation**							From **10** (or **20** if applicable)	80	+	150,732
If you are a member of an associated group (✓)	81 ☐ (Yes)									
Taxable income of associated corporations *(Attach schedule)*								82	+	
Aggregate Taxable Income								85	=	150,732

Number of days in Taxation Year

		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days						
320,000 X	31		÷	73	365	=	115	+		
		Days after Dec. 31, 2003		Total Days						
400,000 X	34	365	÷	73	365	=	116	+	400,000	
					115 + 116	=			400,000	▶ 114 - 400,000
(If negative, enter nil)										86 =

Calculation of Specified Rate for Surtax

				Number of Days in Taxation Year								
				Days after Dec. 31, 2002			Total Days					
		4.667% X	38	365	÷	73	365	=	97	+	4.6670	
From	86		X From	97	4.6670	% =					87	=
From	87		X From	60	150,732	÷ From	114	400,000			88	=

Surtax: Lesser of **70** or **88** **100** =

* ***Note: Short Taxation Years*** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

Income Tax *continued from Page 5*

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

110

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

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

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

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

Eligible Canadian Profits		**120** +	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From	**56** -	150,732

Add: Adjustment for Surtax on Canadian-controlled private corporations
From **100** _____ ÷ From **30** 100.0000 % ÷ From **78** 8.5000 % = **121** _____
*Ontario Allocation

Lesser of **56** or **121**	**122** +	
120 - 56 + 122	**130** =	

Taxable income	From	**10** +	150,732
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From	**56** -	150,732
Add: Adjustments for Surtax on Canadian-controlled private corporations	From	**122** +	
Subtract: Taxable income **10** X Allocation % to jurisdictions outside Canada		**140** -	
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses		**141** -	
10 - 56 + 122 - 140 - 141		**142** =	

Claim

Number of Days in Taxation Year

143 _____ X From **30** 100.0000 % X 1.5% X **33** _____ ÷ **73** 365 = **154** +
Lesser of **130** or **142** *Ontario Allocation
Days after Dec. 31, 2002 and before Jan. 1, 2004 / Total Days

143 _____ X From **30** 100.0000 % X 2.0% X **34** 365 ÷ **73** 365 = **156** +
Lesser of **130** or **142** *Ontario Allocation
Days after Dec. 31, 2003 / Total Days

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 =

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

162 =

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) *(Attach schedule)* **170**

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** _____ Credit Claimed **180**

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 -170 - 180

190 = 8,290

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Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to scientific research and experimental development in Ontario.
Eligible Credit from **5620** OITC Claim Form *(Attach original Claim Form)* **191** +

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible Credit from **5798** CT23 Schedule 113 *(Attach Schedule 113)* **192** +

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production **204**
Eligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **193** +

Graduate Transitions Tax Credit (GTTC) (s.43.6) No. of Graduates From **6596** **194**
Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.
Eligible Credit from **6598** CT23 Schedule 115 *(Attach Schedule 115)* **195** +

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.
Eligible Credit from **6900** OBPTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* **196** +

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit from **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC)
(Attach the original Certificate of Eligibility) **197** +

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)* **198** +

Ontario Production Services Tax Credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.
Eligible Credit from **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **199** +

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit from **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* **200** +

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit from **7500** OSRTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* **201** +

Apprenticeship Training Tax Credit (ATTC) (s.43.13) No. of Apprentices From **5896** **202**
Applies to employment of eligible apprentices.
Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)* **203** +

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 **220** =

Specified Tax Credits *Applied to reduce Income Tax* **225** =

Income Tax **190 - 225 OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* **230** = 8,290

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

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

Corporate Minimum Tax (CMT)

Total Assets of the corporation	**240** +	8,032,457		
Total Revenue of the corporation			**241** +	7,228,706

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

If you are a member of an associated group (✓) **242** ☐ (Yes)

Total Assets of associated corporations *(Attach schedule)*	**243** +			
Total Revenue of associated corporations *(Attach schedule)*			**244** +	
Aggregate Total Assets	**249** =	8,032,457		
Aggregate Total Revenue			**250** =	7,228,706

Determination of Applicability

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

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

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

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

Calculation: CMT *(Attach Schedule 101.)*

Gross CMT Payable - CMT Base From Schedule 101	**2136**	87,291	X	From **30** 100.0000 %	X 4%	**276** =	3,492
		If negative, enter zero		Ontario Allocation			
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*						**277** -	
Subtract: Income Tax					From	**190** -	8,290
Net CMT Payable (if negative, enter Nil on page 17.)						**280** =	

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

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

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

CMT Credit Carryover available From Schedule 101	From	**2333**	

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)				From	**190** +	8,290
	Gross CMT Payable	From	**276** +	3,492			
	Subtract: Foreign Tax Credit for CMT purposes	From	**277** -				
	If **276** - **277** is negative, enter NIL in **290**		=	3,492 ▶		**290** -	3,492
	Income Tax eligible for CMT Credit					**300** =	4,798
B.	Income Tax (after deduction of specified credits)				From	**230** +	8,290
	Subtract: CMT credit used to reduce income taxes					**310** -	
	Income Tax					**320** =	8,290

Transfer to Page 17

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

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

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	**350**	+	4,016,312
Retained earnings (if deficit, deduct) (Int.B. 3012R)	**351**	±	413,999
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	**352**	+	172,156
Loans and advances *(Attach schedule)*(Int.B. 3013R)	**353**	+	286,487
Bank loans (Int.B. 3013R)	**354**	+	1,761,667
Bankers acceptances (Int.B. 3013R)	**355**	+	
Bonds and debentures payable (Int.B. 3013R)	**356**	+	
Mortgages payable (Int.B. 3013R)	**357**	+	
Lien notes payable (Int.B. 3013R)	**358**	+	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	**359**	+	95,455
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	**360**	+	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012R)	**361**	+	413,210
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R)	**362**	+	
Subtotal	**370**	=	7,159,286
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R)	**371**	-	54,805
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	**372**	-	
Total Paid-up Capital	**380**	=	7,104,481
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	**381**	-	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the *Corporations Tax Act*, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	**382**	-	
Net Paid-up Capital	**390**	=	7,104,481

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	**402**	+	
Mortgages due from other corporations	**403**	+	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	**404**	+	
Loans and advances to unrelated corporations	**405**	+	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	**406**	+	
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	**407**	+	
Total Eligible Investments	**410**	=	

continued on Page 10

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420	+	8,032,457
Mortgages or other liabilities deducted from assets	421	+	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422	+	
Subtract: Investment in partnership(s)/joint venture(s)	423	-	
Total Assets as adjusted	430	=	8,032,457
Amounts in **360** and **361** (if deducted from assets)	440	+	413,210
Subtract: Amounts in **371**, **372** and **381**	441	-	54,805
Subtract: Appraisal surplus if booked	442	-	
Add or Subtract: Other adjustments (specify on an attached schedule)	443	±	
Total Assets	450	=	8,390,862

Investment Allowance (410 ÷ 450) X 390 — **Not to exceed 410**	460	=	
Taxable Capital 390 - 460	470	=	7,104,481

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

Gross Revenue of the corporation	7,228,706		
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*			
Aggregate of Gross Revenue	7,228,706	480	7,228,706
Total Assets (as adjusted)	From	430	8,032,457

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: *This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003. Financial Institutions use calculations on page 13.*

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

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

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

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

5,000,000	X	**35** Days before Jan. 1, 2005 ÷ Days after Dec. 31, 2004 and before Jan.1, 2006		**73** Total Days 365	= **500** +		
7,500,000	X	**36** 365 ÷ Days after Dec. 31, 2005 and before Jan.1, 2007	365	**73** Total Days 365	= **501** +	7,500,000	
10,000,000	X	**37** ÷		**73** 365	= **502** +		
		Taxable Capital Deduction (TCD) **500 + 501 + 502**			**503** =		7,500,000

SECTION C

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

C1. If **430** and **480** on page 10 are both $3,000,000 or less, enter NIL in **550** on page 12 and complete the return from that point.

C2. If Taxable Capital in **470** is **equal to or less than the TCD** in **503**, enter NIL in **550** on page 12 and complete the return from that point.

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

+ From **470** _____
- From **503** _____
= **471** _____ x From **30** _____ (Ontario Allocation) x 0.3000 % x **555** _____ (Days in taxation year: 365 (366 if leap year) *If floating taxation year, refer to Guide.*) = **523** + _____ *Transfer to **543** on page 12 and complete the return from that point*

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION D

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

D1. ☐ **509** (✓ if applicable)

All corporations that you are associated with do **not** have a permanent establishment in Canada.
If Taxable Capital **470** on page 10 is equal to or less than the TCD **503** on page 10, enter NIL in **550** on page 12 and complete the return from that point.

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. ☐ **524** (✓ if applicable)

One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital form **470** on page 10 — From **470** +

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

Taxable Capital of associated corporations *(Attach schedule)* — **531** +

Aggregate Taxable Capital **470 + 531** — **540** =

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

From **470** _____ ÷ From **540** _____ X From **503** _____ — **541** =

*Transfer to **542** in Section E on page 12*

Ss.69(2.1) Election Filed

☐ **591** (✓ if applicable)

Election filed. *Attach a copy of Schedule 591 with this CT23 Return.*
Proceed to **Section F** on page 12.

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION E

This section applies if the corporation **is** a member of an associated group and/or partnership whose total **aggregate** Taxable Capital **540** on page 11 exceeds the TCD **503** on page 10.

Complete the following calculation and transfer the amount from **523** to **543**, and complete the return from that point.

+ From	**470**											
-	**542**											
=	**471**		x From	**30**		% x 0.3000 % x		**555**		=	**523** +	**Total Capital Tax for the taxation year**
					Ontario Allocation			Days in the taxation year *365 (366 if leap year)				*Transfer to **543** and complete the return from that point*

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+	From **470**		X From	**30**		x 0.3000 %	=	**561** +	
					Ontario Allocation				
- Capital tax deduction from **995** relating to **your corporation's** Capital Tax deduction, on Schedule 591							From	**995**	
								562 =	

Capital Tax	**562**		X	**555**	=	**563** +
				Days in taxation year *365 (366 if leap year)		*Transfer to **543** and complete the return from that point*

* *If floating taxation year, refer to Guide*

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

Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions Only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.

1.2 Other than Credit Unions

*(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)*

565 _____ x 0.6000 % x From **30** _____ % x **555** _____ ÷ *365 = **569** +

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 — Ontario Allocation — Days in taxation year (366 if leap year)

570 _____ x **571** _____ x From **30** _____ % x **555** _____ ÷ *365 = **574** +

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount — Capital Tax Rate *(Refer to Guide)* — Ontario Allocation — Days in taxation year (366 if leap year)

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574 **575** =

** If floating taxation year, refer to Guide.*

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments **585** =

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

Capital Tax - Financial Institutions 575 - 585 **586** =

*Transfer to **543** on Page 12*

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

(1) Uninsured Benefits Arrangements **587** _____ x 2% **588** =

Applies to Ontario-related uninsured benefits arrangements.

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

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

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to Guide)* **589**

Premium Tax 588 - 589 **590** =

Transfer to Page 17

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

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1	**600** ±	150,732
		Transfer to Page 15

Add:

Federal capital cost allowance	**601** +	251,251
Federal cumulative eligible capital deduction	**602** +	12,866
Ontario taxable capital gain	**603** +	
Federal non-allowable reserves. Balance beginning of year	**604** +	
Federal allowable reserves. Balance end of year	**605** +	
Ontario non-allowable reserves. Balance end of year	**606** +	
Ontario allowable reserves. Balance beginning of year	**607** +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	**608** +	
Federal resource allowance *(Refer to Guide)*	**609** +	
Federal depletion allowance	**610** +	
Federal foreign exploration and development expenses	**611** +	
Crown charges, royalties, rentals, etc. deducted for Federal purposes *(Refer to Guide)*	**617** +	
Management fees, rents, royalties and similar payments to non-arms' length non-residents		

Number of Days in Taxation Year

		Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days		
612	X 5/12.5 X	**33**	÷ **73**	365	= **633** +	

		Days after Dec. 31, 2003		Total Days		
612	X 5/14.0 X	**34** 365	÷ **73**	365	= **634** +	

Total add-back amount for Management fees, etc. **633 + 634** =	**613** +		
Federal Scientific Research Expenses claimed in year from line **460** of fed. form T661 excluding any negative amount in **473** from Ont. CT23 Schedule 161	**615** +		
Add any negative amount in **473** from Ont. CT23 Schedule 161	**616** +		
Federal allowable business investment loss	**620** +		
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*	**614** +		
Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614	=	264,117	**640** 264,117
			Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under **675**)	**650** +	251,251
Ontario cumulative eligible capital deduction	**651** +	12,866
Federal taxable capital gain	**652** +	
Ontario non-allowable reserves. Balance beginning of year	**653** +	
Ontario allowable reserves. Balance end of year	**654** +	
Federal non-allowable reserves. Balance end of year	**655** +	
Federal allowable reserves. Balance beginning of year	**656** +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	**657** +	
Ontario depletion allowance	**658** +	
Ontario resource allowance *(Refer to Guide)*	**659** +	
Ontario current cost adjustment *(Attach schedule)*	**661** +	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	**675** +	
Subtotal of deductions for this page 650 to 659 + 661 + 675	**681**	264,117
		Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From	600 ±	150,732
Total of Additions on page 14	From	640 =	264,117
Sub Total of deductions on page 14	From	681 =	264,117

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(***Applies*** only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

ONTTI Gross-up deduction calculation:

From **662** _____ x 100/ **30** 100.0000 (Ontario Allocation) - From **662** _____ **663** =

Workplace Child Care Tax Incentive (WCCT)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: **665** _____ x 30% x 100/ **30** 100.0000 (Ontario Allocation) **666** =

Workplace Accessibility Tax Incentive (WATI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: **667** _____ x 100% x 100/ **30** 100.0000 (Ontario Allocation) **668** =

Number of Employees accommodated **669**

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

Qualifying expenditures **670** _____ x 30% x 100/ **30** 100.0000 (Ontario Allocation) **671** =

Educational Technology Tax Incentive (ETTI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures **672** _____ x 15% x 100/ **30** 100.0000 (Ontario Allocation) **673** =

Ontario allowable business investment loss	**678** +	
Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161	**679** +	
Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003)	**677** +	
Total of other deductions allowed by Ontario *(Attach schedule)*	**664** +	

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 264,117 **680** 264,117

Net income (loss) for Ontario Purposes 600 + 640 - 680 **690** = 150,732

Transfer to Page 4

Continuity of Losses Carried Forward

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

Analysis of Balance by Year of Origin

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

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.

(3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amounts from **11** if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in **709** must equal total of **829** + **839**.

(9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

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

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

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Minister of Finance**.
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Predecessor Corporation's Account No. (MOF)	Taxation Year Ending	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.						
i) 3rd preceding	901	2002/12/31	911	921	931	941
ii) 2nd preceding	902	2003/12/31	912	922	932	942
iii) 1st preceding	903	2004/12/31	913	923	933	943
Total loss to be carried back			From **706**	From **716**	From **726**	From **736**
Balance of loss available for carry-forward			**919**	**929**	**939**	**949**

Summary

Income Tax	From **230** or	320	+	8,290
Corporate Minimum Tax	From	280	+	
Capital Tax	From	550	+	
Premium Tax	From	590	+	
Total Tax Payable		950	=	8,290
Subtract: Payments		960	-	24,780
Capital Gains Refund (s.48)		965	-	
Qualifying Environmental Trust Tax Credit *(Refer to Guide)*		985	-	
Specified Tax Credits *(Refer to Guide)*		955	-	
Balance		970	=	(16,490)
If payment due	Enclosed *	990		
If overpayment: Refund *(Refer to Guide)*		975	=	16,490
Apply to		980		

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order. *(Refer to Guide for other payment methods.)*

Certification

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

Name
GORD MAKI

Title
GENERAL MANAGER

Full Residence Address

City

Province	Country	Postal Code

Signature COPY Date 2007/01/29

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

Ontario

Ministry of Finance

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	1800280	2005/12/31

Part 1: Calculation of CMT Base

Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.
Life Insurance corporations - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP)				2100 ±	63,913
Subtract (to the extent reflected in net income/loss):					
Provision for recovery of income taxes / benefit of current income taxes		2101 +			
Provision for deferred income taxes (credits) / benefit of future income taxes		2102 +			
Equity income from corporations		2103 +			
Share of partnership(s)/joint venture(s) income		2104 +			
Dividends received/receivable deductible under fed.s.112		2105 +			
Dividends received/receivable deductible under fed.s.113		2106 +			
Dividends received/receivable deductible under fed.s.83(2)		2107 +			
Dividends received/receivable deductible under fed.s.138(6)		2108 +			
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1)	x 3 =	2109 +			
Subtotal		=	▶	2110 -	
Add (to extent reflected in net income/loss):					
Provision for current taxes / cost of current income taxes		2111 +	23,378		
Provision for deferred income taxes (debits) / cost of future income taxes		2112 +			
Equity losses from corporations		2113 +			
Share of partnership(s)/joint venture(s) losses		2114 +			
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))		2115 +			
Subtotal		=	23,378 ▶	2116 +	23,378
Add/Subtract:					
Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years					
Fed.s.85	2117 +		or 2118 -		
Fed.s.85.1	2119 +		or 2120 -		
Fed.s.97	2121 +		or 2122 -		
Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	2123 +		or 2124 -		
Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	2125 +		or 2126 -		
Amounts relating to s.57.10 election/ regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	2127 +		or 2128 -		
Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income		2150 -			
Subtotal (Additions)	=	▶		2129 +	
Subtotal (Subtractions)		=	▶	2130 -	
Other adjustments				2131 ±	
Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131				2132 =	87,291
Share of partnership(s)/joint venture(s) **adjusted** net income/loss				2133 ±	
Adjusted net income (loss) (if loss, transfer to **2202** in ***Part 2: Continuity of CMT Losses Carried Forward.***)				2134 =	87,291
Deduct: CMT losses: pre-1994 Loss	From	2210 +			
CMT losses: other eligible losses		2211 +			
		=	▶	2135 -	
CMT Base				2136 =	87,291

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

Corporate Minimum Tax (CMT)

Part 2: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2000/09/30							
2001/09/30							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Balance at Beginning of year Notes (1), (2) **2201** +

Add:
- Current year's losses **2202** +
- Losses from predecessor corporations on amalgamation Note (3) **2203** +
- Losses from predecessor corporations on wind-up Note (3) **2204** +
  - Amalgamation (✓) **2205** ☐ Yes Wind-up (✓) **2206** ☐ Yes

Subtotal = **2207** +

Adjustments (attach schedule) **2208** ±

CMT losses available 2201 + 2207 ± 2208 **2209** =

Subtract:
- Pre-1994 loss utilized during the year to reduce adjusted net income **2210** +
- Other eligible losses utilized during the year to reduce adjusted net income Note (4) **2211** +
- Losses expired during the year **2212** +

Subtotal = **2213** -

Balances at End of Year Note (5) **2209 - 2213** **2214** =

Notes:

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

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

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

(4) CMT losses must be used to the extent of the lesser of the adjusted net income **2134** and CMT losses available **2209**.

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

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

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

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	**2260**	**2280**
2241	**2261**	**2281**
2242	**2262**	**2282**
2243 2000/09/30	**2263**	**2283**
2244 2001/09/30	**2264**	**2284**
2245 2001/12/31	**2265**	**2285**
2246 2002/12/31	**2266**	**2286**
2247 2003/12/31	**2267**	**2287**
2248 2004/12/31	**2268**	**2288**
2249 2005/12/31	**2269**	**2289**
Totals	**2270**	**2290**

The sum of amounts 2270 + 2290 must equal amount in 214.

Corporate Minimum Tax (CMT)

Part 4: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2001/09/30							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
Totals							

Balance at Beginning of year Note (1) **2301** +

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

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

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

Subtotal (If negative, enter NIL) = **2305** -

Current year's CMT credit (If negative, enter NIL) **280** or **347 – 2305** = **2310** +

CMT Credit Carryovers from predecessor corporations Note (3) **2325** +

Amalgamation (✓) **2315** ☐ Yes Wind-up (✓) **2320** ☐ Yes

Subtotal 2301 + 2310 + 2325 **2330** +

Adjustments *(Attach schedule)* **2332** ±

CMT Credit Carryover available 2330 ± 2332 **2333** =

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

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

CMT Credit expired during the year **2334** +

Subtotal = **2335** -

Balance at End of Year Note (4) **2333 - 2335** **2336** =

Notes:

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

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

Year of Origin (oldest year first)		CMT Credit Carryovers of Corporation		CMT Credit Carryovers of Predecessor Corporation(s)	
2340		**2360**		**2380**	
2341		**2361**		**2281**	
2342		**2362**		**2382**	
2343		**2363**		**2383**	
2344	2001/09/30	**2364**		**2384**	
2345	2001/12/31	**2365**		**2385**	
2346	2002/12/31	**2366**		**2386**	
2347	2003/12/31	**2367**		**2387**	
2348	2004/12/31	**2368**		**2388**	
2349	2005/12/31	**2369**		**2389**	
Totals		**2370**		**2390**	

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

Ontario

Ministry of Finance

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

Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	1800280	2005/12/31

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

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	81,536				81,536		81,536	4			3,261	78,275
1	5,082,960	216,041			5,299,001	108,021	5,190,980	4			207,639	5,091,362
8	25,450	7,296			32,746	3,648	29,098	20			5,820	26,926
10	88,390	54,514		3,696	139,208	25,409	113,799	30			34,140	105,068
45		1,736			1,736	868	868	45			391	1,345
Totals	5,278,336	279,587		3,696		137,946	5,416,281				251,251	5,302,976

Enter in box **650** on the CT23

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

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

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

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

Ontario

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

Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No.	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	(MOF) 1800280	2005/12/31

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

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

Ontario Cumulative eligible capital - balance at beginning of taxation year *(if negative, enter zero)*				183,795	A
Add: Cost of eligible capital property acquired during the taxation year	+		B		
Amount transferred on amalgamation or wind-up of subsidiary	+		C		
Other adjustments	+		D		
Total of B + C + D	=		x 3/4=		E
Subtotal A + E			=	183,795	F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada)	+		H		
Other adjustments	+		I		
Total of G + H + I	=		x 3/4=		J
Ontario cumulative eligible capital balance F - J			=	183,795	K

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

Current year deduction	183,795 K	x 7%*	=	12,866	L

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

Ontario cumulative eligible capital - closing balance K - L *(if negative, enter zero)*	=	170,929	M

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

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

Complete this part only if the amount at line K is negative

Amount from line K above *show as a positive amount*				N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988			1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)			2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988		3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988		4		
Line **3** deduct line **4**			5	
Total lines **1 + 2 + 5**			6	
Line **T** from previous Ontario Schedule 10 for taxation years ending after February 27, 2000			7	
Deduct line **7** from line **6**				O
N - O *(cannot be negative)*				P
Amount on line **5**	x 1/2			Q
P - Q				R
Amount on line **R**	x 66.6667			S
Lesser of line **N** or line **O**				T
Amount to be included in income S + T				

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

Canada Revenue Agency | Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

Schedule 200

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the Income Tax Act. This return may contain changes that had not yet become law at the time of printing. For more information on how to complete the return, see the *T2 Corporation – Income Tax Guide (T4012)*.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area

Identification

Business number (BN) **001** 87053 8170 RC 0001

COPY

Corporation's name

002 SIOUX LOOKOUT HYDRO INC.

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

If *Yes*, do you have a copy of the articles of amendment? **004** ☐ Yes ☐ No

Address of head office

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

(If Yes, complete lines 011 to 018)

011 25 FIFTH AVENUE

012 BOX 908

City: **015** SIOUX LOOKOUT — Province, territory, or state: **016** ON

Country (other than Canada): **017** — Postal code/Zip code: **018** P8T 1B3

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? **020** Yes ☐ No ☒

(If Yes, complete lines 021 to 028)

021 c/o

022 25 FIFTH AVENUE

023 BOX 908

City: **025** SIOUX LOOKOUT — Province, territory, or state: **026** ON

Country (other than Canada): **027** — Postal code/Zip code: **028** P8T 1B3

Location of books and records

Has the location of books and records changed since the last time we were notified? **030** ☐ Yes ☒ No

(If Yes, complete lines 031 to 038)

031 25 FIFTH AVENUE

032 BOX 908

City: **035** SIOUX LOOKOUT — Province, territory, or state: **036** ON

Country (other than Canada): **037** — Postal code/Zip code: **038** P8T 1B3

040 Type of corporation at the end of the tax year

1 ☒ 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**

To which tax year does this return apply?

From **060** 2005/01/01 to **061** 2005/12/31

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

If *Yes*, provide the date control was acquired **065**

Is the corporation a professional corporation that is a member of a partnership? **067** ☐ Yes ☒ No

Is this the first year of filing after:

Incorporation? **070** ☐ Yes ☒ No

Amalgamation? **071** ☐ Yes ☒ No

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year?

If *Yes*, complete and attach Schedule 24 **072** ☐ Yes ☒ No

Is this the final tax year before amalgamation? **076** ☐ Yes ☒ No

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

Is the corporation a resident of Canada? **080** ☒ Yes ☐ 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** ☐ Yes ☒ No

If *Yes*, complete and attach Schedule 91.

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

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

Do not use this area

091	092	093	094	095	096
100					

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules - Answer the following questions. For each *Yes* response, attach to the T2 return the schedule that applies.

		Yes	Schedule
Is the corporation related to any other corporations?	150		9
Is the corporation an associated Canadian-controlled private corporation (CCPC)?	160		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		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		-----
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	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		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26 *
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233		33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236		36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

*** We do not print this schedule.**

Attachments - Continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐	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

Additional information

Is the corporation inactive?	280	1 Yes ☐	2 No ☒
Has the major business activity changed since the last return was filed? (enter *Yes* for first-time filers)	281	1 Yes ☐	2 No ☒

What is the corporation's major business activity? **282**

(Only complete if *Yes* was entered at line 281.)

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

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	HYDRO	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	292	1 Yes ☐	2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI		300	150,732	A
Deduct: Charitable donations from Schedule 2	311			
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction from Schedule 43 *	325			
Non-capital losses of preceding tax years from Schedule 4	331			
Net capital losses of preceding tax years from Schedule 4	332			
Restricted farm losses of preceding tax years from Schedule 4	333			
Farm losses of preceding tax years from Schedule 4	334			
Limited partnership losses of preceding tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal				B
Subtotal (amount A minus amount B) (if negative, enter "0")			150,732	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions		355		D
Taxable income (amount C plus amount D)		360	150,732	
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)				Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	150,732	A
Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632 on page 7, **minus** 3 times the amount on line 636 on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax	405	150,732	B

Calculation of the business limit:

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

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

Business limit (see notes 1 and 2 below)	410	300,000	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 300,000 X **415** D / 11,250 = E

Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	300,000	F
Small business deduction – 16% of whichever amount is the least: A, B, C, or F (enter amount G on line 9 of page 7)	430	24,117	G

Accelerated tax reduction

(For tax years ending before January 1, 2006)

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

Reduced business limit (amount from line 425)		x	=		a
Net active business income (amount from line 400)*					b
Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax			c		
Deduct:					
Aggregate investment income (amount from line 440 of page 6)			d		
Amount c minus amount d (if negative, enter "0")			▶		e
Amount a, b, or e above, whichever is less					f
Amount Z from Part 9 of Schedule 27		x 100 / 7 =	g		
Amount QQ from Part 13 of Schedule 27			h		
Taxable resource income from line 435 on page 5			i		
Amount used to calculate the credit union deduction (amount e in Part 3 of Schedule 17)			j		
Amount on line 400, 405, 410 or 425 of the small business deduction, whichever is less			k		
Total of amounts g, h, i, j, and k			▶		l
Amount f minus amount l (if negative, enter "0")					m
Accelerated tax reduction - 7% of amount m (enter amount n on line 637 of page 7)					n

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	H
Amount H	x	Number of days in the taxation year in 2003 / Number of days in the taxation year	x 1% =		I
Amount H	x	Number of days in the taxation year in 2004 / Number of days in the taxation year	x 2% =		J
Amount H	x	Number of days in the taxation year in 2005 / Number of days in the taxation year	365/365 x 3% =		K
Amount H	x	Number of days in the taxation year in 2006 / Number of days in the taxation year	x 5% =		L
Amount H	x	Number of days in the taxation year after 2006 / Number of days in the taxation year	x 7% =		M
Resource deduction – total of amounts I, J, K, L, and M				438	N

(enter amount N on line 10 of page 7)

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 page 3				150,732 A
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		B	
Amount QQ from Part 13 of Schedule 27			C	
Taxable resource income from line 435 above			D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least		150,732	F	
Aggregate investment income from line 440 of page 6			G	
Amount used to calculate the accelerated tax reduction (amount m of page 4)				
	Subtotal	150,732	▶	150,732 H
Amount A minus amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations - Amount x 7%				J

(Enter amount J on line 638 of page 7)

General tax reduction

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

Taxable income from line 360 on page 3				M
Amount Z from Part 9 of Schedule 27	x 100 / 7 =		N	
Amount QQ from Part 13 of Schedule 27			O	
Taxable resource income from line 435 above			P	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			Q	
Total of amounts N, O, P, and Q			▶	R
Amount M **minus** amount R (if negative, enter "0")				S
General tax reduction - Amount S x 7%				T

(enter amount T on line 639 of page 7)

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income (Amount O from Part 1 of Schedule 7)	440		X 26 2/3 % =	A
Foreign non-business income tax credit from line 632 on page 7				
Deduct:				
Foreign investment income (Amount L from Part 2 of Schedule 7)	445		X 9 1/3 % = (if negative, enter "0")	B
Amount A **minus** amount B (if negative, enter "0")				C
Taxable income from line 360 on page 3		150,732		
Deduct:				
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least		150,732		
Foreign non-business income tax credit from line 632 of page 7	x 25/9 =			
Foreign business income tax credit from line 636 of page 7	x 3 =			
		150,732	150,732	
			X 26 2/3% =	D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 on page 8)			19,776	
Deduct: Corporate surtax from line 600 of page 7			1,688	
Net amount			18,088	E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least			450	0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year	460		
Deduct: Dividend refund for the previous tax year	465		G
Add the total of:			
Refundable portion of Part I tax from line 450 above			
Total Part IV tax payable from line 360 on page 2 of Schedule 3			
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480		H
Refundable dividend tax on hand at the end of the tax year - Amount G **plus** amount H		485	0

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 on page 2 of Schedule 3	132,538	X 1/3	44,179 I
Refundable dividend tax on hand at the end of the tax year from line 485 above			J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8)			0

Part I tax

Base amount of Part I tax - 38% of taxable income (line 360 or amount Z, whichever applies) from page 3 — **550** 57,278 A

Corporate surtax calculation

Base amount from line A above		57,278	1
Deduct:			
10% of taxable income (line 360 or amount Z, whichever applies) from page 3		15,073	2
Investment corporation deduction from line 620 below			3
Federal logging tax credit from line 640 below			4
Federal qualifying environment 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% of taxable income from line 360 on page 3	a		
28% of taxed capital gains	b		6
Part I tax otherwise payable (line A **plus** line C and D **minus** line F)	18,088 c		
Total of lines 2 to 6		15,073	7
Net amount (line 1 minus line 7)		42,205	8

Corporate surtax - 4% of the amount on line 8 — **600** 1,688 B

Recapture of investment tax credit from line III in Part 24 of Schedule 31 — **602** C

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

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	150,732		
Deduct:			
Amount on line 400, 405, 410, or 425 of page 4, whichever is the least	150,732		
Net amount			ii

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

Subtotal (add lines A, B, C, and D) — 58,966 E

Deduct:

Small business deduction from line 430 on page 4		24,117	9
Federal tax abatement	**608**	15,073	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	**616**		
Investment corporation deduction	**620**		
(taxed capital gains **624**)			
Additional deduction – credit unions from Schedule 17	**628**		
Federal foreign non-business income tax credit from Schedule 21	**632**		
Federal foreign business income tax credit from Schedule 21	**636**		
Accelerated tax reduction from amount n of page 4	**637**		
Resource deduction from line 438 of page 5			10
General tax reduction for CCPCs from amount J on page 5	**638**		
General tax reduction from amount T on page 5	**639**		
Federal logging tax credit from Schedule 21	**640**		
Federal political contribution tax credit	**644**		
Federal political contributions **646**			
Federal qualifying environmental trust tax credit	**648**		
Investment tax credit from Schedule 31	**652**		
Apprenticeship Job Creation Tax Credit (Applicable for salaries and wages paid to qualifying apprentices on or after May 2, 2006)			
Subtotal		39,190	39,190 F

Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8) — 19,776 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	19,776
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax tax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		19,776

Add provincial and 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 Quebec, Ontario and Alberta)	760		
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765		
		▶	
Total tax payable	770	19,776	A

Deduct other credits:

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

Refund Code **894** ☐ Overpayment _____

Balance (line A minus line B) 19,776 I

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 19,776

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 ☐ NA ☐

Certification

950 MAKI Surname **951** GORD First name **954** GENERAL MANAGER Position, office or rank

955 2007/01/29 Date **956** (807) 737-3800 Telephone number

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

958 _____ Name **959** ( ) - Telephone number

Language of correspondence - Langue de correspondance

990 Language of choice/Langue de choix 1 English / Anglais ☒ 2 Français / French ☐

Prepared without audit based on information provided by the taxpayer.

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Schedule 1

- 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.

Net income (loss) after taxes and extraordinary items per financial statements				**A**	63,913
Add:					
Provision for income taxes - current		**101**	23,378		
Amortization of tangible assets		**104**	305,504		
Loss on disposal of assets		**111**	965		
Non-deductible meals and entertainment expenses	3,781 X 50%	**121**	1,891		
Total of fields 201 to 294		**199**	25,307		
	Total of fields 101 to 199	**500**	357,045	▶	357,045
Deduct:					
Capital cost allowance - Schedule 8		**403**	251,251		
Cumulative eligible capital deduction - Schedule 10		**405**	12,866		
Total of fields 300 to 394		**499**	6,109		
	Total of fields 401 to 499	**510**	270,226	▶	270,226
Net income (loss) for income tax purposes (enter on line 300 of the T2 return)					150,732

Add:

Other additions:

602 Net change in vested sick leave accrual	**292**	14,201
603 Net change in post employment benefit accrual	**293**	11,106
Total of fields 201 to 294 (Enter this amount at line 199)		25,307

Deduct:

Other deductions:

700 PAYMENT OF 2004 CAPITAL TAX	**390**	6,109
Total of fields 300 to 394 (Enter this amount at line 499)		6,109

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

Schedule 3

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

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

A	B	C	D	E	F
Name of payer corporation **200**	Connected? **205**	Dividends from foreign source?	Dividends subject to Part IV tax?	Dividends deductible from income under s.112, 113, and 138(6) **240**	Non-taxable dividends deductible under section 83 **230**

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

Complete if payer corporation is connected and a private or subject corporation				
G	H	I	J	K
Business number **210**	Taxation year end of the payer corporation in which the dividend was paid **220**	Total taxable dividends paid by connected payer corporation **250**	Dividend refund of the connected payer corporation **260**	Part IV tax before deductions ** **270**
RC		0	0	0

Total non-taxable dividends deductible under section 83 _____

Total dividends deductible from income under sections 112, 113, and 138(6) _____

** For dividends received from non-connected corporations, Part IV tax = the amount entered in column E x 1/3
For dividends received from connected corporations, do the following calculation: Part IV tax = column E x column J / column I
Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column K in Part 1) _____

Deduct:

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

Subtotal _____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax	**330**	
Non-capital losses from previous years claimed to reduce Part IV tax	**335**	
Current-year farm loss claimed to reduce Part IV tax	**340**	
Farm losses from previous years claimed to reduce Part IV tax	**345**	
Total losses applied against Part IV tax		x 1/3 =

Part IV tax payable (enter amount on line 712 of the T2 return) **360** 0

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

Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation	Business number	Taxation year end of connected recipient corporation in which the dividend was received	Taxable dividends paid to connected corporations
400	410	420	430
	RC		
Note		**Total**	

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations	450	132,538
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	460	132,538

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

		500	
Deduct:			
Dividends paid out of capital dividend account	510		
Capital gains dividends	520		
Dividends paid on shares described in subsection 129(1.2)	530		
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540		
Subtotal			
Total taxable dividends paid in the taxation year for purposes of a dividend refund			0

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CAPITAL COST ALLOWANCE

Schedule 8

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

1 Class **200**	2 UCC at start of year **201**	3 Cost of additions in the year **203**	4 Net adjustments **205**	5 Proceeds of dispositions in the year **207**	7 Adjustment for additions (1/2 x (col 3 - 5)) **211**	8 Base amount for CCA	9 Rate % **212**	10 CCA for the year (col 8 x 9 or a lower amount) **217**	11 Recapture of CCA **213**	12 Terminal loss **215**	13 UCC at the end of the year **220**
1	81,536					81,536	4	3,261			78,275
1	5,082,960	216,041			108,021	5,190,980	4	207,639			5,091,362
8	25,450	7,296			3,648	29,098	20	5,820			26,926
10	88,390	54,514		3,696	25,409	113,799	30	34,140			105,068
45		1,736			868	868	45	391			1,345
Totals	5,278,336	279,587		3,696	137,946	5,416,281		251,251			5,302,976

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year		4,920,343	
Less: Land		-	
NBV of depreciable capital assets, beginning of year		4,920,343	4,920,343
UCC beginning of year		5,278,336	
Less: Opening Class 14 balance		-	
Adjusted UCC		5,278,336	- 5,278,336
Timing difference, beginning of year			(357,993) A
CCA and amortization			
CCA claimed (except class 14)	+	251,251	
Terminal loss	+		
Recapture	-		
Amortization per financial statements	-	305,504	
Class 10.1			
Difference on purchase (cost _____ less ceiling _____)	+		
Beginning UCC less CCA in year of disposal	+		
NBV of class 10.1 asset prior to sale (proceeds, if financial statement gain)	-		
Gains and losses			
Gain on disposal of capital assets per financial statements	+		
Capital loss portion of total loss	+		
Loss on disposal of capital assets per financial statements	-	965	
Capital gain portion of total gain	-		
Other			
Operating leases capitalized for financial statement purposes	+		
Deductible items capitalized for financial statement purposes	+		
Section 85 difference	+		
Pre-valuation day depreciation	+		
	+		
Timing difference, current year		(55,218)	+ (55,218) B
Timing difference, end of year (A + B)			(413,211) C
Proof			
NBV of capital assets, end of year		4,889,766	
Less: Land		-	
NBV of depreciable capital assets, end of year		4,889,766	4,889,766
UCC end of year		5,302,976	
Less: Ending Class 14 balance		-	
Adjusted UCC		5,302,976	- 5,302,976
Timing difference as at 2005/12/31 (amount D should equal amount C)			(413,210) D

Notes

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Schedule 10

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")				200 183,795	A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226				
Subtotal (line 222 plus line 226)		x 3/4 =			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")					D
Amount transferred on amalgamation or wind-up of subsidiary			224		E
Subtotal (add amounts A, D, and E)			230	183,795	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)				183,795	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249				
amount K	183,795				
less amount from line 249					
Current year deduction	183,795	x 7% =	250	12,866 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)				12,866	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	170,929	M

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

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

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 66.6667			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		

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SHAREHOLDER INFORMATION

Schedule 50

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

Name of shareholder (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 (If a trust number is not available, enter "NA") * 350	Percentage common shares 400	Percentage preferred shares 500
Corporation of the Town of Sioux Lookout	10698 4859 RC 0001			100.000	
	RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.

Ontario

Ministry of Finance

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

2006 CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

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

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

MGS Annual Return Required? *(Not required if already filed or Annual Return exempt. Refer to Guide)* ☐ Yes ☒ No **Page 1 of 20**

Ministry Use

Corporation's Legal Name *(including punctuation)*
SIOUX LOOKOUT HYDRO INC.

Ontario Corporations Tax Account No. (MOF)
1800280

Mailing address
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON	CA	P8T 1B3

This Return covers the Taxation Year
Start 2006/01/01
End 2006/12/31

Has the mailing address changed since last filed CT23 Return? ☐ Yes | Date of change | year month day

Date of Incorporation or Amalgamation
2000/01/13

Registered/Head Office Address
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON		P8T 1B3

Ontario Corporation No. (MGS) 1396033

Location of Books and Records
25 FIFTH AVENUE
BOX 908

City	Province	Country	Postal code
SIOUX LOOKOUT	ON		P8T 1B3

Canada Revenue Agency Business No.
870538170RC0001

Name of person to contact regarding this CT23 Return	Telephone No.	Fax No.
GORD MAKI	(807) 737-3800	( ) -

Jurisdiction Incorporated ONTARIO

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

City	Province	Country	Postal code

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:
Commenced
Ceased
☒ *Not Applicable*

Former Corporation Name (*Extra-Provincial Corporations only*) ☐ *Not Applicable* (MGS)

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

No. of Schedule(s) 0

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

Preferred Language / *Langue de préférence*
☒ English *anglais* ☐ French *français*

Ministry Use

Certification (MGS)

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

Name of Authorized Person
GORD MAKI

Title: D ☐ Director O ☐ Officer P ☒ Other individual having knowledge of the Corporation's business activities

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

Taxation Year End

Exempt From Filing (EFF) Corporations Tax Return Declaration

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)

This EFF Declaration must be filed for each taxation year that the corporation is exempt from filing and must be filed within 6 months after the corporation's taxation year end.

Criteria for exempt from filing status:

a) has filed a federal Income Tax Return (T2) with Canada Revenue Agency for the taxation year;
b) had no Ontario taxable income for the taxation year (subject to the provisions in Note 2 below);
c) had no Ontario Corporations Tax payable for the taxation year;
d) was a Canadian-controlled private corporation throughout the taxation year (i.e. generally a private corporation with 50% or more shares owned by Canadian residents as defined by the *Income Tax Act* (Canada));
e) had provided its Canada Revenue Agency business number to the Ministry of Finance; and
f) is **not** subject to the Corporate Minimum Tax (i.e. alone or as part of an associated group whose total assets exceed $5 million or whose total revenues exceed $10 million for the taxation year).

Note 1: Filing of this declaration and the Annual Return does not constitute the filing of a Corporations Tax Return under section 75 of the *Corporations Tax Act*.

Note 2: The following loss situations will require otherwise EFF corporations to file a CT23 tax return complete with all related schedules and financial statements:

- If a corporation has a loss in the current taxation year that is to be carried back and applied to a previous taxation year(s), regardless of whether the loss is the same as for federal purposes or not, a CT23 tax return is required for the current taxation year. The corporation must also provide information indicating that the loss is to be carried back and specify the year and the amount of loss to be carried back to each taxation year.
- If a corporation has a prior year loss, that is not the same for both federal and Ontario purposes and the corporation is applying a loss carryforward from the prior year to the current year, a CT23 tax return is required for the current taxation year, and if not previously filed, a CT23 tax return for the prior taxation year in which the loss was incurred is also required. Although a tax return for the loss year is not required where the loss is not being applied, ministry will accept the filing of a tax return for a loss year at the time the loss is incurred.
- If a corporation has a prior year loss, that is the same for both federal and Ontario purposes, but in the current taxation year the corporation is applying a different amount of loss for Ontario than the loss amount being applied for federal income tax purposes, the corporation is required to file a CT23 tax return for the current taxation year only.

The following 3 items MUST be completed for EFF declarations only. In cases where the Annual Return, which includes page 1, is **also** being filed, completion of these fields is **not** required.

1. Corporation's Mailing Address

City | Province | Country | Postal code

2. Ontario Corporation No. (MGS)

3. Canada Revenue Agency Business No.
RC

I, _____ declare that:

The above corporation meets **all** of the exempt from filing criteria (a) through (f) above for the taxation year and therefore qualifies under the *Corporations Tax Act* as exempt from filing an Ontario Corporations Tax Return.

Signature	Title/Relationship to Corporation	Telephone number ( ) -	Date

Please note that making a false statement to avoid compliance with the *Corporations Tax Act* is an offence which can result in a penalty and/or fine.

If you check "Yes" to ALL of the following criteria, you are eligible to file the CT23 Short-Form Corporation Tax Return. To obtain a copy, contact the Ministry Information Centre at the numbers listed on page 2 of the Guide.

Yes	No		
☒	☐	(a)	The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year. Indicate Share Capital with full voting rights owned by Canadian Residents (nearest whole percentage) 100 %
☒	☐	(b)	The corporation's taxable income for the taxation year is $200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. *(Refer to Guide)*
☒	☐	(c)	The corporation is **not** a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
☐	☒	(d)	The corporation's taxation year ends on or after January 1, 2001, and its gross revenue and total assets are each $1,500,000 or less and the corporation is not a financial institution; or The corporation's taxation year commences after September 30, 2001, and its gross revenue and total assets are each $3,000,000 or less and the corporation is not a financial institution.
☒	☐	(e)	The corporation is **not** claiming a tax credit other than the Incentive Deduction for Small Business Corporations (IDSBC), Co-operative Education Tax Credit (CETC), Graduate Transitions Tax Credit (GTTC) or Apprenticeship Training Tax Credit (ATTC).
☒	☐	(f)	The corporation's Ontario allocation factor is 100%.

Note: Family Farm or Fishing corporations that have a taxation year ending on or after January 1, 2000 and that are **not** subject to the Corporate Minimum Tax, may also use the **CT23 Short-Form Corporations Tax Return** if the corporation checks "Yes" to a), b), c), e) and f) above.

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of Corporation

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

☐ 2 Other Private

☐ 3 Public

☐ 4 Non-share Capital

☐ 5 Other (*specify*)

Share Capital with full voting rights owned by Canadian Residents. (nearest percent) 100 %

2 ☐ 1 Family Farm Corporation s.1(2)

☐ 2 Family Fishing Corporation s.1(2)

☐ 3 Mortgage Investment Corp s.47

☐ 4 Credit Union s.51

☐ 5 Bank Mortgage Subsidiary s.61(4)

☐ 6 Bank s.1(2)

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

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

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

☐ 10 Mutual Fund Corporation s.48

☐ 11 Non-resident owned investment Corporation s.49

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

☐ 14 Bare Trustee Corporation

☐ 15 Branch of Non-resident s.63(1)

☐ 16 Financial institution prescribed by Regulation only

☐ 17 Investment Dealer

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

☒ 19 Hydro successor, Municipal Electrical Utility or subsidary of either

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

☐ 21 Insurance Exchange s.74.4

☐ 22 Farm Feeder Finance Co-operative Corporation

☐ 23 Professional Corporation (incorporated professionals only)

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

☐ Amended Return

☐ Taxation year end change - Canada Revenue Agency approval required

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

☐ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

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

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

If checked, date control was acquired _____

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

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

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

Yes	No	
☐	☒	Was the corporation inactive throughout the taxation year?
☒	☐	Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?
		Are you requesting a refund due to:
☐	☒	the Carry-back of a Loss?
☒	☐	an Overpayment?
☐	☒	a Specified Refundable Tax Credit?
☐	☒	Are you a Member of a Partnership or a Joint Venture?

Complete if applicable

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

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

Specify major business activity

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

Net income (loss) for Ontario purposes (per reconciliation schedule, page 15)	From 690	±	179,202
Subtract: Charitable donations	1	-	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property *(Attach schedule 2)*	2	-	
Subtract: Taxable dividends deductible, per federal Schedule 3	3	-	
Subtract: Ontario political contributions *(Attach schedule* 2A) (Int.B. 3002R)	4	-	
Subtract: Federal Part VI.1 tax _____ X 3	5	-	
Subtract: Prior years' losses applied - Non-capital losses	From 704	-	
From 715 Net capital losses (page 16) _____ X inclusion rate 50.000000 % =	714	-	
Farm losses	From 724	-	
Restricted farm losses	From 734	-	
Limited partnership losses	From 754	-	
Taxable income (Non-capital loss)	10	=	179,202
Addition to taxable income for unused foreign tax deduction for federal purposes	11	+	
Adjusted taxable income 10 + 11 (if **10** is negative, enter **11**)	20	=	179,202

Taxable Income

Number of days in Taxation Year

				Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days			
From **10** (or **20**)	179,202	X **30** 100.0000 Ontario Allocation	% X 12.5 % X	**33**	÷	**73** 365	=	**29** +	
				Days after Dec. 31, 2003		Total Days			
From **10** (or **20**)	179,202	X **30** 100.0000 Ontario Allocation	% X 14.0 % X	**34** 365	÷	**73** 365	=	**32** +	25,088
Income Tax Payable (before deduction of tax credits) **29 + 32**								**40** =	25,088

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the year? (✓) ☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))		**50**	179,202
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	**51** + 179,202		
Add: Losses of other years deducted for federal purposes (fed.s.111)	**52** +		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	**53** -		
	= 179,202	**54**	179,202
Federal Business limit (line 410 of the T2 return) for the year before application of fed.s.125(5.1)	**55**		300,000

Ontario Business Limit Calculation

	Days after Dec. 31, 2002 and before Jan. 1, 2004						
320,000 X	**31**	÷ **	365	=+ **46**			
	Days after Dec. 31, 2003						
400,000 X	**34** 365	÷ **	365	=+ **47**	400,000		

Business limit for Ontario purposes **46 + 47** = **44** 400,000 X **48** 100.0000 % = **45** 400,000

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

Income eligible for the IDSBC	From **30** 100.0000 % X ***Ontario Allocation	**56** 179,202 Least of **50**, **54** or **45**	**60** =	179,202

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

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

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

continued on Page 5

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

Number of Days in Taxation Year

	7.0 % X	31	Days after Dec. 31, 2002 and before Jan. 1, 2004	÷	73	Total Days 365	=	89	+
	8.5 % X	34	Days after Dec. 31, 2003 365	÷	73	Total Days 365	=	90	+ 8.5000
IDSBC Rate for Taxation Year 89 + 90								78	= 8.5000
Claim	From 60	179,202	X From 78	8.5000 %				70	= 15,232

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in **114** below.

Surtax on Canadian-controlled Private Corporations (s.41.1)

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

Associated corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

* **Taxable Income of the corporation**	From **10** (or **20** if applicable)	80 +	179,202
If you are a member of an associated group (✓)	81 ☐ (Yes)		
Taxable income of associated corporations *(Attach schedule)*		82 +	
Aggregate Taxable Income		85 =	179,202

Number of days in Taxation Year

320,000 X	31	Days after Dec. 31, 2002 and before Jan. 1, 2004 ÷	73	Total Days 365	=	115 +			
400,000 X	34	Days after Dec. 31, 2003 365 ÷	73	Total Days 365	=	116 +	400,000		
				115 + 116	=	400,000	▶	114 -	400,000
(If negative, enter nil)								86 =	

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax		4.667% X	38	Days after Dec. 31, 2002 365	÷	73	Total Days 365	= 97 +	4.6670
From 86		X From	97	4.6670	% =			87 =	
From 87		X From	60	179,202	÷ From 114	400,000		88 =	

Surtax: Lesser of **70** or **88** — **100** =

* ***Note: Short Taxation Years*** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

Income Tax *continued from Page 5*

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

110

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

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

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

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

Eligible Canadian Profits		120 +	
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	-	179,202

Add: Adjustment for Surtax on Canadian-controlled private corporations
From **100** _____ ÷ From **30** 100.0000 % ÷ From **78** 8.5000 % = **121** _____
*Ontario Allocation

Lesser of **56** or **121**		122 +	
120 - 56 + 122		130 =	
Taxable income	From 10	+	179,202
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	-	179,202
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	+	
Subtract: Taxable income **10** X Allocation % to jurisdictions outside Canada		140 -	
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses		141 -	
10 - 56 + 122 - 140 - 141		142 =	

Claim — **Number of Days in Taxation Year**

143 _____ (Lesser of **130** or **142**) X From **30** 100.0000 % (*Ontario Allocation) X 1.5% X Days after Dec. 31, 2002 and before Jan. 1, 2004 **33** _____ ÷ Total Days **73** 365 = **154** +

143 _____ (Lesser of **130** or **142**) X From **30** 100.0000 % (*Ontario Allocation) X 2.0% X Days after Dec. 31, 2003 **34** 365 ÷ Total Days **73** 365 = **156** +

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 =

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

162 =

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) *(Attach schedule)* 170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** _____ Credit Claimed **180**

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 -170 - 180

190 = 9,856

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

Ontario Innovation Tax Credit (OITC) (s.43.3) ***Applies*** to scientific research and experimental development in Ontario.
Eligible Credit from **5620** OITC Claim Form *(Attach original Claim Form)* — 191 +

Co-operative Education Tax Credit (CETC) (s.43.4) ***Applies*** to employment of eligible students.
Eligible Credit from **5798** CT23 Schedule 113 *(Attach Schedule 113)* — 192 +

Ontario Film & Television Tax Credit (OFTTC) (s.43.5)
Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production 204
Eligible Credit from **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* — 193 +

Graduate Transitions Tax Credit (GTTC) (s.43.6) No. of Graduates From **6596** 194
Applies to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.
Eligible Credit from **6598** CT23 Schedule 115 *(Attach Schedule 115)* — 195 +

Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)
Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.
Eligible Credit from **6900** OBPTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* — 196 +

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)
Applies to labour relating to computer animation and special effects on an eligible production.
Eligible Credit from **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* — 197 +

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)
Applies to qualifying R&D expenditures under an eligible research institute contract.
Eligible Credit from **7100** OBRITC Claim Form *(Attach original Claim Form)* — 198 +

Ontario Production Services Tax Credit (OPSTC) (s.43.10)
Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.
Eligible Credit from **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* — 199 +

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)
Applies to qualifying labour expenditures of eligible products for the taxation year.
Eligible Credit from **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* — 200 +

Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)
Applies to qualifying expenditures in respect of eligible Canadian sound recordings.
Eligible Credit from **7500** OSRTC Claim Form
*(Attach **both** the original Claim Form and the Certificate of Eligibility)* — 201 +

Apprenticeship Training Tax Credit (ATTC) (s.43.13) No. of Apprentices From **5896** 202
Applies to employment of eligible apprentices.
Eligible Credit from **5898** CT23 Schedule 114 *(Attach Schedule 114)* — 203 +

Total Specified Tax Credits: 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 — 220 =

Specified Tax Credits ***Applied to reduce Income Tax*** — 225 =

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* — 230 = 9,856

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

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

Corporate Minimum Tax (CMT)

Total Assets of the corporation	240 +	8,421,809		
Total Revenue of the corporation			241 +	8,167,842

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

If you are a member of an associated group (✓) 242 ☐ (Yes)

Total Assets of associated corporations *(Attach schedule)*	243 +			
Total Revenue of associated corporations *(Attach schedule)*			244 +	
Aggregate Total Assets	249 =	8,421,809		
Aggregate Total Revenue			250 =	8,167,842

Determination of Applicability

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

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

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

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

Calculation: CMT *(Attach Schedule 101.)*

Gross CMT Payable - CMT Base From Schedule 101	2136	161,910	X	From **30** Ontario Allocation 100.0000 %	X 4%	276 =	6,476
		If negative, enter zero					
Subtract: Foreign Tax Credit for CMT purposes *(Attach schedule)*						277 -	
Subtract: Income Tax						From 190 -	9,856
Net CMT Payable (if negative, enter Nil on page 17.)						280 =	

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

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

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

CMT Credit Carryover available From Schedule 101		From 2333	

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)				From 190 +	9,856
	Gross CMT Payable	From 276 +	6,476			
	Subtract: Foreign Tax Credit for CMT purposes	From 277 -				
	If **276 - 277** is negative, enter NIL in **290**	=	6,476	▶	290 -	6,476
	Income Tax eligible for CMT Credit				300 =	3,380
B.	Income Tax (after deduction of specified credits)				From 230 +	9,856
	Subtract: CMT credit used to reduce income taxes				310 -	
	Income Tax				320 =	9,856

Transfer to Page 17

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

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

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	350	+	4,016,312
Retained earnings (if deficit, deduct) (Int.B. 3012R)	351	±	252,695
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	352	+	281,566
Loans and advances *(Attach schedule)*(Int.B. 3013R)	353	+	423,500
Bank loans (Int.B. 3013R)	354	+	1,621,667
Bankers acceptances (Int.B. 3013R)	355	+	
Bonds and debentures payable (Int.B. 3013R)	356	+	
Mortgages payable (Int.B. 3013R)	357	+	
Lien notes payable (Int.B. 3013R)	358	+	
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	359	+	92,722
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	360	+	
Other reserves not allowed as deductions for income tax purposes *(Attach schedule)* (Int.B. 3012R)	361	+	468,183
Share of partnership(s) or joint venture(s) paid-up capital *(Attach schedule(s))* (Int.B. 3017R)	362	+	
Subtotal	370	=	7,156,645
Subtract: Amounts deducted for income tax purposes in excess of amounts booked *(Retain calculations. Do not submit.)* (Int.B. 3012R)	371	-	66,770
Deductible R&D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	372	-	
Total Paid-up Capital	380	=	7,089,875
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381	-	
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the *Corporations Tax Act*, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	=	
Net Paid-up Capital	390	=	7,089,875

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402	+	
Mortgages due from other corporations	403	+	
Shares in other corporations (certain restrictions apply) *(Refer to Guide)*	404	+	
Loans and advances to unrelated corporations	405	+	
Eligible loans and advances to related corporations (certain restrictions apply) *(Refer to Guide)*	406	+	
Share of partnership(s) or joint venture(s) eligible investments *(Attach schedule)*	407	+	
Total Eligible Investments	410	=	

continued on Page 10

Capital Tax *continued from Page 9*

Total Assets (Int.B. 3015R)

Total Assets per balance sheet	420	+	8,421,809
Mortgages or other liabilities deducted from assets	421	+	
Share of partnership(s)/joint venture(s) total assets *(Attach schedule)*	422	+	
Subtract: Investment in partnership(s)/joint venture(s)	423	-	
Total Assets as adjusted	430	=	8,421,809
Amounts in **360** and **361** (if deducted from assets)	440	+	
Subtract: Amounts in **371**, **372** and **381**	441	-	66,770
Subtract: Appraisal surplus if booked	442	-	
Add or Subtract: Other adjustments (specify on an attached schedule)	443	±	
Total Assets	450	=	8,355,039

Investment Allowance (410 ÷ 450) X 390 — Not to exceed 410	460	=	
Taxable Capital 390 - 460	470	=	7,089,875

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

Gross Revenue of the corporation	8,167,842			
Corporation's Share of partnership(s)/joint venture(s) Gross Revenue *(Attach schedule)*				
Aggregate of Gross Revenue	8,167,842	480	=	8,167,842
Total Assets (as adjusted)	From	430		8,421,809

Calculation of Capital Tax for all Corporations except Financial Institutions

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

Financial Institutions use calculations on page 13.

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

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

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

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

			Number of Days in Taxation Year: Days before Jan. 1, 2005		Total Days		
5,000,000	X	35	÷	73	365	= 500 +	
			Days after Dec. 31, 2004 and before Jan.1, 2006		Total Days		
7,500,000	X	36	÷	73	365	= 501 +	
			Days after Dec. 31, 2005 and before Jan.1, 2007		Total Days		
10,000,000	X	37	365 ÷	73	365	= 502 +	10,000,000

Taxable Capital Deduction (TCD) 500 + 501 + 502 503 = 10,000,000

SECTION C

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

C1. If **430** and **480** on page 10 are both $3,000,000 or less, enter NIL in **550** on page 12 and complete the return from that point.

C2. If Taxable Capital in **470** is **equal to or less than the TCD** in **503**, enter NIL in **550** on page 12 and complete the return from that point.

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

+ From	470										
- From	503										
=	471		x From	30	Ontario Allocation	x 0.3000 %	x	555	Days in taxation year: 365 (366 if leap year) *If floating taxation year, refer to Guide.*	=	523 + *Transfer to **543** on page 12 and complete the return from that point*

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION D

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

D1 ☐ **509** (✓ if applicable)

All corporations that you are associated with do **not** have a permanent establishment in Canada.
If Taxable Capital **470** on page 10 is equal to or less than the TCD **503** on page 10, enter NIL in **550** on page 12 and complete the return from that point.

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2 ☐ **524** (✓ if applicable)

One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital form **470** on page 10 — From **470** +

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

Taxable Capital of associated corporations *(Attach schedule)* — **531** +

Aggregate Taxable Capital **470 + 531** — **540** =

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

From **470** _____ ÷ From **540** _____ X From **503** _____ — **541** =

*Transfer to **542** in Section E on page 12*

Ss.69(2.1) Election Filed

☐ **591** (✓ if applicable)

Election filed. *Attach a copy of Schedule 591 with this CT23 Return.*
Proceed to **Section F** on page 12.

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION E

This section applies if the corporation **is** a member of an associated group and/or partnership whose total **aggregate** Taxable Capital **540** on page 11 exceeds the TCD **503** on page 10.

Complete the following calculation and transfer the amount from **523** to **543**, and complete the return from that point.

\+ From **470** _____
\- **542** _____
= **471** _____ x From **30** _____ % x 0.3000 % x **555** _____ / 365 (366 if leap year) = **523** + _____ **Total Capital Tax for the taxation year**

Ontario Allocation

Days in the taxation year

*Transfer to **543** and complete the return from that point*

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

\+ From **470** _____ X From **30** _____ x 0.3000 % = **561** + _____

Ontario Allocation

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

562 = _____

Capital Tax _____ **562** _____ X **555** _____ / 365 (366 if leap year) = **563** + _____

Days in taxation year

*Transfer to **543** and complete the return from that point*

* *If floating taxation year, refer to Guide*

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

Transfer to Page 17

continued on Page 13

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions Only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.

1.2 Other than Credit Unions

*(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)*

565 _____ x 0.6000 % x From **30** _____ % x **555** _____ ÷ *365 = **569** +

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

Ontario Allocation

Days in taxation year (366 if leap year)

570 _____ x **571** _____ x From **30** _____ % x **555** _____ ÷ *365 = **574** +

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate *(Refer to Guide)*

Ontario Allocation

Days in taxation year (366 if leap year)

Capital Tax for Financial Institutions - other than Credit Unions (before Section 2) 569 + 574 **575** =

** If floating taxation year, refer to Guide.*

2. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments **585**

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (✓) ☐ Yes

Capital Tax - Financial Institutions 575 - 585 **586** =

*Transfer to **543** on Page 12*

Premium Tax (s.74.2 & 74.3) *(Refer to Guide)*

(1) Uninsured Benefits Arrangements **587** _____ x 2% **588** =

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **588**.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax *(Refer to Guide)* **589**

Premium Tax 588 - 589 **590** =

Transfer to Page 17

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1	600 ±	179,202	
			Transfer to Page 15

Add:

Federal capital cost allowance	601 +	246,801
Federal cumulative eligible capital deduction	602 +	11,965
Ontario taxable capital gain	603 +	
Federal non-allowable reserves. Balance beginning of year	604 +	
Federal allowable reserves. Balance end of year	605 +	
Ontario non-allowable reserves. Balance end of year	606 +	
Ontario allowable reserves. Balance beginning of year	607 +	
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	608 +	
Federal resource allowance *(Refer to Guide)*	609 +	
Federal depletion allowance	610 +	
Federal foreign exploration and development expenses	611 +	
Crown charges, royalties, rentals, etc. deducted for Federal purposes *(Refer to Guide)*	617 +	
Management fees, rents, royalties and similar payments to non-arms' length non-residents		

Number of Days in Taxation Year

			Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days		
612		X 5/12.5 X	33	÷ 73	365	= 633 +	
			Days after Dec. 31, 2003		Total Days		
612		X 5/14.0 X	34 365	÷ 73	365	= 634 +	

Total add-back amount for Management fees, etc. **633 + 634** =		613 +		
Federal Scientific Research Expenses claimed in year from line **460** of fed. form T661 excluding any negative amount in **473** from Ont. CT23 Schedule 161		615 +		
Add any negative amount in **473** from Ont. CT23 Schedule 161		616 +		
Federal allowable business investment loss		620 +		
Total of other items not allowed by Ontario but allowed federally *(Attach schedule)*		614 +		
Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614	=	258,766	640	258,766
				Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under **675**)	650 +	246,801
Ontario cumulative eligible capital deduction	651 +	11,965
Federal taxable capital gain	652 +	
Ontario non-allowable reserves. Balance beginning of year	653 +	
Ontario allowable reserves. Balance end of year	654 +	
Federal non-allowable reserves. Balance end of year	655 +	
Federal allowable reserves. Balance beginning of year	656 +	
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) *(Retain calculations. Do not submit.)*	657 +	
Ontario depletion allowance	658 +	
Ontario resource allowance *(Refer to Guide)*	659 +	
Ontario current cost adjustment *(Attach schedule)*	661 +	
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	675 +	
Subtotal of deductions for this page 650 to 659 + 661 + 675	681	258,766
		Transfer to Page 15

continued on Page 15

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

continued from Page 14

Net income (loss) for federal income tax purposes, per federal Schedule 1	From	600 ±	179,202
Total of Additions on page 14	From	640 =	258,766
Sub Total of deductions on page 14	From	681 =	258,766

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(***Applies*** only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year — 662

ONTTI Gross-up deduction calculation:

From 662 x 100/ 30 Ontario Allocation 100.0000 - From 662 = 663

Workplace Child Care Tax Incentive (WCCT)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 665 x 30% x 100/ 30 Ontario Allocation 100.0000 = 666

Workplace Accessibility Tax Incentive (WATI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: 667 x 100% x 100/ 30 Ontario Allocation 100.0000 = 668

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)
(***Applies*** to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.)
(Refer to Guide)

Qualifying expenditures 670 x 30% x 100/ 30 Ontario Allocation 100.0000 = 671

Educational Technology Tax Incentive (ETTI)
(***Applies*** to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures 672 x 15% x 100/ 30 Ontario Allocation 100.0000 = 673

Ontario allowable business investment loss	678 +	
Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161	679 +	
Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003)	677 +	
Total of other deductions allowed by Ontario *(Attach schedule)*	664 +	

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664	=	258,766	680 258,766
Net income (loss) for Ontario Purposes 600 + 640 - 680			690 = 179,202

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add: Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract: Utilized during the year to reduce taxable income Expired during the year Carried back to prior years to reduce taxable income (5)	704 (2)	715 (2)(4)	724 (2)	734 (2)(4)	744 (4)	754 (4)
	705		725	735	745	
	706 (2) To Pg 17	716 (2) To Pg 17	726 (2) To Pg 17	736 (2) To Pg 17	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance by Year of Origin

Year of Origin (oldest year first)	Non Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceeding taxation year	817 (6)	860 (6)		850	870
801 8th preceeding taxation year	818 (6)	861 (6)		851	871
802 7th preceeding taxation year	819 (6)	862 (6)		852	872
803 6th preceeding taxation year 2000/12/31	820	830	840	853	873
804 5th preceeding taxation year 2001/12/31	821	831	841	854	874
805 4th preceeding taxation year 2002/12/31	822	832	842	855	875
806 3rd preceeding taxation year 2003/12/31	823	833	843	856	876
807 2nd preceeding taxation year 2004/12/31	824	834	844	857	877
808 1st preceeding taxation year 2005/12/31	825	835	845	858	878
809 Current taxation year 2006/12/31	826	836	846	859	879
Total	829	839	849	869	889

Notes:

(1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.

(2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5) as made applicable by s.34.

(3) Include losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.

(4) To the extent of applicable gains/income/at-risk amount only.

(5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.

(6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

(7) Include amounts from **11** if taxable income is adjusted to claim unused foreign tax credit for federal purposes.

(8) Amount in **709** must equal total of **829** + **839**.

(9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carryback adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Minister of Finance**.
- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  1) the first day of the taxation year after the loss year,
  2) the day on which the corporation's return for the loss year is delivered to the Minister, or
  3) the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Predecessor Corporation's Account No. (MOF)	Taxation Year Ending	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
			910	920	930	940
Total amount of loss						
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income.						
i) 3rd preceding	901	2003/12/31	911	921	931	941
ii) 2nd preceding	902	2004/12/31	912	922	932	942
iii) 1st preceding	903	2005/12/31	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carry-forward			919	929	939	949

Summary

Income Tax	From 230 or	320	+	9,856
Corporate Minimum Tax	From	280	+	
Capital Tax	From	550	+	
Premium Tax	From	590	+	
Total Tax Payable		950	=	9,856
Subtract: Payments		960	-	29,860
Capital Gains Refund (s.48)		965	-	
Qualifying Environmental Trust Tax Credit				
Federal payment in lieu				$ 23,512
Ontario payment in lieu				9,856
Balanc				Installment (29,860)
If paym				
If overp				Payable to Province $ 3,508

t)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of the cheque or money order. *(Refer to Guide for other payment methods.)*

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name
GORD MAKI

Title
GENERAL MANAGER

Full Residence Address

City

Province	Country	Postal Code

Signature	Date
	2007/05/01

Note: Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.

Ontario

Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	1800280	2006/12/31

Part 1: Calculation of CMT Base

Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.
Life Insurance corporations - Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net income/(loss) (unconsolidated, determined in accordance with GAAP)			2100 ±	128,542
Subtract (to the extent reflected in net income/loss):				
Provision for recovery of income taxes / benefit of current income taxes		2101 +		
Provision for deferred income taxes (credits) / benefit of future income taxes		2102 +		
Equity income from corporations		2103 +		
Share of partnership(s)/joint venture(s) income		2104 +		
Dividends received/receivable deductible under fed.s.112		2105 +		
Dividends received/receivable deductible under fed.s.113		2106 +		
Dividends received/receivable deductible under fed.s.83(2)		2107 +		
Dividends received/receivable deductible under fed.s.138(6)		2108 +		
Federal Part VI.1 tax on dividends declared and paid, under fed.s.191.1(1)	x 3 =	2109 +		
Subtotal		=	2110 -	
Add (to extent reflected in net income/loss):				
Provision for current taxes / cost of current income taxes		2111 + 33,368		
Provision for deferred income taxes (debits) / cost of future income taxes		2112 +		
Equity losses from corporations		2113 +		
Share of partnership(s)/joint venture(s) losses		2114 +		
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))		2115 +		
Subtotal		= 33,368	2116 +	33,368

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

Fed.s.85	2117 +	or	2118 -	
Fed.s.85.1	2119 +	or	2120 -	
Fed.s.97	2121 +	or	2122 -	
Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	2123 +	or	2124 -	
Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	2125 +	or	2126 -	
Amounts relating to s.57.10 election/ regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	2127 +	or	2128 -	
Interest allowable under ss. 20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	2150 -			

Subtotal (Additions) =		2129 +	
Subtotal (Subtractions)	=	2130 -	
Other adjustments		2131 ±	
Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131		2132 =	161,910
Share of partnership(s)/joint venture(s) **adjusted** net income/loss		2133 ±	
Adjusted net income (loss) (if loss, transfer to **2202** in *Part 2: Continuity of CMT Losses Carried Forward.*)		2134 =	161,910
Deduct: CMT losses: pre-1994 Loss From	2210 +		
CMT losses: other eligible losses	2211 +		
	=	2135 -	
CMT Base		2136 =	161,910

Transfer to CMT Base on page 8 of the CT23 or Page 6 of the CT8

Corporate Minimum Tax (CMT)

Part 2: Continuity of CMT Losses Carried Forward

CMT loss continuity by year

Year of origin	Beginning balance	Transfers on amalgamation	Transfers on wind-up	Adjustments	Current year loss	Applied	Ending balance
							Expired
2000/12/31							
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
Totals							

Balance at Beginning of year Notes (1), (2)			2201 +
Add: Current year's losses	2202 +		
Losses from predecessor corporations on amalgamation Note (3)	2203 +		
Losses from predecessor corporations on wind-up Note (3)	2204 +		
Amalgamation (✓) **2205** ☐ Yes Wind-up (✓) **2206** ☐ Yes			
Subtotal	=		2207 +
Adjustments (attach schedule)			2208 ±
CMT losses available 2201 + 2207 ± 2208			2209 =
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	2210 +		
Other eligible losses utilized during the year to reduce adjusted net income Note (4)	2211 +		
Losses expired during the year	2212 +		
Subtotal	=		2213 -
Balances at End of Year Note (5) **2209 - 2213**			2214 =

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisitions of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income **2134** and CMT losses available **2209**.

(5) Amount in **2214** must equal sum of **2270** + **2290**.

Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year-end before your corporation's first taxation year commencing after 1993.

Year of Origin (oldest year first)	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	**2260**	**2280**
2241	**2261**	**2281**
2242	**2262**	**2282**
2243 2000/12/31	**2263**	**2283**
2244 2001/12/31	**2264**	**2284**
2245 2002/12/31	**2265**	**2285**
2246 2003/12/31	**2266**	**2286**
2247 2004/12/31	**2267**	**2287**
2248 2005/12/31	**2268**	**2288**
2249 2006/12/31	**2269**	**2289**
Totals	**2270**	**2290**

The sum of amounts 2270 + 2290 must equal amount in 214.

Corporate Minimum Tax (CMT)

Part 4: Continuity of CMT Credit Carryovers

CMT credit continuity by year

Year of origin	Beginning balance	Transfers on amalgamation or wind-up	Adjustments	Current year credit	Applied	Expired	Ending balance
2001/12/31							
2002/12/31							
2003/12/31							
2004/12/31							
2005/12/31							
2006/12/31							
Totals							

Balance at Beginning of year Note (1) 2301 +

Add: Current year's CMT Credit (**280** on page 8 of the CT23 or **347** on page 6 of the CT8. If negative, enter NIL) From **280 or 347** +

Gross Special Additional Tax Note (2) **312** on page 5 of CT8. (Life Insurance corporations only. Others enter NIL.) From **312** +

Subtract Income Tax (**190** on page 6 of the CT23 or page 4 of the CT8) From **190** -

Subtotal (If negative, enter NIL) = 2305 -

Current year's CMT credit (If negative, enter NIL) **280** or **347** – **2305** = 2310 +

CMT Credit Carryovers from predecessor corporations Note (3) 2325 +

Amalgamation (✓) **2315** ☐ Yes Wind-up (✓) **2320** ☐ Yes

Subtotal **2301 + 2310 + 2325** 2330 +

Adjustments *(Attach schedule)* 2332 +

CMT Credit Carryover available 2330 ± 2332 2333 =

Transfer to Page 8 of the CT23 or page 6 of the CT8

Subtract: CMT credit utilized during the year to reduce income tax (**310** on page 8 of the CT23 or **351** on page 6 of the CT8.) From **310 or 351**

CMT Credit expired during the year 2334 +

Subtotal = 2335 -

Balance at End of Year Note (4) **2333 - 2335** 2336 =

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).

(3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(4) Amount in **2336** must equal the sum of **2370 + 2390**.

Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

Year of Origin (oldest year first)		CMT Credit Carryovers of Corporation		CMT Credit Carryovers of Predecessor Corporation(s)	
2340		2360		2380	
2341		2361		2281	
2342		2362		2382	
2343		2363		2383	
2344	2001/12/31	2364		2384	
2345	2002/12/31	2365		2385	
2346	2003/12/31	2366		2386	
2347	2004/12/31	2367		2387	
2348	2005/12/31	2368		2388	
2349	2006/12/31	2369		2389	
Totals		2370		2390	

The sum of amounts 2370 + 2390 must equal the amount in 2336.

Ontario

Ministry of Finance

Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Ontario Capital Cost Allowance
Schedule 8

ONTARIO CAPITAL COST ALLOWANCE

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	1800280	2006/12/31

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the the year See note 1 below	4 Net adjustments	5 Proceeds of dispositions during the year	6 Ontario undepreciated capital cost (col 2 + 3 or col 2 - 4 - 5)	7 50% rule See note 2 below	8 Reduced undepreciated capital cost (col 6 - 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (col 8 x 9 or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (col 6 - 12)
1	78,275				78,275		78,275	4			3,131	75,144
1	5,091,362	109,916			5,201,278	54,958	5,146,320	4			205,853	4,995,425
8	26,926	7,436			34,362	3,718	30,644	20			6,129	28,233
10	105,068			2,291	102,777		102,777	30			30,833	71,944
45	1,345	1,111			2,456	556	1,900	45			855	1,601
Totals	5,302,976	118,463		2,291		59,232	5,359,916				246,801	5,172,347

Enter in box **650** on the CT23

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Ontario

Ministry of Finance
Corporations Tax Branch
PO Box 620
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Oshawa ON L1H 8E9

Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No.	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	(MOF) 1800280	2006/12/31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital - balance at beginning of taxation year *(if negative, enter zero)*				170,929	A
Add: Cost of eligible capital property acquired during the taxation year	+		B		
Amount transferred on amalgamation or wind-up of subsidiary	+		C		
Other adjustments	+		D		
Total of B + C + D	=		x 3/4=		E
Subtotal A + E			=	170,929	F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+		G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada)	+		H		
Other adjustments	+		I		
Total of G + H + I	=		x 3/4=		J
Ontario cumulative eligible capital balance F - J			=	170,929	K

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction	170,929 K x 7%*	=	11,965	L
**The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.*			*Enter amount in box **651** of the CT23*	
Ontario cumulative eligible capital - closing balance K - L *(if negative, enter zero)*		=	158,964	M

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may **not** exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Part 2 - Amount to be included in income arising from disposition

Complete this part only if the amount at line K is negative

Amount from line K above *show as a positive amount*				N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988		1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80 (7)		2		
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	3			
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	4			
Line **3** deduct line **4**		5		
Total lines **1 + 2 + 5**		6		
Line **T** from previous Ontario Schedule 10 for taxation years ending after February 27, 2000		7		
Deduct line **7** from line **6**				O
N - O *(cannot be negative)*				P
Amount on line **5**	x 1/2			Q
P - Q				R
Amount on line **R**	x 66.6667			S
Lesser of line **N** or line **O**				T
Amount to be included in income S + T				

Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate **S**

Ontario

Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Paid-Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
SIOUX LOOKOUT HYDRO INC.	1800280	2006/12/31

Loans or Advances Credited or Advanced to Corporation
(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Due to related party	423,500
Total	423,500

*Transfer to **353** on the CT23*

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2001

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended ended December 31, 2001

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BDO

BDO Dunwoody LLP
Chartered Accountants
and Consultants

37 King Street
P.O. Box 3010
Dryden Ontario Canada P8N 3G3
Telephone: (807) 223-5321
Telefax: (807) 223-2978

Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2001 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in the summary of significant accounting policies.

BDO Dunwoody LLP

Chartered Accountants

Dryden, Ontario
February 28, 2002

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2001	2000
Assets		
Current		
Cash and bank	$ 962,300	$ 556,862
Temporary investments	-	464,908
Accounts receivable	518,497	409,977
Unbilled revenue	659,633	704,630
Inventory	61,128	95,745
Prepaid expenses	22,329	21,765
	2,223,887	2,253,887
Capital assets (Note 1)	4,942,890	4,852,098
Goodwill	300,979	300,979
	$ 7,467,756	$ 7,406,964
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 2)	$ 2,100,000	$ 2,101,726
Accounts payable and accrued liabilities	1,134,562	1,365,245
Deferred revenue	11,558	11,808
Customer deposits	50,100	51,391
	3,296,220	3,530,170
Shareholder's equity		
Share capital (Note 6)	4,016,312	4,016,312
Retained earnings (deficit)	155,224	(139,518)
	4,171,536	3,876,794
	$ 7,467,756	$ 7,406,964

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations and Retained Earnings

For the year ended December 31	2001		2000	
(with comparative amounts for the three months ended December 31, 2000)				
Revenue				
Sale of energy				
Residential	$ 2,941,345	43.7 %	$ 600,661	35.0 %
General	3,797,238	56.3 %	823,134	47.9 %
Street lighting	50,499	0.7 %	5,500	0.3 %
Unbilled revenue adjustment	(44,997)	(0.7)%	288,461	16.8 %
	6,744,085	100 %	1,717,756	100 %
Cost of bulk power purchased	5,617,662	83.3 %	1,718,659	100.1 %
Gross margin on energy sold	1,126,423	16.7 %	(903)	(0.1)%
Other operating revenue (Note 3)	230,351	3.4 %	137,835	8.0 %
	1,356,774	20.1 %	136,932	7.9 %
Expenditures				
Administration	273,577	4.1 %	73,029	4.3 %
Amortization	204,824	3.0 %	47,423	2.8 %
Interest and bank charges	184,401	2.7 %	60,930	3.5 %
Operation maintenance	399,230	5.9 %	95,068	5.5 %
	1,062,032	15.7 %	276,450	16.1 %
Excess (deficiency) of revenue over expenditures for the year	294,742	4.4 %	(139,518)	(8.2)%
Deficit, beginning of year	(139,518)		-	
Retained earnings (deficit), end of year	$ 155,224		$ (139,518)	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31 (with comparative amounts for the three months ended December 31, 2000)	2001	2000
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	$ 294,742	$ (139,518)
Items not involving cash		
Amortization of capital assets (Note 6)	245,503	57,058
Loss on disposal of capital assets	3,438	-
	543,683	(82,460)
Changes in non-cash working capital balances		
Accounts receivable	(108,520)	(201,067)
Unbilled revenue	44,997	(288,462)
Inventory	34,617	11,101
Prepaid expenses and other current assets	(564)	856
Accounts payable and accrued liabilities	(230,683)	842,164
Deferred revenue	(250)	-
Customer deposits	(1,291)	4,591
	281,989	286,723
Investing activities		
Purchase of capital assets	(339,733)	(129,756)
Financing activities		
Increase (decrease) in bank indebtedness	(1,726)	1,726
(Increase) decrease in temporary investments	464,908	(2,606)
	463,182	(880)
Increase in cash during the year	405,438	156,087
Cash, beginning of year	556,862	400,775
Cash, end of year	$ 962,300	$ 556,862

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2001

The corporation follows the accounting policies established for the electric utility companies in the Province of Ontario. The significant accounting policies are as follows:

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Temporary Investments

Temporary investments are stated at the lower of cost and market value.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Financial Instruments

The company's financial instruments consist of cash, accounts receivable, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Unbilled Revenue

Unbilled revenue represents energy which has been used by customers but which will not be billed until the subsequent year.

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2001

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2001

1. Capital Assets

	2001		2000	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 87,230	$ 4,462	$ 87,230	$ 872
Distribution system-overhead	2,952,519	144,801	2,669,980	26,700
Distribution system - underground	623,411	30,827	589,084	5,891
Distribution transformers	987,570	49,235	973,193	9,732
Distribution meters	232,489	10,836	217,667	2,177
Other equipment-various	441,770	64,654	400,112	11,968
Contributions and Grants	(80,797)	(3,513)	(28,109)	(281)
	$ 5,244,192	$ 301,302	$ 4,909,157	$ 57,059
Net book value		$ 4,942,890		$ 4,852,098

2. Bank Indebtedness

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

3. Other Operating Revenue

	2001	2000
Late payment charges	$ 56,993	$ 11,605
Interest income	31,105	12,165
Pole rentals	32,329	1,600
Change in occupancy charges	4,561	1,339
Chargeable work	91,420	107,810
Water heater rental	13,492	3,289
Sundry	451	27
	$ 230,351	$ 137,835

4. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of five members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2001 was $Nil for current service and is included as an expenditure in the statement of operations. As of July 31, 1999, OMERS announced a contribution holiday extending until July 1, 2002.

5. Amortization of Capital Assets

	2001	2000
Amortization of building and distribution equipment	$ 204,338	$ 47,052
Amortization of office equipment	3,719	652
Amortization of Contributions and Grants	(3,232)	(281)
	204,825	47,423
Amortization of other capital assets included in relevant expense categories		
Rolling stock	34,634	8,362
Major tools	6,044	1,273
	$ 245,503	$ 57,058

December 31, 2001

6. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2001	2000
100	Common shares	$ 4,016,312	$ 4,016,312

7. Prior Period Adjustment

Effective October 1, 2001, the assets of Sioux Lookout Hydro Inc. were revalued using the discounted cash flow method. When the assets were originally transferred into the company an asset based valuation was used to calculate the fair market value. Since it was determined by management that the discounted cash flow method more accurately reflects the fair market value of Sioux Lookout Hydro Inc., the prior years financial statements had to be adjusted. As a result, both the Goodwill and Share Capital have been reduced by $ 883,688.

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2002

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended ended December 31, 2002

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Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2002 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in the summary of significant accounting policies.

BDO Dunwoody LLP

Chartered Accountants

Dryden, Ontario
April 25, 2003

BDO *Dunwoody* LLP *is a Limited Liability Partnership registered in Ontario*

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2002	2001
Assets		
Current		
Cash and bank	$ 342,698	$ 962,300
Accounts receivable	929,236	518,497
Unbilled revenue	876,774	659,633
Inventory (Note 1)	123,203	89,133
Prepaid expenses	46,895	22,329
Due from related parties (Note 2)	66,816	-
	2,385,622	2,251,892
Regulatory assets (Note 3)	13,065	-
Capital assets (Note 4)	4,900,029	4,914,885
Goodwill	300,979	300,979
	$ 7,599,695	$ 7,467,756
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 5)	$ 2,100,000	$ 2,100,000
Accounts payable and accrued liabilities	787,725	976,807
Employee benefits payable (Note 6)	90,797	97,548
Customer deposits	42,900	50,100
Deferred revenue	5,338	11,558
Due to related parties (Note 2)	298,461	60,207
	3,325,221	3,296,220
Shareholder's equity		
Share capital (Note 7)	4,016,312	4,016,312
Retained earnings	258,162	155,224
	4,274,474	4,171,536
	$ 7,599,695	$ 7,467,756

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations and Retained Earnings

For the year ended December 31	2002		2001	
Revenue				
Sale of energy				
Residential	$ 2,964,111	39.3 %	$ 2,941,345	43.7 %
General	4,327,418	57.3 %	3,797,238	56.3 %
Street lighting	42,882	0.6 %	50,499	0.7 %
Unbilled revenue adjustment	217,141	2.9 %	(44,997)	(0.7)%
	7,551,552	100 %	6,744,085	100 %
Cost of bulk power purchased	6,398,305	84.7 %	5,617,662	83.3 %
Gross margin on energy sold	1,153,247	15.3 %	1,126,423	16.7 %
Other operating revenue (Note 8)	137,921	1.8 %	230,351	3.4 %
	1,291,168	17.1 %	1,356,774	20.1 %
Expenditures				
Administration	325,832	4.3 %	273,577	4.1 %
Amortization	199,657	2.6 %	204,824	3.0 %
Interest and bank charges	147,859	2.0 %	184,401	2.7 %
Operation maintenance	425,322	5.7 %	399,230	5.9 %
	1,098,670	14.6 %	1,062,032	15.7 %
Excess of revenue over expenditures for the year before payment in lieu of taxes	192,498	2.5 %	294,742	4.4 %
Payment in Lieu of Taxes				
Capital taxes	1,201	0.1 %	-	- %
Excess of revenue over expenditures for the year	191,297	2.4 %	294,742	4.4 %
Retained earnings (deficit), beginning of year	155,224		(139,518)	
Dividends	(88,359)		-	
Retained earnings, end of year	$ 258,162		$ 155,224	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31	2002	2001
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	$ 191,297	$ 294,742
Items not involving cash		
Amortization of capital assets (Note 10)	244,072	245,503
Loss on disposal of capital assets	2,885	3,438
	438,254	543,683
Changes in non-cash working capital balances		
Accounts receivable	(410,739)	(168,727)
Unbilled revenue	(217,141)	44,997
Due from/to related parties	171,438	60,207
Inventory	(34,065)	34,617
Prepaid expenses	(24,566)	(564)
Regulatory assets	(13,065)	-
Accounts payable and accrued liabilities	(189,082)	(230,683)
Employee benefits payable	(6,751)	-
Deferred revenue	(6,220)	(250)
Customer deposits	(7,200)	(1,291)
	(299,137)	281,989
Investing activities		
Purchase of capital assets	(363,617)	(339,733)
Proceeds on sale of capital assets	159,516	-
	(204,101)	(339,733)
Financing activities		
Decrease in bank indebtedness	-	(1,726)
Increase in temporary investments	-	464,908
Dividends	(88,359)	-
Change in Accounting Policy (Note 1)	(28,005)	-
	(116,364)	463,182
Increase (decrease) in cash during the year	(619,602)	405,438
Cash, beginning of year	962,300	556,862
Cash, end of year	$ 342,698	$ 962,300

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2002

The corporation follows the accounting policies established for the electric utility companies in the Province of Ontario. The significant accounting policies are as follows:

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Unbilled Revenue

Unbilled revenue represents energy which has been used by customers but which will not be billed until the subsequent year.

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Income Taxes

The company accounts for income taxes using the tax payable method. Under this method, the company only reports as an expense the cost of current payment in lieu of taxes for the year, determined in accordance with the rules established by the taxation authorities. Future income taxes have not been reported as it is the opinion of management that these taxes will be recovered from customers in the future.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2002

Financial Instruments

The company's financial instruments consist of cash, accounts receivable, amounts due to/from related parties, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2002

1. Inventory

	2002	2001
Raw materials and supplies	$ 63,895	$ 61,128
Work in progress	59,308	28,005
	$ 123,203	$ 89,133

During the year, Sioux Lookout Hydro Inc. changed it's method of presenting work in progress for financial statement purposes to conform with Ontario Energy Board Handbook. As a result, the prior year capital assets have been decreased by $28,005 and the work in progress increased by $28,005. The net effect on income is nil.

2. Due to/from Related Parties

At the end of the year, the amounts due to/from related parties are as follows:

	2002	2001
Due to Shareholder:		
Corporation of the Municipality of Sioux Lookout	$ 298,461	$ -
Due from wholly owned subsidiary of shareholder:		
Sioux Hudson Energy Inc.	$ 66,816	$ -

These balances are interest-free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

The Corporation provides billing services to the Municipality of Sioux Lookout for sewer and water. At year end, there uncollected bills from customers of $ 109,807 and bills collected and not transferred to the Municipality of $100,294. As well, there was a dividend declared and payable of $88,358.

The Corporation transfered hot water tanks to Sioux Hudson Energy Inc. at a cost of $77,951. The Corporation provides billing services to Sioux Hudson Energy Inc. for hot water tank rentals. When collected, amounts billed are forwarded to the Sioux Hudson Enegry Inc.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

December 31, 2002

3. Regulatory Assets

The Ontario government passed Bill 210 which froze the electricity commodity price at 4.3 cents per kwh for low volume consumers and designated consumers until April 30, 2006. As a result, transitional costs and retail settlement variances have been set up on the records as an asset. Management anticipates that these costs will be recovered from their customers after 2006.

4. Capital Assets

	2002		2001	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 87,230	$ 7,951	$ 87,230	$ 4,462
Distribution system-overhead	2,974,762	263,791	2,924,514	144,801
Distribution system - underground	656,977	57,106	623,411	30,827
Distribution transformers	1,031,178	90,482	987,570	49,235
Distribution meters	268,542	19,822	232,489	10,836
Other equipment-various	544,007	92,887	441,770	64,654
Contributions and Grants	(139,730)	(9,102)	(80,797)	(3,513)
	$ 5,422,966	$ 522,937	$ 5,216,187	$ 301,302
Net book value		$ 4,900,029		$ 4,914,885

5. Bank Indebtedness

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

6. Employee Benefits Payable

	2002	2001
Vested sick leave	$ 75,440	$ 76,578
Vacation pay	9,788	9,030
Banked overtime	5,569	11,940
	$ 90,797	$ 97,548

7. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2002	2001
100	Common shares	$ 4,016,312	$ 4,016,312

December 31, 2002

8. Other Operating Revenue

	2002	2001
Late payment charges	$ 35,262	$ 56,993
Interest income	18,681	31,105
Pole rentals	16,995	32,329
Administration fee charged to Sioux Hudson Energy Inc.	3,000	-
Change in occupancy charges	6,254	4,561
Chargeable work	57,135	91,420
Water heater rental	-	13,492
Sundry	594	451
	$ 137,921	$ 230,351

9. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2002 was $Nil for current service which is normally included as an expenditure in the statement of operations. As of July 31, 1999, OMERS announced a contribution holiday which was extended to December 31, 2002.

10. Amortization of Capital Assets

	2002	2001
Amortization of building and distribution equipment	$ 200,748	$ 204,338
Amortization of office equipment	4,499	3,719
Amortization of Contributions and Grants	(5,589)	(3,232)
	199,658	204,825
Amortization of other capital assets included in relevant expense categories		
Rolling stock	19,081	34,634
Major tools	23,988	6,044
Sentinel Lights	1,345	-
	$ 244,072	$ 245,503

11. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2003

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended ended December 31, 2003

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BDO
Driving growth

BDO Dunwoody LLP
Chartered Accountants
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Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2003 and the statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Dryden, Ontario
March 1, 2004

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2003	2002
Assets		
Current		
Cash and bank	$ 687,576	$ 342,698
Accounts receivable	690,095	929,236
Unbilled revenue	892,569	876,774
Due from related parties (Note 2)	71,976	66,816
Inventory (Note 1)	129,756	123,203
Prepaid expenses	72,429	46,895
	2,544,401	2,385,622
Regulatory assets (Note 3)	136,897	148,223
Capital assets (Note 4)	4,914,951	4,900,029
Goodwill	300,979	300,979
	$ 7,897,228	$ 7,734,853
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 5)	$ 2,041,667	$ 2,100,000
Accounts payable and accrued liabilities	743,605	787,724
Employee benefits payable (Note 6)	90,850	90,797
Taxes payable	151,807	31,029
Customer deposits	64,450	42,900
Deferred revenue	-	5,338
Due to related parties (Note 2)	250,365	298,461
	3,342,744	3,356,249
Shareholder's equity		
Share capital (Note 7)	4,016,312	4,016,312
Retained earnings	538,172	362,292
	4,554,484	4,378,604
	$ 7,897,228	$ 7,734,853

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Retained Earnings

For the year ended December 31	2003	2002
Retained earnings, beginning of year	$ 258,162	$ 155,224
Correction of prior period error (Note 8)	104,130	-
	362,292	155,224
Excess of revenue over expenditures for the year	308,418	295,427
Dividends	(132,538)	(88,359)
Retained earnings, end of year	$ 538,172	$ 362,292

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations

For the year ended December 31	2003		2002	
Revenue				
Sale of energy				
Residential and general	$ 7,008,568	99.2 %	$ 7,142,033	96.5 %
Street lighting	44,241	0.6 %	43,116	0.6 %
Unbilled revenue adjustment	15,795	0.2 %	217,141	2.9 %
	7,068,604	100 %	7,402,290	100 %
Cost of bulk power purchased	5,751,026	81.4 %	6,113,884	82.6 %
Gross margin on energy sold	1,317,578	18.6 %	1,288,406	17.4 %
Other operating revenue (Note 9)	188,505	2.7 %	85,225	1.2 %
	1,506,083	21.3 %	1,373,631	18.6 %
Expenditures				
Administration	402,274	5.6 %	375,137	5.1 %
Amortization	213,759	3.0 %	199,657	2.7 %
Interest and bank charges	121,991	1.7 %	102,994	1.4 %
Operation maintenance	332,923	4.8 %	368,186	5.0 %
	1,070,947	15.1 %	1,045,974	14.2 %
Excess of revenue over expenditures before payment in lieu of taxes	435,136	6.2 %	327,657	4.4 %
Payment in lieu of taxes				
Payment in lieu of taxes	126,718	1.9 %	32,230	(0.4)%
Excess of revenue over expenditures for the year	$ 308,418	4.3 %	$ 295,427	4.8 %

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31	2003	2002
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	$ 308,418	$ 295,427
Items not involving cash		
Amortization of capital assets (Note 11)	277,748	244,072
Loss on disposal of capital assets	4,519	2,885
	590,685	542,384
Changes in non-cash working capital balances		
Accounts receivable	239,141	(410,739)
Unbilled revenue	(15,795)	(217,141)
Due from/to related parties	(53,258)	171,438
Inventory	(6,553)	(34,065)
Prepaid expenses	(25,534)	(24,566)
Accounts payable and accrued liabilities	(44,119)	(189,083)
Employee benefits payable	53	(6,751)
Deferred revenue	(5,338)	(6,220)
Taxes payable	120,778	31,029
Customer deposits	21,550	(7,200)
	821,610	(150,914)
Investing activities		
Purchase of capital assets	(322,187)	(363,617)
(Increase) decrease in regulatory assets	11,326	(148,223)
Proceeds on sale of capital assets	25,000	159,516
	(285,861)	(352,324)
Financing activities		
Decrease in bank indebtedness	(58,333)	-
Dividends	(132,538)	(88,359)
Change in accounting policy (Note 1)	-	(28,005)
	(190,871)	(116,364)
Increase (decrease) in cash during the year	344,878	(619,602)
Cash, beginning of year	342,698	962,300
Cash, end of year	$ 687,576	$ 342,698

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2003

The corporation follows the accounting policies established for the electric utility companies in the Province of Ontario. The significant accounting policies are as follows:

Nature of Business

The company is incorporated under the laws of Ontario and is engaged in the operation of retail electricity.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills.

Revenue Recognition

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Income Taxes

The company accounts for income taxes using the tax payable method. Under this method, the company only reports as an expense the cost of current payment in lieu of taxes for the year, determined in accordance with the rules established by the taxation authorities. Future income taxes have not been reported as it is the opinion of management that these taxes will be recovered from customers in the future.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2003

Financial Instruments

The company's financial instruments consist of cash, accounts receivable, amounts due to/from related parties, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2003

1. Inventory

	2003	2002
Raw materials and supplies	$ 59,115	$ 63,895
Work in progress	70,641	59,308
	$ 129,756	$ 123,203

During the prior year, Sioux Lookout Hydro Inc. changed its method of presenting work in progress for financial statement purposes to conform with Ontario Energy Board Handbook. As a result, the prior year capital assets have been decreased by $28,005 and the work in progress increased by $28,005. The net effect on income is $nil.

2. Due to/from Related Parties

At the end of the year, the amounts due to/from related parties are as follows:

	2003	2002
Due to Shareholder:		
Corporation of the Municipality of Sioux Lookout	$ 250,365	$ 298,461
Due from wholly owned subsidiary of shareholder:		
Sioux Hudson Energy Inc.	$ 71,976	$ 66,816

These balances are interest-free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

The Corporation provides billing services to the Municipality of Sioux Lookout for sewer and water. At year end, the uncollected bills from customers was $119,242 and the bills collected and not transferred to the Municipality was $117,827. As well, there was a dividend declared and payable of $132,538 and an administration fee of $3,000.

The Corporation transferred hot water tanks to Sioux Hudson Energy Inc. at a cost of $77,951. The Corporation provides billing services to Sioux Hudson Energy Inc. for hot water tank rentals. When collected, amounts billed are forwarded to the Sioux Hudson Energy Inc.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

December 31, 2003

3. Regulatory Assets

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets" in accordance with the OEB Accounting Procedures Handbook. These assets are to be reflected on the corporation's balance sheet until the manner and timing of disposition is determined by the OEB.

The corporation continually assesses the likelihood of recovery of regulatory assets. If the recovery through future rates are no longer probable, the amounts will be charged to the results of operations in the period the assessment is made. If a future recovery decision is made by the OEB or the Ministry of Energy to allow recovery of the regulatory assets, the corporation will recognize the revenue in the results of operations in the period such a decision is made.

4. Capital Assets

	2003		2002	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 91,864	$ 11,625	$ 87,230	$ 7,951
Distribution system-overhead	3,225,175	392,798	2,974,762	263,791
Distribution system - underground	701,825	85,179	656,977	57,106
Distribution transformers	1,155,482	136,701	1,031,178	90,482
Distribution meters	283,323	30,871	268,542	19,822
Other equipment-various	514,935	151,690	544,007	92,887
Contributions and Grants	(268,637)	(19,848)	(139,730)	(9,102)
	$ 5,703,967	$ 789,016	$ 5,422,966	$ 522,937
Net book value		$ 4,914,951		$ 4,900,029

December 31, 2003

5. Bank Indebtedness

	2003	2002
Bank operating loan, due on demand, interest repayable monthly at prime, secured by a general security agreement covering all assets	$ -	$ 2,100,000
Demand instalment loan, repayable at $11,666 per month plus interest at prime, secured by a general security agreement covering all assets; due 2018	2,041,667	-
	$ 2,041,667	$ 2,100,000

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

6. Employee Benefits Payable

	2003	2002
Vested sick leave	$ 7,619	$ 9,788
Vacation pay	67,082	75,440
Banked overtime	5,269	5,569
Post employment benefits	10,880	-
	$ 90,850	$ 90,797

December 31, 2003

7. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2003	2002
100	Common shares	**$ 4,016,312**	$ 4,016,312

8. Correction of Prior Period Error

In the prior year, the Ontario government passed Bill 210 which resulted in a premarket opening variance and several retail settlement variances. In order to apply for a rate adjustment these variances must be recorded in the books. As a result, the financial statements have been restated. The prior year regulatory assets have been increased by $135,159, the taxes payable increased by $31,029, the cost of bulk power purchased decreased by $330,193, the energy sales decreased by $195,034 and the payment in lieu of taxes increased by $31,029. The net effect of these adjustments have increased the opening retained earnings by $104,130. Management anticipates that these variances will be recovered from their customers through rate adjustments.

December 31, 2003

9. Other Operating Revenue

	2003	2002
Late payment charges	$ 34,450	$ 35,262
Interest income	22,120	18,681
Pole rentals	23,018	16,995
Administration fees	92,852	4,439
Change in occupancy charges	7,497	6,254
Sundry	8,568	3,594
	$ 188,505	$ 85,225

10. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2003 was $6,846 (2002 - $nil) for current service which is normally included as an expenditure in the statement of revenue and expenditures.

11. Amortization of Capital Assets

	2003	2002
Amortization of building and distribution equipment	$ 218,307	$ 200,748
Amortization of office equipment	4,620	4,499
Amortization of Contributions and Grants	(10,745)	(5,589)
	212,182	199,658
Amortization of other capital assets included in relevant expense categories		
Rolling stock	39,156	19,081
Operations and maintenance	24,832	23,988
Sentinel lights	1,578	1,345
	$ 277,748	$ 244,072

December 31, 2003

12. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

13. Financial Guarantees

Participants in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements.

During the year the corporation was party to an irrevocable letter of credit with a Canadian Chartered bank. The letter of credit amount was 2003 - $381,088 (2002 - $518,999).

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2004

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended ended December 31, 2004

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Driving growth

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Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2004 and the statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Dryden, Ontario
February 28, 2005

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2004	2003
Assets		
Current		
Cash and bank	$ 541,854	$ 687,576
Accounts receivable	642,291	690,095
Unbilled revenue	1,093,732	892,569
Due from related parties (Note 2)	64,888	71,976
Inventory (Note 1)	118,691	129,756
Prepaid expenses	72,120	72,429
	2,533,576	2,544,401
Regulatory assets (Note 3)	12,956	136,897
Capital assets (Note 4)	4,920,343	4,914,951
Goodwill	300,979	300,979
	$ 7,767,854	$ 7,897,228
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 5)	$ 1,901,667	$ 2,041,667
Accounts payable and accrued liabilities	893,893	743,604
Employee benefits payable (Note 6)	106,574	90,850
Taxes payable	33,037	151,807
Customer deposits	69,300	64,450
Due to related parties (Note 2)	264,447	250,365
	3,268,918	3,342,743
Shareholder's equity		
Share capital (Note 7)	4,016,312	4,016,312
Retained earnings	482,624	538,173
	4,498,936	4,554,485
	$ 7,767,854	$ 7,897,228

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Retained Earnings

For the year ended December 31	2004	2003
Retained earnings, beginning of year	$ 538,173	$ 258,162
Correction of prior period error (Note 8)	-	104,130
	538,173	362,292
Excess of revenue over expenditures for the year	76,989	308,419
Dividends	(132,538)	(132,538)
Retained earnings, end of year	$ 482,624	$ 538,173

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations

For the year ended December 31	2004		2003	
Revenue				
Sale of energy				
Residential and general	$ 6,776,827	96.6 %	$ 7,008,568	99.3 %
Street lighting	39,823	0.6 %	36,509	0.5 %
Unbilled revenue adjustment	201,163	2.8 %	15,795	0.2 %
	7,017,813	100 %	7,060,872	100 %
Cost of bulk power purchased	5,772,596	82.3 %	5,751,026	81.4 %
Gross margin on energy sold	1,245,217	17.7 %	1,309,846	18.6 %
Other operating revenue (Note 9)	131,025	1.9 %	196,238	2.8 %
	1,376,242	19.6 %	1,506,084	21.3 %
Expenditures				
Administration	441,599	6.2 %	402,274	5.7 %
Amortization	224,897	3.2 %	213,759	3.0 %
Interest and bank charges	111,263	1.6 %	121,991	1.7 %
Operation maintenance	487,530	7.0 %	332,923	4.7 %
	1,265,289	18.0 %	1,070,947	15.1 %
Excess of revenue over expenditures before payment in lieu of taxes	110,953	1.6 %	435,137	6.2 %
Payment in lieu of taxes				
Payment in lieu of taxes	33,964	0.6 %	126,718	1.8 %
Excess of revenue over expenditures for the year	$ 76,989	1.0 %	$ 308,419	4.4 %

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31	2004	2003
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	$ **76,989**	$ 308,419
Items not involving cash		
Amortization of capital assets (Note 11)	**292,170**	277,748
Loss on disposal of capital assets	**3,329**	4,519
	372,488	590,686
Changes in non-cash working capital balances		
Accounts receivable	**47,804**	239,141
Unbilled revenue	**(201,163)**	(15,795)
Due from/to related parties	**21,170**	(53,258)
Inventory	**11,065**	(6,553)
Prepaid expenses	**309**	(25,534)
Accounts payable and accrued liabilities	**150,201**	(44,119)
Employee benefits payable	**15,724**	53
Deferred revenue	**-**	(5,338)
Taxes payable (recoverable)	**(118,770)**	120,777
Customer deposits	**4,850**	21,550
	303,678	821,610
Investing activities		
Purchase of capital assets	**(300,802)**	(322,187)
Decrease in regulatory assets	**123,940**	11,326
Proceeds on sale of capital assets	**-**	25,000
	(176,862)	(285,861)
Financing activities		
Decrease in bank indebtedness	**(140,000)**	(58,333)
Dividends	**(132,538)**	(132,538)
	(272,538)	(190,871)
Increase (decrease) in cash during the year	**(145,722)**	344,878
Cash, beginning of year	**687,576**	342,698
Cash, end of year	$ **541,854**	$ 687,576

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2004

The corporation follows the accounting policies established for the electric utility companies in the Province of Ontario. The significant accounting policies are as follows:

Nature of Business

The company is incorporated under the laws of Ontario and is engaged in the operation of retail electricity.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills.

Revenue Recognition

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2004

Payment in Lieu of Taxes

The company accounts for payment in lieu of taxes using the tax payable method. Under this method, the company only reports as an expense the cost of current payment in lieu of taxes for the year, determined in accordance with the rules established by the taxation authorities. Future payment in lieu of taxes have not been reported as it is the opinion of management that these taxes will be recovered from customers in the future.

Financial Instruments

The company's financial instruments consist of cash, accounts receivable, amounts due to/from related parties, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2004

1. Inventory

	2004	2003
Raw materials and supplies	$ 68,085	$ 59,115
Work in progress	50,606	70,641
	$ 118,691	$ 129,756

2. Due to/from Related Parties

At the end of the year, the amounts due to/from related parties are as follows:

	2004	2003
Due to Shareholder:		
Corporation of the Municipality of Sioux Lookout	$ 264,447	$ 250,365
Due from wholly owned subsidiary of shareholder:		
Sioux Hudson Energy Inc.	$ 64,888	$ 71,976

These balances are interest free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

The Corporation provides billing services to the Municipality of Sioux Lookout for sewer and water. At year end, the uncollected bills from customers was $131,908. As well, there was a dividend declared and payable of $132,538.

The Corporation provides billing services to Sioux Hudson Energy Inc. for hot water tank rentals. When collected, amounts billed are forwarded to Sioux Hudson Energy Inc.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

3. Regulatory Assets

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets" in accordance with the OEB Accounting Procedures Handbook. These assets are to be reflected on the Corporation's balance sheet. The OEB has granted the Corporation permission to recover the regulatory assets when establishing it's distribtion rates.

December 31, 2004

4. Capital Assets

	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 91,864	$ 15,300	$ 91,864	$ 11,625
Distribution system-overhead	3,404,097	528,962	3,225,175	392,798
Distribution system - underground	759,708	115,568	701,825	85,179
Distribution transformers	1,255,583	186,924	1,155,482	136,701
Distribution meters	288,839	41,912	283,323	30,871
Other equipment - various	550,266	223,304	514,935	151,690
Contributions and Grants	(351,970)	(33,926)	(268,637)	(19,848)
	$ 5,998,387	$ 1,078,044	$ 5,703,967	$ 789,016
Net book value		$ 4,920,343		$ 4,914,951

5. Bank Indebtedness

	2004	2003
Demand instalment loan, repayable at $11,666 per month plus interest at prime, secured by a general security agreement covering all assets; due 2018	$ 1,901,667	$ 2,041,667

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

6. Employee Benefits Payable

	2004	2003
Vested sick leave	$ 6,777	$ 7,619
Vacation pay	74,537	67,082
Banked overtime	3,388	5,269
Post employment benefits	21,872	10,880
	$ 106,574	$ 90,850

December 31, 2004

7. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2004	2003
100	Common shares	**$ 4,016,312**	$ 4,016,312

8. Correction of Prior Period Error

In the prior year, the Ontario government passed Bill 210 which resulted in a premarket opening variance and several retail settlement variances. In order to apply for a rate adjustment these variances must be recorded in the books. As a result, the financial statements have been restated. For the prior year, both regulatory assets and retained earnings have been increased by $104,130. Management anticipates that these variances will be recovered from their customers through rate adjustments.

9. Other Operating Revenue

	2004	2003
Late payment charges	$ 50,516	$ 34,450
Interest income	25,262	22,120
Pole rentals	19,408	23,018
Administration fees	7,272	92,852
Change in occupancy charges	7,119	7,497
Sentinel light rental	7,989	7,733
Sundry	13,459	8,568
	$ 131,025	$ 196,238

10. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2004 was $23,093 (2003 - $6,846) for current service which is normally included as an expenditure in the statement of revenue and expenditures.

11. Amortization of Capital Assets

	2004	2003
Amortization of building and distribution equipment	$ 232,060	$ 218,307
Amortization of office equipment	5,169	4,620
Amortization of Contributions and Grants	(14,079)	(10,745)
	223,150	212,182
Amortization of other capital assets included in relevant expense categories		
Rolling stock	41,769	39,156
Operations and maintenance	25,505	24,832
Sentinel lights	1,746	1,578
	$ 292,170	$ 277,748

12. Financial Guarantees

Participants in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements.

During the year the Corporation was party to an irrevocable letter of credit with a Canadian Chartered bank. The letter of credit amount was 2004 - $381,088 (2003 - $381,088).

13. Statement of Cash Flows

	2004	2003
Interest paid	$ **111,263**	$ 121,991
Income taxes paid	**152,734**	5,940
	$ **263,997**	$ 127,931

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2005

Sioux Lookout Hydro Inc.
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For the year ended ended December 31, 2005

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Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2005 and the statements of retained earnings, operations and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Dryden, Ontario
March 16, 2006

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2005	2004
Assets		
Current		
Cash and bank	**$ 1,310,441**	$ 541,854
Accounts receivable	**271,614**	642,291
Unbilled revenue	**1,070,610**	1,093,732
Due from related parties (Note 2)	**52,624**	64,888
Inventory (Note 1)	**54,038**	118,691
Prepaid expenses	**82,385**	72,120
	2,841,712	2,533,576
Regulatory assets (Note 3)	**-**	12,956
Capital assets (Note 4)	**4,889,766**	4,920,343
Goodwill	**300,979**	300,979
	$ 8,032,457	$ 7,767,854
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 5)	**$ 1,761,667**	$ 1,901,667
Accounts payable and accrued liabilities	**1,155,029**	893,893
Employee benefits payable (Note 6)	**132,754**	106,574
Taxes payable	**3,286**	33,037
Customer deposits	**95,455**	69,300
Due to related parties (Note 2)	**286,487**	264,447
	3,434,678	3,268,918
Regulatory liabilities (Note 3)	**172,156**	-
	3,606,834	3,268,918
Shareholder's equity		
Share capital (Note 8)	**4,016,312**	4,016,312
Retained earnings	**409,311**	482,624
	4,425,623	4,498,936
	$ 8,032,457	$ 7,767,854

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Retained Earnings

For the year ended December 31	2005	2004
Retained earnings, beginning of year	**$ 482,624**	$ 538,173
Excess of revenue over expenditures for the year	**59,225**	76,989
	541,849	615,162
Dividends	**(132,538)**	(132,538)
Retained earnings, end of year	**$ 409,311**	$ 482,624

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations

For the year ended December 31	2005		2004	
Revenue				
Sale of energy				
Residential and general	**$ 7,038,193**	**99.7 %**	$ 6,776,827	96.5 %
Street lighting	**44,235**	**0.6 %**	39,823	0.6 %
Unbilled revenue adjustment	**(23,122)**	**(0.3)%**	201,163	2.9 %
	7,059,306	**100 %**	7,017,813	100 %
Cost of bulk power purchased	**5,779,463**	**81.9 %**	5,772,596	82.3 %
Gross margin on energy sold	**1,279,843**	**18.1 %**	1,245,217	17.7 %
Other operating revenue (Note 10)	**169,400**	**2.4 %**	131,025	1.9 %
	1,449,243	**20.5 %**	1,376,242	19.6 %
Expenditures				
Administration	**444,726**	**6.2 %**	441,599	6.3 %
Amortization	**234,042**	**3.3 %**	224,897	3.2 %
Interest and bank charges	**119,986**	**1.7 %**	111,263	1.6 %
Operation maintenance	**563,198**	**8.1 %**	487,530	6.9 %
	1,361,952	**19.3 %**	1,265,289	18.0 %
Excess of revenue over expenditures before payment in lieu of taxes	**87,291**	**1.2 %**	110,953	1.6 %
Payment in lieu of taxes				
Payment in lieu of taxes	**28,066**	**0.5 %**	33,964	0.5 %
Excess of revenue over expenditures for the year	**$ 59,225**	**0.7 %**	$ 76,989	1.1 %

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31	2005	2004
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	**$ 59,225**	$ 76,989
Items not involving cash		
Amortization of capital assets (Note 13)	**305,504**	292,170
Loss on disposal of capital assets	**965**	3,329
	365,694	372,488
Changes in non-cash working capital balances		
Accounts receivable	**370,677**	47,804
Unbilled revenue	**23,122**	(201,163)
Due to/from related parties	**34,302**	21,170
Inventory	**64,653**	11,065
Prepaid expenses	**(10,265)**	309
Accounts payable and accrued liabilities	**261,136**	150,201
Employee benefits payable	**26,180**	15,724
Taxes payable	**(29,751)**	(118,770)
Customer deposits	**26,155**	4,850
	1,131,903	303,678
Investing activities		
Purchase of capital assets	**(279,586)**	(300,802)
Decrease in regulatory assets (liabilities)	**185,112**	123,940
Proceeds on sale of capital assets	**3,696**	-
	(90,778)	(176,862)
Financing activities		
Decrease in bank indebtedness	**(140,000)**	(140,000)
Dividends	**(132,538)**	(132,538)
	(272,538)	(272,538)
Increase (decrease) in cash during the year	**768,587**	(145,722)
Cash, beginning of year	**541,854**	687,576
Cash, end of year	**$ 1,310,441**	$ 541,854

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2005

Nature of Business

The company is incorporated under the laws of Ontario and is licenced by the Ontario Energy Board (OEB) as an electricity distributor.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills.

Revenue Recognition

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Payment in Lieu of Taxes

The company accounts for payment in lieu of taxes using the tax payable method. Under this method, the company only reports as an expense the cost of current payment in lieu of taxes for the year, determined in accordance with the rules established by the taxation authorities. Future payment in lieu of taxes have not been reported as it is the opinion of management that these taxes will be recovered from customers in the future.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2005

Financial Instruments

The company's financial instruments consist of cash, accounts receivable, amounts due to/from related parties, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2005

1. Inventory

		2005		2004
Raw materials and supplies	**$**	**45,679**	$	68,085
Work in progress		**8,359**		50,606
	$	**54,038**	$	118,691

2. Due to/from Related Parties

At the end of the year, the amounts due to/from related parties are as follows:

		2005		2004
Due to Shareholder:				
Corporation of the Municipality of Sioux Lookout	**$**	**286,487**	$	264,447
Due from wholly owned subsidiary of shareholder:				
Sioux Hudson Energy Inc.	**$**	**52,624**	$	64,888

These balances are interest free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

The Corporation provides billing services to Corporation of the Municipality of Sioux Lookout for sewer and water. At year end, the uncollected bills from customers was $131,908. As well, there was a dividend declared and payable of $132,538. During the year, the company billed electricity and services to the shareholder in the amount of $548,677.

The Corporation provides billing services to Sioux Hudson Energy Inc. for hot water tank rentals. When collected, amounts billed are forwarded to Sioux Hudson Energy Inc.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

3. Regulatory Assets (Liabilities)

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets (liabilities)" in accordance with the OEB Accounting Procedures Handbook. These assets are to be reflected on the Corporation's balance sheet. The OEB has granted the Corporation permission to recover the regulatory assets when establishing it's distribtion rates. The manner and timing of the regulatory liabilities has not been determined by the OEB.

	2005	2004
Retail settlement variances	**$ 7,333**	$ 2,668
Wholesale market service variances	**170,486**	86,086
Network charges variances	**2,209**	(6,177)
Connection charges variances	**(725,500)**	(770,328)
Power charges variances	**374,488**	449,379
Pre-market opening energy variance	**276,745**	276,745
Transitional costs	**38,185**	21,005
Less assets recovered through rates	**(316,102)**	(46,422)
	$ (172,156)	$ 12,956

4. Capital Assets

	2005		2004	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Buildings	**$ 91,864**	**$ 18,974**	$ 91,864	$ 15,300
Distribution system-overhead	**3,591,695**	**672,630**	3,404,097	528,962
Distribution system - underground	**791,541**	**147,229**	759,708	115,568
Distribution transformers	**1,281,875**	**238,199**	1,255,583	186,924
Distribution meters	**284,580**	**51,388**	288,839	41,912
Other equipment - various	**600,964**	**289,422**	550,266	223,304
Contributions and Grants	**(384,206)**	**(49,295)**	(351,970)	(33,926)
	$ 6,258,313	**$ 1,368,547**	$ 5,998,387	$ 1,078,044
Net book value		**$ 4,889,766**		$ 4,920,343

December 31, 2005

5. Bank Indebtedness

	2005	2004
Demand instalment loan, repayable at $11,666 per month plus interest at prime, secured by a general security agreement covering all assets; due 2018	**$ 1,761,667**	$ 1,901,667

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

The company has an unused operating line of credit of $175,000 with terms of due on demand and bears interest at the bank's prime rate calculated and payable monthly.

6. Employee Benefits Payable

	2005	2004
Vacation pay	**$ 5,457**	$ 6,777
Vested sick leave	**88,738**	74,537
Banked overtime	**5,581**	3,388
Post employment benefits	**32,978**	21,872
	$ 132,754	$ 106,574

7. Income Taxes

Future income taxes have not been recorded in the accounts as they are expected to be reflected through future distribution revenues. As at December 31, 2005 a future income tax asset of $63,358 has not been recorded on the balance sheet. A future income tax recovery of $7,731 has not been reflected in the income tax provision for the year ended December 31, 2005.

8. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2005	2004
100	Common shares	**$ 4,016,312**	$ 4,016,312

9. Financial Guarantees

Participants in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements.

During the year the Corporation was party to an irrevocable letter of credit with a Canadian Chartered bank. The letter of credit amount was 2005 - $381,088 (2004 - $381,088).

December 31, 2005

10. Other Operating Revenue

	2005	2004
Late payment charges	**$ 54,863**	$ 50,516
Interest income	**20,976**	25,262
Pole rentals	**37,198**	19,408
Administration fees	**5,528**	7,272
Change in occupancy charges	**7,648**	7,119
Prior year variance adjustment	**20,979**	-
Sentinel light rental	**9,027**	7,989
Sundry	**13,181**	13,459
	$ 169,400	$ 131,025

11. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2005 was $25,120 (2004 - $23,093) for current service which is normally included as an expenditure in the statement of revenue and expenditures.

12. Supplementary Cash Flow Information

	2005	2004
Interest paid	**$ 119,986**	$ 111,263
Income taxes paid	**57,817**	152,734
	$ 177,803	$ 263,997

13. Amortization of Capital Assets

	2005	2004
Amortization of building and distribution equipment	**$ 241,937**	$ 232,060
Amortization of office equipment	**5,591**	5,169
Amortization of Contributions and Grants	**(15,368)**	(14,079)
	232,160	223,150
Amortization of other capital assets included in relevant expense categories		
Rolling stock	**44,665**	41,769
Operations and maintenance	**26,798**	25,505
Sentinel lights	**1,881**	1,746
	$ 305,504	$ 292,170

Sioux Lookout Hydro Inc.

Financial Statements

For the year ended December 31, 2006

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended ended December 31, 2006

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Financial Statements

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- Summary of Significant Accounting Policies 7
- Notes to Financial Statements 9

BDO Dunwoody LLP
Chartered Accountants
and Advisors

37 King Street
P.O. Box 3010
Dryden Ontario Canada P8N 3G3
Telephone: (807) 223-5321
Telefax: (807) 223-2978

Auditors' Report

To the Shareholder of
Sioux Lookout Hydro Inc.

We have audited the balance sheet of Sioux Lookout Hydro Inc. as at December 31, 2006 and the statements of retained earnings, operations and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 13, 2007

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*

Sioux Lookout Hydro Inc.
Balance Sheet

December 31	2006	2005
Assets		
Current		
Cash and bank	$ 1,183,160	$ 1,310,441
Accounts receivable	930,453	271,614
Unbilled revenue	1,103,757	1,070,610
Due from related parties (Note 2)	49,164	52,624
Inventory (Note 1)	68,617	54,038
Prepaid expenses	46,679	82,385
Taxes receivable	1,466	-
	3,383,296	2,841,712
Capital assets (Note 4)	4,704,166	4,889,766
Goodwill	300,979	300,979
	$ 8,388,441	$ 8,032,457
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness (Note 5)	$ 1,621,667	$ 1,761,667
Accounts payable and accrued liabilities	1,597,680	1,155,029
Employee benefits payable (Note 6)	102,299	132,754
Taxes payable	-	3,286
Customer deposits	92,722	95,455
Due to related parties (Note 2)	423,500	286,487
	3,837,868	3,434,678
Regulatory liabilities (Note 3)	281,566	172,156
	4,119,434	3,606,834
Shareholder's equity		
Share capital (Note 8)	4,016,312	4,016,312
Retained earnings	252,695	409,311
	4,269,007	4,425,623
	$ 8,388,441	$ 8,032,457

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Retained Earnings

For the year ended December 31	2006	2005
Retained earnings, beginning of year	$ 409,311	$ 482,624
Net income for the year	128,542	59,225
	537,853	541,849
Dividends	(285,158)	(132,538)
Retained earnings, end of year	$ 252,695	$ 409,311

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Operations

For the year ended December 31	2006		2005	
Revenue				
Sale of energy				
Residential and general	$ 7,901,134	99.0 %	$ 7,038,193	99.7 %
Street lighting	49,282	0.6 %	44,235	0.6 %
Unbilled revenue adjustment	33,146	0.4 %	(23,122)	(0.3)%
	7,983,562	100 %	7,059,306	100 %
Cost of bulk power purchased	6,616,192	82.9 %	5,779,463	81.9 %
Gross margin on energy sold	1,367,370	17.1 %	1,279,843	18.1 %
Other operating revenue (Note 10)	184,280	2.3 %	169,400	2.4 %
	1,551,650	19.4 %	1,449,243	20.5 %
Expenditures				
Administration	513,033	6.3 %	444,726	6.3 %
Amortization	234,760	2.9 %	234,042	3.3 %
Interest and bank charges	154,519	1.9 %	119,986	1.7 %
Operation maintenance	487,428	6.2 %	563,198	8.0 %
	1,389,740	17.3 %	1,361,952	19.3 %
Income before payment in lieu of taxes	161,910	2.1 %	87,291	1.2 %
Payment in lieu of taxes				
Payment in lieu of taxes	33,368	0.5 %	28,066	0.4 %
Net income for the year	$ 128,542	1.6 %	$ 59,225	0.8 %

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Statement of Cash Flows

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net income for the year	$ 128,542	$ 59,225
Items not involving cash		
Amortization of capital assets (Note 13)	300,949	305,504
Loss on disposal of capital assets	825	965
	430,316	365,694
Changes in non-cash working capital balances		
Accounts receivable	(658,839)	370,677
Unbilled revenue	(33,147)	23,122
Due to/from related parties	140,471	34,302
Inventory	(14,579)	64,653
Prepaid expenses	35,706	(10,265)
Accounts payable and accrued liabilities	442,651	261,136
Employee benefits payable	(30,455)	26,180
Taxes payable	(4,752)	(29,751)
Customer deposits	(2,733)	26,155
	304,639	1,131,903
Investing activities		
Purchase of capital assets	(118,463)	(279,586)
Decrease in regulatory assets (liabilities)	109,410	185,112
Proceeds on sale of capital assets	2,291	3,696
	(6,762)	(90,778)
Financing activities		
Decrease in bank indebtedness	(140,000)	(140,000)
Dividends	(285,158)	(132,538)
	(425,158)	(272,538)
Increase (decrease) in cash during the year	(127,281)	768,587
Cash and bank, beginning of year	1,310,441	541,854
Cash and bank, end of year	$ 1,183,160	$ 1,310,441

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2006

Nature of Business

The company is incorporated under the laws of Ontario and is licenced by the Ontario Energy Board (OEB) as an electricity distributor.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the average cost basis.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.

Buildings	- 25	years
Distribution system - overhead	- 25	years
Distribution system - underground	- 25 and 35	years
Distribution transformers	- 25 and 35	years
Distribution meters	- 25 and 35	years
Other equipment - various	- from 4 to 10	years

Goodwill

Goodwill being the excess of cost over assigned values of net assets acquired, is stated at cost. No amortization is provided for goodwill. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any impairment in the value of the goodwill is written off against earnings.

Customer Deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills.

Revenue Recognition

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

The amounts billed to customers for distribution services is according to rates, both fixed and by volume of power, as approved by the Ontario Energy Board.

Pole rental revenues which is included in other operating revenue is according to rates per pole as established by the Ontario Energy Board.

Late payment charges and interest income is recognized as revenue when earned.

Sioux Lookout Hydro Inc.
Summary of Significant Accounting Policies

December 31, 2006

Capital Contributions

Capital contributions are set up as a capital asset contra account, Contributions and Grants. This account is amortized on the same basis as the related capital assets.

Payment in Lieu of Taxes

The company accounts for payment in lieu of taxes using the tax payable method. Under this method, the company only reports as an expense the cost of current payment in lieu of taxes for the year, determined in accordance with the rules established by the taxation authorities. Future payment in lieu of taxes have not been reported as it is the opinion of management that these taxes will be recovered from customers in the future.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2006

1. Inventory

	2006	2005
Raw materials and supplies	$ 65,936	$ 45,679
Work in progress	2,681	8,359
	$ 68,617	$ 54,038

2. Due to/from Related Parties

At the end of the year, the amounts due to/from related parties are as follows:

	2006	2005
Due to Shareholder:		
Corporation of the Municipality of Sioux Lookout	$ 423,500	$ 286,487
Due from wholly owned subsidiary of shareholder:		
Sioux Hudson Energy Inc.	$ 49,164	$ 52,624

These balances are interest free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

The Corporation provides billing services to Corporation of the Municipality of Sioux Lookout for sewer and water. At year end, the uncollected bills from customers was $133,611. As well, there was a dividend declared and payable of $285,158. During the year, the company billed electricity and services to the shareholder in the amount of $567,492.

The Corporation provides billing services to Sioux Hudson Energy Inc. for hot water tank rentals. When collected, amounts billed are forwarded to Sioux Hudson Energy Inc.

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

3. Regulatory Assets (Liabilities)

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets (liabilities)" in accordance with the OEB Accounting Procedures Handbook. These assets are to be reflected on the Corporation's balance sheet. The OEB has granted the Corporation permission to recover the regulatory assets when establishing its distribtion rates. The manner and timing of the regulatory liabilities has not been determined by the OEB.

	2006	2005
Retail settlement variances	$ 10,539	$ 7,333
Wholesale market service variances	117,129	170,486
Network charges variances	(39,903)	2,209
Connection charges variances	(491,838)	(725,500)
Power charges variances	523,350	374,488
Pre-market opening energy variance	276,745	276,745
Rate Rider variance	(4,574)	-
Transitional costs	41,443	38,185
Less assets recovered through rates	(714,457)	(316,102)
	$ (281,566)	$ (172,156)

4. Capital Assets

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 91,864	$ 22,649	$ 91,864	$ 18,974
Distribution system-overhead	3,707,834	820,943	3,591,695	672,630
Distribution system - underground	819,572	180,012	791,541	147,229
Distribution transformers	1,294,176	289,966	1,281,875	238,199
Distribution meters	326,902	64,270	284,580	51,388
Other equipment - various	607,703	359,928	600,964	289,422
Contributions and Grants	(474,387)	(68,270)	(384,206)	(49,295)
	$ 6,373,664	$ 1,669,498	$ 6,258,313	$ 1,368,547
Net book value		$ 4,704,166		$ 4,889,766

December 31, 2006

5. Bank Indebtedness

	2006	2005
Demand instalment loan, repayable at $11,666 per month plus interest at prime, secured by a general security agreement covering all assets; due 2018	$ 1,621,667	$ 1,761,667

The bank operating loan is due on demand and bears interest at the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets.

The company has an unused operating line of credit of $175,000 with terms of due on demand and bears interest at the bank's prime rate calculated and payable monthly.

For bank indebtedness it is not practicable within the constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

6. Employee Benefits Payable

	2006	2005
Vacation pay	$ 4,108	$ 5,457
Vested sick leave	51,530	88,738
Banked overtime	3,922	5,581
Post employment benefits	42,739	32,978
	$ 102,299	$ 132,754

7. Payment in Lieu of Taxes

Future payments in lieu of taxes have not been recorded in the accounts as they are expected to be reflected through future distribution revenues. As at December 31, 2006 a future income tax asset of $70,598 (2005 - $63,358) has not been recorded on the balance sheet. A future payment in lieu of taxes recovery of $7,240 (2005 - $7,731) has not been reflected in the income tax provision for the year ended December 31, 2006.

8. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at $1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at $1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

		2006	2005
100	Common shares	$ 4,016,312	$ 4,016,312

9. Financial Guarantees

Participants in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements.

During the year the Corporation was party to an irrevocable letter of credit with a Canadian Chartered bank. The letter of credit amount was 2006 - $725,356 (2005 - $381,088).

10. Other Operating Revenue

	2006	2005
Late payment charges	$ 54,829	$ 54,863
Interest income	43,017	20,976
Pole rentals	42,027	37,198
Administration fees	7,006	5,528
Change in occupancy charges	13,410	7,648
Prior year variance adjustment	-	20,979
Sentinel light rental	9,176	9,027
Sundry	14,815	13,181
	$ 184,280	$ 169,400

11. Pension Agreement

The Commission makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

The amount contributed to OMERS for 2006 was $29,287 (2005 - $25,120) for current service which is normally included as an expenditure in the statement of operations.

12. Supplementary Cash Flow Information

	2006	2005
Interest paid	$ 154,519	$ 119,986
Payment in lieu of taxes paid	29,860	57,817
	$ 184,379	$ 177,803

13. Amortization of Capital Assets

	2006	2005
Amortization of building and distribution equipment	$ 247,164	$ 241,937
Amortization of office equipment	1,813	5,591
Amortization of Contributions and Grants	(18,975)	(15,368)
	230,002	232,160
Amortization of other capital assets included in relevant expense categories		
Rolling stock	51,503	44,665
Operations and maintenance	17,463	26,798
Sentinel lights	1,981	1,881
	$ 300,949	$ 305,504

14. Committments

The company has also entered into an operating lease for its equipment (Altec Aerial Device). The equipment is leased at $3,176 per month under a lease expiring in 2013.

The minimum annual lease payments for the next five years are as follows:

2007	$ 38,112
2008	38,112
2009	38,112
2010	38,112
2011	38,112

15. Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

16. Credit Risk

Sioux Lookout Hydro Inc. is in the normal course of operations, exposed to credit risk from having bank account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

Detach and return this REMITTANCE FORM with your payment.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

35 A
PX5000

SIOUX LOOKOUT HYDRO INC.
DONNA BRUNTON
25 FIFTH AVE
SIOUX LOOKOUT ON
P8T 1B3

RECEIVED OCT 18 2001

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2001123 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2001/10/10

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2001/10/10	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
		OPENING BALANCE FOR: 2001/12/31	0.00	
BALANCE			0.00	

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

Detach and return this REMITTANCE FORM with your payment.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

35 A
PX5000

SIOUX LOOKOUT HYDRO INC.
DONNA BRUNTON
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2 0 0 2 1 2 3 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2002/01/10

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2002/01/10	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2001/10/11		OPENING BALANCE FOR: 2001/12/31	0.00	
BALANCE				0.00
		OPENING BALANCE FOR: 2002/12/31	0.00	
BALANCE				0.00

A balance of tax payment is required 2 or 3 months after the taxation period end. The return is due 6 months after the taxation period.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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JAN 18 2002

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

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- Oshawa and Local (905) 433-6708
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- FAX (905) 433-5197

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2002/07/10

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	1800280	2002/07/10	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2002/01/11		OPENING BALANCE FOR: 2001/12/31	0.00	
2002/07/02	1	PIL payment	1,201.00CR	
BALANCE			1,201.00CR	
2002/01/11		OPENING BALANCE FOR: 2002/12/31	0.00	
BALANCE			0.00	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

JUNE 15

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BOX 640
OSHAWA, ON L1H 8T1

IN ENVELOPE PROVIDED
BY BDO

Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708
• Toronto (416) 920-9048 ext. 3036
• Toll-Free 1-800-262-0784 ext. 3036
• FAX (905) 433-5197

003 PX5000

Detach and return this REMITTANCE FORM with your payment.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

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OCT 08 2002

Account No. **1800280**

35
PX5003

SIOUX LOOKOUT HYDRO INC.
DONNA BRUNTON
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2001 1231

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/10/01 **to** 2001/12/31

	Account No.	Assessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2002/09/27	1 of 1

ASSESSMENT NO. 2

Tax: Federal and Provincial PIL		1,201.00
Total Assessment Liability		1,201.00
SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS		
Payments/Transfers	1,201.00CR	
Sub-Total		1,201.00CR
TAXATION YEAR BALANCE		0.00

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Tax Assessment as per Company Estimate.

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2003/01/13

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2003/01/13	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2002/07/11		OPENING BALANCE FOR: 2001/12/31	1,201.00CR	
2002/09/27	2	return assessment	1,201.00	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2002/07/11	OPENING BALANCE FOR: 2002/12/31	0.00	
BALANCE			0.00
	OPENING BALANCE FOR: 2003/12/31	0.00	
BALANCE			0.00

A balance of tax payment is required 2 or 3 months after the taxation period end. The return is due 6 months after the taxation period.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2003/07/08

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2003/07/08	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/01/14		OPENING BALANCE FOR: 2002/12/31	0.00	
BALANCE			0.00	
2003/01/14		OPENING BALANCE FOR: 2003/12/31	0.00	
2003/06/23	3	PIL payment	5,940.00CR	
BALANCE			5,940.00CR	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2003/08/08

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SIOUX LOOKOUT HYDRO INC.	1800280	2003/08/08	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/07/09		OPENING BALANCE FOR: 2002/12/31	0.00	
2003/06/23	5	PIL payment	5,940.00CR	
BALANCE			5,940.00CR	
2003/07/09		OPENING BALANCE FOR: 2003/12/31	5,940.00CR	
2003/06/23	4	PIL payment reversal	5,940.00	
BALANCE			0.00	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

from 2002/01/01 to 2002/12/31

	Account No.	Assessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	1800280	2003/09/23	1 of 1

ASSESSMENT NO. 6

Tax: Federal and Provincial PIL	5,940.00
Assessment Interest	346.43
Total Assessment Liability	6,286.43

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	5,940.00CR	
Sub-Total		5,940.00CR
TAXATION YEAR BALANCE DUE **		346.43

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

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Tax Assessment as per Company Estimate.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0219178%.

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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2003/10/08

SIOUX LOOKOUT HYDRO INC.

Account No.	Statement Date (year, month, day)	Page
1800280	2003/10/08	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/08/09		OPENING BALANCE FOR: 2002/12/31	5,940.00CR	
2003/09/23	6	return assessment	5,940.00	
2003/09/23	7	interest - assessment *	346.43	
2003/10/08	8	interest *	1.14	
BALANCE DUE **				347.57
				347.57

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2003/08/09	OPENING BALANCE FOR: 2003/12/31		
BALANCE		0.00	
		0.00	

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**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0219178%.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2003/11/07

SIOUX LOOKOUT HYDRO INC.

Account No.	Statement Date (year, month, day)	Page
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TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/10/09		OPENING BALANCE FOR: 2002/12/31	347.57	
2003/10/08	9	PIL payment	346.43CR	
2003/10/08	11	interest reversal	1.14CR	
2003/10/22	10	PIL payment	1.14CR	
2003/11/07	12	interest *	1.14	
BALANCE				0.00
				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2003/10/09	OPENING BALANCE FOR: 2003/12/31	0.00	
BALANCE			0.00

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

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for transactions up to and including 2004/01/09

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SIOUX LOOKOUT HYDRO INC.	**1800280**	2004/01/09	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/11/08		OPENING BALANCE FOR: 2003/12/31	0.00	
BALANCE			0.00	
		OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00	

A balance of tax payment is required 2 or 3 months after the taxation period end. The return is due 6 months after the taxation period.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2004/07/09

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SIOUX LOOKOUT HYDRO INC.	**1800280**	2004/07/09	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2004/01/10		OPENING BALANCE FOR: 2003/12/31	0.00	
2004/06/29	13	PIL payment	152,734.00CR	
BALANCE			152,734.00CR	
2004/01/10		OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2004/08/06

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2004/08/06	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2003/11/08		OPENING BALANCE FOR: 2002/12/31	0.00	
2004/06/29	15	PIL payment	25,224.00CR	25,224.00CR
BALANCE				25,224.00CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2004/07/10		OPENING BALANCE FOR: 2003/12/31	152,734.00CR	
2004/06/29	14	PIL payment reversal	152,734.00	
2004/06/29	16	PIL payment	127,510.00CR	
BALANCE			127,510.00CR	
2004/07/10		OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Notice of Assessment

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
from 2003/01/01 to 2003/12/31

	Account No.	Assessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2004/08/17	1 of 1

ASSESSMENT NO. 17

Tax: Federal and Provincial PIL		127,510.00
Assessment Interest		2,867.18
Total Assessment Liability		130,377.18

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	127,510.00CR	
Sub-Total		127,510.00CR
TAXATION YEAR BALANCE DUE **		2,867.18

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2004/10/08

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2004/10/08	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2004/08/07		OPENING BALANCE FOR: 2002/12/31	25,224.00CR	25,224.00CR
2004/08/07		OPENING BALANCE FOR: 2003/12/31	127,510.00CR	
2004/08/17	17	return assessment	127,510.00	
2004/08/17	18	interest - assessment *	2,867.18	
2004/09/30	19	PIL payment	2,867.18CR	
2004/10/08	20	interest *	24.33	24.33
BALANCE				25,199.67CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2004/08/07		OPENING BALANCE FOR: 2004/12/31	0.00
BALANCE			0.00

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2005/01/07

SIOUX LOOKOUT HYDRO INC.

Account No.	Statement Date (year, month, day)	Page
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TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2004/10/09		OPENING BALANCE FOR: 2002/12/31	25,224.00CR	25,224.00CR
2004/10/09		OPENING BALANCE FOR: 2003/12/31	24.33	
2005/01/07	21	interest *	0.43	24.76
BALANCE				25,199.24CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2004/10/09	OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00
	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE			0.00

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416-730-5585

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Notice of Reassessment

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
from 2002/01/01 **to** 2002/12/31

	Account No.	Reassessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/04/07	1 of 1

REASSESSMENT NO. 23 REPLACING ASSESSMENT DATED: 2003/09/23

Tax: Federal and Provincial PIL		31,164.00
Assessment Interest		3,145.97
Total Reassessment Liability		34,309.97

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	31,511.57CR	
Sub-Total		31,511.57CR
TAXATION YEAR BALANCE DUE **		2,798.40

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Mathematical error in computation of Taxable Paid-up Capital.

Capital Tax adjusted - Gross Revenue revised.

Capital Tax adjusted - "Total assets as adjusted" revised.

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2005/04/08

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/04/08	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/01/08		OPENING BALANCE FOR: 2002/12/31	25,224.00CR	
2003/09/23	22	assessment reversal	5,940.00CR	
2003/09/23	24	interest reversal - assessment	346.43CR	
2003/11/07	25	interest reversal	1.14CR	
2005/04/07	23	reassessment	31,164.00	
2005/04/07	26	interest - assessment *	3,145.97	
2005/04/08	31	interest *	0.54	2,798.94
2005/01/08		OPENING BALANCE FOR: 2003/12/31	24.76	
2004/08/17	27	interest reversal - assessment	2,867.18CR	
2004/10/08	28	interest reversal	24.33CR	
2005/01/07	29	interest reversal	0.43CR	
2005/04/08	30	cascade interest	4,339.35	1,472.17
BALANCE DUE **				4,271.11

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/01/08	OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00
2005/01/08	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE			0.00

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

Cascade interest is due to re-calculation of instalment base resulting from revised "Total Tax Payable" in prior years

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Statement of Account

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for transactions up to and including 2005/05/06

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/05/06	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/04/09		OPENING BALANCE FOR: 2002/12/31	2,798.94	
2005/05/06	33	interest *	15.07	2,814.01
2005/04/09		OPENING BALANCE FOR: 2003/12/31	1,472.17	
2005/05/06	32	interest *	7.93	1,480.10
BALANCE DUE **				4,294.11

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/04/09	OPENING BALANCE FOR: 2004/12/31	0.00	
BALANCE			0.00
2005/04/09	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE			0.00

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

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for transactions up to and including 2005/06/07

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SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/06/07	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/05/07		OPENING BALANCE FOR: 2002/12/31	2,814.01	
2005/05/09	38	PIL payment	2,798.94CR	
2005/06/07	41	interest *	1.71	16.78
2005/05/07		OPENING BALANCE FOR: 2003/12/31	1,480.10	
2005/05/09	34	PIL payment	4,271.11CR	
2005/05/09	36	PIL payment reversal	4,271.11	
2005/05/09	37	PIL payment	1,472.17CR	
2005/06/07	39	interest *	0.90	
2005/06/07	40	small balance adjustment	8.83CR	0.00
BALANCE DUE **				16.78

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/05/07	OPENING BALANCE FOR: 2004/12/31	0.00	
2005/05/16	35 PIL payment	33,037.00CR	
BALANCE		33,037.00CR	
2005/05/07	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE		0.00	

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

RECEIVED
JUN 14 2005

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2005/07/04

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/07/04	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/06/08		OPENING BALANCE FOR: 2002/12/31	16.78	
2005/07/04	42	interest *	0.09	16.87
BALANCE DUE **				16.87

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/06/08	OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
BALANCE		33,037.00CR	
2005/06/08	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE		0.00	

RECEIVED
JUL 0 6 2005

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2005/08/02

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/08/02	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/07/05		OPENING BALANCE FOR: 2002/12/31	16.87	
2005/08/02	43	interest *	0.09	16.96
BALANCE DUE **				16.96

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/07/05	OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
BALANCE		33,037.00CR	
2005/07/05	OPENING BALANCE FOR: 2005/12/31	0.00	
BALANCE		0.00	

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The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

RECEIVED
AUG 11 2005

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

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Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2005/09/02

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/09/02	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/08/03		OPENING BALANCE FOR: 2002/12/31	16.96	
2005/09/02	45	interest *	0.10	17.06
BALANCE DUE **				17.06

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/08/03		OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
BALANCE			33,037.00CR	
2005/08/03		OPENING BALANCE FOR: 2005/12/31	0.00	
2005/08/15	44	PIL payment	16,520.00CR	
BALANCE			16,520.00CR	

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**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

PD Oct 4 for Sept 3rd Quarter
$2600 / QUARTER.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
• Toronto (416) 730-5585	• Oshawa and Local (905) 433-6708	• Toll-Free 1-800-262-0784 ext. 3036
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Corporations Tax Branch - Hydro PIL
PO Box 620
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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2005/10/03

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/10/03	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/09/03		OPENING BALANCE FOR: 2002/12/31	17.06	
2005/10/03	46	interest *	0.10	
				17.16
BALANCE DUE **				17.16

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/09/03	OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
BALANCE			33,037.00CR
2005/09/03	OPENING BALANCE FOR: 2005/12/31	16,520.00CR	
BALANCE			16,520.00CR

PD Oct 11/05 CK 8201

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

Ontario

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Corporations Tax Branch - Hydro PIL
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Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2005/11/01

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2005/11/01	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/10/04		OPENING BALANCE FOR: 2002/12/31	17.16	
2005/10/17	48	PIL payment	17.16CR	
2005/11/01	49	interest *	0.05	
2005/11/01	50	small balance adjustment	0.05CR	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2005/10/04		OPENING BALANCE FOR: 2004/12/31	33,037.00CR
BALANCE			33,037.00CR
2005/10/04		OPENING BALANCE FOR: 2005/12/31	16,520.00CR
2005/10/12	47	PIL payment	8,260.00CR
BALANCE			24,780.00CR

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

PD balance plus 1/4

NOV 0 2 2005

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
• Toronto (416) 730-5585	• Oshawa and Local (905) 433-6708	• Toll-Free 1-800-262-0784 ext. 3036
• FAX (416) 730-5593	• Toronto (416) 920-9048 ext. 3036	• FAX (905) 433-5197

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33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2006/01/03

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2006/01/03	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2005/11/02		OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
BALANCE			33,037.00CR	
2005/11/02		OPENING BALANCE FOR: 2005/12/31	24,780.00CR	
2005/12/12	51	PIL payment	8,260.00CR	
BALANCE			33,040.00CR	
		OPENING BALANCE FOR: 2006/12/31	0.00	
BALANCE			0.00	

A balance of tax payment is required 2 or 3 months after the taxation period end. The return is due 6 months after the taxation period.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

Account No.	Assessment Date (year, month, day)	Page
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SIOUX LOOKOUT HYDRO INC.

ASSESSMENT NO. 52

Tax: Federal and Provincial PIL		33,037.00
Assessment Interest		2,142.97
Total Assessment Liability		35,179.97

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	33,037.00CR	
Sub-Total		33,037.00CR
TAXATION YEAR BALANCE DUE **		2,142.97

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0219178%.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
• Toronto (416) 730-5585	• Oshawa and Local (905) 433-6708	• Toll-Free 1-800-262-0784 ext. 3036
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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2006/03/01

Account No.	Statement Date (year, month, day)	Page
1800280	2006/03/01	1 of 1

SIOUX LOOKOUT HYDRO INC.

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/01/04		OPENING BALANCE FOR: 2004/12/31	33,037.00CR	
2006/02/28	52	return assessment	33,037.00 PD	
2006/02/28	53	interest - assessment *	2,142.97 PD	
2006/03/01	54	interest *	0.47	2,143.44
BALANCE DUE **				2,143.44

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2006/01/04	OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
BALANCE		33,040.00CR	
2006/01/04	OPENING BALANCE FOR: 2006/12/31	0.00	
BALANCE		0.00	

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0219178%.

PREPAYMENT FOR 2006

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
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• FAX (416) 730-5593	• Toronto (416) 920-9048 ext. 3036	• FAX (905) 433-5197

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the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0219178%.

PREPAYMENT FOR 2006

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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• Toronto (416) 920-9048 ext. 3036
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Detac[illegible] this REMITTANCE FORM with your payment.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

35 A
PX5000

SIOUX LOOKOUT HYDRO INC.
C/O DEANNE KULCHYSKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2006123 1

Payment Amount: $ 7,200.00

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 ▪ Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2006/04/03

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2006/04/03	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/03/02		OPENING BALANCE FOR: 2004/12/31	2,143.44	
2006/03/10	55	PIL payment	2,142.97CR	
2006/04/03	57	interest *	4.25	
2006/04/03	58	small balance adjustment	4.72CR	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2006/03/02		OPENING BALANCE FOR: 2005/12/31	33,040.00CR
BALANCE			33,040.00CR
2006/03/02		OPENING BALANCE FOR: 2006/12/31	0.00
2006/03/17	56	PIL payment	8,260.00CR
BALANCE			8,260.00CR

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

RD 7200.00 CL 57247 June 2006

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
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Ontario

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Statement of Account

Electricity Act, 1998 ▪ *Corporations Tax Act, R.S.O. 1990*

for transactions up to and including 2006/08/01

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2006/08/01	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/04/04		OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
BALANCE			33,040.00CR	
2006/04/04		OPENING BALANCE FOR: 2006/12/31	8,260.00CR	
2006/07/11	59	PIL payment	7,200.00CR	
BALANCE			15,460.00CR	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

CK 8606
Oct 3/06
7200.00

Tax (Re)Assessment Enquiries:
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- FAX (416) 730-5593

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- Oshawa and Local (905) 433-6708
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Detach and return this REMITTANCE FORM with your payment.

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2006 1231

Payment Amount: $ 7,200.00

Total Payment Enclosed: $ 7,200.00

Ontario

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Corporations Tax Branch - Hydro PIL
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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2006/11/01

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2006/11/01	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/08/02		OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
BALANCE			33,040.00CR	
2006/08/02		OPENING BALANCE FOR: 2006/12/31	15,460.00CR	
2006/10/10	60	PIL payment	7,200.00CR	
BALANCE			22,660.00CR	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

Dec 31/06
7200.00
CK 8983

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
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Ontario

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PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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PX5000

SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2007123 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

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Statement of Account

Electricity Act, 1998 ▪ *Corporations Tax Act, R.S.O. 1990*
for transactions up to and including 2007/01/02

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/01/02	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/11/02		OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
BALANCE				33,040.00CR
2006/11/02		OPENING BALANCE FOR: 2006/12/31	22,660.00CR	
BALANCE				22,660.00CR
		OPENING BALANCE FOR: 2007/12/31	0.00	
BALANCE				0.00

A balance of tax payment is required 2 or 3 months after the taxation period end. The return is due 6 months after the taxation period.

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

from 2005/01/01 **to** 2005/12/31

	Account No.	Assessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/02/05	1 of 1

ASSESSMENT NO. 62

Tax: Federal and Provincial PIL		8,290.00
Assessment Interest		885.89CR
Total Assessment Liability		7,404.11

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	33,040.00CR	
Sub-Total		33,040.00CR
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR		25,635.89CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

GOT LETTER AROUND MARCH 5 & 25 LOAD/05

RECEIVED
FEB 12 2007

CALLED MARCH 6/07
TALKED TO AUDREY LUISE
HAD TO SEND COPY OF T2 AND CHECK.
THEIR T2 HAD NIL BALANCE

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

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- Oshawa and Local (905) 433-6708
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- Toll-Free 1-800-262-0784 ext. 3036
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Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
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Statement of Account

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*

for transactions up to and including 2007/02/02

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/02/02	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/01/03		OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
BALANCE			33,040.00CR	
2007/01/03		OPENING BALANCE FOR: 2006/12/31	22,660.00CR	
2007/01/08	61	PIL payment	7,200.00CR	
BALANCE			29,860.00CR	
2007/01/03		OPENING BALANCE FOR: 2007/12/31	0.00	
BALANCE			0.00	

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

for transactions up to and including 2007/03/02

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/03/02	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/02/03		OPENING BALANCE FOR: 2005/12/31	33,040.00CR	
2007/02/05	62	return assessment	Provincial 8,290.00	
2007/02/05	63	interest - assessment *	885.89CR	
2007/03/02	65	interest *	52.73CR	25,688.62CR
CREDIT BALANCE AVAILABLE				25,688.62CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2007/02/03	OPENING BALANCE FOR: 2006/12/31	29,860.00CR
BALANCE		29,860.00CR
2007/02/03	OPENING BALANCE FOR: 2007/12/31	0.00
BALANCE		0.00

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

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Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2005123 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Notice of Reassessment

Electricity Act, 1998 ▪ Corporations Tax Act, R.S.O. 1990
from 2005/01/01 **to** 2005/12/31

	Account No.	Reassessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/03/15	1 of 1

REASSESSMENT NO. 71 REPLACING ASSESSMENT DATED: 2007/02/05

Tax: Federal and Provincial PIL		28,066.00
Assessment Interest		183.51
Total Reassessment Liability		28,249.51

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	58,734.95CR	
Refunds	25,694.95	
Sub-Total		33,040.00CR
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR		4,790.49CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
- Oshawa and Local (905) 433-6708
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Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2 0 0 7 1 2 3 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 ▪ Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2007/04/03

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/04/03	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/03/03		OPENING BALANCE FOR: 2005/12/31	25,688.62CR	
2007/02/05	70	assessment reversal	8,290.00CR	
2007/02/05	72	interest reversal - assessment	885.89	
2007/03/02	73	interest reversal	52.73	
2007/03/05	64	PIL refund	25,694.95	
2007/03/05	69	PIL payment	25,694.95CR	
2007/03/09	66	interest *	6.33CR	
2007/03/09	74	interest reversal	6.33	
2007/03/12	67	PIL payment	25,694.95CR	
2007/03/12	68	PIL payment reversal	25,694.95	
2007/03/15	71	reassessment	28,066.00	
2007/03/15	75	interest - assessment *	183.51	
2007/04/03	77	interest *	7.49CR	4,797.98CR
CREDIT BALANCE AVAILABLE				4,797.98CR

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APR 12 2007

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2007/03/03	OPENING BALANCE FOR: 2006/12/31	29,860.00CR	
BALANCE		29,860.00CR	
2007/03/03	OPENING BALANCE FOR: 2007/12/31	0.00	
BALANCE		0.00	

APR 9/07
Refund for

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

4800.34

4790.16 CR.
9.85 CR interest

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:
▪ Toronto (416) 730-5585	▪ Oshawa and Local (905) 433-6708 ▪ Toll-Free 1-800-262-0784 ext. 3036
▪ FAX (416) 730-5593	▪ Toronto (416) 920-9048 ext. 3036 ▪ FAX (905) 433-5197

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
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Oshawa ON L1H 8E9

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2007123 1

Payment Amount: $

Total Payment Enclosed: $

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2007/05/01

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/05/01	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/04/04		OPENING BALANCE FOR: 2005/12/31	4,797.98CR	
2007/04/09	76	PIL refund	4,800.34	
2007/05/01	79	interest *	2.37CR	
2007/05/01	80	small balance adjustment	0.01	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2007/04/04		OPENING BALANCE FOR: 2006/12/31	29,860.00CR
BALANCE			29,860.00CR
2007/04/04		OPENING BALANCE FOR: 2007/12/31	0.00
2007/04/11	78	PIL payment	8,350.00CR
BALANCE			8,350.00CR

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The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990

from 2006/01/01 **to** 2006/12/31

	Account No.	Assessment Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/05/17	1 of 1

ASSESSMENT NO. 82

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Tax: Federal and Provincial PIL	33,368.00
Assessment Interest	179.13
Total Assessment Liability	33,547.13

SUMMARY OF 2006/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	33,368.00CR	
Sub-Total		33,368.00CR
TAXATION YEAR BALANCE DUE **		179.13

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

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**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:	
• Toronto (416) 730-5585	• Oshawa and Local (905) 433-6708	• Toll-Free 1-800-262-0784 ext. 3036
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Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800280

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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

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Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2007 12 31

Payment Amount: $ 8,350.00

Total Payment Enclosed: $ 8,350.00

Ontario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2007/06/01

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/06/01	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/05/02		OPENING BALANCE FOR: 2006/12/31	29,860.00CR	
2007/05/15	81	PIL payment	3,508.00CR	
2007/05/17	82	return assessment	33,368.00	
2007/05/17	83	interest - assessment *	179.13	
2007/06/01	84	interest *	0.66	179.79
BALANCE DUE **				179.79

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2007/05/02	OPENING BALANCE FOR: 2007/12/31	8,350.00CR
BALANCE		8,350.00CR

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The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

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Tax (Re)Assessment Enquiries:
- Toronto (416) 730-5585
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- Oshawa and Local (905) 433-6708
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Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

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Account No.
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SIOUX LOOKOUT HYDRO INC.
C/O GORD MAKI
25 FIFTH AVE
PO BOX 908
SIOUX LOOKOUT ON
P8T 1B3

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2 0 0 7 1 2 3 1

Payment Amount: $

Total Payment Enclosed: $

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Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2007/07/03

	Account No.	Statement Date (year, month, day)	Page
SIOUX LOOKOUT HYDRO INC.	**1800280**	2007/07/03	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2007/06/02		OPENING BALANCE FOR: 2006/12/31	179.79	
2007/06/11	85	PIL payment	179.13CR	
2007/07/03	86	interest *	0.45	
2007/07/03	87	small balance adjustment	1.11CR	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2007/06/02		OPENING BALANCE FOR: 2007/12/31	8,350.00CR
BALANCE			8,350.00CR

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