PROCEDURAL ORDER NO.1

GUELPH HYDRO ELECTRIC SYSTEMS INC. (“Guelph Hydro”)

RESPONSES TO THE ENERGY PROBE’S INTERROGATORIES ON 2012 ELECTRICITY DISTRIBUTION COST OF SERVICE RATES

FILE NUMBER EB-2011-0123

September 30, 2011

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Rate Base

Issue 2.1 Is the proposed rate base for the test year appropriate?

Interrogatory # 1

Ref: Exhibit 2, Tab 1, Sch. 2

a) Please indicate which years shown in Table 3 are based on CGAAP and which are based on MIFRS.

Guelph Hydro's Response:

2008 – 2010 CGAAP
2011 – 2012 MIFRS

b) What is the impact on rate base between the last year shown in CGAAP and the first year shown in MIFRS?

Guelph Hydro's Response:

Please see Table 1 of Appendix Guelph_BoardStaff_IRR_#3 – Transition to MIFRS Analysis, for a calculation of the impact of MIFRS on the 2010 Rate Base.

Interrogatory # 2

Ref: Exhibit 2, Tab 1, Sch. 3

a) Please explain the reduction in contributions and grants from $4.3 million in 2009 and $3.4 million in 2010 to $2.7 million in 2011 and $2.4 million in 2012.

Guelph Hydro's Response:

Response to be completed later.

b) Please explain why there were no contributions and grants recorded in 2008.

Guelph Hydro's Response:

The total contributions and grant additions for 2008 totalled $5,534,999. In Exhibit 2, Tab 1, Schedule 3, Table 5 they were included as "Disposals" in the cost section of the fixed asset continuity schedule. In order to be consistent with the presentation of contributed capital additions as shown on the 2009 to 2012 continuity schedules, Guelph Hydro has recorded the amount as a negative number, i.e. (5,534,999) in the "Additions" column of the cost section of the 2008 continuity schedule.

c) How many months of actual data were included for 2011 in Table 8?

Guelph Hydro's Response:

Response to be completed later.

d) Please update Table 8 to reflect the most recent year to date actuals for 2011 along with the forecast for the remainder of the year.

Guelph Hydro's Response:

Guelph Hydro Electric Systems
License Number ED-2002-0565, File Number

Table 8 Appendix 2-B
Fixed Asset Continuity Schedule
As of December 31, 2011

Fixed Asset Continuity Schedule (Distribution & Operations)
As at December 31, 2011

(Actual Costs Jan - July, 2011 plus Aug - Dec 2011 forecast)

			Cost					Accumulated Depreciation					
CCA Class	**OEB**	**Description**	**Opening Balance**	**Actual Add'ns (Jan - July)**	**Fcst Add'ns (Aug -Dec)**	**Disposals**	**Closing Balance**	**Opening Balance**	**Actual Add'ns (Jan - July)**	**Fcst Add'ns (Aug -Dec)**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1805	Land	2,641,987				2,641,987	0				0	2,641,987
CEC	1806	Land Rights	0				0	0				0	0
1	1808	Buildings and Fixtures	18,260,502	295,369	1,567,000		20,122,871	2,705,497	248,858	180,303		3,134,657	16,988,213
N/A	1810	Leasehold Improvements	0				0	0				0	0
	1815	Transformer Station Equipment - Normally Primary	758,177	4,166,254	7,408,750		12,333,181	25,273	220,620	190,873		436,766	11,896,415
47	1820	Distribution Station Equipment - Normally Primary	1,708,887				1,708,887	129,970	39,142	33,865		202,977	1,505,910
	1825	Storage Battery Equipment	0				0	0				0	0
47	1830	Poles, Towers and Fixtures	22,276,501	604,909	340,000		23,221,410	8,001,755	381,956	115,768		8,499,478	14,721,931
47	1835	Overhead Conductors and Devices	17,880,210	394,459	258,000		18,532,669	6,709,061	305,564	92,614		7,107,240	11,425,429
47	1840	Underground Conduit	37,660,552	719,634	3,800,000		42,180,186	13,309,293	480,199	446,237		14,235,729	27,944,457
47	1845	Underground Conductors and Devices	35,823,198	942,329	1,414,000		38,179,527	12,199,463	459,765	427,248		13,086,476	25,093,051
47	1850	Line Transformers	18,187,753	387,580	361,250		18,936,583	7,194,113	214,720	180,512		7,589,346	11,347,238
47	1855	Services	7,183,493	172,524	125,500		7,481,517	2,593,145	88,681	78,060		2,759,885	4,721,631
47	1860	Meters	6,634,663	839,438	422,750		15,378,296	1,537,947	686,463	350,966		3,885,514	11,492,783
	1865	Other Installations on Customer's Premises	0				0	0				0	0
N/A	1905	Land	0				0	0				0	0
CEC	1906	Land Rights	0				0	0				0	0
1	1908	Buildings and Fixtures	0				0	0				0	0
	1910	Leasehold Improvements	0				0	0				0	0
	1915	Office Furniture and Equipment	1,221,843	26,283			1,248,126	750,797	28,669	21,850		801,315	446,811
45	1920	Computer Equipment - Hardware	2,502,577	199,257	220,000		3,548,606	1,737,566	270,547	91,645		2,099,758	1,448,848
	1925	Computer Software	0				1,114,457	0				0	1,114,457
10	1930	Transportation Equipment	2,881,072	142,636	305,000		3,328,708	1,349,158	196,239	140,171		1,685,568	1,643,139
	1935	Stores Equipment	96,338				96,338	96,338				96,338	0
8	1940	Tools, Shop and Garage Equipment	992,103	21,680	38,000		1,102,686	608,968	46,338	27,976		683,282	419,404
	1945	Measurement and Testing Equipment	14,872				14,872	14,872				14,872	0
	1950	Power Operated Equipment	0				0	0				0	0
	1955	Communication Equipment	0				0	0				0	0
50	1960	Miscellaneous Equipment	2,332,949	50,000			2,439,448	2,249,423	107,610	56,164		2,413,197	26,250
	1970	Load Management Controls - Customer Premises	314,982				314,982	314,982				314,982	(0)
	1975	Load Management Controls - Utility Premises	0				0	0				0	0
50	1980	System Supervisory Equipment	526,929	76,407	242,500		845,836	175,777	37,809	33,696		247,282	598,554
	1985	Sentinel Lighting Rentals	6,158				6,158	0				0	6,158
	1990	Other Tangible Property	0				0	0				0	0
47	1995	Contributions and Grants	(35,235,111)	(835,500)	(2,000,000)		(38,070,611)	(7,444,651)	(533,579)	(385,040)		(8,363,269)	(29,707,341)
	2005	Property Under Capital Leases	0				0	0				0	0
	2070	Other Utility Plant	771				771	424	51			476	295
Total before Work in Process / Re-allocation of amortization			**144,671,404**	**8,203,259**	**14,502,750**	**0**	**176,707,489**	**54,259,170**	**3,279,654**	**2,082,908**	**0**	**60,931,869**	**115,775,619**
95	2055	Work in Process	40,117				40,117	0					40,117
		Re-allocation of amortization							(242,577)	(168,147)			
		Total after Work in Process	**144,711,521**	**8,203,259**	**14,502,750**	**0**	**176,747,606**	**54,259,170**	**3,037,077**	**1,914,761**	**0**	**60,931,869**	**115,815,736**

e) What is the status of the transformer station construction? Is the current expectation that it will be in service before the end of 2011?

Guelph Hydro's Response:

Arlen MTS is currently in the construction phase and Guelph Hydro expects to have the station in service and serving load before the end of 2011.

f) Please explain why there is no computer software shown in 2008 through 2010.

Guelph Hydro's Response:

In 2008 and 2010, Guelph Hydro did not incur significant expenditures on software. In 2009 Guelph Hydro invested in PROPHIX, an integrated performance management application used for budgeting, planning, forecasting and reporting purposes. This investment is recorded in Work in Process as implementation is ongoing.

g) Please explain why no additions to computer software are shown in Table 8 for 2011 yet the opening balance is $0 and the closing balance is $1,114,457.

Guelph Hydro's Response:

The $1,114,457 represents computer software investments related to the implementation of smart meters. These software additions were all incurred prior to 2012, and recorded in variance account #1555 as per the Board's *Guideline G-2008-002 – Smart Meter Funding and Cost Recovery.* In this Rate Submission, Guelph Hydro is requesting to have smart meter investments approved in its rate base. Upon issuance of a Rate Order approving these investments, the smart meters will be transferred to the appropriate asset account. In order to properly calculate the rate base for 2012, the smart meter investments should be reflected in the opening net book value (NBV) of fixed assets for 2012. In order to accomplish this is the Rate Model, the ending 2011 NBV of fixed assets had to be adjusted.

h) Please explain why there is no depreciation shown for computer software in Table 8.

Guelph Hydro's Response:

The $1,114,457 represents computer software investments related to the implementation of smart meters. These software additions were all incurred prior to 2012, and recorded in variance account #1555 as per G-2008-002 Guideline – Smart Meter Funding and Cost Recovery. In this Rate Submission, Guelph Hydro is requesting to have smart meter investments approved in its rate base. Upon issuance of a Rate Order approving these investments, the smart meters will be transferred to the appropriate asset account. In order to properly calculate the rate base for 2012, the smart meter investments should be reflected in the opening net book value (NBV) of fixed assets for 2012. In order to accomplish this is the Rate Model, the ending 2011 NBV of fixed assets had to be adjusted
Please see response to Energy Probe IR# 2 (g).

i) Please explain how the depreciation of $74,297 shown in Table 9 for 2012 for computer software has been calculated and please explain the 15 year life used.

Guelph Hydro's Response:

The $74,797 depreciation relates to the $1,114,457 investment in computer software acquired as part of the implementation of smart meters. The 15 year life used is consistent with the life used for smart meter amortization.

Interrogatory # 3

Ref: Exhibit 2, Tab 1, Sch. 3, page 3

The evidence indicates that the impact of MIFRS on the net book value in 2010 is a reduction of $2,762,000.

a) Is this the reduction in the capital expenditures, or the reduction in the capital expenditures adjusted for the change in depreciation?

Guelph Hydro's Response:

The $2,762,000 amount represents a reduction in 2010 capital expenditures due to the removal of certain items from capital costs. IFRS specifically prohibits capitalization of administrative other, general overhead and training costs. These adjustments relate to costs not directly attributable to bringing assets to their locations and the working conditions related to their intended uses. As a result, Guelph Hydro has removed these items from 2010 capital costs and reallocated them directly to OM&A costs. The removal of these items from capital costs also caused a decrease in the 2010 depreciation calculated on the related assets.

b) Please provide an estimate of the reduction in capital expenditures for 2008 and 2009 had MIFRS been in place for those years as well.

Guelph Hydro's Response:

Restating capital expenditures for 2008 and 2009 would be a significant undertaking due to the transactional nature of how MIFRS must be applied to individual capital projects carried out by the company over these years. Guelph Hydro's accounting systems are not designed to restate prior capital projects using different capitalization rates as would be required under MIFRS. As a result, hundreds of individual work orders would have to be analyzed and restated manually to be in accordance with MIFRS.

Guelph Hydro also notes that the OEB's filing requirements for this application specify that only the pivot year (2010) be reported on an MIFRS and CGAAP basis.

Issue 2.2 Is the working capital allowance for the test year appropriate?

Interrogatory # 4

Ref: Exhibit 2, Tab 3, Sch. 3, Table 15

a) Please show the calculation of the cost of power of $113,541,279 using the RPP and HOEP prices shown.

Guelph Hydro's response:

Electricity - Commodity			Test year				%		RPP and Non-RPP Cost of Power		
Class per Load Forecast	2012 Forecasted Metered kWhs	2012 Proposed Loss Factor	Kwhs adjusted by DLF	RPP Prices	HOEP	Global Adjustment	RPP	Non-RPP	RPP $	Non-RPP $	Total Cost Of Power
Residential	377,001,404	1.0209	384,873,214	0.07298	0.03594	$0.02822	86.96%	13.04%	$24,425,695	$3,219,738	$27,645,434
GS<50kW	148,053,484	1.0209	151,144,849	0.07298	0.03594	$0.02822	85.03%	14.97%	$9,379,394	$1,451,607	$10,831,000
GS 50kW to 999kW	398,332,439	1.0209	406,649,643	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$26,090,641	$26,090,641
GS 1000kW to 4999kW	464,768,147	1.0209	474,472,532	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$30,442,158	$30,442,158
Large Use	270,787,881	1.0209	276,441,947	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$17,736,515	$17,736,515
Unmetered Scattered Load	2,229,301	1.0209	2,275,849	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$146,018	$146,018
Sentinel Lighting	88,740	1.0209	90,593	0.07298	0.03594	$0.02822	99.62%	0.38%	$6,586	$22	$6,608
Street Lighting	9,777,748	1.0209	9,981,908	0.07298	0.03594	$0.02822	2.80%	97.20%	$20,398	$622,507	$642,904
TOTAL	**1,671,039,145**		**1,705,930,536**						$33,832,074	$79,709,206	**$113,541,279**

b) Please show the derivation of the RPP and HOEP prices based on the references provided. In particular, please show the weightings used to derive each price.

Guelph Hydro's response:

	Q4 2010		
Customer Class	non-RPP with Retailer	Non-RPP with Guelph Hydro	RPP with Guelph Hydro
	kWh	kWh	kWh
Residential	15,676,138		104,550,464
GS<50 kW	8,028,390		45,605,248
GS 50 to 999 kW	37,493,789	93,784,309	
GS 1000 - 4999 kW	14,850,906	134,963,307	
Large Use	34,232,403	50,473,416	
Street Lighting	906,330		
Unmetered Scattered Load	1,646		802,602
Sentinel Light	3,048		26,109

Total	**111,192,649**	**279,221,033**	150,984,423

Customer Class	**Total Billed in Q4 2010**	**Non-RPP**		**RPP**	
	kWh	kWh	%	kWh	%
Residential	**120,226,602**	15,676,138	13.04%	104,550,464	86.96%
GS< 50 kW	**53,633,638**	8,028,390	14.97%	45,605,248	85.03%
GS 50 to 999 kW	**131,278,098**	131,278,098	100.00%	0	0.00%
GS 1000 to 4999 kW	**149,814,213**	149,814,213	100.00%	0	0.00%
Large Use	**84,705,820**	84,705,820	100.00%	0	0.00%
Unmetered Scattered Load	**1,646**	1,646	100.00%	0	0.00%
Sentinel Lighting	**805,650**	3,048	0.38%	802,602	99.62%
Street Lighting	**932,438**	906,330	97.20%	26,109	2.80%
Total	**541,398,105**	390,413,682	72.11%	150,984,423	27.89%

c) Please update the calculation of the cost of power to reflect the April, 2011 RPP Price Report and update the other costs shown to reflect updated rates (if applicable). Please show all calculations.

Guelph Hydro's response:

The 2012 cost of power shown in E2/T3/S3 p.3 reflects the April 19, 2011 RPP Price Report prices: i.e. RPP of $0.0728 per kWh and the Global Adjustment of $0.02822 per kWh. In addition, it reflects the April 4, 2011 Navigant's Market Price Forecast of $0.03594 per kWh. Guelph Hydro has showed below all calculations:

Electricity - Commodity			Test year				%		RPP and Non-RPP Cost of Power		
Class per Load Forecast	**2012 Forecasted Metered kWhs**	**2012 Proposed Loss Factor**	**Kwhs adjusted by DLF**	**RPP Prices**	**HOEP**	**Global Adjustm ent**	**RPP**	**Non-RPP**	**RPP $**	**Non-RPP $**	**Total Cost Of Power**
Residential	377,001,404	1.0209	384,873,214	0.07298	0.03594	$0.02822	86.96%	13.04%	$24,425,695	$3,219,738	$27,645,434
GS<50kW	148,053,484	1.0209	151,144,849	0.07298	0.03594	$0.02822	85.03%	14.97%	$9,379,394	$1,451,607	$10,831,000
GS 50kW to 999kW	398,332,439	1.0209	406,649,643	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$26,090,641	$26,090,641
GS 1000kW to 4999kW	464,768,147	1.0209	474,472,532	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$30,442,158	$30,442,158
Large Use	270,787,881	1.0209	276,441,947	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$17,736,515	$17,736,515
Unmetered Scattered Load	2,229,301	1.0209	2,275,849	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$146,018	$146,018
Sentinel Lighting	88,740	1.0209	90,593	0.07298	0.03594	$0.02822	99.62%	0.38%	$6,586	$22	$6,608
Street Lighting	9,777,748	1.0209	9,981,908	0.07298	0.03594	$0.02822	2.80%	97.20%	$20,398	$622,507	$642,904
TOTAL	**1,671,039,145**		**1,705,930,536**						$33,832,074	$79,709,206	**$113,541,279**

Electricity - Commodity			**Test year**		
Class per Load Forecast	**2012 Forecasted Metered kWhs**	**2012 Proposed Loss Factor**	**Kwhs adjusted by DLF**	**RPP Prices**	**HOEP**
Residential	377,001,404	1.0209	384,873,214	0.07298	0.03594
GS<50kW	148,053,484	1.0209	151,144,849	0.07298	0.03594
GS 50kW to 999kW	398,332,439	1.0209	406,649,643	0.07298	0.03594
GS 1000kW to 4999kW	464,768,147	1.0209	474,472,532	0.07298	0.03594
Large Use	270,787,881	1.0209	276,441,947	0.07298	0.03594
Unmetered Scattered Load	2,229,301	1.0209	2,275,849	0.07298	0.03594
Sentinel Lighting	88,740	1.0209	90,593	0.07298	0.03594
Street Lighting	9,777,748	1.0209	9,981,908	0.07298	0.03594
TOTAL	**1,671,039,145**		**1,705,930,536**		

Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**	**Test Year**		
Residential		kWh	384,873,214	$0.0067	$2,571,780
GS<50kW		kWh	151,144,849	$0.0062	$931,068
GS 50kW to 999kW		kW	1,038,526	$2.6452	$2,747,099
GS 1000kW to 4999kW		kW	1,014,427	$2.6452	$2,683,353
Large Use		kW	489,259	$3.1944	$1,562,879
Unmetered Scattered Load		kWh	2,275,849	$0.0062	$14,019
Sentinel Lighting		kW	251	$1.9524	$489
Street Lighting		kW	27,447	$2.3492	$64,478
TOTAL					**$10,575,166**

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**	**Test Year**		
Residential		kWh	384,873,214	$0.0052	$2,009,370
GS<50kW		kWh	151,144,849	$0.0046	$699,774
GS 50kW to 999kW		kW	1,038,526	$2.0055	$2,082,764
GS 1000kW to 4999kW		kW	1,014,427	$2.0055	$2,034,434
Large Use		kW	489,259	$2.4217	$1,184,834
Unmetered Scattered Load		kWh	2,275,849	$0.0046	$10,537
Sentinel Lighting		kW	251	$1.4802	$371
Street Lighting		kW	27,447	$1.7809	$48,880
TOTAL					**$8,070,964**

Wholesale Market Service					
Class per Load Forecast			**Test Year**		
Residential		kWh	384,873,214	$0.0052	$2,001,341
GS<50kW		kWh	151,144,849	$0.0052	$785,953
GS 50kW to 999kW		kWh	406,649,643	$0.0052	$2,114,578
GS 1000kW to 4999kW		kWh	474,472,532	$0.0052	$2,467,257
Large Use		kWh	276,441,947	$0.0052	$1,437,498
Unmetered Scattered Load		kWh	2,275,849	$0.0052	$11,834
Sentinel Lighting		kWh	90,593	$0.0052	$471
Street Lighting		kWh	9,981,908	$0.0052	$51,906
TOTAL			**1,705,930,536**		**$8,870,839**

Rural Rate Assistance					
Class per Load Forecast			**Test Year**		
Residential		kWh	384,873,214	$0.0013	$500,335
GS<50kW		kWh	151,144,849	$0.0013	$196,488
GS 50kW to 999kW		kWh	406,649,643	$0.0013	$528,645
GS 1000kW to 4999kW		kWh	474,472,532	$0.0013	$616,814
Large Use		kWh	276,441,947	$0.0013	$359,375
Unmetered Scattered Load		kWh	2,275,849	$0.0013	$2,959
Sentinel Lighting		kWh	90,593	$0.0013	$118
Street Lighting		kWh	9,981,908	$0.0013	$12,976
TOTAL			**1,705,930,536**		**$2,217,710**

	Test Year
4705-Power Purchased	$113,541,279
4708-Charges-WMS	$8,870,839
4714-Charges-NW	$10,575,166
4716-Charges-CN	$8,070,964
4730-Rural Rate Assistance	$2,217,710
4750-Low Voltage	$36,400
TOTAL	**143,312,358**

monthly average
11,942,697

Issue 2.3 Is the capital expenditure forecast for the test year appropriate?

Interrogatory # 5

Ref: Exhibit 2, Tab 1, Sch. 1, page 2

a) Please provide the actual provincial sales tax included in 2008, 2009 and 2010 capital expenditures and provide this amount as a percentage of the totals in each of these years.

Guelph Hydro's Response:

	PST included in Capital Expenditures	Total Capital Expenditure	% PST to Total Capital
2008	$274,635	$13,875,358	1.98%
2009	$314,133	$15,006,159	2.09%
2010 (6 months)	$156,179	$ 8,492,977	1.84%

b) Please provide the estimated amount of provincial sales tax included in the 2011 and 2012 capital expenditures.

Guelph Hydro's Response

Based on the consistency of the historical analysis above and considering the nature of Guelph Hydro's budgeting process (using historical data to help forecast future costs), Guelph Hydro estimates that the PST amounts shown in the following table may be included in Guelph Hydro's 2011 and 2012 capital.

Guelph Hydro notes that in 2011, the estimate for the construction of the new transformer station was forecasted based on real cost estimates and quotes due to the special nature of the project, thus ensuring that there is no PST included. As a result, the transformer cost of $9,225,000 was not included in the PST estimation.

	Projected Capital Expenditures		Deemed PST as a % of Costs	Estimated PST
2011	$13,016,000	(no TS costs)	2%	$260,320
2012	$11,335,000		2%	$226,700

Notwithstanding the foregoing, Guelph Hydro submits that since the forecasting process has an inherent error rate generally greater than this above noted 2% potential cost savings, it is believed that the capital cost projections outlined in Guelph Hydro's filed documentation are appropriate for the purposes of calculating Guelph Hydro's rate base.

Interrogatory # 6

Ref: Exhibit 2, Tab 4, Sch. 1, page 1

a) When was the 2011 capital budget used in the application approved by the full Board of Directors?

Guelph Hydro's Response:

The 2011 capital budget was approved by Guelph Hydro's Board of Directors on November 23, 2010.

b) When was the 2012 capital budget used in the application approved by the full Board of Directors?

Guelph Hydro's Response:

The 2012 capital budget was approved by Guelph Hydro's Board of Directors on November 23, 2010. This approval took place earlier than what had been prior practice of approving budgets in November for the following year to enable Guelph Hydro to complete the rate application by June 30, 2011.

c) Have there been any changes to either the 2011 or 2012 capital budget that have been used in the application that has not been approved by the Board of Directors? If yes, please provide details.

Guelph Hydro's Response:

There have not been any changes to the 2011 or 2012 capital budget that have not been approved by the Board of Directors.

Interrogatory # 7

Ref: Exhibit 2, Tab 4, Sch. 3, Appendix A

a) **Please update the table on page 1 of Appendix A to reflect the most recent year-to-date figures available and the forecast for the remainder of the year.**

Guelph Hydro's Response:

The tables attached represent the year-to-date actuals as well as the 2011 projections compared to the 2011 budget figures.

2011 DISTRIBUTION CAPITAL BUDGET SUMMARY				
	CATEGORY	**Budget**	**Actuals to date**	**Projections**
2011 CAPITAL PROJECT: DISTRIBUTION STATIONS				
TOTAL DISTRIBUTION SUBSTATION CAPITAL	CDS/CTS	$ 10,875,000	5,394,257	$ 14,241,890
2011 CAPITAL PROJECT: DISTRIBUTION FEEDERS				
Total Feeders - General	CFDR	$ 2,400,334	224,717	$ 1,701,732
Total Feeders - Line Modifications for New Projects	CMOD	$ 1,142,676	1,477,585	$ 2,701,308
Total Feeders - Line Relocations	CREL	$ 607,670	517,726	$ 584,342
Total Feeders - Switching Devices	CSW	$ 170,368	16,772	$ 102,070
Total Feeders - Capacitor Banks	CCB	$ 67,778	$ -	$ -
TOTAL DISTRIBUTION FEEDER CAPITAL		$ 4,388,825	$ 2,236,800	$ 5,089,451
2011 CAPITAL PROJECT: REHABILITATION				
Total Rehabilitation - Replacement	CREP	$ 2,289,567	807,077	$ 1,386,280
Total Rehabilitation - Transformer Upgrades	CTRU	$ 222,716	89,732	$ 193,374
Total Rehabilitation - Protective Devices	CPRO	$ 31,223	$ -	$ 31,298
Total Rehabilitation - Upgrade Underground Terminations	CTER	$ -	$ -	$ -
Total Rehabilitation - Faulted Circuit Indicators	CFCI	$ 10,089	$ -	$ -
TOTAL REHABILITATION CAPITAL		$ 2,553,594	$ 896,809	$ 1,610,952
2011 CAPITAL PROJECT: SUBDIVISIONS				
Total Subdivisions - Industrial	CINS	$ -	$ -	$ -
Total Subdivisions - Residential	CRES	$ 1,420,763	261,322	$ 891,094
Total Subdivisions - Townhousing	CTH	$ 288,468	299,926	$ 795,232
Total Subdivisions - Service Installations	CSER	$ 237,243	138,505	$ 230,710
TOTAL SUBDIVISIONS CAPITAL		$ 1,946,473	$ 699,752	$ 1,917,036
2011 CAPITAL PROJECT: AP/CM/IN SERVICING				
TOTAL AP/CM/IN SERVICING CAPITAL	CAP,CCM,CIN	$ 549,378	$ 320,630	$ 507,728
2011 CAPITAL PROJECT: METERING				
Total Metering - General	CMEG	$ 553,043	$ 279,671	$ 541,977
Total Metering - RIMS	CMER	$ -	$ -	$ -
Total Metering - Smart	CMES	$ 55,467	$ 558,882	$ 599,503
TOTAL METERING CAPITAL	CMEG,CMER,CMES	$ 608,510	$ 838,553	$ 1,141,480
2011 CAPITAL PROJECT/CATEGORY: SCADA				
TOTAL SCADA CAPITAL	CSC	$ 253,699	$ 76,407	$ 278,591
SUM OF ABOVE ACCOUNTS		$ 21,175,480	$ 10,463,209	$ 24,787,128
LESS CAPITAL CONTRIBUTIONS		$ (2,679,402)	$ (1,561,649)	$ (4,092,413)
NET COST		$ 18,496,078	$ 8,901,560	$ 20,694,715

b) For each project shown on pages 3 through 16 please indicate whether the project has been completed and placed into service. For all projects that have not yet been completed and placed into service, please indicate the in-service date based on the most recent information now available.

Guelph Hydro's Response:

Year	Project Name	Project Number	Project Investment Category	Project Category	Completed?	Updated In-Service Date
2011	Arlen MTS Feeder EGRESS AND FUTURE UNDERGROUND DUCTS	N/A	Development	CFDR		2011-11
2011	Hanlon Creek Business Park Phase 1A	2010-026-NC42	Development	CFDR	Complete	
2011	Hanlon Creek Business Park Phase 1B	2010-026-NC43	Development	CFDR		Oct-11
2011	Hanlon Creek Business Park Phase 2	2010-026-NC44	Development	CFDR		Dec-11
2011	Clair Road, Crawley to Southgate	N/A	Development	CFDR		Deferred to 2012
2011	Crawley Road , Clair Rd to 500m south of Clair Rd - Transmission Tap accommodation	2011-020-RC46	Development	CFDR	Complete	
2011	Victoria Road, Arkell To McAlister	2011-021-RC50	Development	CREL		Deferred to 2012
2011	Laird Interchange	N/A	Development	CREL		Dec-11
2011	Rockwood - MTO relocations	N/A	Development	CREL	Complete	
2011	Deteriorated POLE REPLACMENTS	N/A	Rehabilitation	CREP		Dec-11
2011	Alice St, Arthur to Stevenson	2010-003-RC22	Rehabilitation	CREP		Feb-12
2011	Edinburgh Road, Speedvale to Woodlawn	2010-004-RC05	Rehabilitation	CREP		Oct-11
2011	Parkwood Gardens, Phase 3 Rehab	2009-028-RC19	Rehabilitation	CREP		Jun-12
2011	Vault - Whydham and Eramosa	2011-001-RC22	Rehabilitation	CREP		Deferred to 2012
2011	ARLEN MTS FEEDER - Arlen MTS to Pole 86 Clair Road West	2011-034-NC46	Development	CFDR		Nov-11
2011	ARLEN MTS FEEDER - Arlen MTS to Pole 171 Southgate Drive	2011-035-NC46	Development	CFDR		Nov-11
2012	Maltby Road Gordon to Crawley	N/A	Development	CFDR		beyond 2012
2012	Gordon St Clair to Maltby	N/A	Development	CFDR		2012
2012	York Road - Railway to Watson	N/A	Development	CFDR		2012
2012	Distribution Feeders	N/A	Development	CFDR		2012
2012	Line Relocation	N/A	Development	CREL		2012
2012	Line Modifications	N/A	Development	CMOD		2012
2012	Rehabilitations	N/A	Rehabilitation	CREP		2012
2012	Deteriorated POLE REPLACMENTS	N/A	Rehabilitation	CREP		2012
2012	Sherwood Rehab	N/A	Rehabilitation	CREP		2012

c) Has Guelph Hydro included the Victoria Road, Arkell to McCallister project shown on page 9 in the 2011 rate base? If yes, please explain why.

Guelph Hydro's Response:

Guelph Hydro's portion of the work related to the relocation and rebuilding of the line on Victoria Road, Arkell to McCallister shown on page 9 was included in the 2011 rate base however, based on updated information for the City of Guelph, this project will be deferred to 2012. This line relocation project is required in order to accommodate a City of Guelph request to move Guelph Hydro's facilities prior to road construction. Guelph Hydro expects to recover approximately 1/3 of the cost of this project.

d) How has Guelph Hydro treated the revenue to be received from the disposition of the vehicles shown in the table on page 18?

Guelph Hydro's Response:

Revenue received from the disposition of the vehicles shown in the table on page 18 is recorded in account #4355 - Gain on Disposition.

e) Is the wholesale metering installation still expected to be completed by the end of December 2011?

Guelph Hydro's Response:

Guelph Hydro is planning to have the wholesale metering installation completed by year-end 2011.

f) Please explain what the 2011 and 2012 expenditures for the ERP AS400 conversion project shown on Table 20 are related to. What portion of the expenditures will be placed into service in each of 2011 and 2012?

Guelph Hydro's Response:

Over the past three years Guelph Hydro's current Enterprise Resource Program (ERP) vendor, Sungard Public Sector has been working on changing their software platform from IBM's AS400 system to a newer Microsoft platform. Sungard is now requesting that current customers start converting their existing applications to this newer version. This conversion process will be staggered over the next 5 years with separate modules being phased in every year. Guelph Hydro's first module to be implemented will be the Human Resources module and Financials. The software upgrade licensing fee for these modules is $42,725 plus the implementation services of $89,020 in 2011. Future upgrades will be for Fleet, Work Orders, Payroll, Accounting, Billing, Customer Information Systems and Purchasing.

g) Can any of the expenditures shown in Appendix A for 2011 be deferred to 2012 or beyond? Please explain.

Guelph Hydro's Response:

As outlined in Guelph Hydro's Asset Management Plan, the expenditures identified in Appendix A (as well as Appendix B) are investments driven either by regulatory requirements or are needed to ensure Guelph Hydro is effectively servicing its customers in a safe, reliable and timely manner. Guelph Hydro notes that for its largest capital project (the design, build and commissioning of Arlen TS for year-end 2011), Guelph Hydro is anticipating additional capital expenditures in the order of approximately $2M over the original $14.5M budgeted for this multi-year project. Despite this variance, Guelph Hydro remains committed to completing the project on time to service the time sensitive growth requirements of the south end of Guelph. Guelph Hydro is also committed to remaining within the overall capital budget envelope for 2011 and 2012. To accomplish this, Guelph Hydro proposes to defer $2M in system rehabilitation and new primary feeder construction as follows: $1.5M in feeder construction will be deferred and included in the 2013 capital budget, and $500k in rehabilitation work will be deferred and completed over the 4-year 2013-2016 period. The deferred feeder construction will be better aligned to the timing of when Guelph Hydro expects new load requirements to be commissioned in the south end of the city. Guelph Hydro believes the deferred rehabilitation work can be accommodated without creating any significant service issues as it represents a small (5%) annual variance in Guelph Hydro's otherwise planned work from 2013-2016.

Interrogatory # 8

Ref: Exhibit 2, Tab 4, Sch. 4, Appendix B

Can any of the expenditures shown in Appendix B for 2012 be deferred to 2013 or beyond? Please explain.

Guelph Hydro's Response:

With the exception of the variance noted in the response to IRR #7 g, the expenditures identified in Appendix B Capital Projects 2011 are investments driven by regulatory requirements or needed to ensure we are effectively servicing our customers. They cannot be deferred to 2013 or beyond, in order to maintain a safe, reliable and effective distribution system, and to provide service expected by Guelph Hydro's customers in a safe, reliable and timely manner.

Since the software upgrade will be a phased-in approach over the next 5 years, failure to start the project could lead to Guelph Hydro no longer being compliant with its software vendor and that could lead no longer meeting its MDM/R submission requirements on smart metering submissions The capital distribution expenditures shown in Appendix B for 2012 are scheduled to be completed in 2012. Some projects may get deferred beyond 2012 however this information is not known at this time.

Load Forecast and Operating Revenue

Issue 3.1 Is the load forecast methodology including weather normalization appropriate?

Interrogatory # 9

Ref: Exhibit 3, Tab 2, Sch. 1, pages 5 & 7

Please provide the regression results in the same format as that shown on page 5, but using a HDD base of 18^{o} C.

Guelph Hydro's Response:

SUMMARY OUTPUT
HDD base of 18 C

Regression Statistics	
Multiple R	0.92
R Square	0.85
Adjusted R Square	0.85
Standard Error	3,563,770.11
Observations	156.00

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	8	1.09684E+16	1.37105E+15	107.9526054	1.30132E-57
Residual	147	1.86697E+15	1.27005E+13		
Total	155	1.28353E+16			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-88,822,206.00	15,092,884.85	-5.89	0.00	-118,649,267.29	-58,995,144.72	-118,649,267.29	-58,995,144.72
Heating Degree Days	22,859.41	1,550.78	14.74	0.00	19,794.69	25,924.12	19,794.69	25,924.12
Cooling Degree Days	107,287.71	8,161.47	13.15	0.00	91,158.75	123,416.67	91,158.75	123,416.67
Ontario Real GDP Monthly %	284,121.58	79,711.88	3.56	0.00	126,592.31	441,650.84	126,592.31	441,650.84
Number of Days in Month	1,788,680.16	372,766.81	4.80	0.00	1,052,005.98	2,525,354.34	1,052,005.98	2,525,354.34
Population	379.41	113.02	3.36	0.00	156.06	602.76	156.06	602.76
Number of Peak Hours	81,671.59	18,594.64	4.39	0.00	44,924.25	118,418.93	44,924.25	118,418.93
Blackout Flag	-14,539,071.76	3,650,358.19	-3.98	0.00	-21,753,031.09	-7,325,112.42	-21,753,031.09	-7,325,112.42
Manufacturing GDP	471,393.35	75,852.36	6.21	0.00	321,491.40	621,295.30	321,491.40	621,295.30

Issue 3.2 Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?

Interrogatory # 10

Ref: Exhibit 3, Tab 2, Sch. 1, Table 1

a) **Are the averages for the customer/connection counts based on the average of the beginning and the end of the year, or a weighted average of the monthly numbers?**

Guelph Hydro's response:

The averages for the customer/connection counts are based on the average of the beginning and the end of the year.

b) **Please provide the most recent year-to-date figures that are available for 2011 for the billed GWh's and the customer/connection count. Please also provide the figures for the corresponding periods in 2008, 2009 and 2010.**

Guelph Hydro's response:

	Billed GWh			
Customer Classes	**Jan to Aug 2008**	**Jan to Aug 2009**	**Jan to Aug 2010**	**Jan to Aug 2011**
Residential	250	251	254	269
General Service < 50 kW	101	95	97	103
General Service > 50 to 999 kW	291	247	268	286.11
General Service > 1000 to 4999 kW	264	250	294	314.05
Large Use >5000 kW	164	150	172	168
Streetlights	7	8	10	7
Sentinel Lights	0.07	0.07	0.06	0.07
Unmetered Scattered Loads	2	2	2	1.72
TOTAL	**1,079**	**1,002**	**1,097**	**1,150**

	Number of customers/connectios			
Customer Classes	**Average Jan to Aug 2008**	**Average Jan to Aug 2009**	**Average Jan to Aug 2010**	**Average Jan to August 2011**
Residential	43,593	44,492	45,308	46,182
General Service < 50 kW	3,585	3,614	3,656	3,673
General Service > 50 to 999 kW	540	536	542	548
General Service > 1000 to 4999 kW	41	41	42	42
Large Use >5000 kW	4	4	4	4
Streetlights	12,781	12,860	12,948	13,181
Sentinel Lights	28	28	27	27
Unmetered Scattered Loads	579	582	585	578
TOTAL	**61,151**	**62,157**	**63,111**	**64,235**

Interrogatory # 11

Ref: Exhibit 3, Tab 2, Sch. 1, Table 4

Please explain why the actual and predicted column figures are identical for 1998 through 2010.

Guelph Hydro's response:

Please see Guelph Hydro's response to Board Staff's interrogatory No. 16.

Interrogatory # 12

Ref: Exhibit 3, Tab 2, Sch. 1, page 16

Please show how the 20 year trend HDD and CDD variables were determined.

Guelph Hydro's response:

Using Excel function TREND:

Summary of Degree Day Information

Summary of All Cooling Degree Days

Month	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	CDD	
																					10 Year Avg	20 Year Trend
January	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00
February	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00
March	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00
April	3.9	0	0	0.50	-	-	-	-	-	-	1.40	8.30	2.40	-	-	-	-	-	1.20	0.00	1.33	0.71
May	54	3.3	4.3	8.20	4.50	8.60	-	28.60	19.40	23.70	12.20	7.80	-	8.60	0.80	26.00	22.40	2.50	6.90	45.70	13.29	15.15
June	78.5	18.5	17.9	67.70	71.80	38.30	73.20	82.40	96.00	41.10	79.70	70.00	52.90	31.60	146.30	73.60	99.20	71.50	34.20	58.70	71.77	77.93
July	115.1	24.5	107.8	111.20	143.90	59.60	103.00	101.30	196.50	71.80	100.90	192.40	118.30	86.40	188.70	167.30	106.10	111.00	43.70	164.90	127.97	136.71
August	98.5	32.5	103.5	46.40	150.80	87.10	46.80	117.70	79.10	92.50	160.00	142.70	128.00	59.60	140.70	101.60	141.00	64.00	91.00	138.80	116.74	122.73
September	32.8	23.3	15.7	13.70	16.70	27.10	11.70	45.00	48.90	35.20	35.70	87.60	24.00	41.20	52.10	12.90	47.50	26.70	20.90	31.50	38.01	39.93
October	1.3	0	2.5	-	1.60	-	2.80	-	-	1.20	2.00	10.00	-	1.50	7.60	1.10	19.80	-	-	0.00	4.20	4.78
November	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00
December	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00
Total	384.10	102.10	251.70	247.70	389.30	220.70	237.50	375.00	439.90	265.50	391.90	518.80	325.60	228.90	536.20	382.50	436.00	275.70	197.90	439.60		

Summary of All Heating Degree Days

Month	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	HDD	
																					10 Year Avg	20 Year Trend
January	486.50	439.90	423.10	693.40	405.20	517.20	508.60	376.80	501.80	490.90	436.90	324.20	566.50	601.10	522.00	303.80	399.10	379.80	582.20	472.00	458.76	452.64
February	347.80	403.70	498.80	513.50	483.00	457.80	369.00	288.20	324.10	380.70	363.60	316.20	475.00	399.70	392.40	380.30	516.10	442.70	382.40	374.30	404.27	395.39
March	261.60	345.00	354.10	333.50	253.50	397.60	352.00	276.60	306.50	177.10	318.60	297.60	334.50	245.00	361.10	268.70	302.90	362.20	285.90	177.50	295.40	273.85
April	90.10	143.80	119.50	107.00	178.90	176.00	137.30	55.70	67.00	111.30	89.90	129.40	160.30	116.40	83.20	77.50	145.80	77.90	95.90	30.30	100.66	82.20
May	12.50	22.30	14.30	23.70	4.50	29.80	36.40	-	0.80	3.70	0.30	49.00	5.20	18.90	28.60	9.60	5.90	13.90	12.60	18.00	16.20	13.86
June	-	3.00	20.00	-	-	-	-	0.50	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-1.62
July	-	-	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-0.68
August	-	-	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-0.68
September	14.80	11.30	17.50	-	1.20	1.70	1.60	-	0.10	7.20	2.70	-	1.10	-	-	1.50	0.30	-	1.30	-	0.69	-2.67
October	57.40	102.70	92.00	40.90	37.00	57.60	81.90	24.20	54.20	37.90	54.30	91.80	70.00	25.70	41.20	74.90	15.10	61.90	60.90	35.70	53.15	42.64
November	229.60	216.80	210.40	149.80	273.90	274.80	226.60	156.20	138.10	199.60	99.50	214.20	160.60	140.10	161.20	143.30	223.00	219.40	124.40	167.50	165.32	150.30
December	383.00	359.10	381.20	314.50	469.50	323.60	338.20	288.90	332.00	532.30	261.10	371.40	313.50	395.40	417.30	252.50	382.70	406.60	383.30	428.20	361.20	377.49
Total	1,883.30	2,047.60	2,150.90	2,176.30	2,106.70	2,236.10	2,051.60	1,467.10	1,724.60	1,940.70	1,626.90	1,793.80	2,086.70	1,942.30	2,007.00	1,512.10	1,990.90	1,964.40	1,928.90	1,703.50		

Interrogatory # 13

Ref: Exhibit 3, Tab 2, Sch. 1, Table 4

Please confirm that the 2012 forecast shown in Table 4 reflects the impact of the leap year in 2012. If it does not, please provide the 2012 forecast reflecting the 20th day in February 2012.

Guelph Hydro's response:

Guelph Hydro believes that the impact of the leap year in 2012 has been captured by the regression model, since the historical leap years drove the forecast trend.

Interrogatory # 14

Ref: Exhibit 3, Tab 2, Sch. 1, Tables 8 & 11

a) Please provide the average number of customers/connections for the most recent year-to-date period in 2011 and for the corresponding period in 2010 for each rate class shown in Table 8.

Guelph Hydro's response:

Please see Guelph Hydro's response to Interrogatory #10 b.

b) Please provide the average usage per customer/connection for the most recent year-to-date period in 2011 and for the corresponding period in 2010 for each rate class shown in Table 11.

Guelph Hydro's response:

	Jan to Aug (8-month) Usage [kWh] per Customer/Connection			
Customer Classes	Jan to Aug 2008	Jan to Aug 2009	Jan to Aug 2010	Jan to August 2011
Residential	5,743	5,637	5,609	5,829
General Service < 50 kW	28,098	26,246	26,423	28,042
General Service > 50 to 999 kW	539,817	461,072	494,555	521,703
General Service > 1000 to 4999 kW	6,444,248	6,105,310	7,010,804	7,477,484
Large Use >5000 kW	40,893,000	37,459,000	42,977,500	42,114,750
Streetlights	521	598	758	530
Sentinel Lights	2,484	2,429	2,379	2,537
Unmetered Scattered Loads	2,882	2,791	2,765	2,982

Interrogatory # 15

Ref: Exhibit 3, Tab 2, Sch. 1, Tables 15 & 16

Please explain why Tables 15 and 16 show data from 2003 through 2010 rather than from 2002 as stated in the evidence. If 2002 data is available, please provide revised Tables 15 and 16.

Guelph Hydro's response:

2002 data is not available, as it was corrupted/partial lost when Guelph Hydro moved to its new location at 395 Southgate Drive. In addition, the 2002 data presented in Guelph Hydro's 2008 COS application, file number EB-2007-0742 was considered not reliable (i.e. the resulting 2002 loss factor was too high compared with the subsequent historical years' loss factors; Guelph Hydro's distribution system had been more efficient than the 2002 calculated loss factor of 6.4%).

Issue 3.3 Is the impact of CDM appropriately reflected in the load forecast?

Interrogatory # 16

Ref: Exhibit 3, Tab 2, Sch. 1, page 8

a) How does the kW reduction shown in the table at the bottom of page 8 and the resulting overall kW forecast impact on the revenue forecast, the cost of power or any other component of the revenue requirement?

Guelph Hydro's response:

Guelph Hydro has calculated and estimated impact on 2012 COP as a decrease of 1.04% (0.16% decrease on the working capital allowance) and the impact on total base revenue requirement as a decrease of 1% (see a detailed calculation below).
Please note that the reduction in the 2012 COP was already taken into consideration in the application; the forecast kWh and kW used to calculate the COP were adjusted by the CDM targets (kWh and kW).

Electricity - Commodity			Test year				%		RPP and Non-RPP Cost of Power		
Class per Load Forecast	**2012 Forecasted Metered kWhs**	**2012 Proposed Loss Factor**	**Kwhs adjusted by DLF**	**RPP Prices**	**HOEP**	**Global Adjustment**	**RPP**	**Non-RPP**	**RPP $**	**Non-RPP $**	**Total Cost Of Power**
Residential	14,315,400	1.0209	14,614,306	0.07298	0.03594	$0.02822	86.96%	13.04%	$927,486	$122,259	$1,049,745
GS<50kW	795,300	1.0209	811,906	0.07298	0.03594	$0.02822	85.03%	14.97%	$50,383	$7,798	$58,181
GS 50kW to 999kW	795,300	1.0209	811,906	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$52,092	$52,092
GS 1000kW to 4999kW		1.0209	0	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$0	$0
Large Use		1.0209	0	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$0	$0
Unmetered Scattered Load		1.0209	0	0.07298	0.03594	$0.02822	0.00%	100.00%	$0	$0	$0
Sentinel Lighting		1.0209	0	0.07298	0.03594	$0.02822	99.62%	0.38%	$0	$0	$0
Street Lighting		1.0209	0	0.07298	0.03594	$0.02822	2.80%	97.20%	$0	$0	$0
TOTAL	**15,906,000**		**16,238,118**						$977,870	$182,149	**$1,160,018**

Transmission - Network		**Volume Metric**	**Test Year**		
Class per Load Forecast					
Residential		kWh	14,614,306	$0.0067	$97,655
GS<50kW		kWh	811,906	$0.0062	$5,001
GS 50kW to 999kW		kW	167	$2.6452	$442
GS 1000kW to 4999kW		kW		$2.6452	$0
Large Use		kW		$3.1944	$0
Unmetered Scattered Load		kWh		$0.0062	$0
Sentinel Lighting		kW		$1.9524	$0
Street Lighting		kW		$2.3492	$0
TOTAL					**$103,098**

CDM Targets	**2011**	**2012**	**2013**	**2014**	**Final CDM targets**
kW	1,671	3,342	5,013	6,684	16710
kWh	7,953,000	15,906,000	23,859,000	31,812,000	79,530,000

Assumptions:
CDM targets are addressed to:

Residential	90%
GS<50 kW	5%
GS>50 kW	5%

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**	**Test Year**		
Residential		kWh	14,614,306	$0.0052	$76,299
GS<50kW		kWh	811,906	$0.0046	$3,759
GS 50kW to 999kW		kW	167	$2.0055	$335
GS 1000kW to 4999kW		kW	0	$2.0055	$0
Large Use		kW	0	$2.4217	$0
Unmetered Scattered Load		kWh	0	$0.0046	$0
Sentinel Lighting		kW	0	$1.4802	$0
Street Lighting		kW	0	$1.7809	$0
TOTAL					**$80,393**

Wholesale Market Service					
Class per Load Forecast			**Test Year**		
Residential		kWh	14,614,306	$0.0052	$75,994
GS<50kW		kWh	811,906	$0.0052	$4,222
GS 50kW to 999kW		kWh	811,906	$0.0052	$4,222
GS 1000kW to 4999kW		kWh	0	$0.0052	$0
Large Use		kWh	0	$0.0052	$0
Unmetered Scattered Load		kWh	0	$0.0052	$0
Sentinel Lighting		kWh	0	$0.0052	$0
Street Lighting		kWh	0	$0.0052	$0
TOTAL			**16,238,118**		**$84,438**

Rural Rate Assistance					
Class per Load Forecast			**Test Year**		
Residential		kWh	14,614,306	$0.0013	$18,999
GS<50kW		kWh	811,906	$0.0013	$1,055
GS 50kW to 999kW		kWh	811,906	$0.0013	$1,055
GS 1000kW to 4999kW		kWh	0	$0.0013	$0
Large Use		kWh	0	$0.0013	$0
Unmetered Scattered Load		kWh	0	$0.0013	$0
Sentinel Lighting		kWh	0	$0.0013	$0
Street Lighting		kWh	0	$0.0013	$0
TOTAL			**16,238,118**		**$21,110**

	Test Year
4705-Power Purchased	$1,160,018
4708-Charges-WMS	$84,438
4714-Charges-NW	$103,098
4716-Charges-CN	$80,393
4730-Rural Rate Assistance	$21,110
4750-Low Voltage	$36,400
TOTAL COP reduction attributed to CDM	**$1,485,457**
TOTAL 2012 Test Year COP	**$143,312,358**
Percentage 2012 COP reduction due to CDM Targets	-1.04%
Impact on Working Capital Allowance 15%	$222,819
% Impact on Working Capital Allowance	**-0.16%**

monthly average
123,788

CDM targets impact on the Revenue Requirement

Class per Load Forecast	**Volum Metric**	Usage (kWhs are adjusted by LF 1.0209)	2012 proposed distribution variable rate	Estimated Revenue Loss
Residential	kWh	14,614,306	$0.0202	$295,208.99
GS<50kW	kWh	811,906	$0.0139	$11,285.49
GS 50kW to 999kW	kW	167	$2.1784	$364.01
TOTAL				**$306,858.49**
2012 Total Base Revenue Requirement				$30,652,117
% Revenue Loss				**-1.00%**

b) How does the overall kW forecast impact on the capital expenditure forecast?

Guelph Hydro's Response:

Both the kW forecast and the specific capital expenditures forecast are a function of development. The kW forecast does not directly drive capital expenditures. Both are a function of the same driver with a correlation between them however there is not a cause and effect relationship.

Issue 3.5 Is the test year forecast of other revenues appropriate?

Interrogatory # 17

Ref: Exhibit 3, Tab 4, Sch. 2, Appendix 2-C

a) **Please provide a table in the same level of detail as shown on page 1 that shows the actual year-to-date revenue for each account and the corresponding revenue from the same period in 2010.**

Guelph Hydro's Response:

Please see the appendix Guelph_EP_IRR_#17a_Year-to-DateRevenue.

b) **Please explain why the figures for Account 4235 in 2010 do not match in the tables shown on page 1 and 4.**

Guelph Hydro's Response:

Both page 1 and 4 should reflect a balance of $601,961 for Account 4235. There was an error in the formula for the cell updating Account 4235 on page 1.

c) **Please provide a table in the same level of detail as shown on page 4 that shows the actual year-to-date revenue for each line item and the corresponding revenue from the same period in 2010.**

Guelph Hydro's Response:

Response to be completed later.

d) **Are any of the expenses shown in Account 4380 included in the OM&A expenses for the test year?**

Guelph Hydro's Response:

Expenses shown in Account 4380 are not included in the OM&A expenses for the test year.

e) **Are there any expenses included in OM&A for the 2012 test year associated with the generation of any other distribution revenue? If yes, please quantify and explain.**

Guelph Hydro's Response:

There are not any expenses included in OM&A for the 2012 test year associated with the generation of any other distribution revenue.

f) What expenses are associated with the revenue of $1,040,815 shown in the test year for the provision of billing/collecting waterworks? Where are these expenses shown in Account 4380 and elsewhere in the evidence?

Guelph Hydro's Response:

The expenses associated with the provision of billing/collecting waterworks amount to $63,852. These expenses have been allocated to Account 4380 and are shown as "Waterworks Meter Reading Expense" in Exhibit 3, Tab 4, Schedule 2, Appendix 2-C, page 9.

Interrogatory # 18

Ref: Exhibit 3, Tab 4, Sch. 2, Appendix 2-C

a) Please explain why the revenue for street light maintenance in Account 4375 is equal to the associated expenses in Account 4380.

Guelph Hydro's Response:

Guelph Hydro has historically provided street light maintenance service to the City at its fully loaded cost (includes an allocation for overhead and vehicles/tools used to provide the service).

b) Do the expenses associated with street light maintenance in Account 4380 include a return and depreciation on the assets used to perform street light maintenance? If not, why not?

Guelph Hydro's Response:

The expenses include depreciation on assets used to provide the service but do not include a return. Guelph Hydro has historically not charged a premium over fully-allocated cost for street lighting maintenance. This service is managed in such a way as to optimally utilize Guelph Hydro's maintenance resources by carrying out the work in phase with routine utility maintenance activities.

c) What is the fully allocated amount of rate base used in the provision of street light maintenance?

Guelph Hydro's Response:

The amount shown in Account 4380 is the fully allocated amount of rate base used in the provision of street light maintenance.

d) Do the expenses associated with street light maintenance in Account 4380 include all wages, salaries and benefits associated with the provision of these services?

Guelph Hydro's Response:

Yes, employee time is recorded on street lighting maintenance work orders. All wages, salaries, benefits, and allocated overhead for vehicles/tools is added to the work order.

e) Has Guelph Hydro included an overhead rate associated with the assets to provide these services, and if so, is it at the same rate that is applicable to other services?

Guelph Hydro's Response:

Yes, the overhead rate applied to street lighting is the same as that applied to similar overhead plant maintenance services.

Operating Costs

Issue 4.1 Is the overall OM&A forecast for the test year appropriate?

Interrogatory # 19

Ref: Exhibit 2, Tab 1, Sch. 1, page 2

a) **Please provide the actual provincial sales tax included in 2008, 2009 and 2010 OM&A expenditures and provide this amount as a percentage of the totals in each of these years.**

Guelph Hydro's Response:

	PST included in OM&A Expenditures	Total OM&A Expenditures	% PST to Total OM&A
2008	$ 35,982	$ 9,788,960	0.37%
2009	$ 49,449	$ 9,567,349	0.52%
2010 (6 months)	$ 14,020	$ 4,864,982	0.29%

b) **Please provide the estimated amount of provincial sales tax included in the 2011 and 2012 OM&A expenditures.**

Guelph Hydro's Response:

Based on the nature of historical OM&A expenditures (comprised of less material costs which generally included PST and more service and labour cost which generally excluded PST) the historical analysis above shows minimal PST and less consistency as compared to Guelph Hydro's capital cost analysis. As a result, Guelph Hydro used an average of the historical analysis to determine an estimate of the amounts of PST shown in the following table that may be included in Guelph Hydro's 2011 and 2012 OM&A expenditures.

	Projected OM&A Expenditures	Deemed PST as a % of Costs	Estimated PST
2011	$14,517,247	0.39%	$ 56,743
2012	$15,611,241	0.39%	$ 61,019

Notwithstanding the foregoing, Guelph Hydro submits that since the forecasting process has an inherent error rate generally greater than this above noted 2% potential cost savings, it is believed that the OM&A expenditure projections outlined in Guelph Hydro's filed documentation are appropriate for the purposes of calculating Guelph Hydro's rate base.

Interrogatory # 20

Ref: Exhibit 4, Tab 1, Sch. 1

a) When was the OM&A budget for 2011 used in this application approved by the Board of Directors?

Guelph Hydro's Response:

The 2011 OM&A budget was approved by Guelph Hydro's Board of Directors on November 23, 2010.

b) When was the OM&A budget for 2012 used in this application approved by the Board of Directors?

Guelph Hydro's Response:

The 2012 OM&A budget was approved by Guelph Hydro's Board of Directors on November 23, 2010. This approval took place earlier than what had been prior practice of approving budgets in November for the following year to enable Guelph Hydro to complete the rate application by June 30, 2011.

c) Have any changes been made to the 2011 and/or 2012 OM&A budgets from that approved by the Board of Directors?

Guelph Hydro's Response:

There have not been any changes to the 2011 or 2012 OM&A budget that have not been approved by the Board of Directors.

Interrogatory # 21

**Ref: Exhibit 4, Tab 2, Sch. 2, page 2 &
Exhibit 4, Tab 1, Sch. 1**

a) The table shown on page 2 does not appear to be correct since the 3% union increase is shown for the executive class and there are no costs or inflation figures shown for management, non-union and union. Please provide a corrected version of this table.

Guelph Hydro's response:

Guelph Hydro has corrected the table; the average inflation rate used for the 2012 OM&A and Wages/Benefits is 2.40%.

OM&A Expense	2012 Test Year	Inflation rate
Employees Costs (see Appendix 2-K)		
Executive		
Management	$7,257,111.00	2%
Non-Union	$160,848.00	2%
Union	$11,496,853.00	3%
Total Compensation	**$18,914,812.00**	**2.61%**
Total Compensation Charged to OM&A	10,338,884.00	2.61%
Other General and Administrative Expense	$5,272,357.14	2%
Total OM&A	**$15,611,241.14**	
Weighted Average Inflation Rate		**2.40%**

b) What inflation factor has been applied to all other general and administrative expenses in each of 2011 and 2012? Is this the GDP-IPI factor noted on page 1 of Exhibit 4, Tab 1, Schedule 1?

Guelph Hydro's Response:

Guelph Hydro typically uses the overall Canadian CPI index for budgeting and planning purposes. Over the past few years, this index has yielded inflationary factors ranging from a low of 0.2989% in 2009 to 2.3706% in 2008. The most recent CPI figure available for July, 2011 is 2.7397%. In addition, the Bank of Canada's official target for inflation is a range between 1.0% to 3.0% with the Bank's monetary policy aimed at keeping the rate at the 2.0% midpoint.

c) What is the basis for the GDP-IPI forecasts for 2011 and 2012?

Guelph Hydro's Response:

Please refer to the previous response.

d) What is the 2010 expenditures to which the GDP-IPI forecast is applied to arrive at a 2011 figure?

Guelph Hydro's Response:

The inflationary factor is applied to all OM&A costs with the exception of unionized employee wages. Unionized wages have been increased by 3% per year for 2011 and 2012 in accordance with the current collective agreement.

e) What is the 2011 expenditures to which the GDP-IPI forecast is applied to arrive at the 2012 figure?

Guelph Hydro's Response:

Please refer to the previous response.

f) Please provide a table similar to that shown on page 2 of Exhibit 4, Tab 2, Schedule 2 for 2011.

Guelph Hydro's response:

OM&A Expense	2011 Test Year	Inflation rate
Employees Costs (see Appendix 2-K)		
Executive		
Management	$6,921,753.00	2%
Non-Union	$156,111.00	2%
Union	$10,730,091.00	3%
Total Compensation	**$17,807,955.00**	**2.60%**
Total Compensation Charged to OM&A	9,606,145.00	2.60%
Other General and Administrative Expense	$4,911,101.81	2%
Total OM&A	**$14,517,246.81**	
Weighted Average Inflation Rate		**2.40%**

Interrogatory # 22

Ref: Exhibit 4, Tab 2, Sch. 2, page 1 &
Exhibit 4, Tab 4, Sch. 1, page 2

Please distinguish between the cost associated with the Green Energy and Economy compliance noted in footnote 3 to the table on page 1 of Exhibit 4, Tab 2, Schedule 2 and the costs of complying with the GEA that Guelph Hydro has not included in the 2012 cost of service application (page 2 of Exhibit 4, Tab 4, Schedule 1).

Guelph Hydro's Response:

Guelph Hydro notes that the GEA focused on two main areas, that is the requirement for LDCs to deliver conservation and demand response programs, ultimately in support of achieving mandated conservation targets through 2011-2014, as well as preparing and submitting a GEA Plan, intended to spur the development of a "SmartGrid", as part of the COS application filing. Guelph Hydro has submitted the mandated GEA Plan through this filing, and believes that OEB review and approval of the proposed plan through this process is a prudent approach. As such, we have not moved ahead with any aspects of the plan, pending approval through this filing. As a result, Guelph Hydro did not include any costs associated with the GEA Plan in the 2011-2012 capital or operating budgets, with the exception of the "smart grid technicians" identified in the human resources areas of this filing.

Guelph Hydro did not incur any incremental expense in the development of the GEA Plan as submitted in the filing. The costs noted in footnote 3 to the table on page 1 of Exhibit 4, Tab 2, Schedule 2 relate to the costs included in the cost of service application associated with GEA compliance related to the conservation and demand management program delivery as described above.

Interrogatory # 23

Ref: Exhibit 4, Tab 2, Sch. 2, page 1

Please explain the additional increase between 2011 and 2012 of $109,664 that is attributable to IFRS. Why is there any increase in 2012 as a result of IFRS when the transition takes place in 2011?

Guelph Hydro's Response:

Response to be completed later.

Interrogatory # 24

Ref: Exhibit 4, Tab 2, Sch. 3, page 1

Please identify the amount of amortization included as OM&A in the 2012 test year.

Guelph Hydro's Response:

Approximately $226,000 of amortization is included as OM&A in the 2012 test year.

Interrogatory # 25

Ref: Exhibit 4, Tab 2, Sch. 5, page 2

Please provide a table in the same level of detail as shown in the table on page 2 of Exhibit 4, Tab 2, Schedule 5 that shows the actual expenditures for the most recent year-to-date period available for 2011, along with the actual expenditures for the corresponding period in 2010. Please also include a bottom line adjustment to the year-to-date 2011 expenditures to back out the additional costs resulting from moving to IFRS so that the resulting 2011 figure is comparable to that for 2010.

Guelph Hydro's Response:

Under IFRS rules there is no requirement for Guelph Hydro to present its 2011 financial information on a CGAAP basis. In addition, since Guelph Hydro has moved to an IFRS basis of accounting effective January 1, 2011, there is no requirement by the Ontario Energy Board for Guelph Hydro to present 2011 on a CGAAP basis. For these reasons and due to the fact that Guelph Hydro's accounting system has been modified to report information on an IFRS basis, Guelph Hydro is unable to include a bottom line adjustment for the year-to-date 2011 expenditures to back out the additional costs resulting from moving to IFRS.

Interrogatory # 26

Ref: Exhibit 4, Tab 2, Sch. 5, pages 16-17

What is the final balance as of April 30, 2011 in Account 1521 - Special Purpose Charge?

Guelph Hydro's Response:

The final balance as of April 30, 2011 in Account 1521 – Special Purpose Charge is a debit balance of $26,303.97 (includes $2,474.87 debit balance re: carrying charges).

Interrogatory # 27

Ref: Exhibit 4, Tab 2, Sch. 2, page 1

Footnote 2 to the table indicates that there is an increase of more than $1 million to the 2012 OM&A forecast related to smart meter expenditures in 2010, 2011 and 2012. Of the total amount shown, more than $700,000 is for 2010 and 2011.

a) **Please reconcile the $1,059,613 figure with the figure of $926,286 shown in the table for 2012.**

Guelph Hydro's Response:

The $1,059,613 figure on Footnote 2 to the table includes $133,328 related to work order charges pertaining to both smart meter daily operating activity and other regular metering activity not related to smart meters. The charges are not segregated by type i.e. smart meter related vs. non smart meter related.

b) **Were any of the costs shown for 2010 and 2011 in footnote 2 included in deferral or variance accounts? If yes, please provide details. If yes, please explain why these costs are added to the 2012 OM&A expenses rather than recovered through the clearance of the appropriate deferral or variance accounts.**

Guelph Hydro's Response:

Prior to 2012, the costs shown for 2010 - $173,901 and 2011 - $527,410 have been/will be included in Deferral and Variance Account #1556 Smart Meter OM&A Variance. In accordance with the Board's *Guideline G-2008-0002 – Smart Meter Funding and Cost Recovery* these expenses were reclassified from Deferral and Variance account #1556 and recorded as 2012 expenses. This treatment is based on the condition that Guelph Hydro will be granted approval of its smart meters and associated revenue requirement in the 2012 rate order.

c) **Are the costs shown for 2010 and 2011 and proposed to be recovered in the 2012 revenue requirement ongoing costs beyond 2012? If yes, please explain. If they are one-time costs being recovered in 2012, please explain why they should not be amortized over 4 years.**

Guelph Hydro's Response:

A portion of the costs shown for 2010 and 2011 are ongoing AMI system operating costs, whereas a portion of the costs are customer communication and education as well as project management costs that are not expected to be incurred beyond 2012. A breakdown of the "ongoing operating" and "project specific" costs is included in the following table.

Smart Metering OM&A Categories	2010	2011	Total
Ongoing Operating Costs	$335	$242,340	$242,675
Project Costs	$173,566	$285,070	$458,636
Total	$173,901	$527,410	$701,311

d) Is the $358,302 shown for 2012 an ongoing cost for 2013 and later?

The $358,302 is a projected ongoing cost for 2012, 2013 and later. It includes 2 main areas: the operations and support cost of the smart metering back-office systems (annual remote operational support and software maintenance fees), as well as metering field operations expenses, which covers both "smart' and "non-smart" or traditional meters. Approximately $225,000 of these expenses are associated with the annual smart metering back-office systems operations expense, with the balance associated with metering field operations expenses.

Issue 4.2 Are the methodologies used to allocate shared services and other costs appropriate?

Interrogatory # 28

Ref: Exhibit 1, Tab 1, Sch. 14, pages 2-4

Are any costs associated with the Board of Directors of Guelph Hydro Inc. or Ecotricity Guelph included in the revenue requirement of Guelph Hydro? If yes, please provide the amount and what it relates to.

Guelph Hydro's Response:

There are no costs associated with Guelph Hydro Inc. or Ecotricity Guelph Inc. Boards of Directors included in the revenue requirement.

Issue 4.3 Is the proposed level of depreciation/amortization expense for the test year appropriate?

Interrogatory # 29

Ref: Exhibit 4, Tab 2, Sch. 10, pages 2-7

a) **Please explain the significant differences between the depreciation expense shown in column (h) and the Adjusted DEPRECIATION Rate App column for each of 2008, 2009 and 2010.**

Guelph Hydro's Response:

Column (h), calculates prior years' depreciation (2008-2010) using IFRS depreciation rates vs. CGAAP depreciation rates. This has the effect of understating prior years' depreciation in Column (h) when compared to the Adjusted Depreciation Rate App column on Exhibit 4, Tab 2, Schedule 10 Appendix 2-M. The biggest impact relates to distribution system assets which are depreciated based on a 30 or 40 year life under IFRS vs. a 25 year life under CGAAP. Specific categories impacted are: transformer station equipment, substation equipment, poles, towers and fixtures, overhead conductors and devices, line transformers and services (overhead and underground). In addition , Column (h) depreciation is lower when compared to the Adjusted Deprecation Rate App Column on Exhibit 4, since the later schedule calculates a full year depreciation on 2008, 2009 and 2010 additions vs. the half year rule used in Column (h) calculations.

b) **Please confirm that for financial reporting purposes and for regulatory purposes, Guelph Hydro did not use the half year rule for new additions in 2008, 2009 and 2010.**

Guelph Hydro's Response:

The continuity schedules represent a full year depreciation for the 2008, 2009, 2010 historic years, the 2011 bridge year, and the 2012 test year.

c) **Please show how the F/S depreciation expense was calculated using Account 1835 in 2010 as an example. The F/S depreciation expense is shown as $822,916.58 based on an opening balance of $17,035,390 and 201 additions of $844,820.**

Guelph Hydro's Response:

For F/S purposes Guelph Hydro groups all Overhead assets together under one asset category. Based on the accumulated cost, Guelph Hydro then calculates the depreciation for the entire group using the appropriate useful life of the asset for the whole group. The useful life in effect for fiscal year 2010, under CGAAP for Overhead assets, was 25 years. Consistent with Guelph Hydro's historical depreciation policy, Guelph Hydro does not take the half year rule when depreciating the current year's additions. After depreciation is calculated on Overhead assets as a whole, it is allocated to the individual OEB component asset (ie Acct 1835 Conductors & Devices) on a prorated basis. The 2010 calculation is as follows:

Cost of Asset Group

Acct 1830	Poles, Towers, and Fixtures	$22,276,501	55.1%
Acct 1835	Conductors and Devices	17,880,210	44.2%
Acct 1855	Services – OH portion	304,197	0.7%
		$40,461,678	100.0%

Depreciation calculated on the entire group using the useful life of 25 / 30 years (see note 1 below)	$1,862,203

Allocation of depreciation to the components

Acct 1830	Poles, Towers, and Fixtures	$1,025,286	55.1%
Acct 1835	Conductors and Devices	822,917	44.2%
Acct 1855	Services – OH portion	14,000	.7%
		$1,862,203	100.0%

Note:1 Change in useful life on Oct 31, 2000 (Date the Electricity Act came into effect)
Prior to Oct 31, 2000, Guelph Hydro was depreciating the distribution assets over 30 years and on Oct 31, 2000, with the inception of the Electricity Act, the useful life for these assets were determined to be 25 years. As a result, Guelph Hydro crystallized the NBV of all Overhead assets and accelerated the depreciation, based on the year of purchase, so that all assets were written off over 25 years from the year of the original purchase. The end result was that the asset was depreciated at a higher rate subsequent to Oct 31, 2000 then it was between the year of purchase and Oct 31, 2000.

d) Please explain why there are no entries in column (b) to reflect reduction for fully depreciated assets in 2008 through 2012.

Guelph Hydro's Response:

Guelph Hydro was not in the practice of removing fully depreciated assets from its asset base prior to 2010. As part of the IFRS implementation plan, fully depreciated assets were identified and removed from the asset base as at December 31, 2009.

Interrogatory # 30

Ref: Exhibit 2, Tab 1, Sch. 3, Tables 8 & 9 &
Exhibit 4, Tab 2, Sch. 10, Appendix 2-M, pages 8 & 9 &
Exhibit 1, Tab 2, Schedule 6, page 8

a) Please explain the difference in the depreciation expense shown for 2011 and 2012 between Tables 8 & 9 in Exhibit 2, Tab 1, Schedule 3 and on pages 8 & 9 of Exhibit 4, Tab 2, Schedule 10, Appendix 2-M.

Guelph Hydro's Response:

2011 Total Depreciation Appendix 2M (Uses ½ year rule on 2011 additions)	$4,945,185
(i) Adjust – no ½ year rule	338,627
(ii) Acct 1850 – wrong useful life	(288,324)
(iii)Acct 1995 – wrong useful life	568,712
(iv)Depreciation on fully depreciated assets	(747,335)
(v) Not considering the NBV of the asset category when there was a change in the useful life	(223,458)
(vi)Diff in Distribution meter Depreciation	181,843
Adjusted Depreciation Appendix 2M	$4,775,250
Total Depreciation Table 8 Exhibit 2 (Does not use half year rule for additions)	$4,775,159

(i) Guelph Hydro historically does not depreciate its assets using the half year rule on its current year additions and thus maintained this methodology when preparing the capital asset continuity schedules in Exhibit 2. Appendix 2M on the other hand, mechanically calculates depreciation using the half year rule, as a result, in order to properly compare the two schedules Guelph Hydro re-calculated Appendix 2M so that it no longer uses the half year rule. The result is that the depreciation value in Table 8 Exhibit 2 is higher by $338,011

(ii) Appendix 2M the asset category Line Transformers (Acct 1850) had a wrong useful life. The useful life per the exhibit remained at the CGAAP useful life of 25 years, whereas, Table 8 Exhibit 2 depreciated this asset category at 40 years as per the new MIFRS useful life. The result is a lower amount of depreciation recorded in Table 8 Exhibit 2 in the amount of $288,324.

(iii) Appendix 2M used the wrong useful life for the Contributions & Grants (Acct 1995). The CGAAP useful life of 25 years was not updated to reflect the new 40 year useful life relating to the assets these contributions were associated with, Guelph Hydro's distribution assets (Accts 1830 – 1855). Since the useful lives for these assets changed to 40 years under MIFRS, it was Guelph Hydro's position to amortize the related contributions over the same extended period. The result is an increase in depreciation on Appendix 2M of $568,712

(iv) Appendix 2M inadvertently did not identify the assets that had been fully depreciated prior to 2011 and thus calculated depreciation on a value much higher than what was used in Table 8 Exhibit 2. The result is a reduction in depreciation of $747,335

(v) Appendix 2M mechanically calculates the depreciation as if the new useful lives existed from the beginning of time, whereas, Table 8 Exhibit 2 calculated the depreciation using the new useful lives based on the assets net book value as of January 2011. The result is a reduction of depreciation of $223,458.

(vi) Table 8 Exhibit 2 calculates depreciation on the Distribution meter value prior to the reduction related to the stranded meters. As a result, depreciation is a higher amount for acct 1860 than that calculated in Appendix 2M. The result was an increase in depreciation of $181,843

2012 Total Depreciation Appendix 2M (Uses ½ year rule on 2012 additions)	$5,987,346
(i) Adjust – no ½ year rule	188,235
(ii) Acct 1850 – wrong useful life	(304,074)
(iii)Acct 1995 – wrong useful life	605,087
(iv) Depreciation on fully depreciated ssets	(748,043)
(v) Not considering the NBV of the sset category when there was a change in the useful life	(158,048)
(vi) Diff in Distribution meter Depreciation	167,476
(vii) Acct 1861 – wrong useful life as Smart meters were included in Acct 1860 Dist meters.	199,505
Adjusted Depreciation Appendix 2M	$5,937,484

Total Depreciation Table 8 Exhibit 2 (Does not use half year rule for additions)	$5,937,084

(i) Guelph Hydro historically does not depreciate its assets using the half year rule on its current year additions and thus maintained this methodology when preparing the capital asset continuity schedules in Exhibit 2. Appendix 2M on the other hand, mechanically calculates depreciation using the half year rule, as a result, in order to properly compare the two schedules Guelph Hydro re-calculated Appendix 2M so that it no longer uses the half year rule. The result is that the depreciation value in Table 8 Exhibit 2 is higher by $188,235

(ii) Appendix 2M the asset category Line Transformers (Acct 1850) had a wrong useful life. The useful life per the exhibit remained at the CGAAP useful life of 25 years, whereas, Table 8 Exhibit 2 depreciated this asset category at 40 years as per the new MIFRS useful life. The result is a lower amount of depreciation recorded in Table 8 Exhibit 2 in the amount of $304,074.

(iii) Appendix 2M used the wrong useful life for the Contributions & Grants (Acct 1995). The CGAAP useful life of 25 years was not updated to reflect the new 40 year useful life relating to the assets these contributions were associated with, Guelph Hydro’s distribution assets (Accts 1830 – 1855). Since the useful lives for these assets changed to 40 years under MIFRS, it was Guelph Hydro’s position to amortize the related contributions over the same extended period. The result is an increase in depreciation on Appendix 2M of $605,087

(iv) Appendix 2M inadvertently did not identify the assets that had been fully depreciated prior to 2011 and thus calculated depreciation on a value much higher than what was used in Table 8 Exhibit 2. The result is a reduction in depreciation of $748,043.

(v) Appendix 2M mechanically calculates the depreciation as if the new useful lives existed from the beginning of time, whereas, Table 8 Exhibit 2 calculated the depreciation using the new useful lives based on the assets net book value as of January 2011. The result is a reduction of depreciation of $158,048.

(vi) Table 8 Exhibit 2 calculates depreciation on the Distribution meter value prior to the reduction related to the stranded meters. As a result, depreciation is a higher amount for acct 1860 than that calculated in Appendix 2M. The result was an increase in depreciation of $167,476

(vii) In Appendix 2M Smart meters and Distribution meters were included together in Acct 1860 and thus the Smart meters were being depreciated with the useful life of 25 years. Smart meters have been given an estimated useful life of 15 years of which was used in Guelph Hydro’s calculation in Table 8 Exhibit 2. The result is that Appendix 2M needs to increase its depreciation by $199,505.

b) **Please reconcile the difference between the figures noted in part (a) above with the figure of $6,831,714 shown on page 8 of the RRWF in Exhibit 1, Tab 2, Schedule 6 for 2012.**

Guelph Hydro's Response:

Response to be completed later.

c) **What would be the depreciation expense for 2011 if Guelph Hydro continued to use the rates used in 2010. Please provide detailed tables for 2011 in the same format as shown for 2010 in Exhibit 4, Tab 2, Schedule 10, Appendix 2-M. In particular, please provide both the depreciation expense as calculated in column (h) and the adjusted 2011 depreciation rate app that is consistent with what the financial statements would have produced, with any relevant adjustments.**

Guelph Hydro's Response:

The following table simply restates 2011 using 2010 depreciation rates to illustrate an approximate depreciation expense for 2011 if the old rates were used. A more thorough analysis would have to be conducted to determine if other adjustments would be required.

Appendix 2-M - Depreciation and Amortization Expense

			2011 Bridge Year							With 2010 CGAAP Rates	
Account	**Description**	**Opening Balance**	**Less Fully Depreciated (1)**	**Net for Depreciation**	**Additions**	**Total for Depreciation**	**Years**	**Depreciation Rate**	**Depreciation Expense**	Years	
		(a)	**(b)**	**(c) = (a) - (b)**	**(d)**	**(e)=(c)+ 0.5 x (d) (2)**	**(f)**	**(g) = 1 / (f)**	**(h) = (e) / (f)**	(f)	
1805	Land	$2,641,987		$2,641,987	$0	$2,641,987	Non-depreciable			Non-depreciable	
1808	Buildings	$18,260,502		$18,260,502	$1,735,000	$19,128,002	50	0.02	$382,560	50	$382,560.03
1810	Leasehold Improvements	$0		$0	$0	$0				Over term of lease	
1815	Transformer Station Equipment >50 kV	$758,177		$758,177	$9,225,000	$5,370,677	30	0.03	$179,023	40	$134,266.93
1820	Substation Equipment	$1,708,887		$1,708,887	$0	$1,708,887	30	0.03	$56,963	30	$56,962.89
1825	Storage Battery Equipment	$0		$0	$0	$0					
1830	Poles, Towers & Fixtures	$22,276,501		$22,276,501	$1,322,234	$22,937,618	40	0.03	$573,440	40	$573,440.45
1835	OH Conductors & Devices	$17,880,210		$17,880,210	$1,224,591	$18,492,505	40	0.03	$462,313	40	$462,312.63
1840	UG Conduit	$37,660,552		$37,660,552	$2,885,590	$39,103,347	40	0.03	$977,584	25	$1,564,133.88
1845	UG Conductors & Devices	$35,823,198		$35,823,198	$2,595,379	$37,120,888	40	0.03	$928,022	25	$1,484,835.50
1850	Line Transformers	$18,187,753		$18,187,753	$1,033,848	$18,704,677	25	0.04	$748,187	40	$467,616.93
1855	Services (OH & UG)	$7,183,493		$7,183,493	$269,265	$7,318,125	40	0.03	$182,953	40	$182,953.13
1860	Meters	$6,634,663		$6,634,663	$609,000	$6,939,163	25	0.04	$277,567	25	$277,566.53
1861	Smart Meters			$0		$0	15	0.07	$0	15	$0.00
1861	Smart Meters/Communication Systems			$0		$0					
1905	Land	$0		$0	$0	$0	Non-depreciable			Non-depreciable	
1906	Land Rights	$0		$0	$0	$0				40	$0.00
1908	Buildings & Fixtures	$0		$0	$0	$0	50	0.02	$0	50	$0.00
1910	Leasehold Improvements	$0		$0	$0	$0				Over term of lease	
1915	Office Furniture & Equipment 10yr	$1,221,843		$1,221,843	$0	$1,221,843	10	0.10	$122,184	10	$122,184.31
1915	Office Furniture & Equipment 5yr			$0		$0	10	0.10	$0	5	$0.00
1920	Computer - Hardware	$2,502,577		$2,502,577	$420,000	$2,712,577	5	0.20	$542,515	5	$542,515.33
1921	Computer - Hardware post Mar 22/04			$0		$0					
1921	Computer - Hardware post Mar 19/07			$0		$0					
1925	Computer Software	$0		$0	$0	$0	15	0.07	$0	15	$0.00
1930	Transportation Equipment	$2,881,072		$2,881,072	$450,000	$3,106,072	10	0.10	$310,607	4	$776,517.90
1935	Stores Equipment	$96,338		$96,338	$0	$96,338	10	0.10	$9,634	10	$9,633.83
1940	Tools, Shop & Garage Equipment	$992,103		$992,103	$60,000	$1,022,103	10	0.10	$102,210	10	$102,210.27
1945	Measurement & Testing Equipment	$14,872		$14,872	$0	$14,872	10	0.10	$1,487	10	$1,487.20
1950	Power operated Equipment	$0		$0	$0	$0				8	$0.00
1955	Communications Equipment	$0		$0	$0	$0					
1960	Graphics Equipment	$2,332,949		$2,332,949	$50,000	$2,357,949	5	0.20	$471,590	5	$471,589.72
1965	Water Heater Rental Units			$0		$0	25	0.04	$0	10	$0.00
1970	Load Management Controls	$314,982		$314,982	$0	$314,982	10	0.10	$31,498	10	$31,498.20
1975	Load Management Controls Utility Premises	$0		$0	$0	$0				10	$0.00
1980	System Supervisor Equipment	$526,929		$526,929	$361,093	$707,475	15	0.07	$47,165	15	$47,165.02
1985	Miscellaneous Fixed Assets	$6,158		$6,158	$0	$6,158	10	0.10	$616	10	$615.76
1995	Contributions & Grants	-$35,235,111		-$35,235,111	-$2,679,000	-$36,574,611	25	0.04	-$1,462,984	25	-$1,462,984.43
2070	Other Utility Plant	$771		$771	$0	$771	15	0.07	$51	15	$51.41
	Total	$144,671,404		$144,671,404	$19,562,000	$154,452,404			$4,945,185		$6,229,133

Interrogatory # 31

Ref: Exhibit 4, Tab 2, Sch. 10 &
Exhibit 4, Tab 2, Sch. 10, Appendix A

a) **Please provide a summary table in the same level of detail as shown on pages 3 through 6 of Exhibit 4, Tab 2, Schedule 10 that shows the proposed useful life from this exhibit, along with the minimum, typical and maximum useful life from pages 20 through 24 of Appendix A to Exhibit 4, Tab 2, Schedule 10.**

Guelph Hydro's Response

Guelph Hydro Electric Systems Inc.
Energy Probe Interrogatory #31a

			ASSET		GHESI	Kinectrics USEFUL LIFE RANGE (years)		
PARENT*	**#**	**Category**	**Component**	**Type**	**Useful Life**	**Min**	**Typ**	**Max**
A2 Sub-Account:								
OH	1	Fully Dressed Poles		Wood	40	40	45	50
				Composite	40	45	70	100
				Concrete	40	35	60	80
				Steel	40	60	60	80
				Framing	40	40	45	50
	2	Insulators		Porcelain	40	40	40	50
				Glass	40	40	40	50
				Composite	40	25	45	50
	3	Fused Cutouts			40	30	40	60
	4	Manual Overhead Switches		Solid Blade Disconnects	40	30	50	60
				Gang-Operated LIS	40	30	50	60
	5	Local Motorized Overhead Switches	Switch		40	30	50	60
		- could be existing manual switch retrofitted w	Motor		20	15	20	20
	6	Remote Automated Switches	Switch		40	30	50	60
		- could be existing manual switch retrofitted w	Motor		20	15	20	20
			RTU		15	15	20	30
	7	Integral Switch	Switch	SCADAMate	30	30	45	50
			RTU		15	NA	NA	NA
	8	Conductors	Primary - see below	ACSR	40	50	60	77
				AAC	40	50	60	77
				Copper	40	50	60	77
				Weather Protected	40	50	60	77
				Insulated Wire	40	50	60	77
			Primary	Single-Phase	40	50	60	77
			Primary	Three-Phase	40	50	60	77
			Neutral		40	50	60	77
			Secondary	Insulated Wire	40	50	60	77
			Services	Insulated Wire	40	50	60	77
	9	Capacitor Banks		Frame and Tanks	25	25	30	40
				Switch	25			
				RTU	15			
	10	Voltage Regulators			40	15	20	40
	11	Reclosers			40	30	40	60
DT	12	Pole Top Transformer		Single-Phase	40	30	40	60
				Three-Phase	40	30	40	60
	13	Pole-Tran			30	25	30	35
	14	Pad-Mounted Transformer	Transformer	Single-Phase	40	30	40	60
				Three-Phase	40	30	40	60
			Foundation	Single-Phase	40	30	60	80
				Three-Phase	40	30	60	80
	15	Network Transformer	Transformer		40	20	35	50
			Vault		40	40	60	80
			Roof		40	20	25	40
			High Voltage Switch		40	30	45	50
			Secondary Network Protector		40	20	35	40

	16	Submersible Transformer	Transformer	is 35 too generous based on our lo	35	25	35	40
			Vault		40	40	60	80
			Roof	Changed to match vault	40	20	25	40
	17	Indoor Vault Transformer	Transformer	Single-Phase	35	25	35	40
				Three-Phase	35			
			Vault		40	40	60	80
			Roof		25	20	25	40
UG	18	UG Switchgear	Riser Switch	Gang-Operated LIS	30	30	50	60
				Solid-Blade	30	30	40	60
				Fused	30	30	40	60
			Air Insulated	Live-Front	30	20	25	40
				Dead-Front	30	20	25	40
			Gas Insulated		30	30	30	50
			Solid Dielectric		30	30	30	50
			Switch Base		40			
			Motor		20			
			RTU		15			
	19	Primary Cables	PILC	Three-Phase Feeder	40	70	75	80
			Solid Dielectric in Duct	Single-Phase Lateral	40	40	40	60
				Three-Phase Lateral	40	40	40	60
				Three-Phase Feeder	40	40	40	60
			Solid Dielectric Direct Buried	Single-Phase Lateral	25	20	25	25
				Three-Phase Lateral	25	20	25	25
	20	Secondary Cables	Solid Dielectric in Duct		40	40	40	60
			Solid Dielectric Direct Buried		40	20	30	35
			Solid Dielectric in Duct / DB	Services	30	20	30	35
	21	Ducts	Concrete Encased		40	30	50	80
			PVC (Direct Buried)		40	30	50	75
			HDPE (Direct Buried)		40	50	50	100
			FRE (Direct Buried)		40	30	50	100
	22	Cable Chambers	Large - Manhole		40	50	60	80
			Sidewalk / Field Vault		40	40	60	80
			Sidewalk / Field Vault Roof	Changed to match vault	40	20	25	40
	23	Junction Cubicle / Service Box	Pads/bases		30	30	60	80
			Junction/switching cabinets		30	25	40	50
TS & MS		Land			40			
	24	Station Grounding Transformer		TS	40	30	40	40
	25	Station Service Transformer		TS	40	32	45	55
				MS	40	32	45	55
	26	TS Power Transformer	Overall		35	32	45	55
			Bushing		35	20	30	40
			Tap Changer		35	20	30	60
	27	MS Power Transformer	Overall		30	30	45	55
			Bushing		30	20	30	40
			Tap Changer		30	20	30	60
	28	MV Switchgear - TS	Assembly	Air Insulated	40	40	50	60
				Gas (SF6) Insulated	40	40	50	60
			Removable Breaker	Air Magnetic	40	25	40	60
				Vacuum	40	30	40	60
				SF6	40	30	45	60
		MV Switchgear - MS	Assembly	Air Insulated	40	40	50	60
				Gas (SF6) Insulated	40	40	50	60
			Removable Breaker	Air Magnetic	40	25	40	60
				Vacuum	40	30	40	60
				SF6	40	30	45	60
	29	Independent Breakers - TS		Oil	40	30	45	60
				Gas (SF6)	40	30	45	60
				Air Magnetic	40	25	30	60
				Air Blast	40	30	40	50
				Vacuum	40	30	40	60

	30	Protection & Control Devices - TS	Panels			40	40	40	60
			Control Cable			40	25	40	50
			Relays	Electromechanical		30	20	30	50
				Solid State		15	10	30	50
				Digital		15	10	15	20
		Protection & Control Devices - MS	Panels			40	40	40	60
			Control Cable			40	25	40	50
			Relays	Electromechanical		30	20	30	50
				Solid State		15	10	30	50
				Digital		15	10	15	20
	31	Station Disconnect Switch - TS	Manual Switch			40	30	45	50
			Remote Operated Switch			40	30	45	50
			Switch Motor			40			
		Station Disconnect Switch - MS				40	30	45	50
	32	DC System - TS	Batteries			20	10	20	30
			Chargers			20	20	20	30
			DC Distribution Equipment			20	10	20	30
		DC System - MS	Batteries			20	10	20	30
			Chargers			20	20	20	30
			DC Distribution Equipment			20	10	20	30
	33	Station Grounding System - TS		Ground Grid		40	25	40	50
				Neutral Reactors		40	25	40	50
				Arresters		20	10	20	30
				Sky Wire		40	30	45	50
		Station Grounding System - MS		Ground Grid		40	25	40	50
				Neutral Reactors		40	25	40	50
				Arresters		20	10	20	30
				Sky Wire		40	30	45	50
	34	Bus Work & Steel Structures		TS		40	35	50	100
				MS		40	35	50	100
	35	Station Building	Structure			40	30	50	80
			Roof			20	15	20	30
			Fence			30	30	35	60
S	36	Metering	Meter	Smart		15	15	15	20
				Industrial/Commercial		25	20	30	60
				Wholesale		25	20	30	60
			Transformers (CTs, PT's)			40	30	45	50
	37	SCADA	Master						
			RTU		15	20	10	20	30
			Battery		5	10	10	15	15
	38	Remote Fault Indicators	Indicator		15	15	10	15	15
			RTU		10	15			
	39	Communications		Towers		40	35	65	100
				Circuits		15			
				Electronics - 10 years		15			

b) For each line item in the table requested in part (a) above, please provide the opening balance at the beginning of 2012.

Guelph Hydro's Response:

The 2012 capital budget for Guelph Hydro was prepared at a higher level than the asset categories listed in the Kinectrics Study. We are unable to provide the opening balance at the beginning of 2012 for each item in the table requested in part (a).

c) For each line item in the table requested in part (a) please explain how Guelph Hydro selected the proposed useful life in relation to the maximum, minimum and typical figures from the Kinetrics study.

Guelph Hydro's Response:

Response to be completed later.

d) Please provide a table similar to Appendix 2-M for 2012 if the proposed useful lives of all assets were set to the typical figure from the Kinetrics study.

Guelph Hydro's Response:

Response to be completed later.

Issue 4.4 Are the 2012 compensation costs and employee levels appropriate?

Interrogatory # 32

Ref: Exhibit 4, Tab 2, Sch. 5 &
Exhibit 4, Tab 2, Sch. 2

a) **Please provide a revised version of the tables shown on page 18 that include a line that shows the number of customers per FTEE.**

Guelph Hydro's responses:

Appendix 2-I

OM&A Cost per Customer and Full Time Equivalent Employee (FTEE)

Including Sentinel and Street Lighting Connections

	Actual 2008 CGAAP	Actual 2009 CGAAP	Actual 2010 CGAAP	Bridge Year 2011	Test Year 2012
Number of Customers/Connections (7)	61,301	62,260	63,285	64,857	66,470
Total OMA	9,833,172	9,815,349	9,768,304	14,517,247	15,611,241
OMA cost per Customer	160.41	157.65	154.36	223.83	234.86
Number of FTEEs	98	95	102	113	117
FTEEs/Customer	0.00160	0.00153	0.00161	0.00175	0.00176
OMA cost per FTEE	100,441	102,886	96,050	128,131	133,772
Number of Customers/Connections per FTEE	626	653	622	572	570

Appendix 2-I

OM&A Cost per Customer and Full Time Equivalent Employee (FTEE)

per Number of accounts (Excluding Sentinel, Unmetered Scatered Load, and Street Lighting Connections)

	Actual 2008 CGAAP	Actual 2009 CGAAP	Actual 2010 CGAAP	Bridge Year 2011	Test Year 2012
Number of Customers/Connections	47,983	48,860	49,795	51,042	52,321
Total OMA	9,833,172	9,815,349	9,768,304	14,517,247	15,611,241
OMA cost per Customer	204.93	200.89	196.17	284.42	298.38
Number of FTEEs	98	95	102	113	117
FTEEs/Customer	0.00204	0.00195	0.00204	0.00222	0.00223
OMA cost per FTEE	100,441	102,886	96,050	128,131	133,772
Number of Customers/Connections per FTEE	490	512	490	451	448

b) Please provide a revised version of the tables from part (a) above that reduces the 2011 and 2012 OM&A expenses by the amounts shown in the OM&A cost driver table shown on page 1 of Exhibit 4, Tab 2, Schedule 2.

Guelph Hydro's response:

Appendix 2-I

OM&A Cost per Customer and Full Time Equivalent Employee (FTEE) reduced by OM&A Cost Drivers

Including Sentinel and Street Lighting Connections

	Actual 2008 CGAAP	Actual 2009 CGAAP	Actual 2010 CGAAP	Bridge Year 2011	Test Year 2012
Number of Customers/Connections (7)	61,301	62,260	63,285	64,857	66,470
Total OMA	9,833,172	9,815,349	9,768,304	9,729,964	9,729,964
OMA cost per Customer	160.41	157.65	154.36	150.02	146.38
Number of FTEEs	98	95	102	113	117
FTEEs/Customer	0.00160	0.00153	0.00161	0.00175	0.00176
OMA cost per FTEE	100,441	102,886	96,050	85,878	83,376
Number of Customers/Connections per FTEE	626	653	622	572	570

Appendix 2-I

OM&A Cost per Customer and Full Time Equivalent Employee (FTEE)- redused by OM&A Cost Drivers

per Number of accounts (Excluding Sentinel, Unmetered Scatered Load, and Street Lighting C

	Actual 2008 CGAAP	Actual 2009 CGAAP	Actual 2010 CGAAP	Bridge Year 2011	Test Year 2012
Number of Customers/Connections	47,983	48,860	49,795	51,042	52,321
Total OMA	9,833,172	9,815,349	9,768,304	9,729,964	9,729,964
OMA cost per Customer	204.93	200.89	196.17	190.63	185.97
Number of FTEEs	98	95	102	113	117
FTEEs/Customer	0.00204	0.00195	0.00204	0.00222	0.00223
OMA cost per FTEE	100,441	102,886	96,050	85,878	83,376
Number of Customers/Connections per FTEE	490	512	490	451	448

c) Do the FTEE figures shown in the tables on page 18 of Exhibit 4, Tab 2, Schedule 5 include vacancies? If these figures do include vacancies, please provide revised tables that show FTEE's based on filled positions only.

Guelph Hydro's response:

Appendix 2-I

OM&A Cost per Customer and Full Time Equivalent Employee (FTEE)

Including Sentinel and Street Lighting Connections

	Actual 2008 CGAAP	Actual 2009 CGAAP	Actual 2010 CGAAP	Bridge Year 2011	Test Year 2012
Number of Customers/Connections (7)	61,301	62,260	63,285	64,857	66,470
Total OMA	9,833,172	9,815,349	9,768,304	14,517,247	15,611,241
OMA cost per Customer	160.41	157.65	154.36	223.83	234.86
Number of FTEEs	98	95	102	108	108
FTEEs/Customer	0.00160	0.00153	0.00161	0.00167	0.00162
OMA cost per FTEE	100,441	102,886	96,050	134,419	144,549
Number of Customers/Connections per FTEE	626	653	622	601	615

FTTE numbers reported in these tables were taken from Appendix 2-K Employee Costs, E4/T/S7, page1, and rounded to the nearest whole number. Appendix 2-K required actuals for years 2008 to 2010 and budgeted numbers for the years 2011 and 2012.

For the years 2008, 2009 and 2010, FTEE numbers reflect "actual employees" on payroll versus "budgeted positions". For example, an employee was counted as 0.75 FTEE is they were actually hired in April for only 9 months out of the potential twelve months of that year. As a result, the reported FTTE numbers only show the filled positions for years 2008, 2009 and 2010 and excluded any vacancies.

However for years 2011 and 2012, budgeted numbers of FTEE's were provided which would include all filled positions and all vacancies which are planned to be filled in that year. FTEE's for years 2011 and 2012 were calculated based on when employees would be expected to be hired. For example, a planned vacant position which was expected to be filled in April of 2011, would be counted as 0.75 FTEE in 2011 and 1 FTEE in 2012.

Total FTEE's for 2011 and 2012 excluding vacancies are 108 in each year, and details of vacancies excluded are found in the following table and notes.

	2011 FTEE's	**2012 FTEE's**
Total Budgeted FTEE's	**113**	**117**
Budgeted new Vacancies where selection process has not started (See Notes 1 &2 below)	**(1.5) (Note 1)**	**(5) (Note 3)**
Budgeted Vacancies where selection process has started (See Notes 3)	**(3.75) (Note 2)**	**(4)**
Total FTEE's excluding all budgeted Vacancies	**108**	**108**

Note 1: Budgeted 2011 Vacancies where selection process has not started:

- Energy Services Representative was budgeted to start in April of 2011 and is now expected to be filled in Q1, 2012 (equivalent to 0.75 FTEE in 2011 and 1 FTEE in 2012)
- Smart Grid Technician #1 was budgeted to start in April of 2011 and is now expected to be filled after the OEB approves the GEA Plan. Date is currently unknown. (equivalent to 0.75 FTEE in 2011 and 1 FTEE in 2012)

Note 2: Budgeted Vacancies where selection processes have started:

- Senior Clerk was budgeted to start in April, 2011 and is expected to be filled in Q4, 2011. (equivalent to 0.75 FTEE in 2011 and 1 FTEE in 2012)
- SCADA and Communications Technologist was budgeted to start in January of 2011 and is now expected to be filled in Q4, 2011 (equivalent to 1 FTEE in 2011 and 1 FTEE in 2012)
- GIS/CAD Operator was budgeted for all of 2011 as this was an ongoing position where it was not expected that the position would become vacant. The position is

expected to be filled in October, 2011 (equivalent to 1 FTEE in 2011 and 1 FTEE in 2012)

- Electrical Maintainer was budgeted for all of 2011 as this was an ongoing position where it was not expected that the position would become vacant. The position is expected to be filled in Q4, 2011 (equivalent to 1 FTEE in 2011 and 1 FTEE in 2012).
- Regulatory Analyst was budgeted for all of 2011 as this was an ongoing position where it was not expected that the position would become vacant. Since the position is currently temporarily filled, there is no impact on FTEE's in 2011 and 2012. The position is expected to be filled in Q1, 2012.
- System Control Operator was budgeted for all of 2011 as this was an ongoing position where it was not expected that the position would become vacant. Since the position is currently temporarily filled, there is no impact on FTEE's in 2011 and 2012. The position is expected to be filled in Q4, 2011.

Note 3: Budgeted 2012 Vacancies where selection process has not started:

- Communications Coordinator/Specialist was budgeted for all of 2012 and is expected to be hired in January, 2012 (equivalent of 1 FTEE in 2012).
- Smart Grid Technician #2 was budgeted for all of 2012 and is now expected to be filled after the OEB has approved the GEA Plan. Date is currently unknown (equivalent of 1 FTEE in 2012).
- Protection and Control Technologist was budgeted for all of 2012 and is expected to be hired in January, 2012 (equivalent of 1 FTEE in 2012).
- All 2011 vacancies listed above for 2011 have also been removed in 2012.

d) Do the forecasts for FTEE's for 2011 and 2012 include any vacant positions? If yes, have any costs been included for wages and benefits associated with these vacant positions?

Guelph Hydro's Response:

As noted under Question 32 c) above, the forecasts for 2011 and 2012 do include planned unfilled positions, and costs have been included in wages and benefit numbers provided. However, as noted under the Board Staff_ IRR Question # 28 relating to OMERS, reported OMERS costs for 2012 was based on the best information at the time, and does not reflect the latest announcements from OMERS reflecting higher 2012 OMERS rate increases than reported earlier.

e) How many FTEE's does Guelph Hydro have at the current time, excluding vacant positions?

Guelph Hydro's Response:

As at September 30, 2011, Guelph Hydro has 101 regular employees, 2 temporary employees and 3 Coop students.

Issue 4.5 Is the test year forecast of property taxes appropriate?

Interrogatory # 33

Ref: Exhibit 4, Tab 3, Sch. 3

a) Please explain the significant increase in property taxes forecast for the 2011 bridge year. How has Guelph Hydro forecast the increase of 33.4%?

Guelph Hydro's response:

The significant increase in property taxes forecast for the 2011 bridge year is due to the inclusion of an estimated $88K in property taxes related to Guelph Hydro's new Transformer Station. This estimate was determined based on information obtained from the Assessment Review Office of the City of Guelph.

b) Does Guelph Hydro have the final property tax bills for 2011? If yes, please provide the total property tax bill for 2011. If no, please provide a table showing the change in property taxes for each individual property owned by Guelph Hydro, along with the projected property tax for any new properties.

Guelph Hydro's response:

The total property tax bill for 2011 amounts to $329K. Of this amount, all portions are final with the exception of the property taxes related to the Company's new Transformer Station. Thus far in 2011, Guelph Hydro has been assessed an apportioned tax bill amounting to $17K related to the vacant land on which the Transformer Station will be built. When construction of the Transformer Station is complete in the Fall of 2011, Guelph Hydro will receive a supplementary tax assessment based on the costs of the property constructed, and cost assessments from the Assessment Office (MPAC).

Interrogatory # 34

Ref: Exhibit 4, Tab 2, Sch. 1, Table 1 &
Exhibit 4, Tab 3, Sch. 3, Table 19

a) **Please reconcile the property tax figures shown in the above references for 2008, 2009 and 2010.**

Guelph Hydro's Response:

See response to OEB Interrogatory #31.

b) . **Please explain why there are no property taxes shown in Table 1 of Exhibit 4, Tab 2, Schedule 1 for 2011 and 2012 while there are in Tale 19 of Exhibit 4, Tab 3, Schedule 3.**

Guelph Hydro's Response:

See response to OEB Interrogatory #31.

Issue 4.6 Is the test year forecast of PILs appropriate?

Interrogatory # 35

Ref: Exhibit 4, Tab 3, Sch. 1, pages 2-3

a) Did Guelph Hydro claim an SR&ED credit in 2010? If so, please indicate the amount. Does it plan to claim an SR&ED credit in the bridge or test years?

Guelph Hydro's response:

Guelph Hydro claimed an SR&ED credit in 2010. The total claim was $183,675 (Federal $148,652, Ontario $35,023) Guelph Hydro does not plan on filing any claims for SR&ED credits in 2012. The expenditures qualifying for SR&ED credits in 2010 related to smart meter implementation and the construction of the new transformer station. These expenditures will be finalized prior to 2012, and Guelph Hydro does not anticipate incurring any other significant expenditures in 2012 which will qualify for SR&ED credits

b) Please calculate the amount of the PILS reduction associated with an SR&ED claim of $100,000 in the 2012 test year, including the 25% paid to the third party consultant for preparation of the claim, and the taxable amount to which the 2012 tax rate is applied. Is the amount paid to the third party consultant deductible for tax purposes? Please show all calculations and assumptions.

Guelph Hydro's Response:

Response to be completed later.

Interrogatory # 36

Ref: Exhibit 4, Tab 3, Sch. 1, Table 15

Ontario Co-operative Education & Apprenticeship Training Credits are shown for 2008 and 2009.

a) Please explain why no credits are shown for 2010?

Guelph Hydro's Response:

The 2010 column of Table 15 represents a preliminary Net Income For Tax Purposes (NIFTP) calculation prepared prior to the finalization of Guelph Hydro's 2010 tax return. Please see Schedule 1 of Appendix "Guelph_EP_IRR_#36_2010TaxReturn" which shows the actual application of credits for 2010.

b) Do these credits include the federal job training tax credits? If not, why not?

Guelph Hydro's Response:

Yes, the credits do include the federal job training credits.

c) Has Guelph Hydro included the calculation of any co-operative education and/or apprenticeship training tax credits in the 2012 tax calculation? If not, why not?

Guelph Hydro's Response:

Guelph hydro did not include the calculation of any co-operative education and/or apprenticeship training tax credits in the 2012 tax calculation on the grounds of immateriality.

d) Please provide the number of positions eligible for each of the Ontario co-operative education tax credit, the Ontario apprenticeship training tax credit and the federal job training tax credit in 2012. Please also show the calculations and the amount of the tax credits for each category, including all assumptions used.

Guelph Hydro's Response:

Guelph Hydro anticipates the following tax credits in 2012:

Apprenticeship ITC (Federal) = 4 positions x $2,000 tax credit = $8,000

Ontario Apprenticeship
Training Tax Credit = 4 positions x $10,000 tax credit = $40,000

Ontario Co-op Education Tax Credit	= 9 positions x $3,000 tax credit = $27,000

Interrogatory # 37

Ref: **Exhibit 4, Tab 3, Sch. 1, page 2 &**
Exhibit 4, Tab 3, Sch. 2, page 28

Please show how the calculation of the reduction in PILS related to the Ontario Small Business Deduction has been incorporated into the PILS forecast.

Guelph Hydro's Response:

Guelph Hydro did not incorporate the reduction in PILs related to the Ontario Small Business Deduction (OSBD) due to immateriality. For 2012 the OSBD would amount to: $33,750 ($500,000 Ontario Small business income x 6.75% effective OSBD rate for year)

Interrogatory # 38

Ref: Exhibit 4, Tab 3, Sch. 2 &
Exhibit 2, Tab 1, Sch. 3, Table 8

a) Please explain the difference between the 2011 capital additions of $19,562,000 shown in Table 8 of Exhibit 2, Tab 1, Schedule 3 and the 2011 CCA additions of $21,191,828 shown in Table 17 of Exhibit 4, Tab 3, Schedule 2.

Guelph Hydro's Response:

The $1,629,828 difference represents 2011 smart meter related investments recorded as 2011 additions for tax purposes but not for accounting purposes. For accounting purposes these amounts are recorded in variance account #1555 in accordance with the Board's *Guideline G-2008-002– Smart Meter Funding and Cost Recovery*. Upon issuance of a Rate Order approving these investments, the smart meters will be transferred to the appropriate asset account.

b) Please explain why computers and systems hardware have been added to CCA Class 45 rather than Class 45.1 in both 2011 and 2012 (Tables 17 & 18 in Exhibit 4, Tab 3, Schedule 2). What is the impact on the test year CCA deduction if the amounts shown are moved into Class 45.1 in both 2011 and 2012?

Guelph Hydro's Response:

Effective February 1, 2011 all computer hardware and systems software additions should be allocated to Class 50 with a 55% rate. Guelph Hydro has updated Tables 17 and 18 to reflect this reclassification. See Appendix Guelph_EP_IRR_#38b for revised filing.

c) Please confirm that the UCC Prior Year Ending Balance shown in Table 17 is taken from the actual 2010 tax return. If this cannot be confirmed, please update Tables 17 and 18 to reflect the actual 2010 UCC Ending Balance.

Guelph Hydro's Response:

Guelph Hydro has updated Tables 17 and 18 to reflect the actual 2010 UCC ending balances. See Appendix Guelph_EP_IRR_#38b for revised filing.

d) **What was the balance at the end of 2010 for reserves from financial statements shown on the actual 2010 PILS tax return (as compared to the $7,123,453 shown on page 13)?**

Guelph Hydro's Response:

See the table below:

Guelph Hydro Electric Systems Inc.
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Response to Energy Probe Interrogatory #38 d)

			Notes
2010 Reserves from financial statements- balance at end of year	$	14,225,000	**(1)**
Less: 2010 Regulatory Liability arising from Deferral and Variance accounts - balance at end of year		(5,248,000)	**(2)**
2010 Employee Future Benefits (EFB) Liability - balance at end of year		8,977,000	
Less: IFRS adjustments			
Adjustment to opening 2010 EFB Liability balance		(2,292,251)	**(3)**
Adjustment to opening 2010 Benefit expense		105,892	**(3)**
2010 Employee Future Benefits (EFB) Liability - balance at end of year (IFRS basis)		6,790,641	
Add: Estimated benefit expense for the year		332,812	
2011 Employee Future Benefits (EFB) Liability - balance at end of year) as per Exhibit 4, Tab 3, Schedule 2, page 13	$	7,123,453	

Notes:

(1) Added back on Schedule 1 of Guelph Hydro's 2010 Corporate Tax Return.

(2) Opening and closing balances of deferral and variance accounts form part of tax adjustments for tax purposes. Consistent with Guelph Hydro's treatment in the past, these changes in deferral and variance account balances do not form part of the taxation adjustments for revenue requirement purposes.

(3) Adjustment to EFB Liability and Benefit expense due to the transition to IFRS. Under IFRS the valuation of post-retirement non-pension benefits follows the guidance prescribed under IAS 19 - International Accounting Standard 19 vs. Sections 3461 - Employee Benefits of the Canadian Institute of Chartered Accountants Handbook.

Interrogatory # 39

Ref: Exhibit 4, Tab 3, Sch. 3, Appendix A

Please file the 2010 Federal and Ontario Tax Returns

Guelph Hydro's response:

Please see Appendix Guelph_EP_IRR_#36_2010TaxReturn

Capital Structure and Cost of Capital

Issue 5.2 Is the proposed long term debt rate appropriate?

Interrogatory # 40

Ref: Exhibit 5, Tab 1, Sch. 3

a) Did Guelph Hydro approach Infrastructure Ontario about obtaining a portion of the financing required to finance new expenditures at the time it was negotiating the rate shown on page 1 of Appendix A? If not, why not? If yes, what was the 20 year rate available to Guelph Hydro from Infrastructure Ontario?

Guelph Hydro's Response:

Guelph Hydro considered obtaining a portion of the financing from Infrastructure Ontario but ultimately opted to access the public debt market via a private placement of debentures for a number of reasons.

(1) Guelph Hydro needed to raise a total of $65 million to refinance $42.6 million in existing debt to the City of Guelph and GHI. The $42.6 million portion related to the refinancing would not have been eligible for Infrastructure Ontario financing leaving only the $22.4 million portion eligible.

(2) The $22.4 million portion was earmarked to fund fixed assets that have an estimated useful life of approximately 30 years on average (transformer station and smart meters). It is Guelph Hydro's practice to match the terms of its funded assets with funded debt as closely as is practical and economical in order to stabilize impacts on rate payers and shareholder returns. The loan structure available from Infrastructure Ontario requires annual principal payments that effectively cut the term of the financing by about half.

Guelph Hydro decided that a private placement of 20 year debentures in the amount of $65 million would be the most cost effective method of raising the capital while providing optimal flexibility for additional financing if required in the future.

b) How did Guelph Hydro determine that a 20 year term was appropriate to the long term loan of $65 million? Did it consider a number of loans of different terms? If not, why not?

Guelph Hydro's Response:

Please refer to Guelph Hydro's previous response with respect to the 20 year term.

With respect to a number of loans at different terms, the small size of the overall offering (in the context of public and private placement debenture offerings) would have made the process of raising capital more expensive both from a transactional perspective and an interest rate perspective as investors would have demanded a higher rate to compensate for the limited liquidity of the debenture offerings.

Smart Meters

Issue 6.2 Is the proposed disposition of the balances in variance accounts 1555 and 1556 appropriate?

Interrogatory # 41

Ref: Exhibit 9, Tab 3, Sch. 1, Appendix B

With regards to the calculation of the CCA for computer equipment shown on page 8 please explain:

a) why computer hardware and software have been combined together;

Guelph Hydro's response:

Computer hardware and systems software are included in the same CCA class (Class 50, Class 52). Applications software should be allocated to Class 12. Guelph Hydro has identified $186,427 that should be reclassified to Class 12.

b) why a rate of 100% has been used for 2009 and 2010 along with the half year rule when the half year rule was not applicable over this time period for computer hardware; and,

Guelph Hydro's response:

For 2009 and 2010 Class 52 should have been used for the depreciation of computer equipment at a CCA rate of 100% with no half year rule.

c) why a CCA rate of 55% is applicable to computer software in 2011.

Guelph Hydro's response:

Effective February 1, 2011 all computer hardware and systems software purchased is put into Class 50 with a CCA rate of 55% with the half year rule.

Issue 6.3 Is the proposal related to stranded meters appropriate?

Interrogatory # 42

Ref: Exhibit 9, Tab 3, Sch. 1

What is the impact by rate class if the proposed recovery of stranded meter costs is changed to 2 years? to 1 year?

Guelph Hydro's response:

Please see the following table:

Stranded Meter Cost Recovery Rate Adder (SMCR)- Bill Impact

	SMCR Rate Adder- 2year recovery		SMCR Rate Adder- 1 year recovery	
Customer Classes	**$1.75**		**$3.50**	
	Monthly Bill Impact- increase by		Monthly Bill Impact- increase by	
Residential	$	%	$	%
GS<50 kW	$1.75	1.74%	$3.50	3.48%
GS 50 to 999 kW	$1.75	0.83%	$3.50	1.65%
GS 1000 to 4999 kW	$1.75	0.00%	$3.50	0.00%
Large Use	$1.75	0.00%	$3.50	0.00%
USL	$1.75	0.02%	$3.50	0.04%
Sentinel Lighting	$1.75	6.98%	$3.50	13.97%
Street Ligting	$1.75	0.00%	$3.50	0.00%

Cost Allocation

Issue 7.1 Is Guelph Hydro's cost allocation appropriate?

Interrogatory # 43

Ref: Exhibit 7, Tab 1, Sch. 2, page 4

What evidence does Guelph Hydro have to support the 10 connections per connection box for the street lighting class that is specific to the Guelph Hydro?

Guelph Hydro's Response:

Guelph Hydro's use of a connection factor of 10 for its street lighting fixtures is based on its street lighting design standards for both overhead and underground street lighting projects. Guelph Hydro's overhead standard street lighting design is based on Electrical Code requirements and incorporates an overhead connection box with a breaker which is supplied by Guelph Hydro's secondary network and supplies approximately 8-12 fixtures per connection. The number of fixtures connected is dependent on the size of fixture and the conductor used as well as some project specific details such as distance between fixtures. Guelph Hydro's underground design is very similar with the difference being that the string of street light fixtures is connected to a hand hole breaker inside a street light pole. The same design criterion as with the overhead system applies to the underground design. The support information has been performed and suggests an average of 10 fixtures per connection. Please see the following table:

AREA	Fixtures	Connection Boxes / Handhole Breakers	AVG LIGHTS PER SERVICE	AREA TYPE
1	239	23	10.39	SUBDIVISION U/G
2	48	5	9.6	MAJOR STREET O/H
3	10	1	10	SUBDIVISION U/G
4	10	1	10	SUBDIVISION U/G
5	9	1	9	MAJOR STREET O/H
6	9	1	9	SUBDIVISION U/G
Total	325	32	10.15625	SUBDIVISION U/G

Issue 7.2 Are the proposed revenue to cost ratios for each class appropriate?

Interrogatory # 44

Ref: Exhibit 7, Tab 1, Sch. 2, page 4 of 2

a) Please amend the table shown on this page to include the description of each rate class along with the Board approved range for each rate class.

Guelph Hydro's response:

In addition to the response set out below, please see Guelph Hydro's response to Board Staff Interrogatory # 56.

Rate Class	2008 CA results	2012 CA results	Proposed Adjustment to Revenue-to-Cost allocation	2012 Proposed Revenue-to-Cost Ratios	Target Range
Residential	93.19%	100.62%	-0.62%	100.00%	85 - 115
General Service Less Than 50 kW	137.49%	135.54%	-35.54%	100.00%	80 - 120
General Service 50 to 999 kW	131.01%	161.36%	-61.36%	100.00%	80 - 120
General Service 1000 to 4999 kW	83.34%	61.66%	38.34%	100.00%	80 - 120
Large Use	64.57%	56.92%	43.08%	100.00%	85 - 115
Unmetered Scattered Load	61.28%	118.72%	-18.72%	100.00%	80 - 120
Sentinel Lighting	75.51%	113.94%	-13.94%	100.00%	80 - 120
Street Lighting	10.90%	88.02%	11.98%	100.00%	70 - 120

The updated Cost Allocation model results are shown in the following table (please see the appendix Guelph_BoardStaff_IRR_47b_CostAllocationModel):

Rate Class	2008 CA results	2012 updated CA_v2 results	Proposed Adjustment to Revenue-to-Cost allocation	2012 Proposed Revenue-to-Cost Ratios	Target Range
Residential	93.19%	95.73%	4.27%	100.00%	85 - 115
General Service Less Than 50 kW	137.49%	128.77%	-28.77%	100.00%	80 - 120
General Service 50 to 999 kW	131.01%	153.00%	-53.00%	100.00%	80 - 120
General Service 1000 to 4999 kW	83.34%	60.28%	39.72%	100.00%	80 - 120
Large Use	64.57%	118.60%	-18.60%	100.00%	85 - 115
Unmetered Scattered Load	61.28%	119.82%	-19.82%	100.00%	80 - 120
Sentinel Lighting	75.51%	111.53%	-11.53%	100.00%	80 - 120
Street Lighting	10.90%	82.19%	17.81%	100.00%	70 - 120

b) Please provide an alternative table that shows the impact of moving those rate classes above the Board approved ranges to the top of the Board approved ranges and moving those rate classes below the Board approved ranges to the bottom of the Board approved ranges. Please also indicate what changes are proposed to the other rate classes to ensure the revenue requirement is recovered.

Guelph Hydro's response:

1. Original Cost Allocation results:

Rate Classification	Revenue to Cost Ratios Per original C.A. Study	Rev Requirement by Rate Class @ 100% Rev Cost Ratio	Revenue to Cost Ratios as per EP_IR_44 b	Board Target Low	Board Target High	Proposed Rev Requirement by Rate Class @proposed revenue to cost ratios
Residential	100.62%	$18,225,225	101.26%	85%	115%	$18,455,683
GS < 50 kW	135.54%	$2,766,216	120.00%	80%	120%	$3,319,460
GS 50 to 999 kW	161.36%	$3,396,317	120.00%	80%	120%	$4,075,580
GS > 1000 kW	61.66%	$5,209,466	80.00%	80%	120%	$4,167,573
Large Use	56.92%	$2,712,192	85.00%	85%	115%	$2,305,363
Sentinel Lights	113.94%	$4,382	113.94%	80%	120%	$4,993
Street Lighting	88.02%	$285,384	88.02%	70%	120%	$251,195
USL	118.72%	$103,924	118.60%	80%	120%	$123,253
TOTAL		**$32,703,106**				**$32,703,100**

Guelph Hydro has made the following changes to the other classes to ensure the revenue requirement is recovered:

1. Residential revenue to cost ratios – increased by 0.64%

2. USL revenue to cost ratios – decreased by 0.12%

2) In addition, Guelph Hydro has used the updated Cost Allocation results (please see the appendix Guelph_BoardStaff_IRR_47b_CostAllocationModel) to respond to the interrogatory.

Rate Classification	Revenue to Cost Ratios Per updated C.A. Study	Rev Requirement by Rate Class @ 100% Rev Cost Ratio	Revenue to Cost Ratios as per EP_IR# 44_b	Board Target Low	Board Target High	Proposed Rev Requirement by Rate Class @proposed revenue to cost ratios
Residential	95.73%	$19,425,587	97.95%	85%	115%	$19,027,363
GS < 50 kW	128.77%	$2,911,395	120.00%	80%	120%	$3,493,674
GS 50 to 999 kW	153.00%	$3,537,944	120.00%	80%	120%	$4,245,533
GS > 1000 kW	60.28%	$5,212,467	80.00%	80%	120%	$4,169,974
Large Use	118.60%	$1,193,471	115.00%	85%	115%	$1,372,492
Sentinel Lights	111.53%	$4,566	111.53%	80%	120%	$5,093
Street Lighting	82.19%	$313,148	84.19%	70%	120%	$263,623
USL	119.82%	$104,526	119.82%	80%	120%	$125,248
TOTAL		**$32,703,106**				**$32,703,001**

Guelph Hydro has made the following changes to the other classes to ensure the revenue requirement is recovered:

1. Residential revenue to cost ratios – increased by 2.22%
2. Street Lighting revenue to cost ratios – increased by 2%

Rate Design

Issue 8.3 Are the proposed LV rates appropriate?

Interrogatory # 45

Ref: Exhibit 8, Tab 1, Sch. 5

a) Please explain why Guelph Hydro has used the average of 2008 through 2010 to forecast the kW's for 2011 and 2012 in Table 16.

Guelph Hydro's response:

Historical data was stored and available for 2008 to 2010 only. No data was available prior to 2008.

b) Please provide the actual total year-to-date kW for 2011 and compare this to the same periods in 2008, 2009 and 2010.

Guelph Hydro's response:

Date	kW	Rate	Total LVDS charge
Jan-11	48	1.548	74.304
Feb-11	41	1.548	63.468
Mar-11	42	1.548	65.016
Apr-11	39	1.691282	65.96
May-11	34	1.978	67.252
Jun-11	487	1.978	963.286
Jul-11	613	1.978	1212.514
TotalJan. to July 2011	**1,304**	**$12.27**	**$2,511.80**

Jan. to July 2008	Jan. to July 2009	Jan. to July 2010	Jan. to July 2011
$32,747.98	$14,863.71	$17,785.58	$2,511.80

c) Table 19 shows a charge of $0.0000 for a number of rate classes. Please explain if these rate classes actually pay any LV charges.

Guelph Hydro's response:

Please see the response to Board Staff Interrogatory # 51 a), b), and c).

Deferral and Variance Accounts

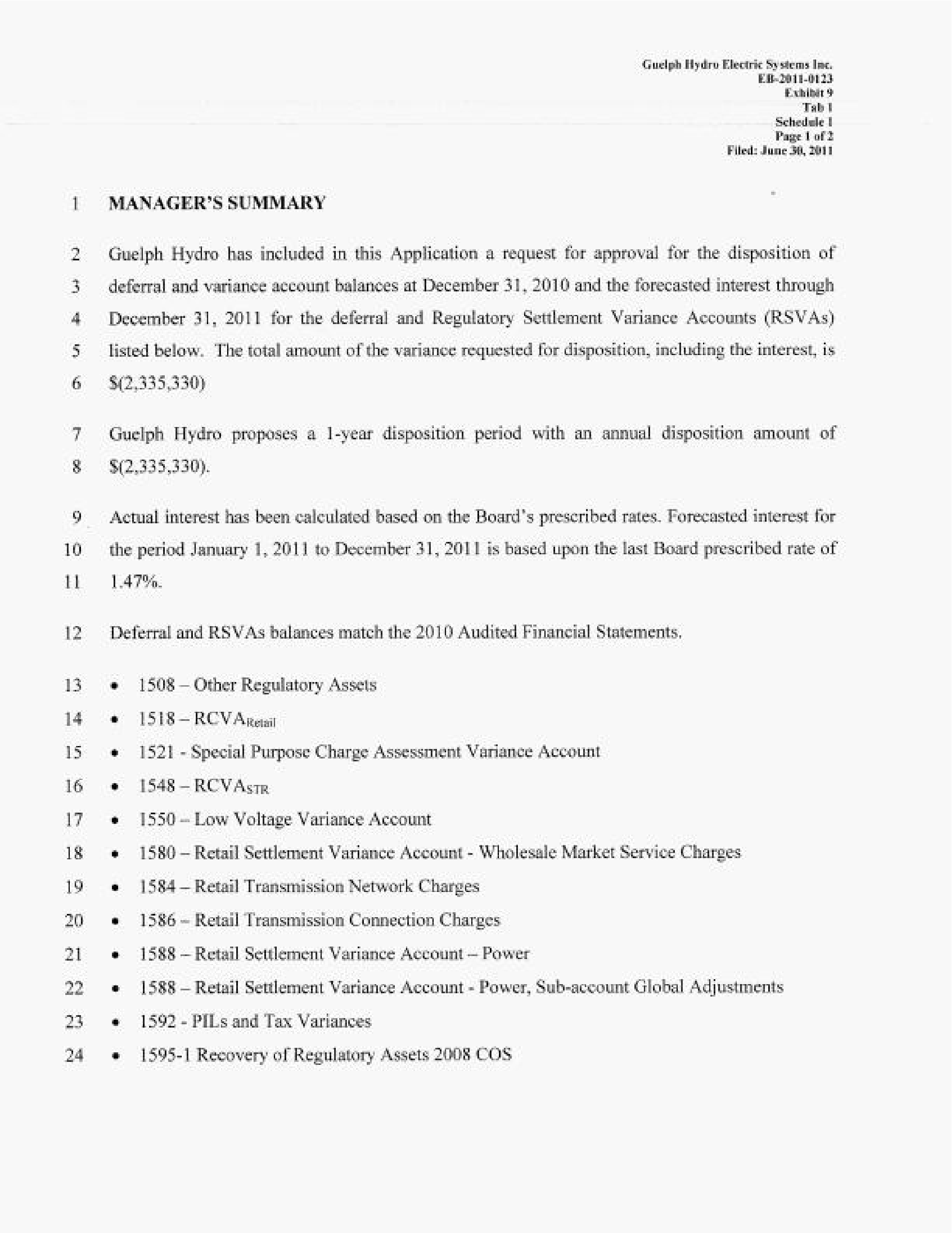
Issue 9.1 Are the account balances, cost allocation methodology and disposition period appropriate?

Interrogatory # 46

Ref: Exhibit 9, Tab 1, Sch. 1

Please provide a copy of this scheduled signed by the Chief Operating Officer.

Guelph Hydro's response:



Guelph Hydro Electric Systems Inc.
EB-2011-0123
Exhibit 9
Tab 1
Schedule 1
Page 1 of 2
Filed: June 30, 2011

MANAGER'S SUMMARY

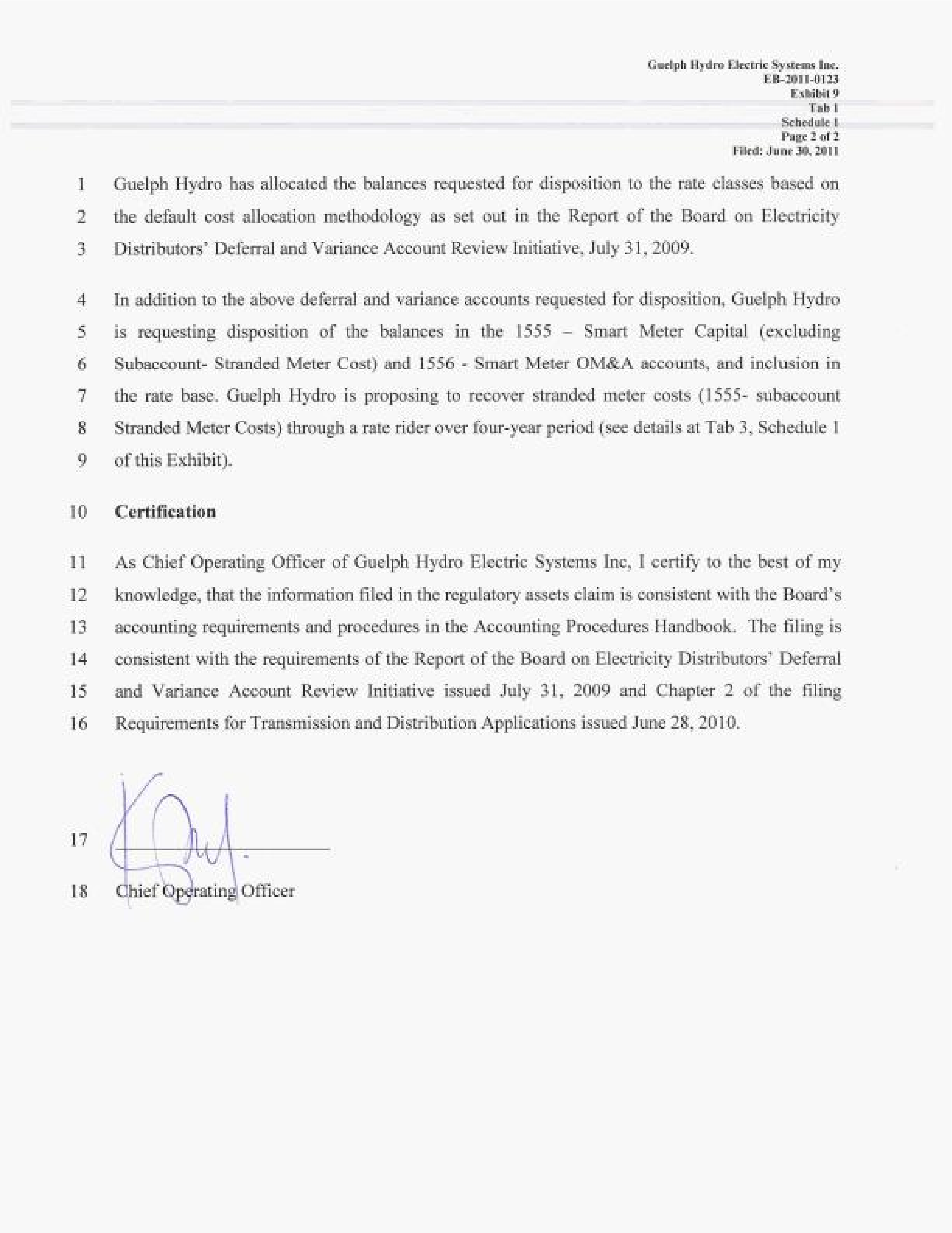
Guelph Hydro has included in this Application a request for approval for the disposition of deferral and variance account balances at December 31, 2010 and the forecasted interest through December 31, 2011 for the deferral and Regulatory Settlement Variance Accounts (RSVAs) listed below. The total amount of the variance requested for disposition, including the interest, is $(2,335,330)

Guelph Hydro proposes a 1-year disposition period with an annual disposition amount of $(2,335,330).

Actual interest has been calculated based on the Board's prescribed rates. Forecasted interest for the period January 1, 2011 to December 31, 2011 is based upon the last Board prescribed rate of 1.47%.

Deferral and RSVAs balances match the 2010 Audited Financial Statements.

- 1508 – Other Regulatory Assets
- 1518 – $\text{RCVA}_{\text{Retail}}$
- 1521 - Special Purpose Charge Assessment Variance Account
- 1548 – RCVA_{STR}
- 1550 – Low Voltage Variance Account
- 1580 – Retail Settlement Variance Account - Wholesale Market Service Charges
- 1584 – Retail Transmission Network Charges
- 1586 – Retail Transmission Connection Charges
- 1588 – Retail Settlement Variance Account – Power
- 1588 – Retail Settlement Variance Account - Power, Sub-account Global Adjustments
- 1592 - PILs and Tax Variances
- 1595-1 Recovery of Regulatory Assets 2008 COS



Guelph Hydro has allocated the balances requested for disposition to the rate classes based on the default cost allocation methodology as set out in the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative, July 31, 2009.

In addition to the above deferral and variance accounts requested for disposition, Guelph Hydro is requesting disposition of the balances in the 1555 – Smart Meter Capital (excluding Subaccount- Stranded Meter Cost) and 1556 - Smart Meter OM&A accounts, and inclusion in the rate base. Guelph Hydro is proposing to recover stranded meter costs (1555- subaccount Stranded Meter Costs) through a rate rider over four-year period (see details at Tab 3, Schedule 1 of this Exhibit).

Certification

As Chief Operating Officer of Guelph Hydro Electric Systems Inc, I certify to the best of my knowledge, that the information filed in the regulatory assets claim is consistent with the Board's accounting requirements and procedures in the Accounting Procedures Handbook. The filing is consistent with the requirements of the Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative issued July 31, 2009 and Chapter 2 of the filing Requirements for Transmission and Distribution Applications issued June 28, 2010.

Chief Operating Officer

Interrogatory # 47

Ref: Exhibit 9, Tab 1, Sch. 3

Where has Guelph Hydro recorded an amount related to the HST replacement of the provincial sales tax on July 1, 2010?

Guelph Hydro's response:

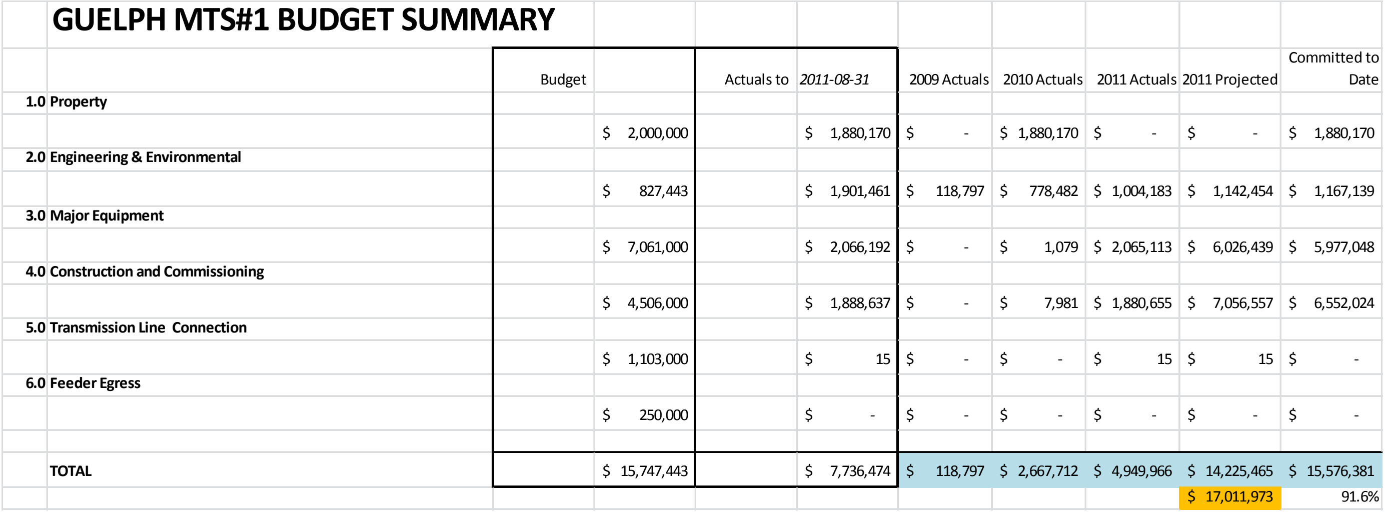
Please see OEB Interrogatory #64(b) for a response to this question.

Interrogatory # 48

Ref: Exhibit 9, Tab 4, Sch. 1 &
EB-2010-0130 Decision & Order as corrected March 17, 2011

a) Please update the Table on page 4 to reflect any changes to the 2011 Projected or Committed to Date columns.

Guelph Hydro's response:



GUELPH MTS#1 BUDGET SUMMARY

		Budget	Actuals to *2011-08-31*	2009 Actuals	2010 Actuals	2011 Actuals	2011 Projected	Committed to Date
1.0	Property							
		$ 2,000,000	$ 1,880,170	$ -	$ 1,880,170	$ -	$ -	$ 1,880,170
2.0	Engineering & Environmental							
		$ 827,443	$ 1,901,461	$ 118,797	$ 778,482	$ 1,004,183	$ 1,142,454	$ 1,167,139
3.0	Major Equipment							
		$ 7,061,000	$ 2,066,192	$ -	$ 1,079	$ 2,065,113	$ 6,026,439	$ 5,977,048
4.0	Construction and Commissioning							
		$ 4,506,000	$ 1,888,637	$ -	$ 7,981	$ 1,880,655	$ 7,056,557	$ 6,552,024
5.0	Transmission Line Connection							
		$ 1,103,000	$ 15	$ -	$ -	$ 15	$ 15	$ -
6.0	Feeder Egress							
		$ 250,000	$ -	$ -	$ -	$ -	$ -	$ -
	TOTAL	$ 15,747,443	$ 7,736,474	$ 118,797	$ 2,667,712	$ 4,949,966	$ 14,225,465	$ 15,576,381
							$ 17,011,973	91.6%

b) In the EB-2010-0130 Decision & Order, the Board indicated that Guelph Hydro would be required to report on the actual amount spent in its 2012 cost of service application and that the Board would carry out a prudence review of the actual costs to determine the amounts to be incorporated in rate base. The Board also indicated that it would make a determination at the time of rebasing regarding the treatment of differences between forecast and actual spending during the IRM plan term. Please provide the specific approvals and/or findings of the Board that Guelph Hydro is seeking in this proceeding related to the 2011 ICM disposition and inclusion in rate base.

Guelph Hydro's response:

As stated in E1/T1/S5 p.2 of its application, Guelph Hydro is seeking the following approvals related to the 2011 ICM:

- approval to dispose of the 1508-3 Other Regulatory Assets- Incremental Capital Module (ICM) subaccount,

- approval of all expenditures made with the New Transformer Station, and
- approval of inclusion of the capital spending in the 2012 rate base (please see Exhibit 9, Tab 4, Schedule 1 for details);

Issue 9.3 Are the proposed balances for Other Regulatory Assets – Sub-account Deferred IFRS Transition Costs appropriate?

Interrogatory # 49

Ref: Exhibit 9, Tab 1, Sch. 4

a) **What is the balance for the IFRS transition costs that Guelph Hydro is proposing to clear?**

The balance for the IFRS transition costs that Guelph Hydro is proposing to clear amounts to $455,814.

b) **How has Guelph Hydro allocated IFRS transition costs between itself and its affiliates?**

Guelph Hydro's Response:

All of the IFRS transition costs relate directly to Guelph Hydro only as they related to specific regulated utility issues arising out of IFRS policies versus CGAAP. There are only very minor differences with respect to IFRS versus CGAAP that impact GHI and Ecotricity.

Modified International Financial Reporting Standards

Issue 11.1 Is the proposed revenue requirement determined using modified IFRS appropriate?

Interrogatory # 50

Ref: Exhibit 2, Tab 1, Sch. 3, Appendix A

What is the impact on the 2012 revenue requirement of the move to modified IFRS in 2011? Please provide a summary that shows the impact for each of the major contributors to the revenue requirement such as rate base, OM&A, depreciation and taxes.

Guelph Hydro's response:

In order to isolate the impact of modified IFRS on a given year's revenue requirement there needs to be a comparison of the major contributors to the revenue requirement (rate base, OM&A, depreciation and taxes) prepared on a Canadian Generally Accepted Accounting Principles (CGAAP) basis compared to a modified IFRS basis. For Guelph Hydro the only year that has been prepared on both a CGAAP basis and the MIFRS basis is the Pivot Year i.e. 2010.

Please see Tables 1 & 2 of Appendix Guelph_BoardStaff_IRR_#3 – Transition to MIFRS Analysis for an analysis of the MIFRS Impact on the 2010 Rate Base and Revenue Requirement.

Green Energy Act Plan

Issue 12.1 Is Guelph Hydro's Green Energy Act Plan, including the Smart Grid component of the plan appropriate?

Interrogatory # 51

Ref: Exhibit 2, Tab 4. Sch. 6

a) **Have the capital expenditures shown in Table 3 been included in rate base in 2011 and/or 2012?**

Guelph Hydro's Response:

There are no GEA Plan capital expenditures included in the rate base for either 2011 or 2012.

b) **Have the OM&A expenses shown Table 3 been included in the 2012 revenue requirement calculation?**

Guelph Hydro's Response:

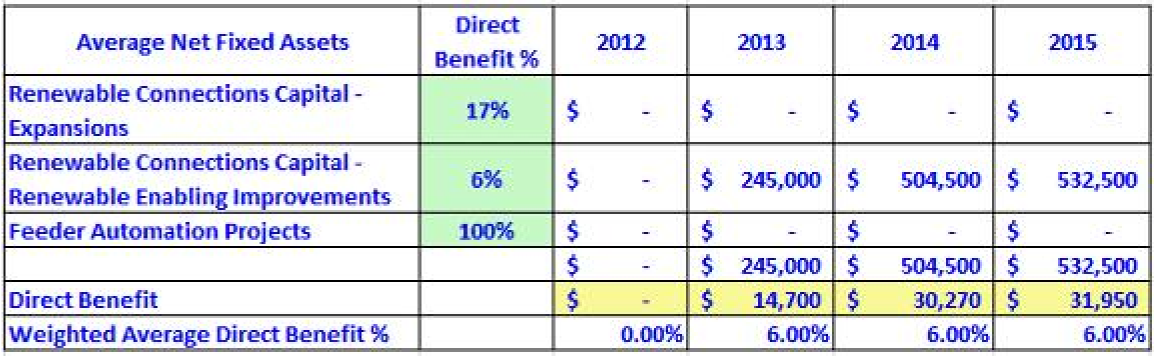
The only OM&A expenses included in the 2012 revenue requirement are those expenses for the Smart Grid Technicians as identified in the human resources requirements. Please refer to response to Board Staff IR Q#27 for more details.

c) **How did Guelph Hydro come to the conclusion (at page 17) that it was not necessary to calculate the direct benefits accruing to Guelph Hydro customers?**

Guelph Hydro's Response:

Upon further review as a result of this interrogatory, Guelph Hydro has calculated "direct benefits" using the Hydro One methodology referenced on page 15 of the EB-2009-0349 "Framework for Determining the Direct Benefits of a Distributor under Ontario Regulation 330/09". This methodology for a "Basic" GEA Plan uses a prescribed 6% for Renewable Enabling Improvement (REI) investments, and 17% for Expansion investments.

Guelph Hydro has categorized the estimated anticipated $600,000 in FIT and microFIT capital connection investments as 100% REI projects, which results in a direct benefit calculation as per the following table:



Average Net Fixed Assets	Direct Benefit %	2012	2013	2014	2015
Renewable Connections Capital - Expansions	17%	$ -	$ -	$ -	$ -
Renewable Connections Capital - Renewable Enabling Improvements	6%	$ -	$ 245,000	$ 504,500	$ 532,500
Feeder Automation Projects	100%	$ -	$ -	$ -	$ -
		$ -	$ 245,000	$ 504,500	$ 532,500
Direct Benefit		$ -	$ 14,700	$ 30,270	$ 31,950
Weighted Average Direct Benefit %		0.00%	6.00%	6.00%	6.00%

d) Will Guelph Hydro be charging other organizations for the use of the messaging system noted at page 20? If not, why not? If yes, what is the revenue forecast for 2012 associated with this?

Guelph Hydro's Response:

The concept of the messaging system is a community based, not-for profit system that will reinforce and support the commitment towards the City of Guelph's Community Energy Initiative, a plan intended to drive aggressive per capita all forms of energy reductions, as well as support Guelph Hydro's mandated conservation and demand management reduction targets. It is expected that the organizations that may have access to this system will be restricted to the City, Guelph Hydro, and potentially other community based organizations. At this time we have no plans to charge other organizations for use of this system.

e) Has Guelph Hydro discussed sharing information/combining projects related to the electric vehicle charging station pilot project with other distributors in Ontario? If not, why not? If yes, please provide details.

Guelph Hydro's Response:

Guelph Hydro has undertaken a significant amount of research regarding EV projects - refer to response to OEB IR #90a, b, c and d for specifics. Guelph Hydro has had discussions with other distributors regarding information sharing on potential EV projects, and has had informal discussions with Burlington Hydro regarding the possibility of collaborating on some sort of pilot project. Guelph Hydro has not had formal discussions regarding combining EV projects.

f) Does Guelph Hydro have any electric vehicles in its fleet? If yes, please provide the premium paid for each of these vehicles, including the year of purchase. Please also provide the estimated rate base impact and depreciation expense impact in the 2012 test year associated with these premiums.

Guelph Hydro's Response:

Guelph Hydro does not have any electric vehicles in its fleet.

g) Who will own the charging stations? If they will be owned by Guelph Hydro, have they been included in rate base? If yes, what is the amount in rate base and which is the impact on the test year revenue requirement?

Guelph Hydro's Response:

For the pilot project, charging stations funded by Guelph Hydro through this application will be owned by Guelph Hydro. Should pilot project participants supply charging stations for the pilot, Guelph Hydro expects that those participants will own the charging stations. An example of this is the City of Guelph's transportation department – we expect that this City Department would likely supply and own a charging station installed at one of their fleet facilities, as a part of this pilot.

With respect to a longer term view, the ownership of this kind of infrastructure has yet to be determined - we expect it will ultimately be a combination of customer-owned as well as utility-owned equipment.

None of the costs of the pilot have been included in the rate base.

Appendices

Appendix Guelph_EP_IRR_#17a_Year-to-DateRevenue – Other Operating Revenue Breakdown

Appendix 2-C

Other Operating Revenue

Actual YTD (Jan - July) 2011 vs Same period 2010

Uniform System of Account #	Description		Actual 2010	Bridge Year 2011		Uniform System of Account #	Description	Variance from 2010 to 2011
Revenue from Services - Distribution			Actual Jan-Jul	Actual Jan-Jul		**Revenue from Services - Distributio**		
4080-1	Distribution Services Revenue - SSS Admin Charges		74,483	78,620		4080-1	Distribution Services Revenue - SSS Admin	4,137
4082	Retail Services Revenue		4,812	4,815		4082	Retail Services Revenue	3
4084	Serv Tx Requests		4,843	4,845		4084	Serv Tx Requests	2
4090	Electric Services Incidental to Energy Sales		-	-		4090	Electric Services Incidental to Energy	-
Other Operating Revenues						**Other Operating Revenues**		
4205	Interdepartmental Rents		-			4205	Interdepartmental Rents	-
4210	Rent from Electric Property		234,737	236,220		4210	Rent from Electric Property	1,483
4215	Other Utility Operating Income		-			4215	Other Utility Operating Income	-
4220	Other Electric Revenues		-			4220	Other Electric Revenues	-
4225	Late Payment Charges		76,621	69,147		4225	Late Payment Charges	(7,474)
4230	Sales of Water and Water Power		-			4230	Sales of Water and Water Power	-
4235	Miscellaneous Service Revenues		226,490	179,938		4235	Miscellaneous Service Revenues	(46,552)
4240	Provision for Rate Refunds		-			4240	Provision for Rate Refunds	-
4245	Government Assistance Directly Credited to Income		-			4245	Government Assistance Directly	-
Other Income/Deductions						**Other Income/Deductions**		
4305	Regulatory Debits		-			4305	Regulatory Debits	-
4310	Regulatory Credits		-			4310	Regulatory Credits	-
4315	Revenues from Electric Plant Leased to Others		-			4315	Revenues from Electric Plant Leased	-
4320	Expenses of Electric Plant Leased to Others		-			4320	Expenses of Electric Plant Leased to	-
4325	Revenues from Merchandise, Jobbing, Etc.		-			4325	Revenues from Merchandise,	-
4330	Costs and Expenses of Merchandising, Jobbing, Etc		-			4330	Costs and Expenses of Merchandising,	-
4335	Profits and Losses from Financial Instrument Hedges		-			4335	Profits and Losses from Financial	-
4340	Profits and Losses from Financial Instrument Investments		-			4340	Profits and Losses from Financial	-
4345	Gains from Disposition of Future Use Utility Plant		-			4345	Gains from Disposition of Future	-
4350	Losses from Disposition of Future Use Utility Plant		-			4350	Losses from Disposition of Future	-
4355	Gain on Disposition of Utility and Other Property		35,608	11,125		4355	Gain on Disposition of Utility and Other	(24,484)
4360	Loss on Disposition of Utility and Other Property		-	-		4360	Loss on Disposition of Utility and Other	-
4365	Gains from Disposition of Allowances for Emission					4365	Gains from Disposition of	-
4370	Losses from Disposition of Allowances for Emission					4370	Losses from Disposition of	-
4375	Revenues from Non-Utility Operations		981,914	920,950		4375	Revenues from Non-Utility Operations	(60,964)
4380	Expenses of Non-Utility Operations		(182,988)	(182,014)		4380	Expenses of Non-Utility Operations	974

Revenue from services - Distribution

		Actual Jan -Jul	Actual Jan -Jul
4082 - retail Services Revenue		**2010**	**Bridge Year 2011**
RETAIL SERVICES REVENUES		4,812	4,815
Total		**4,812**	**4,815**

4084 - Service Transaction Requests (STR) Revenues		**2010**	**Bridge Year 2011**
SERVICES TRANSACTION REQUESTS (STR) REVENUES		4,843	4,845
Total		**4,843**	**4,845**

4080 - (SSS Admin. Charges) Electric Services Incidental to Energy Sales		**2010**	**Bridge Year 2011**
Residential		74,483	78,620
GS<50kW			
GS 50kW to 999kW			
GS 1000kW to 4999kW			
Large Use			
Unmetered Scattered Load			
Sentinel Lighting			
Street Lighting			
Total		**$74,483**	**$78,620**

Other Operating Revenues

4210- Rent from Electric Property		Actual Jan -Jul **2010**	Actual Jan -Jul **Bridge Year 2011**
POLE-RENTAL		181,831	183,315
POLE-RENTAL			
POLE-RENTAL			
DUCT RENTAL		38,906	38,906
SOUTHGATE POP		14,000	14,000
Total		**234,737**	**236,220**

4220- Other Electric Revenues		**2010**	**Bridge Year 2011**
FIXED ASSET DISPOSAL - PROCEEDS			
Total		-	-

4225- Late Payment Charges		**2010**	**Bridge Year 2011**
LATE PAYMENT CHARGES		76,621	69,147
Total		**76,621**	**69,147**

4235- Miscellaneous Service Revenues		2010	Bridge Year 2011
CHANGE OF OCCUPANCY CHG		41,130	38,949
COLLECTION CHARGES		90,272	90,529
RECONNECTION CHARGES		19,952	11,226
SALE OF SCRAP METAL		20,739	23,357
MISCELLANEOUS		17,194	33,747
RIMS SUB BILLING		2,695	2,695
ARREARS CERTIFICATES		73	294
CO-LOCATION SERVICES			
COST OF SALES			
DUCT RENTAL			
DUCT REVENUE			
ELECTRONICS SALES - NET			
EMPLOYEE DISCOUNTS			
FINANCING INTEREST			
I/C SERVICES/SALES MKTG SUPPORT			
INSTALLATION FEES			
INTERNET CHARGES			
MISC / CX		34,436	(20,859)
NETWORK ACCESS CHARGES			
PROGRAM REBATES			
PST COMPENSATION			
RENT - 104 DAWSON RD			
RETAIL SALES			
SOUTHGATE POP			
Total		**226,490**	**179,938**

Other Income/ Deductions

		Actual Jan -Jul	Actual Jan -Jul
4355 - Gain on disposition of Utility and Other Property		**2010**	**Bridge Year 2011**
FIXED ASSET DISPOSALS/ NET BOOK			
FIXED ASSETS DISPOSAL PROCEEDS		35,608	11,125
MISCELLANEOUS / DAWSON RATE RIDER (REFUND)			
Total		**35,608**	**11,125**

4375- Revenues from Non-Utility Operations		**2010**	**Bridge Year 2011**
BILL/COLL WATERWORKS REV		621,824	657,414
MAP CONVERSION SERVICES		7,480	103,810
LEGEND APPLICATIONS		875	-
BI / OPA REIMBURSE			
PROGRAM COST REIMBURSE			
SS / OPA REIMBURSE			
OPA BONUS			
PROGRAM COST REIMBURSE			
PEAK SAVER DEMAND RSP / OPA REIMBURSE			
ELECTRICITY RETROFIT INC/ PGM DELIVERY PYMT		81,663	-
STREET LIGHTING MAINTENANCE REVENUE		108,376	123,233
ELECTRICITY RETROFIT INC/ B2 NATIONAL 10% MGMT FEE			
SUMMER SWEEPSTAKES PGM / PGM DELIVERY PYMT			
SUMMER SWEEPSTAKES PGM / C2 NATIONAL 10% MGMT			
PEAK SAVER PGM / PGM DELIVERY PYMT		120,980	47,204
PEAK SAVER PGM / D2 NATIONAL 10% MGMT FEE			
POWER SAVING BLITZ / ALLOCATION OF COSTS		(128,608)	(13,896)
POWER SAVING BLITZ / PGM DELIVERY PYMT		158,081	3,185
OTHER / MEER / DELIVERY PAYMENT		11,243	-
Total		**981,914**	**920,950**

4380- Expenses of Non-Utility Operations		**2010**	**Bridge Year 2011**
AM/FM DEVELOPMENT			
AM/FM PROMOTION			
APPLIANCE RETIREMENT PGM / A2 PERFORMANCE PYMT		8,200	2,040
APPLIANCE RETIREMENT PGM / ALLOCATION OF COSTS		- 58,460	523
APPLIANCE RETIREMENT PGM / CUSTOMER CALL CTR		-	-
APPLIANCE RETIREMENT PGM / DELIVERY PAYMENT		75,919	-
APPLIANCE RETIREMENT PGM / IT SUPPORT - WEDSITE			
APPLIANCE RETIREMENT PGM / MARKETING		- 16,847	- 523
APPLIANCE RETIREMENT PGM / MISC / DELIVERY			
APPLIANCE RETIREMENT PGM / MKT -MEDIA EVENTS		- 613	-
APPLIANCE RETIREMENT PGM / NATIONAL 10% MGMT FEE			
APPLIANCE RETIREMENT PGM / PROGRAM ADMIN / MGMT		-	-
BUSINESS INCENTIVES / CALL STAFF			
CONFERENCES AND SEMINARS			
DATA COLLECT			
DATA COLLECT			
ELECTRICITY RETROFIT INC/ ALLOCATION OF COST		- 72,521	84,894
ELECTRICITY RETROFIT INC/ B2 PERFORMANCE CREDIT		132,691	3,602
ELECTRICITY RETROFIT INC/ CUSTOMER CALL CTR		-	-
ELECTRICITY RETROFIT INC/ ERIP CUSTOMER INCENTIVE		- 177,947	- 469,074
ELECTRICITY RETROFIT INC/ IT SUPPORT			
ELECTRICITY RETROFIT INC/ MARKETING		- 1,961	-
ELECTRICITY RETROFIT INC/ MISC DELIVERY		-	

4380- Expenses of Non-Utility Operations - continued		2010	Bridge Year 2011
ELECTRICITY RETROFIT INC/ MKTG MEDIA EVENTS		- 3,065	-
ELECTRICITY RETROFIT INC/ OPA INCENTIVE CREDIT		173,830	384,180
ELECTRICITY RETROFIT INC/ PGM ADMIN / MGMT		-	-
ERIP CUSTOMER INCENTIVE			
ERIP CUSTOMER INCENTIVE			
EXTERNAL CALL STR SERVICE			
EXTERNAL CALL STR SERVICE			
EXTERNAL CALL STR SERVICE			
INTERNAL ANALYST			
INTERNAL ANALYST			
INTERNAL ANALYST			
LDC COMMUNITY FUND / ALLOCATION OF CIF FUNDS		10,020	-
LDC COMMUNITY FUND / BLACKOUT DAY CHAL 2008			
LDC COMMUNITY FUND / CHRISTMAS HAMPERS- 2008			
LDC COMMUNITY FUND / CLOTHESLINE GIVEAWAY 2009			
LDC COMMUNITY FUND / EARTH HOUR 2009			
LDC COMMUNITY FUND / ENERGY CONS WEEK 2009			
LDC COMMUNITY FUND / ROTARY GRN DREAM HOME 08/09			
LDC COMMUNITY FUND / SEASONAL LIGHT EXCH - 2008			
LDC COMMUNITY FUND / SMART WASH- 2009			
LODGING			
MILEAGE ALLOWANCE			
MISCELLANEOUS			

4380- Expenses of Non-Utility Operations - continued		2010	Bridge Year 2011
MISCELLANEOUS			
MISCELLANEOUS			
MKTING COORDINAT			
MKTING COORDINAT			
MKTING COORDINAT			
OTHER			
PEAK SAVER / CALL STAFF			
PEAK SAVER DEMAND RSP / $25 CREDIT			
PEAK SAVER PGM / $25 CUSTOMER INCENTIVE		- 4,925	- 6,100
PEAK SAVER PGM / 2008 MAINTENANCE FEE		4,890	- 2,368
PEAK SAVER PGM / 2008 VARIABLE FUNDING		221,840	71,600
PEAK SAVER PGM / ALLOCATION OF COSTS		- 298,990	- 91,648
PEAK SAVER PGM / CUSTOMER CALL CTR		-	-
PEAK SAVER PGM / D2 PERFORMANCE PAYMENT		26,800	8,700
PEAK SAVER PGM / IT CUPPORT CIS MODS			
PEAK SAVER PGM / IT SUPPORT WEBSITE			
PEAK SAVER PGM / MARKETING		- 18,653	- 523
PEAK SAVER PGM / MISC DELIVERY			
PEAK SAVER PGM / MKTG MEDIA EVENTS		- 613	-
PEAK SAVER PGM / OPA $25 CREDIT		13,375	4,350
PEAK SAVER PGM / PGM ADMIN/ MGMT		-	-
PEAK SAVER PGM / THERMOSTAT HARDWARE		14,488	-
PEAK SAVER PGM / THERMOSTAT INSTALLATION		- 52,392	- 22,515
POWER SAVING BLITZ / $1000 CUSTOMER INCENTIVE		- 311,263	-
POWER SAVING BLITZ / IT SUPPORT CIS MODS			
POWER SAVING BLITZ / IT SUPPORT WEBSITE			
POWER SAVING BLITZ / MARKETING		- 15,040	- 2,000
POWER SAVING BLITZ / MISC DELIVERY		- 50,895	-
POWER SAVING BLITZ / MKTG MEDIA EVENTS		- 163	-
POWER SAVING BLITZ / OPA $1000 CREDIT		347,888	12,711
POWER SAVING BLITZ / PGM ADMIN /MGMT		-	-
POWER SAVING BLITZ / PGM DELIVERY PYMT			
POWER SAVING BLITZ / PSB 10% MGMT FEE			
POWER SAVING BLITZ / PSB PERFORMANCE PAYMENT		28,111	701
POWER SAVING BLITZ / IT SUPPORT CALL CTR		-	-

4380- Expenses of Non-Utility Operations - continued		2010	Bridge Year 2011
PRGM MGMT / SUPPORT			
PRGM MGMT / SUPPORT			
PRGM MGMT / SUPPORT			
PROFESSIONAL FEES/ LEGAL FEES			
PROGRAM ADMIN			
PROGRAM ADMIN			
PROGRAM ADMIN			
REBILLED CHARGES		120	380
RR / DATA COLLECT			
RR / EXTERNAL CALL STAFF			
RR / MKTING COORDINAT			
RR / PRGM MGMT / SUPPORT			
RR / PROGRAM ADMIN			
RR / MEDIA EVENTS		- 500	-
STREET LIGHTING MAINTENANCE EXPENSE		- 108,376	- 123,233
SUMMER SWEEPSTAKES PGM / ALLOCATION OF COSTS		-	
SUMMER SWEEPSTAKES PGM / C2 PERFORMANCE PAYMENT		-	
SUMMER SWEEPSTAKES PGM / CUSTOMER CALL CTR		-	
SUMMER SWEEPSTAKES PGM / IT SUPPORT CIS MODS		-	
SUMMER SWEEPSTAKES PGM / IT SUPPORT WEBSITE		-	
SUMMER SWEEPSTAKES PGM / MARKETING		-	
SUMMER SWEEPSTAKES PGM / MKTG MEDIA EVENTS		-	
SUMMER SWEEPSTAKES PGM / PRGM ADMIN / MGMT		-	
TELEPHONE		-	
WATERWORKS METER READING EXPENSE		- 37,403	(37,711)
WORK ORDER CHARGES		- 10,535	-
RR / EXTERNAL MISCELLANEOUS		-	
CONFERENCES AND SEMINARS		-	
LODGING			
MEALS			
MILEAGE ALLOWANCE			
EMPLOYEE BENEFITS/OTHER			
EQUIPMENT MAINTENANCE / OTHER			
EQUIPMENT MAINTENANCE / PHOTOCOPIER			
FREIGHT			

4385- Non-Utility Rental Income		2010	Bridge Year 2011
RENTAL INCOME - DAWSON ROAD			
Total		**-**	

Investment Income

		Actual Jan -Jul	Actual Jan -Jul
4405- Interest and Dividend Income		**2010**	**Bridge Year 2011**
INTEREST-INVESTMENTS & BANK ACCOUNT		11,137	177,444
INVESTMENTS & BANK ACCT			
Total		**11,137**	**177,444**

Appendix Guelph_EP_IRR_#36_2010TaxReturn

Attachment to T2 Corporation Income Tax Return - PILS

Guelph Hydro Electric Systems Inc.
Ontario Corporation Tax Account # 1800393

Taxes payable for the year ended December 31, 2010 are comprised of:

Federal Income Tax	$	1,459,835
Federal Part IV Tax		-
Provincial Corporations Tax		1,132,945
Provincial Corporate Minimum Tax		-
Provincial Capital Tax		100,906
Total Provincial Payment in Lieu of Taxes		2,693,686
Ontario Refundable Credits		(79,073)
Dividend Refund		-
Less Provincial instalments paid		(3,424,752)
Balance due (refund)		$ (810,139)

Guelph Hydro Electric Systems Inc.
Period ended December 31, 2010
Regulation 1101(5b.1) Election

The taxpayer hereby elects pursuant to subsection 1101(5b.1) of the Income Tax Regulations of Canada, to include each eligible non-residential building acquired during the year in a separate prescribed class.

Canada Revenue Agency Agence du revenu du Canada

Code 1101

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) EXPENDITURES CLAIM

Use this form:
- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:
- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: Guelph Hydro Electric Systems Inc.

Enter one of the following:

89120 8613 RC0001
Business Number (BN)

Social Insurance Number (SIN)

Tax year From: 2010-01-01 (Year Month Day)
To: 2010-12-31 (Year Month Day)

050 Total number of projects you are claiming this tax year: 2

100 Contact person for the financial information IAN MILES	**105** Telephone number/extension (519) 837-4703	**110** Fax number (519) 822-0960
115 Contact person for the technical information Matt Weninger	**120** Telephone number/extension (519) 837-4720	**125** Fax number

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157

153 Name of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1101

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 ☒ I elect to use the proxy method
(Enter "0" on line 360. Complete Part 5 and you do not need to track any expenditure incurred for overhead)

162 ☐ I choose to use the traditional method
(Enter "0" on line 355. Complete line 360, and track any expenditure incurred for overhead)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	**300**	+	350,116
b) Specified employees for work performed in Canada	**305**	+	
Subtotal (add lines 300 and 305)	306	=	350,116
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	**307**	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	**309**	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	**310**	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end **315**			
• Cost of materials consumed in performing SR&ED	**320**	+	
• Cost of materials transformed in performing SR&ED	**325**	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts	**340**	+	220,686
b) Non-arm's length contracts	**345**	+	
• Lease costs of equipment used:			
a) All or substantially all (90% of the time or more) for SR&ED	**350**	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	**355**	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	**360**	+	
• Third-party payments (complete Form T1263*)	**370**	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations need to adjust line 118 of schedule T2SCH1)	**380**	=	570,802
• **Capital Expenditures** (see guide for what qualifies for SR&ED) (Do not include these capital expenditures on schedule T2SCH8)	**390**	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	**400**	=	570,802

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		570,802
Deduct			
• provincial government assistance for expenditures included on line 400	**429**	–	25,686
• other government assistance for expenditures included on line 400	**431**	–	
• non-government assistance for expenditures included on line 400	**432**	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	**435**	–	36,982
• sale of SR&ED capital assets and other deductions	**440**	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	508,134
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	**445**	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	**450**	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	**452**	+	
• amount of SR&ED ITC recaptured in the prior year	**453**	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	**455**	=	508,134
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	**460**	–	508,134
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	**470**	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

		Current Expenditures		Capital Expenditures
Total expenditures for SR&ED (from line 380 and 390)	492	570,802	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	207,481		
• expenditures on shared-use equipment (see guide)			504 +	
• qualified expenditures transferred to you (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	778,283	512 =	
Deduct				
• provincial government assistance	513 −	35,023	514 −	
• other government assistance	515 −		516 −	
• non-government assistance and contract payments	517 −		518 −	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	520 −			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	528 −			
• prescribed expenditures not allowed by regulations (see guide)	530 −		532 −	
• other deductions (see guide)	533 −		535 −	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 −		540 −	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 −			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 −		543 −	
– qualified expenditures you transferred (complete Form T1146**)	544 −		546 −	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	743,260	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	743,260
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	743,260

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162). You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from line 300 and 307) . . . . **810** + 350,116

Deduct

Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 . . . . **812** – 30,914

Subtotal (line 810 minus 812) . . . . **814** = 319,202

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of Specified Employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) **816** +

Salary base (total of lines 814 and 816) . . . . **818** = 319,202

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818 x 65%) . . . . **820** = 207,481

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you. . . . .

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. GH2008-01-03 Metering methods for efficient monitoring	254,829		127,500
2. GH2010-02-01 Protection Methods in HV Systems	95,287		93,186
Total	350,116		220,686

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 350,116

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	2
Technologists and technicians	634	1
Managers and administrators	636	1
Other technical supporting staff	638	1

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form ☒
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 ☒
3. completed Part 2 for each project ☒
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures ☒
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable ☒

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* ☒
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable ☒
3. retained documents to support the SR&ED expenditures you claimed ☒
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 ☒

* Form T1145, *Agreement ta Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement ta Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 IAN MILES
Name of authorized signing officer of the corporation, or individual

Signature

170 2011-06-29
Date

175 KPMG LLP
Name of person/firm who completed this form

Part 2 - Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1101

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

GH2008-01-03 Metering methods for efficient monitoring

202 Project start date: 2007-01 (Year Month)

204 Completion or expected completion date: 2011-08 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.06 Communication engineering and systems

Project claim history

208 1 ☒ Continuation of a previously claimed project

210 1 ☐ First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 ☐ Yes 2 ☒ No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	
2	
3	

The work was carried out (check any that apply)

223 1 ☐ In a laboratory

224 1 ☐ In a dedicated research facility

226 1 ☒ In a commercial plant or facility

228 1 ☐ Others, specify **229**

Purpose of the work

230 1 ☒ To achieve technological advancement for the purpose of creating new or improving existing materials, devices, products or processes. (**Go to Section B** – Experimental development)

232 1 ☐ For the advancement of scientific knowledge (**Go to Section C** – Basic or applied research)

Section B – Experimental development

The technological advancements you were trying to achieve with this work were required for:

	Materials, devices, or products	Processes
The creation of new	**235** 1 ☒	**236** 1 ☒
The improvement of existing	**237** 1 ☐	**238** 1 ☐

240 What **technological** advancements were you trying to achieve? (*Maximum 50 lines*)

Guelph Hydro Electric Systems Inc. (the Company, Guelph Hydro) is a local electricity distribution company which delivers power to approximately 48,000 homes and businesses located in and around Guelph, Ontario. In order to better adapt to the more environmentally friendly requirements and the recent regulations (such as the Green Energy Act) imposed by the Minister of Energy of Ontario and the Ontario Energy Board (OEB), Guelph Hydro seeks to enhance the characteristics (reliability, efficiency, etc.) of their existing distribution network to achieve various advanced capabilities (smart metering, embedded generation, automated field data collection, etc.). However, attaining the targeted capabilities could not be achieved by applying current engineering concepts due to the numerous technological challenges, such as: old infrastructure prone to failures, requirement to integrate hardware and software components not designed for interoperability, and requirement for high data integrity and security. Therefore, Guelph Hydro initiated a Scientific Research and Experimental Development (SR&ED) project.

This project represents a technological advancement in the fields of Electrical Engineering and Telecommunications. If this project is successful,

240 What **technological** advancements were you trying to achieve? (*Maximum 50 lines*)

Guelph Hydro would have:

- Developed an Advanced Metering Infrastructure (AMI) capable of reading and capturing electric power consumption on a time-interval basis each hour of the day. The system must incorporate a communication method capable of relaying the captured meter reading from the Advanced Metering Regional Collectors (AMRC) and AMI of Guelph Hydro to the IESO main office of Meter Data and Meter Repository (MDM/R) with adequate levels of security and reliability.

- Developed an Advanced Metering Control Computer (AMCC) system enabling for online recall of energy consumption usage of 24-hour period by 2:00 a.m. on the following day.

- Developed components allowing the AMI to provide for multi-directional flow of electricity and information to control and monitoring systems. Such enhanced levels of communications would allow the AMI to provide advanced functionalities (load management, outage detection, data analytics, etc.).

242 What **technological** obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (*Maximum 50 lines*)

The advanced functionalities sought by Guelph Hydro are not standard practice in the utilities industry. Distribution systems were planned, designed and constructed to only serve loads. They were never intended to facilitate the connection and management of a large number of discrete embedded components in order to achieve the targeted characteristics. Based on preliminary analyses, there are no known design concepts or methodologies available in the public domain which can address the various technological obstacles, such as:
- Given that the infrastructure of the distribution system has several challenging characteristics (over 30 years old, elements based on vastly different technologies, etc.), attaining reliable and robust design configurations resistant to failures was a significant technological obstacle.
- Guelph Hydro did not know which specific concepts could allow transmissions to attain adequate levels of reliability despite factors (signal attenuation due to large transmission distances, corruption due to weather/terrain, etc.) adversely affecting the integrity of the communication link.
- Due to the risks of data loss/corruption caused by various factors (poor integrity of communications link, malfunctioning of field equipment, etc.), it was uncertain as to which specific concepts could effectively validate the correctness of the incoming field data in order for the smart metering system to attain adequate levels of rate reliability (at least 98%).
- Guelph Hydro did not know which specific concepts could retrieve data from third party utility meters. The technological challenges reside in the fact that the data structures of the third party utility meters may have significantly different characteristics (format, type, etc.) than those handled by Guelph Hydro's current systems. In addition, it was uncertain as to whether the data retrieval concepts could be versatile enough to accommodate any changes that may be required in these utility meters.
- It was uncertain which specific communications and data management methods could adapt to the dynamic nature of the smart metering system. For instance, it may often occur that meters may be moved between different locations or completely taken out of the network for various reasons (such as repairs). In such occurrences, the system must be capable of tracking these network changes to maintain reliable meter monitoring information. The technological challenges reside in that the system must attain these monitoring capabilities despite receiving very limited information from the meters.

244 What work did you perform **in the tax year** to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (*Maximum 100 lines*)

Throughout FY2010, Guelph Hydro sought to improve the interoperability of the

244 What work did you perform **in the tax year** to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (*Maximum 100 lines*)

AMI system through a pilot study that involved about 6,000 smart meters. In the first attempt, the Company sought to improve the communication performance and scalability between the AMCC and the smart meters while providing global awareness to other systems such as control and monitoring systems. Based on this concept, Guelph Hydro theorized that the existing SCADA (Supervisory Control And Data Acquisition) system could leverage AMI interoperability for reliable and timely delivery and processing of data. However, this was challenging as it involved integrating disparate communication systems which were not designed to work together. Moreover, as this was not a standard practice, there was no information in the public domain about how to integrate the two systems. In response to this challenge, the Company attempted to modify the underlying SCADA wireless communications system to work both with and within the AMI radio network. While the communications systems modifications resulted in substantially improved SCADA and AMI communications, in the upcoming FY, Guelph Hydro will continue to investigate methods to further improve field communications by diversifying the mesh network backhaul communications to other technologies and/or other wireless backhaul frequencies. Guelph Hydro also plans to further explore how the SCADA system would recognize the meter's last-gasp events to refine/update outage management response and GIS (Geographic Information Systems) integration.

In FY2010, Guelph Hydro also sought to integrate the AMI with other systems such as the CIS (Customer Information System) and MDM/R (Meter Data Management Repository). The goal was to develop a means to coordinate various data transmission, validation and transformation processes in order to ensure the integrity of thousands of transactions. As AMI-related transactions were piped through several complex procedures, the Company sought to develop high performance interfaces/middleware and databases to ensure the reliability of these transactions. In the first iteration, Guelph Hydro characterized the protocols of data exchange between the AMCC system and the external MDM/R and this enabled the Company to develop basic communication processes and data translations for the AMCC-MDM/R interactions. Next, the Company developed algorithms for packaging and sending data from the AMCC to the MDM/R on a periodic basis. Although simple data exchange communications were successful, the Company was not sure how to handle complex exceptional situations that required data re-transmission. For example, there were scenarios where the AMCC failed to send updated meter reads for historic dates. In the next iteration, the Company developed a messaging algorithm to re-synchronize late data by providing each communication data block with a header comprising of time-stamped words for the communication data blocks. The time-based identification of packets enabled precise sequencing/arranging of data regardless of the time of delivery. In the upcoming FY, Guelph Hydro will carry out extensive scalability tests on all the protocols, will develop secure data transaction methods, and further investigate the timing of these various processes and transactions to ensure that mandated data delivery timeframes are adhered to. Work on the AMI, development of the ODS system and MDM/R integration will be completed in FY2011.

Section C – Basic or applied research

250 What advancements in scientific knowledge were you trying to achieve? (*Maximum 50 lines*)

252 What work did you perform **in the tax year**, how did that work contribute to the advancements described in Line 250? (Summarize the systematic investigation) (*Maximum 100 lines*)

1.
2.
3.
4.

Section D – Additional project information

Who prepared the responses for Section B or Section C?

253 1 ☒ Employee directly involved in the project — **254** Name: Weninger, Matt

255 1 ☐ Other employee of the company — **256** Name:

257 1 ☒ External consultant — **258** Name: KPMG LLP — **259** Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

	260 Names	**261** Qualifications/experience and position title
1	Weninger, Matt	Director of Metering and Conservation
2	Amyot, Dan	Director of Information Systems
3	Burdett, Neill	SCADA and Operating Supervisor

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 ☐ Yes 2 ☒ No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 ☐ Yes 2 ☒ No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 ☒ Yes 2 ☐ No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	**269** BN
1	Sky Energy Consulting	82960 0220 RC0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 ☐ Project planning documents
271 1 ☒ Records of resources allocated to the project, time sheets
272 1 ☐ Design of experiments
273 1 ☐ Project records, laboratory notebooks
274 1 ☒ Design, system architecture and source code
275 1 ☐ Records of trial runs
276 1 ☒ Progress reports, minutes of project meetings
277 1 ☐ Test protocols, test data, analysis of test results, conclusions
278 1 ☐ Photographs and videos
279 1 ☐ Samples, prototypes, scrap or other artefacts
280 1 ☒ Contracts
281 1 ☐ Others, specify **282**

Part 2 - Project information (continued)

Project number 2

CRA internal form identifier 060
Code 1101

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

GH2010-02-01 Protection Methods in HV Systems

202 Project start date: 2010-01 (Year Month)

204 Completion or expected completion date: 2011-08 (Year Month)

206 Field of science or technology code (See guide for list of codes): 2.02.01 Electrical and electronic engineering

Project claim history

208 1 ☐ Continuation of a previously claimed project **210** 1 ☒ First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 ☐ Yes 2 ☒ No

If you answered **yes** to line 218, complete lines 220 and 221.

	220 Names of the businesses	**221** BN
1		
2		
3		

The work was carried out (check any that apply)

223 1 ☐ In a laboratory **226** 1 ☒ In a commercial plant or facility

224 1 ☐ In a dedicated research facility **228** 1 ☐ Others, specify **229**

Purpose of the work

230 1 ☒ To achieve technological advancement for the purpose of creating new or improving existing materials, devices, products or processes. (**Go to Section B** – Experimental development)

232 1 ☐ For the advancement of scientific knowledge (**Go to Section C** – Basic or applied research)

Section B – Experimental development

The technological advancements you were trying to achieve with this work were required for:

	Materials, devices, or products	Processes
The creation of new	**235** 1 ☒	**236** 1 ☐
The improvement of existing	**237** 1 ☐	**238** 1 ☐

240 What **technological** advancements were you trying to achieve? (*Maximum 50 lines*)

Guelph Hydro Electric Systems Inc. the Company, Guelph Hydro) is a local electricity distribution company that delivers power to approximately 48,000 homes and businesses located in and around Guelph, Ontario. In order to better adapt to the environmentally friendly requirements and the recent regulations (such as the Green Energy Act) imposed by the Minister of Energy of Ontario and the Ontario Energy Board (OEB), Guelph Hydro seeks to enhance the characteristics (reliability, efficiency, etc.) of their existing distribution network.

Guelph Hydro sought to design and build a new 115KV/13.8kV sub-station in order to augment the transformation supply from the existing Guelph Hydro stations. However, due to the complexity of the distribution network, the Company encountered various engineering challenges, particularly in protection and control. This project represents advancement in the field of electrical engineering. If successful, Guelph Hydro would have achieved the following advancements:

- Designed a scalable power sub-station capable of continuously operating with

240 What **technological** advancements were you trying to achieve? (*Maximum 50 lines*)

a voltage fluctuation of less than 10%. The design would further ensure that fault interrupting devices would be able to interrupt fault currents at the maximum continuous voltage of 127 kV.

- Developed a distribution system that integrated advanced transformer technology while stepping down from 115KV to 13.8KV. This included the design of a method to ensure that transmission equipment remains in service for voltages between 94% of the minimum and 105% of the maximum continuous values.
- Designed a protection and control scheme to ensure that all faults such as overload currents would be promptly contained without propagating to other parts of the network.
- Designed a method to provide seamless connection of small to medium embedded generators while providing adequate protection and control that will adequately protect the distribution system against any problems created by the ramped-up generation.

242 What **technological** obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (*Maximum 50 lines*)

In order to achieve these advancements, Guelph Hydro would have to overcome these challenges:

- The Company sought to design a scalable power sub-station and integrate it into the legacy distribution system. The main challenges resided in the grounding paradigm, bus-bar topology, how to maintain a consistent voltage, and how to anticipate/detect and isolate hotspots (feeder overloading due to transfers) within the network. For example, Guelph Hydro needed to investigate if the grounding resistance was low enough so as not to exceed the required GPR (Ground Potential Rise) values. Although tabulated earth resistivity values are available for different soils, the Company could not solely rely upon this, since the site's earth material could be a combination of different materials.

- Given the wide variety of equipment, the Company was uncertain if it would be possible to ensure that all transmission equipment remain in service for voltages between 94% of the minimum continuous and 105% of the maximum continuous values.

- Guelph Hydro sought to design a protection and control method that would protect transformers or seamlessly isolate faulty transformers without impacting the rest of the network. However, the Company was uncertain about the most efficient protection philosophy that would be suitable for high current faults.

- In order to provide extensible generation capabilities in the sub-station design, the Company would have to overcome the challenge of meeting the protection and control requirements of each power generation equipment. However, as combining generators changed the overall dynamics of the system, the Company was uncertain about how to design a reliable and generic protection and control methodology.

244 What work did you perform **in the tax year** to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (*Maximum 100 lines*)

Guelph Hydro sought to design a reliable and scalable 115kV/13.8 kV power sub-station system based on a dual transformer system with several redundant

244 What work did you perform **in the tax year** to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (*Maximum 100 lines*)

feeders. However, the Company was not certain about the impact of the system on the legacy distribution network and the most appropriate protection philosophy. For example, in FY2010, ground resistance and resistivity tests showed poor ground resistance at the site of the substation. As a result, the Company experimented with various designs such as the electrode depths and the grid size and arrangement required to achieve low resistance values while considering the conductivity between electrode surfaces and the soil. In addition, power/load flow modeling and analysis were carried out in order to locate where low-voltage and hot-spots could happen and the impact on various types of equipments. Based on the test results, the Company designed various feeder and switching topologies along the network. Furthermore, Guelph Hydro sought to ensure that fault interrupting devices would be able to interrupt fault current at the maximum continuous voltage of 127 kV. Based on the experimental design and analysis, protective relaying techniques were developed to ensure that transmission equipments remain in service for voltages between 94% of the minimum continuous values and 105% of the maximum continuous values. In the upcoming FY, the Company will focus on developing various tele-protection systems to remotely monitor and control the substation.

In FY2010, Guelph Hydro sought to design overload protection techniques to improve the reliability of the substation. As the first concept (i.e. model), the substation transformers were fed through a circuit switcher and a set of fuses. The fuses were designed to increase the interrupting capability to the level required by the main power distribution lines. Each circuit switcher was designed as a combination of an interrupter and a disconnecting switch. Once closed, the disconnecting switch would close first and followed by the interrupter. On tripping, the operation could be independent, however both will open and if the interrupter failed to open, the disconnecting switch would open independently through telemetric systems connected to the Company's SCADA. Test results revealed that this logic was very reliable in containing faults. However, it was realized that this protection technique could not inadequately handle currents about 25kVA. Consequently, another layer of protection was designed using passive circuit breakers rated for currents close to 25kA. However, the circuit breakers were non-actuated hence did not offer the flexibility of the circuit switcher. As a result, the Company motorized disconnecting switches only. In case of a transformer fault, the medium voltage breaker of the transformer will trip open and simultaneously transfer trip will be sent to the main power supply breakers to interrupt the fault current. The HV disconnecting switch would also open and will isolate the faulty transformer. Once the failed transformer was isolated, breakers linked to the main power supply would reclose and restore power to the grid. A logic circuit consisting of a normally open motorized disconnecting switch was designed to tie the two circuits to allow both transformers to be fed from one circuit. An interlocking logic between disconnecting switches on the HV side was also designed such that once the tie switch was closed, both transformers would be fed from one high voltage line. Next, protection scheme were designed to send trip signals to the main power supply breaker in case any of the two transformers failed. In the upcoming FY, the Company plans to prototype the protection scheme and will carry out extensive reliability tests.

In FY2010, Guelph Hydro also sought to develop methods to synchronize the substation to external/embedded distribution generators. The Company was not certain about how to develop effective synchronization methods to ensure that generator units would parallel with the system without causing a disturbance/damage to other facilities connected to the same system as well as the transformers. In attempting to address this, a system was developed to prevent closing of the circuit breaker with difference in the phase,

244 What work did you perform **in the tax year** to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (*Maximum 100 lines*)

61. frequency, or magnitude of two voltages. Test results showed that the system
62. could prevent a phase differences of 2 degrees. In the upcoming FY, the
63. Company will continue to pursue advancements in distribution protection and
64. control, particularly in SCADA enabled tele-protection techniques.
65.

Section C – Basic or applied research

250 What advancements in scientific knowledge were you trying to achieve? (*Maximum 50 lines*)

1.
2.
3.
4.

252 What work did you perform **in the tax year**, how did that work contribute to the advancements described in Line 250? (Summarize the systematic investigation) (*Maximum 100 lines*)

1.
2.
3.
4.

Section D – Additional project information

Who prepared the responses for Section B or Section C?

253 1 ☒ Employee directly involved in the project — **254** Name: Marouf, Kazi

255 1 ☐ Other employee of the company — **256** Name:

257 1 ☒ External consultant — **258** Name: KPMG LLP — **259** Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

	260 Names	**261** Qualifications/experience and position title
1	Marouf, Kazi	Chief Operating Officer / P.Eng Electrical Engineering, 32 years of electrical power design experience
2	Molyneaux, Arlen	Director of Engineering / P.Eng Electrical Engineering, 35 years of electrical power design experience
3	Goldman, Rhys	Engineer

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . . 1 ☐ Yes 2 ☒ No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . . 1 ☐ Yes 2 ☒ No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . . 1 ☒ Yes 2 ☐ No

If you answered **yes** to line 267, complete lines 268 and 269.

	268 Names of individuals or companies	**269** BN
1	Wardrop Engineering Inc.	10558 5616 RC0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 ☐ Project planning documents
271 1 ☒ Records of resources allocated to the project, time sheets
272 1 ☐ Design of experiments
273 1 ☐ Project records, laboratory notebooks
274 1 ☒ Design, system architecture and source code
275 1 ☐ Records of trial runs
276 1 ☒ Progress reports, minutes of project meetings
277 1 ☐ Test protocols, test data, analysis of test results, conclusions
278 1 ☒ Photographs and videos
279 1 ☐ Samples, prototypes, scrap or other artefacts
280 1 ☒ Contracts
281 1 ☐ Others, specify **282** ____________

Canada Revenue Agency Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

055 Do not use this area

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

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

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

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

Identification

Business Number (BN) **001** 89120 8613 RC0001

Corporation's name
002 Guelph Hydro Electric Systems Inc.

Address of head office
Has this address changed since the last time you filed your T2 return? . . . . **010** 1 Yes ☐ 2 No ☒
(If **yes**, complete lines 011 to 018.)
011 395 Southgate Drive
012
City **015** Guelph
Province, territory, or state **016** ON
Country (other than Canada) **017**
Postal code/Zip code **018** N1G 4Y1

Mailing address (if different from head office address)
Has this address changed since the last time you filed your T2 return? . . . . **020** 1 Yes ☐ 2 No ☒
(If **yes**, complete lines 021 to 028.)
021 c/o
022
023
City **025**
Province, territory, or state **026**
Country (other than Canada) **027**
Postal code/Zip code **028**

Location of books and records
Has the location of books and records changed since the last time you filed your T2 return? . . . . **030** 1 Yes ☐ 2 No ☒
(If **yes**, complete lines 031 to 038.)
031 395 Southgate Drive
032
City **035** Guelph
Province, territory, or state **036** ON
Country (other than Canada) **037**
Postal code/Zip code **038** N1G 4Y1

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** ______ YYYY MM DD

To which tax year does this return apply?
Tax year start **060** 2010-01-01 YYYY MM DD
Tax year-end **061** 2010-12-31 YYYY MM DD

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

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? . . . . **066** 1 Yes ☐ 2 No ☒

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**, complete lines 030 to 038 and attach Schedule 24.

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

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

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

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

Is the corporation a resident of Canada?
080 1 Yes ☒ 2 No ☐ If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081 ______

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . **082** 1 Yes ☐ 2 No ☒
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091	**092**	**093**	**094**	**095**	**096**
100					

Attachments

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

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	☒	9
Is the corporation an associated 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	☒	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	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	☒	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	☒	3
Is the corporation claiming any type of losses?	204	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	☐	6
i) Is the corporation (or its associated corporations) 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) does the corporation have aggregate investment income at line 440?	207	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
Does the corporation have any property that is eligible capital property?	210	☒	10
Does the corporation have any resource-related deductions?	212	☐	12
Is the corporation claiming deductible reserves?	213	☐	13
Is the corporation claiming a patronage dividend deduction?	216	☐	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217	☐	17
Is the corporation an investment corporation or a mutual fund corporation?	218	☐	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220	☐	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221	☐	21
Does the corporation have any Canadian manufacturing and processing profits?	227	☐	27
Is the corporation claiming an investment tax credit?	231	☒	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	☒	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	☒	
Is the corporation claiming a surtax credit?	237	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
Is the corporation claiming a Part I tax credit?	242	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	254	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255	☐	92

Attachments – continued from page 2

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

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes ☐	2 No ☒
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 Distribution	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 ☒
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes ☐	2 No ☐

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	9,043,611	A
Deduct: Charitable donations from Schedule 2	311	46,454			
Gifts to Canada, a province, or a territory from Schedule 2	312				
Cultural gifts from Schedule 2	313				
Ecological gifts from Schedule 2	314				
Gifts of medicine from Schedule 2	315				
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320				
Part VI.1 tax deduction*	325				
Non-capital losses of previous tax years from Schedule 4	331				
Net capital losses of previous tax years from Schedule 4	332				
Restricted farm losses of previous tax years from Schedule 4	333				
Farm losses of previous tax years from Schedule 4	334				
Limited partnership losses of previous tax years from Schedule 4	335				
Taxable capital gains or taxable dividends allocated from a central credit union	340				
Prospector's and grubstaker's shares	350				
Subtotal		46,454	►	46,454	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				8,997,157	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360	8,997,157	
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)				8,997,157	Z

* This amount is equal to 3.2 times the Part VI.1 tax payable at line 724.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . **400** 9,043,611 A

Taxable income from line 360, **minus** 10/3 of the amount on line 632*, **minus** 1/(0.38 - X**) 3.57143 times the amount on line 636***, and **minus** any amount that, because of federal law, is exempt form Part I tax . . . . **405** 8,997,157 B

Calculation of the business limit:

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

400,000 x Number of days in the tax year before 2009 / Number of days in the tax year 365 = ... 1

500,000 x Number of days in the tax year after 2008 365 / Number of days in the tax year 365 = ... 500,000 2

Add amounts at lines 1 and 2 500,000 4

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

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

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

Business limit reduction:

Amount C 500,000 x **415** **** 230,249 D / 11,250 = ... 10,233,289 E

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

Small business deduction

Amount A, B, C, or F, whichever is the least x 17 % = ... **430** G

Enter amount G on line 1.

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

** General rate reduction percentage for the tax year. It has to be pro-rated.

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

**** **Large corporations**

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 . . . . . 8,997,157 A

Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 . . . . . ______ B

Amount QQ from Part 13 of Schedule 27 . . . . . ______ C

Amount used to calculate the credit union deduction from Schedule 17 . . . . . ______ D

Amount from line 400, 405, 410, or 425, whichever is the least . . . . . ______ E

Aggregate investment income from line 440* . . . . . ______ F

Total of amounts B to F . . . . . ______ ▶ ______ G

Amount A **minus** amount G (if negative, enter "0") . . . . . 8,997,157 H

Amount H 8,997,157 x Number of days in the tax year after December 31, 2007, and before January 1, 2009 ______ / Number of days in the tax year 365 x 8.5 % = ______ I

Amount H 8,997,157 x Number of days in the tax year after December 31, 2008, and before January 1, 2010 ______ / Number of days in the tax year 365 x 9 % = ______ J

Amount H 8,997,157 x Number of days in the tax year after December 31, 2009, and before January 1, 2011 365 / Number of days in the tax year 365 x 10 % = 899,716 K

Amount H 8,997,157 x Number of days in the tax year after December 31, 2010, and before January 1, 2012 ______ / Number of days in the tax year 365 x 11.5 % = ______ L

Amount H 8,997,157 x Number of days in the tax year after 2011 ______ / Number of days in the tax year 365 x 13 % = ______ L.1

General tax reduction for Canadian-controlled private corporations – Total of amounts I to L.1 . . . . . 899,716 M

Enter amount M on line 638.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies) . . . . . ______ N

Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 . . . . . ______ O

Amount QQ from Part 13 of Schedule 27 . . . . . ______ P

Amount used to calculate the credit union deduction from Schedule 17 . . . . . ______ Q

Total of amounts O to Q . . . . . ______ ▶ ______ R

Amount N **minus** amount R (if negative, enter "0") . . . . . ______ S

Amount S ______ x Number of days in the tax year after December 31, 2007, and before January 1, 2009 ______ / Number of days in the tax year 365 x 8.5 % = ______ T

Amount S ______ x Number of days in the tax year after December 31, 2008, and before January 1, 2010 ______ / Number of days in the tax year 365 x 9 % = ______ U

Amount S ______ x Number of days in the tax year after December 31, 2009, and before January 1, 2011 365 / Number of days in the tax year 365 x 10 % = ______ V

Amount S ______ x Number of days in the tax year after December 31, 2010, and before January 2012 ______ / Number of days in the tax year 365 x 11.5 % = ______ W

Amount S ______ x Number of days in the tax year after 2011 ______ / Number of days in the tax year 365 x 13 % = ______ W.1

General tax reduction – Total of amounts T to W.1 . . . . . ______ X

Enter amount X on line 639.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ____ x 26 2 / 3 % = ... ____ A

Foreign non-business income tax credit from line 632 . . . . ____

Deduct:

Foreign investment income from Schedule 7 . . . . **445** ____ x 9 1 / 3 % = ____

(if negative, enter "0") ____ ▶ ____ B

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

Taxable income from line 360 8,997,157

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least . . . . . ____

Foreign non-business income tax credit from line 632 . . . . ____ x 25 / 9 = ____

Foreign business income tax credit from line 636 . . . . ____ x 1(0.38 - X*) / 3.57143 = ____

____ ▶ ____

8,997,157 x 26 2 / 3 % = 2,399,242 D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780) . . . . 1,459,835 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least . . . . **450** ____ F

* General rate reduction percentage for the tax year. It has to be pro-rated.

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year **460** 12,814

Deduct: Dividend refund for the previous tax year **465** 12,814

____ ▶ ____ G

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . ____

Total Part IV tax payable from Schedule 3 . . . . ____

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

____ ▶ ____ H

Refundable dividend tax on hand at the end of the tax year – Amount G **plus** amount H . . . . **485** ____

Dividend refund

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

Taxable dividends paid in the tax year from line 460 of Schedule 3 . . . . 1,500,000 x 1 / 3 500,000 I

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . ____ J

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

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) **multiplied** by 38 %	550	3,418,920	A
Recapture of investment tax credit from Schedule 31	602		B

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

Aggregate investment income from line 440			i
Taxable income from line 360	8,997,157		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least			
Net amount	8,997,157 ▶	8,997,157	ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii	604		C
Subtotal (**add** lines A to C)		3,418,920	D

Deduct:

Small business deduction from line 430			1	
Federal tax abatement	608	899,716		
Manufacturing and processing profits deduction from Schedule 27	616			
Investment corporation deduction	620			
Taxed capital gains 624				
Additional deduction – credit unions from Schedule 17	628			
Federal foreign non-business income tax credit from Schedule 21	632			
Federal foreign business income tax credit from Schedule 21	636			
General tax reduction for CCPCs from amount M	638	899,716		
General tax reduction from amount X	639			
Federal logging tax credit from Schedule 21	640			
Federal qualifying environmental trust tax credit	648			
Investment tax credit from Schedule 31	652	159,653		
	Subtotal	1,959,085 ▶	1,959,085	E

Part I tax payable – Line D **minus** line E	1,459,835	F

Enter amount F on line 700.

Summary of tax and credits

Federal tax

Part I tax payable	700	1,459,835	
Part II surtax payable from Schedule 46	708		
Part III.1 tax payable from Schedule 55	710		
Part IV tax payable from Schedule 3	712		
Part IV.1 tax payable from Schedule 43	716		
Part VI tax payable from Schedule 38	720		
Part VI.1 tax payable from Schedule 43	724		
Part XIII.1 tax payable from Schedule 92	727		
Part XIV tax payable from Schedule 20	728		
Total federal tax		1,459,835	

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	760	1,154,778		
Provincial tax on large corporations (New Brunswick* and Nova Scotia)	765			
		1,154,778 ▶	1,154,778	
Total tax payable	770		2,614,613	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780			
Dividend refund	784			
Federal capital gains refund from Schedule 18	788			
Federal qualifying environmental trust tax credit refund	792			
Canadian film or video production tax credit refund (Form T1131)	796			
Film or video production services tax credit refund (Form T1177)	797			
Tax withheld at source	800			
Total payments on which tax has been withheld **801**				
Provincial and territorial capital gains refund from Schedule 18	808			
Provincial and territorial refundable tax credits from Schedule 5	812			
Tax instalments paid	840	3,424,752		
Total credits	890	3,424,752 ▶	3,424,752	B

Refund code **894** 1 Overpayment 810,139

Balance (line A **minus** line B) -810,139

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid . . . .

Enclosed payment **898**

Direct deposit request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number **918** Account number

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

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

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, **950** MILES **951** IAN **954** Vice-President Finance

Last name in block letters / First name in block letters / Position, office, or rank

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

955 2011-06-29 Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (519) 837-4703 Telephone number

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

958 Name in block letters

959 Telephone number

Language of correspondence – Langue de correspondance

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

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	56,650,000	31,671,000
	Total tangible capital assets	2008	+	156,702,000	141,595,000
	Total accumulated amortization of tangible capital assets	2009	–	57,132,000	49,741,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	8,063,000	8,329,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	164,283,000	131,854,000
	Liabilities				
	Total current liabilities	3139	+	25,135,000	64,606,000
	Total long-term liabilities	3450	+	90,791,000	21,419,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	115,926,000	86,025,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	48,357,000	45,829,000
	Total liabilities and shareholder equity	3640	=	164,283,000	131,854,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	4,983,000	2,455,000

* Generic item

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence Number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	141,549,000	120,171,000
	Cost of sales	8518	–	117,657,000	96,761,000
	Gross profit/loss	8519	=	23,892,000	23,410,000
	Cost of sales	8518	+	117,657,000	96,761,000
	Total operating expenses	9367	+	20,920,000	19,441,000
	Total expenses (mandatory field)	9368	=	138,577,000	116,202,000
	Total revenue (mandatory field)	8299	+	144,684,000	122,948,000
	Total expenses (mandatory field)	9368	–	138,577,000	116,202,000
	Net non-farming income	9369	=	6,107,000	6,746,000
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	6,107,000	6,746,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	3,482,000	3,329,000
	Deferred income tax provision	9995	–	-1,403,000	
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	4,028,000	3,417,000

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 141

NOTES CHECKLIST

Corporation's name	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the "accountant") who prepared or reported on the financial statements.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI) for Corporations* and Guide T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule, and include it with your T2 return along with the other GIFI schedules.

If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.

Part 1 – Information on the accountant preparing or reporting on the financial statements

Does the accountant have a professional designation? . . . . . **095** 1 Yes ☒ 2 No ☐

Is the accountant connected* with the corporation? . . . . . **097** 1 Yes ☐ 2 No ☒

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

Note: If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report . . . . . 1 ☒

Completed a review engagement report . . . . . 2 ☐

Conducted a compilation engagement . . . . . 3 ☐

Part 3 – Reservations

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

Has the accountant expressed a reservation? . . . . . **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client) . . . . . 1 ☐

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 ☐

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

If **yes**, complete lines 102 to 107 below:

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

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

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

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

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

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

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

If **yes**, complete line 109 below:

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

Canada Revenue Agency Agence du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125 . . . 4,028,000 A

Add:

Provision for income taxes – current		101	3,482,000	
Provision for income taxes – deferred		102	-1,403,000	
Interest and penalties on taxes		103	23,142	
Amortization of tangible assets		104	7,825,000	
Charitable donations and gifts from Schedule 2		112	46,454	
Scientific research expenditures deducted per financial statements		118	570,802	
Non-deductible meals and entertainment expenses		121	10,251	
Reserves from financial statements – balance at the end of the year		126	14,225,000	
Subtotal of additions			24,779,649 ▶	24,779,649

Other additions:

Miscellaneous other additions:

600	Federal ITC claimed in 2009 re apprenticeship		290	5,947	
601	Capital tax accrued in FS		291	46,390	
603	Ontario Specified Tax Credits	79,073			
	OITC/ORDTC/BCRDTC/ABRDTC from prior year - 12(1)(x)	3,238			
	Total	82,311	293	82,311	
604					
	Total		294		
	Subtotal of other additions		199	134,648 ▶	134,648
	Total additions		500	24,914,297 ▶	24,914,297

Deduct:

Gain on disposal of assets per financial statements	401	66,000	
Capital cost allowance from Schedule 8	403	8,126,617	
Cumulative eligible capital deduction from Schedule 10	405	245,871	
SR&ED expenditures claimed in the year from Form T661 (line 460)	411	508,134	
Reserves from financial statements – balance at the beginning of the year	414	10,600,000	
Subtotal of deductions		19,546,622 ▶	19,546,622

Other deductions:

Miscellaneous other deductions:

700	Ontario capital tax per return		390	100,906	
701	2008 & 2009 SR&ED Income Recorded in FS		391	81,264	
702	2009 Apprenticeship & Co-op Income Recorded in FS		392	69,894	
703	Financing Costs - 20(1)(e)	100,000			
	Total	100,000	393	100,000	
704					
	Total		394		
	Subtotal of other deductions		499	352,064 ▶	352,064
	Total deductions		510	19,898,686 ▶	19,898,686

Net income (loss) for income tax purposes – enter on line 300 of the T2 return . . . 9,043,611

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SCHEDULE 2

CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Canadian Cancer Society	850
Conestoga College	25,000
The Carpenter Hospice	100
Foundation for Prader-Willi Research	100
Guelph United Way	20,304
Parkinson Society Canada	100
Subtotal	46,454
Add: Total donations of less than $100 each	
Total donations in current tax year	46,454

			Federal	Québec	Alberta
Charitable donations at the end of the previous tax year					
Deduct: Charitable donations expired after five tax years*	**239**				
Charitable donations at the beginning of the tax year	**240**				
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	**250**				
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	**210**	46,454			
Subtotal (line 250 **plus** line 210)			46,454	46,454	46,454
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	**255**				
Total charitable donations available			46,454 A	46,454	46,454
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	**260**		46,454	46,454	46,454
Charitable donations closing balance	**280**				

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2009-12-31			
2nd prior year	2008-12-31			
3rd prior year	2007-12-31			
4th prior year	2006-12-31			
5th prior year	2006-03-31			
6th prior year*	2005-12-31			
7th prior year	2004-12-31			
8th prior year	2003-12-31			
9th prior year	2002-12-31			
10th prior year	2001-12-31			
11th prior year	2000-12-31			
12th prior year	1999-12-31			
13th prior year	1998-12-31			
14th prior year	1997-12-31			
15th prior year	1996-12-31			
16th prior year	1995-12-31			
17th prior year	1994-12-31			
18th prior year	1993-12-31			
19th prior year	1992-12-31			
20th prior year	1991-12-31			
21st prior year*	1990-12-31			
Total (to line A)				

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

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

Net income for tax purposes* **multiplied** by 75 % . . . . . 6,782,708 B

Taxable capital gains arising in respect of gifts of capital property included in Part 1** . . . . . **225** _______ C

Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) . . . . . **227** _______ D

The amount of the recapture of capital cost allowance in respect of charitable gifts . . . . . **230** _______

Proceeds of disposition, less outlays and expenses** . . . . . _______ E

Capital cost** . . . . . _______ F

Amount E or F, whichever is less . . . . . **235** _______

Amount on line 230 or 235, whichever is less . . . . . _______ G

Subtotal (**add** amounts C, D, and G) _______ H

Amount H **multiplied** by 25 % _______ I

Subtotal (amount B **plus** amount I) 6,782,708 J

Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less) . . . . . 46,454 K

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

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

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

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

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

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

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2009-12-31			
2nd prior year	2008-12-31			
3rd prior year	2007-12-31			
4th prior year	2006-12-31			
5th prior year	2006-03-31			
6th prior year*	2005-12-31			
7th prior year	2004-12-31			
8th prior year	2003-12-31			
9th prior year	2002-12-31			
10th prior year	2001-12-31			
11th prior year	2000-12-31			
12th prior year	1999-12-31			
13th prior year	1998-12-31			
14th prior year	1997-12-31			
15th prior year	1996-12-31			
16th prior year	1995-12-31			
17th prior year	1994-12-31			
18th prior year	1993-12-31			
19th prior year	1992-12-31			
20th prior year	1991-12-31			
21st prior year*	1990-12-31			
Total				

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

Part 5 – Gifts of certified ecologically sensitive land

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

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Québec	Alberta
1st prior year	2009-12-31			
2nd prior year	2008-12-31			
3rd prior year	2007-12-31			
4th prior year	2006-12-31			
5th prior year	2006-03-31			
6th prior year*	2005-12-31			
7th prior year	2004-12-31			
8th prior year	2003-12-31			
9th prior year	2002-12-31			
10th prior year	2001-12-31			
11th prior year	2000-12-31			
12th prior year	1999-12-31			
13th prior year	1998-12-31			
14th prior year	1997-12-31			
15th prior year	1996-12-31			
16th prior year	1995-12-31			
17th prior year	1994-12-31			
18th prior year	1993-12-31			
19th prior year	1992-12-31			
20th prior year	1991-12-31			
21st prior year*	1990-12-31			
Total				

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

Part 6 – Additional deduction for gifts of medicine

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

Federal

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

Québec

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

Alberta

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

where:

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

B is the eligible amount of gifts (line 600)

C is the proceeds of disposition (line 602)

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

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2009-12-31			
2nd prior year	2008-12-31			
3rd prior year	2007-12-31			
4th prior year	2006-12-31			
5th prior year	2006-03-31			
6th prior year*	2005-12-31			
Total				

* These donations expired in the current year.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2009-12-31	
2nd prior year	2008-12-31	
3rd prior year	2007-12-31	
4th prior year	2006-12-31	
5th prior year	2006-03-31	
6th prior year*	2005-12-31	
7th prior year	2004-12-31	
8th prior year	2003-12-31	
9th prior year	2002-12-31	
10th prior year	2001-12-31	
11th prior year	2000-12-31	
12th prior year	1999-12-31	
13th prior year	1998-12-31	
14th prior year	1997-12-31	
15th prior year	1996-12-31	
16th prior year	1995-12-31	
17th prior year	1994-12-31	
18th prior year	1993-12-31	
19th prior year	1992-12-31	
20th prior year	1991-12-31	
21st prior year*	1990-12-31	
Total		

* These gifts expired in the current year.

Canadä

Canada Revenue Agency Agence du revenu du Canada

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- 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 in the tax year that qualify for 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 tax 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.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- Enter in column F1, the amount of dividends received reported in column 240 that are eligible.
- Under column F2, enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

Complete if payer corporation is connected

	Name of payer corporation (from which the corporation received the dividend) **200**	A	B Enter 1 if payer corporation is connected **205**	C Business Number of connected corporation **210**	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD **220**	E Non-taxable dividend under section 83 **230**
1			2			

Total (enter on line 402 of Schedule 1)

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation.

Complete if payer corporation is connected

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* **240**	F1 Eligible dividends (included in column F)	F2	G Total taxable dividends paid by connected payer corporation (for tax year in column D) **250**	H Dividend refund of the connected payer corporation (for tax year in column D)** **260**	I Part IV tax before deductions F x 1 / 3 *** **270**	
1							
							J

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

* If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

** If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J 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** ____________

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

	A	B	C	D	D1
	Name of connected recipient corporation **400**	Business Number **410**	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD **420**	Taxable dividends paid to connected corporations **430**	Eligible dividends (included in column D)
1	Guelph Hydro Inc.	86435 1598 RC0001	2010-12-31	1,500,000	
2					

Note

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information for each tax year of the recipient corporation.

Total 1,500,000

Total taxable dividends paid in the tax year to other than connected corporations . . . . **450** ____________

Eligible dividends (included in line 450) . . . . 450a ____________

Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column D above **plus** line 450) **460** 1,500,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460 above) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 1,500,000

Other dividends paid in the tax year (total of 510 to 540) . . . . ____________

Total dividends paid in the tax year **500** 1,500,000

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 tax year that qualify for a dividend refund 1,500,000

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SCHEDULE 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

Part 1 – Allocation of taxable income

100 ______________________ Enter the regulation that applies (402 to 413).

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

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

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide.*
2. If the corporation has provincial or territorial tax payable, complete Part 2.

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
8,997,157		8,997,157	1,128,913

Ontario basic income tax (from Schedule 500)	270	1,168,892		
Deduct: Ontario small business deduction (from schedule 500)	402	39,979		
Subtotal (if negative, enter "0")		1,128,913	▶ 1,128,913	A6
Add:				
Surtax re Ontario small business deduction (from Schedule 500)	272	39,979		
Ontario additional tax re Crown royalties (from Schedule 504)	274			
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal		39,979	▶ 39,979	B6
Subtotal (amount A6 **plus** amount B6)			1,168,892	C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario transitional tax credits (from Schedule 506)	414	924		
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal		924	▶ 924	D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			1,167,968	E6
Deduct: Ontario research and development tax credit (from Schedule 508)	416		35,023	
Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416) (if negative, enter "0")			1,132,945	F6
Deduct: Ontario corporate minimum tax credit (from schedule 510)	418			
Ontario corporate income tax payable (amount F6 **minus** amount on line 418) (if negative, enter "0")			1,132,945	G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	278			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Ontario capital tax (from Schedule 514 or Schedule 515, whichever applies)	282	100,906		
Subtotal		100,906	▶ 100,906	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			1,233,851	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	17,346		
Ontario apprenticeship training tax credit (from Schedule 552)	454	61,727		
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario sound recording tax credit (from Schedule 562)	464			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Other Ontario tax credits				
Subtotal		79,073	▶ 79,073	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290		1,154,778	K6

Summary

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

Net provincial and territorial tax payable or refundable credits	255	1,154,778

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

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

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

	1 Class number (See Note) **200**	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) **201**	3 Cost of acquisitions during the year (new property must be available for use)* **203**	4 Net adjustments** **205**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) **207**	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** **211**	7 Reduced undepreciated capital cost	8 CCA rate % **212**	9 Recapture of capital cost allowance (line 107 of Schedule 1) **213**	10 Terminal loss (line 404 of Schedule 1) **215**	11 Capital cost allowance (column 7 **multiplied** by column 8; or a lower amount) (line 403 of Schedule 1)**** **217**	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) **220**
1.	1		63,929,000			0		63,929,000	4	0	0	2,557,160	61,371,840
2.	8		5,341,323	5,932,003	-110,413	0	2,966,002	8,196,911	20	0	0	1,639,382	9,523,531
3.	10		1,111,062	633,782		56,525	288,629	1,399,690	30	0	0	419,907	1,268,412
4.	17		86,102			0		86,102	8	0	0	6,888	79,214
5.	2		10,836,823			0		10,836,823	6	0	0	650,209	10,186,614
6.	42		423			0		423	12	0	0	51	372
7.	45	Computer equipment	81,622			0		81,622	45	0	0	36,730	44,892
8.	47		21,914,166	6,430,860		49,972	3,190,444	25,104,610	8	0	0	2,008,369	26,286,685
9.	1b		116,660	68,870		0	34,435	151,095	6	0	0	9,066	176,464
10.	50		146,360			0		146,360	55	0	0	80,498	65,862
11.	52			617,383	100,974	0		718,357	100	0	0	718,357	
		Total	103,563,541	13,682,898	-9,439	106,497	6,479,510	110,650,993				8,126,617	109,003,886

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

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

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

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

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

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

This schedule is to be completed by a corporation having one or more of the following:
- related corporation(s)
- associated corporations(s)

	Name 100	Country of residence (if other than Canada) 200	Business Number (Canadian corporation only) (see note 1) 300	Relationship code (see note 2) 400	Number of common shares owned 500	% of common shares owned 550	Number of preferred shares owned 600	% of preferred shares owned 650	Book value of capital stock 700
1.	Guelph Hydro Inc.		86435 1598 RC0002	1					
2.	City of Guelph		12277 8459 RC0001	3					
3.	ECOTRICITY GUELPH INC.		86458 8876 RC0001	3					
4.	ECOTRICITY INC.		89843 2927 RC0001	3					

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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") **200** 3,512,448 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** 3,512,448 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) . . . . 3,512,448 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business . . . . **249** ______

amount K 3,512,448

less amount from line 249 ______

Current year deduction . . . . 3,512,448 x 7.00 % = **250** 245,871 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 245,871 ▶ 245,871 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") . . . . . **300** 3,266,577 M

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

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

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

Amount from line K (show as positive amount) N

Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 **400** 1

Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) **401** 2

Total of CEC deductions claimed for taxation years beginning before July 1, 1988 **402** 3

Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 **408** 4

Line 3 minus line 4 (if negative, enter "0") ▶ 5

Total of lines 1, 2 and 5 6

Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400 7

Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000 8

Subtotal (line 7 plus line 8) **409** ▶ 9

Line 6 minus line 9 (if negative, enter "0") ▶ O

Line N minus line O (if negative, enter "0") P

Line 5 x 1 / 2 = Q

Line P minus line Q (if negative, enter "0") R

Amount R x 2 / 3 = S

Amount N or amount O, whichever is less T

Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1) **410**

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1	Employee Future beneift	8,771,000		206,000		8,977,000
2	Regulatory Liability/(Asset)	10,794,000		4,521,000		15,315,000
3	Reg Liability-Deferred Tax Porti	-8,965,000			1,102,000	-10,067,000
4						
	Reserves from Part 2 of Schedule 13					
	Totals	10,600,000		4,727,000	1,102,000	14,225,000

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

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SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Guelph Hydro Inc.	395 Southgate Drive Guelph ON N1G 4Y1			564,000		

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SCHEDULE 23

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

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

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

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

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

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

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

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

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

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

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

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

Allocating the business limit

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

Enter the calendar year to which the agreement applies . . . . . . **050** Year 2010

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

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**	
1	Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	1	500,000	100.0000	500,000	
2	Guelph Hydro Inc.	86435 1598 RC0002	1	500,000			
3	City of Guelph	12277 8459 RC0001	4	500,000			
4	ECOTRICITY GUELPH INC.	86458 8876 RC0001	1	500,000			
5	ECOTRICITY INC.	89843 2927 RC0001	1	500,000			
				Total	100.0000	500,000	A

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

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

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

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if $500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

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

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

T2 SCH 23 (09)

Canada

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SCHEDULE 31

INVESTMENT TAX CREDIT – CORPORATIONS

General information

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

Detailed information

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

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

Part 1 – Investments, expenditures and percentages

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

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . **101** 1 Yes ☐ 2 No ☒

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

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

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

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

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

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

a) one or more persons exempt from Part I tax under section 149;
b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
c) any combination of persons referred to in a) or b) above.

Part 3 – Corporations in the farming industry

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

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

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

QUALIFIED PROPERTY

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

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

*CCA: capital cost allowance

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

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

ITC at the end of the previous tax year

Deduct:

Credit deemed as a remittance of co-op corporations **210**

Credit expired* **215**

Subtotal ►

ITC at the beginning of the tax year **220**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **230**

ITC from repayment of assistance **235**

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

Credit allocated from a partnership **250**

Subtotal ►

Total credit available

Deduct:

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

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

Credit transferred to offset Part VII tax liability **280**

Subtotal ►

Credit balance before refund B

Deduct:

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

ITC closing balance of investments from qualified property **320**

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

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

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

Total (enter on line A in Part 5)

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

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

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

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

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

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

SR&ED

Part 8 – Qualified expenditures for SR&ED

Current expenditures

Current expenditures (from line 557 on Form T661)		743,260		
Add:				
Contributions to agricultural organizations for SR&ED under paragraph 37(1)(a)*				
Deduct:				
Government and non-government assistance*				
Contributions to agricultural organizations for SR&ED*	▶			
Current expenditures (including contributions to agricultural organizations for SR&ED)*		743,260 ▶	350	743,260
Capital expenditures (from line 558 on Form T661)			360	
Repayments made in the year (from line 560 on Form T661)			370	
Total (this must equal the amount from line 570 on Form T661)*			380	743,260

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

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

Part 9 only applies if the corporation is a CCPC.

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

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

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes ☒ 2 No ☐

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

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

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

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

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

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

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

For stand-alone corporations:

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

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

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

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

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

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

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

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

For associated corporations:

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

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

Line G or H ____________ x Number of days in the tax year 365 / 365 = ... ____________ I

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

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

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

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)*	420		x	35 % =		J
Line 350 minus line 410 (if negative, enter "0")	430	743,260	x	20 % =	148,652	K
Line 410 minus line 350 (if negative, enter "0")			L			
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above*	440		x	35 % =		M
Line 360 minus line L (if negative, enter "0")	450		x	20 % =		N

Repayments (amount from line 370 in Part 8) ____________

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

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

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) 148,652

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

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

ITC at the end of the previous tax year				
Deduct:				
Credit deemed as a remittance of co-op corporations	510			
Credit expired*	515			
	Subtotal		▶	
ITC at the beginning of the tax year			520	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	530			
Total current-year credit	540	148,652		
Credit allocated from a partnership	550			
	Subtotal	148,652	▶	148,652
Total credit available				148,652
Deduct:				
Credit deducted from Part I tax (enter on line B2 in Part 30)	560	148,652		
Credit carried back to the previous year(s) (from Part 13)			P	
Credit transferred to offset Part VII tax liability	580			
	Subtotal	148,652	▶	148,652
Credit balance before refund				Q
Deduct:				
Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies)			610	
ITC closing balance on SR&ED			620	

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

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

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

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

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

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . **650** 1 Yes ☐ 2 No ☒

Credit balance before refund (amount Q from Part 12) . . . . ____ R

Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11) ____ S

Refundable credits (amount R or S, whichever is less)* . . . . ____ T

Amount J from Part 11 . . . . ____ U

Subtract: Amount T or U, whichever is less . . . . ____ V

Net amount (if negative, enter "0") . . . . ____ W

Amount W ____ x 40 % . . . . ____ X

Add: Amount V . . . . ____ Y

Refund of ITC (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12) . . . . ____ Z

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

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

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

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

Credit balance before refund (amount Q from Part 12) . . . . ____ AA

Amount J from Part 11 . . . . ____ BB

Subtract: Amount AA or BB, whichever is less . . . . ____ CC

Net amount (if negative, enter "0") . . . . ____ DD

Amount M from Part 11 . . . . ____ EE

Amount DD or EE, whichever is less ____ x 40 % . . . . ____ FF

Add : Amount CC above . . . . ____ GG

Refund of ITC (amounts FF **plus** GG) . . . . ____ HH

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

RECAPTURE – SR&ED

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

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

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

Note

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

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

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

Calculation 1 – If you meet all of the above conditions

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

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

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

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

Name of corporation	Business Number	Tax year-end Year Month Day
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Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

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

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

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

Calculation 3

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

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

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

Recaptured ITC for calculation 1 from line II in Part 16 . . . . ________ LL

Recaptured ITC for calculation 2 from line JJ in Part 16 above . . . . ________ MM

Recaptured ITC for calculation 3 from line KK in Part 16 above . . . . ________ NN

Total recapture of SR&ED investment tax credit – Add lines LL, MM and NN . . . . ________ OO
Enter amount OO at line A1 in Part 29.

PRE-PRODUCTION MINING

Part 18 – Pre-production mining expenditures

Exploration information

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

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

List of minerals 800

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

Project name 805	Mineral title 806	Mining division 807

Pre-production mining expenditures *

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

Prospecting . . . . **810** ________ PP

Geological, geophysical, or geochemical surveys . . . . **811** ________ QQ

Drilling by rotary, diamond, percussion, or other methods . . . . **812** ________ RR

Trenching, digging test pits, and preliminary sampling . . . . **813** ________ SS

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

Clearing, removing overburden, and stripping . . . . **820** ________ TT

Sinking a mine shaft, constructing an adit, or other underground entry . . . . **821** ________ UU

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

Description 825	Amount 826

Add amounts at column 826 ________ ▶ ________ VV

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

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

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

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

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

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

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

ITC at the end of the previous tax year			
Deduct:			
Credit deemed as a remittance of co-op corporations	841		
Credit expired*	845		
Subtotal			▶
ITC at the beginning of the tax year		850	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary		860	
Expenditures from line YY in Part 18	870	x 10 % =	880
Total credit available			
Deduct:			
Credit deducted from Part I tax (enter on line B3 in Part 30)	885		
Credit carried back to the previous year(s) (from Part 20)		CCC	
Subtotal			▶
ITC closing balance from pre-production mining expenditures		890	

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

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

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

Total (enter on line CCC in Part 19)

APPRENTICESHIP JOB CREATION

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

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

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

	A Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	PA6236	Powerline Technician	79,574	7,957	2,000
2.	PA9529	Powerline Technician	60,214	6,021	2,000
3.	PB1220	Powerline Technician	54,170	5,417	2,000
4.	520-106-733	Powerline Technician	20,038	2,004	2,000
5.	524-053-345	Powerline Technician	18,048	1,805	1,805
6.	529-009-847	Powerline Technician	11,956	1,196	1,196
7.					
				Total current-year credit (enter at line 640)	11,001

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

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

ITC at the end of the previous tax year . . . .

Deduct:

Credit deemed as a remittance of co-op corporations **612**

Credit expired after 20 tax years **615**

Subtotal ▶

ITC at the beginning of the tax year **625**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **630**

ITC from repayment of assistance **635**

Total current-year credit (total of column 605) **640** 11,001

Credit allocated from a partnership **655**

Subtotal 11,001 ▶ 11,001

Total credit available 11,001

Deduct:

Credit deducted from Part I tax (enter on line B4 in Part 30) **660** 11,001

Credit carried back to the previous year(s) (from Part 23) . . . . DDD

Subtotal 11,001 ▶ 11,001

ITC closing balance from apprenticeship job creation expenditures **690**

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

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

	Year	Month	Day			
1st previous tax year				Credit to be applied	**931**	
2nd previous tax year				Credit to be applied	**932**	
3rd previous tax year				Credit to be applied	**933**	

Total (enter on line DDD in Part 22)

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

CHILD CARE SPACES

Part 24 – Eligible child care spaces expenditures

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

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

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

Cost of depreciable property from the current tax year

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

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

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

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

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

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

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

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

* CCA: capital cost allowance

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

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

Eligible expenditures (line 745) . . . . ________ x 25 % = ________ KKK

Number of child care spaces . . . . **755** ________ x $ 10,000 = ________ LLL

ITC from child care spaces expenditures (amount KKK or LLL, whichever is less) . . . . ________ MMM

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

ITC at the end of the previous tax year . . . . ________

Deduct:

Credit deemed as a remittance of co-op corporations . . . . **765** ________

Credit expired after 20 tax years . . . . **770** ________

Subtotal ________ ▶ ________

ITC at the beginning of the tax year . . . . **775** ________

Add:

Credit transferred on amalgamation or wind-up of subsidiary . . . . **777** ________

Total current-year credit (amount MMM above) . . . . **780** ________

Credit allocated from a partnership . . . . **782** ________

Subtotal ________ ▶ ________

Total credit available . . . . ________

Deduct:

Credit deducted from Part I tax (enter on line B5 in Part 30) . . . . **785** ________

Credit carried back to the previous year(s) (from Part 27) . . . . ________ NNN

Subtotal ________ ▶ ________

ITC closing balance from child care spaces expenditures . . . . **790** ________

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

	Year Month Day			
1st previous tax year	2009-12-31	Credit to be applied	**941**	________
2nd previous tax year	2008-12-31	Credit to be applied	**942**	________
3rd previous tax year	2007-12-31	Credit to be applied	**943**	________

Total (enter on line NNN in Part 26) ________

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

RECAPTURE – CHILD CARE SPACES

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

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

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

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

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

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

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

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

Corporate partnerships

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

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

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

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC from line OO in Part 17 . . . . ________ A1

Recaptured child care spaces ITC from line QQQ in Part 28 above . . . . ________ A2

Total recapture of investment tax credit – Add lines A1 and A2
Enter amount A3 on line 602 of the T2 return. . . . . ________ A3

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)		B1
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	148,652	B2
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		B3
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	11,001	B4
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		B5
Total ITC deducted from Part I tax (add lines B1, B2, B3, B4, and B5) . . . . Enter amount B6 at line 652 of the T2 return.	159,653	B6

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

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

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
148,652	148,652			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)	
2009-12-31					
2008-12-31					
2007-12-31					
2006-12-31					
2006-03-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					*
2000-12-31					
1999-12-31					
1998-12-31					
1997-12-31					
1996-12-31					
1995-12-31					
1994-12-31					
1993-12-31					
1992-12-31					
1991-12-31					*
Total					

B+C+D+G **Total ITC utilized** 148,652

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

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
11,001	11,001			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2006-03-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				*
2000-12-31				
1999-12-31				
1998-12-31				
1997-12-31				
1996-12-31				
1995-12-31				
1994-12-31				
1993-12-31				
1992-12-31				
1991-12-31				*
Total				

B+C+D+G **Total ITC utilized** 11,001

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

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SCHEDULE 33

TAXABLE CAPITAL EMPLOYED IN CANADA – LARGE CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If you are filing a provincial capital tax return with your *T2 Corporation Income Tax Return*, also file a completed Schedule 33 with the return no later than six months from the end of the tax year.
- This schedule may contain changes that had not yet become law at the time of publishing.

If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 – Capital

Add the following amounts at the end of the year:				
Reserves that have not been deducted in computing income for the year under Part I	101	24,292,000		
Capital stock (or members' contributions if incorporated without share capital)	103	43,374,000		
Retained earnings	104	4,983,000		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108	73,889,000		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109			
Any dividends declared but not paid by the corporation before the end of the year	110			
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111			
Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses	112			
Subtotal		146,538,000 ►	146,538,000	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	10,067,000		
Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123			
The amount of deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal		10,067,000 ►	10,067,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		136,471,000	

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

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined for lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Do not include amounts owing to the member or to other corporations that are members of the partnership.
- Amounts are determined at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation . . . . . . **401** ____

A loan or advance to another corporation (other than a financial institution) . . . . . . **402** ____

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution) . . . . . . **403** ____

Long-term debt of a financial institution . . . . . . **404** ____

A dividend receivable on a share of the capital stock of another corporation . . . . . . **405** ____

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)] . . . . . . **406** ____

An interest in a partnership (see note 1 below) . . . . . . **407** ____

Investment allowance for the year (add lines 401 to 407) . . . . . . **490** ____

Notes:

1. Where the corporation has an interest in a partnership or in tiered partnerships, consider the following:
   - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
   - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's tax year; and
   - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
2. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 – Taxable capital

Capital for the year (line 190) . . . . . . 136,471,000 C

Deduct: Investment allowance for the year (line 490) . . . . . . ____ D

Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0") **500** 136,471,000

Part 4 – Taxable capital employed in Canada

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

Taxable capital for the year (line 500) 136,471,000 x Taxable income earned in Canada **610** 8,997,157 / Taxable income 8,997,157 = **Taxable capital employed in Canada** **690** 136,471,000

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

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

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . . . **701** ____

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . . . **711** ____

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . . . **712** ____

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . . . **713** ____

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

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

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

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (line 690 or 790, whichever applies)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.00225)		I

Enter this amount at line 415 of the T2 return

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

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

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) **100**	Business Number (If a corporation is not registered, enter "NR") **200**	Social insurance number **300**	Trust number **350**	Percentage common shares **400**	Percentage preferred shares **500**
1	Guelph Hydro Inc	86435 1598 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

On: 2010-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-03-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? ☐ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound-up a subsidiary ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year			100	21,069,021	A
Taxable income for the year (DICs enter "0") *	110	8,997,157			B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120				
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130				
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140				
Subtotal (**add** lines 120, 130, and 140)		►			C
Income taxable at the general corporate rate (line B **minus** line C) (if negative enter "0")	150	8,997,157			
After-tax income (line 150 x general rate factor for the tax year ** 0.69)			190	6,208,038	D
Eligible dividends received in the tax year	200				
Dividends deductible under section 113 received in the tax year	210				
Subtotal (**add** lines 200 and 210)		►			E
GRIP addition:					
Becoming a CCPC (line PP from Part 4)	220				
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230				
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)	240				
Subtotal (**add** lines 220, 230, and 240)		►	290		F
Subtotal (**add** lines A, D, E, and F)				27,277,059	G
Eligible dividends paid in the previous tax year	300				
Excessive eligible dividend designations made in the previous tax year	310				
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.					
Subtotal (line 300 **minus** line 310)		►			H
GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative)			490	27,277,059	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)			560		
GRIP at the end of the tax year (line 490 **minus** line 560)			590	27,277,059	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2009-12-31

Taxable income before specified future tax consequences from the current tax year			10,192,622	J1		
Enter the following amounts before specified future tax consequences from the current tax year:						
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1				
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		L1				
Aggregate investment income (line 440 of the T2 return)	48,054	M1				
Subtotal (**add** lines K1, L1, and M1)	48,054	►	48,054	N1		
Subtotal (line J1 **minus** line N1) (if negative, enter "0")			10,144,568	►	10,144,568	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ____________ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____________ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____________ R1

Aggregate investment income (line 440 of the T2 return) . . . . ____________ S1

Subtotal (**add** lines Q1, R1, and S1) ____________ ▶ ____________ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ____________ ▶ ____________ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ____________ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 **multiplied by** the general rate factor for the tax year 0.68) . . . . **500** ____________

Second previous tax year 2008-12-31

Taxable income before specified future tax consequences from the current tax year 5,615,880 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____________ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____________ L2

Aggregate investment income (line 440 of the T2 return) . . . . ____________ M2

Subtotal (**add** lines K2, L2, and M2) ____________ ▶ ____________ N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") 5,615,880 ▶ 5,615,880 O2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ____________ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ____________ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ____________ R2

Aggregate investment income (line 440 of the T2 return) . . . . ____________ S2

Subtotal (**add** lines Q2, R2, and S2) ____________ ▶ ____________ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ____________ ▶ ____________ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ____________ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 **multiplied by** the general rate factor for the tax year 0.68) . . . . **520** ____________

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2007-12-31

Taxable income before specified future tax consequences from the current tax year 6,792,385 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) . . . . ______ M3

Subtotal (**add** lines K3, L3, and M3) ______ ► ______ N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 6,792,385 ► 6,792,385 O3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** lines Q3, R3, and S3) ______ ► ______ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") ______ ► ______ U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") ______ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.68) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ CC

Subtotal (line BB **minus** line CC) ______ ► ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ________ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ________ GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses . . . . ________
Net capital losses . . . . ________
Farm losses . . . . ________
Restricted farm losses . . . . ________
Limited partnership losses . . . . ________

Subtotal ________ ▶ ________ HH

Subtotal (add lines FF, GG, and HH) ________ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ________ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ________ KK

All the corporation's reserves deducted in its previous/last tax year . . . . ________ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ________ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ________ NN

Subtotal (add lines JJ, KK, LL, MM, and NN) ________ ▶ ________ OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0") . . . . ________ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

0.68	x	number of days in the tax year before January 1, 2010 number of days in the tax year	 365	=		QQ
0.69	x	number of days in the tax year in 2010 number of days in the tax year	365 365	=	0.69000	RR
0.7	x	number of days in the tax year in 2011 number of days in the tax year	 365	=		SS
0.72	x	number of days in the tax year after December 31, 2011 number of days in the tax year	 365	=		TT

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.69000 UU

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SCHEDULE 55

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- Parts, subsections, and paragraphs mentioned in this schedule refer to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Do not use this area

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3		1,500,000			
Total taxable dividends paid in the tax year	100	1,500,000			
Total eligible dividends paid in the tax year			150		
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")			160	27,277,059	
Excessive eligible dividend designation (line 150 **minus** line 160)					A
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC * (amount A **multiplied** by 20 %)			190		

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3					
Taxable dividends paid in the tax year **included** in Schedule 3					
Total taxable dividends paid in the tax year	200				
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)					B
Part III.1 tax on excessive eligible dividend designations – Other corporations * (amount B **multiplied** by 20 %)			290		

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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SCHEDULE 500

ONTARIO CORPORATION TAX CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- References to subsections and paragraphs are from the federal *Income Tax Act*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010 / Number of days in the tax year	181 / 365	x	14.00 %	=	6.94247 %	A1
Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year	184 / 365	x	12.00 %	=	6.04932 %	A2
Number of days in the tax year after June 30, 2011, and before July 1, 2012 / Number of days in the tax year	/ 365	x	11.50 %	=	%	A3
Number of days in the tax year after June 30, 2012, and before July 1, 2013 / Number of days in the tax year	/ 365	x	11.00 %	=	%	A4
Number of days in the tax year after June 30, 2013 / Number of days in the tax year	/ 365	x	10.00 %	=	%	A5

Ontario basic rate of tax for the year (total of rates A1 to A5) 12.99179 ► 12.99179 % A6

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 8,997,157 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A6 from Part 1) . . . . 1,168,892 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit, in addition to Ontario basic income tax, or has Ontario corporate minimum tax, Ontario special additional tax on life insurance corporations or Ontario capital tax payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return) 9,043,611 1

Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) 8,997,157 2

Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) . . . . . 500,000 x 500,000 / 500,000 (line 4 on page 4 of the T2 return) = 500,000 3

Enter the least of amounts 1, 2, and 3 . . . . . 500,000 D

Ontario domestic factor: Ontario taxable income * / taxable income earned in all provinces and territories ** 8,997,157.00 / 8,997,157 = ... 1.00000 E

Ontario small business income (amount D **multiplied** by amount E) . . . . . 500,000 F

Number of days in the tax year before July 1, 2010 / Number of days in the tax year 181 / 365 x 8.50 % = 4.21507 % G1

Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year 184 / 365 x 7.50 % = 3.78082 % G2

Number of days in the tax year after June 30, 2011, and before July 1, 2012 / Number of days in the tax year ___ / 365 x 7.00 % = ___ % G3

Number of days in the tax year after June 30, 2012, and before July 1, 2013 / Number of days in the tax year ___ / 365 x 6.50 % = ___ % G4

Number of days in the tax year after June 30, 2013 / Number of days in the tax year ___ / 365 x 5.50 % = ___ % G5

OSBD rate for the year (total of rates G1 to G5) . . . . . 7.99589 % G6

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G6) . . . . . 39,979 H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Calculation of surtax re Ontario small business deduction

Complete this part if the corporation is claiming the OSBD and its adjusted taxable income, **plus** the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than $500,000. If the corporation is a member of an associated group, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction.*

Note: For days in the tax year after June 30, 2010, the small business surtax rate is 0%. You do not have to complete this part if the corporation's tax year begins after June 30, 2010.

Adjusted taxable income *	8,997,157	I		
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)		J		
Aggregate adjusted taxable income (amount I **plus** amount J)	8,997,157	▶	8,997,157	K
Deduct:				
Ontario business limit			500,000	
Subtotal (amount K **minus** Ontario business limit) (if negative, enter "0" on this line and on line P)			8,497,157	L

Small business surtax rate for the year:

Number of days in the tax year before July 1, 2010 / Number of days in the tax year: 181 / 365 x 4.25 % = 2.10753 % M

Amount L x % on line M =	179,080	N
Amount N 179,080 x Ontario small business income (amount F from Part 3) 500,000 / 500,000 =	179,080	O
Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3)	39,979	P

Enter amount P on line 272 of Schedule 5.

* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year **plus** the amount of the corporation's adjusted Crown royalties for the year **minus** the amount of the corporation's notional resource allowance for the year (from Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties*).

If the tax year of the corporation is less than 51 weeks, **multiply** the adjusted taxable income of the corporation for the year by 365 and **divide** by the number of days in the tax year.

Part 5 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Amount D from Part 3	500,000	Q
Surtax payable (amount P from Part 4) 39,979 / Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3) 7.99589 % 0.07996 =	499,987	R

Note: Enter "0" on line R for tax years beginning after June 30, 2010.

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0")	13	S

Enter amount S on line U in Part 6 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 6 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 . . . . ______ T

Deduct:

Ontario adjusted small business income (amount S from Part 5) . . . . ______ U

Subtotal (amount T **minus** amount U) (if negative, enter "0") . . . . ______ V

OSBD rate for the year (rate G6 from Part 3) . . . . 7.99589 %

Amount V **multiplied** by the OSBD rate for the year . . . . ______ W

Ontario domestic factor (amount E from Part 3) . . . . 1.00000 X

Ontario credit union tax reduction (amount W **multiplied** by amount X) . . . . ______ Y

Enter amount Y on line 410 of Schedule 5.

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SCHEDULE 501

ONTARIO ADJUSTED TAXABLE INCOME OF ASSOCIATED CORPORATIONS TO DETERMINE SURTAX RE ONTARIO SMALL BUSINESS DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- For use by Canadian-controlled private corporations (CCPCs) to report the adjusted taxable income of all corporations (Canadian and foreign) with which the filing corporation was associated at any time during the tax year.
- Include the adjusted taxable income for the tax year of the associated corporation that ends at or before the date of the filing corporation's tax year-end.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations* 100	Business number of associated corporations** 200	Tax year-end 300	Adjusted taxable income *** (if loss, enter "0") 400
1	Guelph Hydro Inc.	86435 1598 RC0002	2010-12-31	
2	City of Guelph	12277 8459 RC0001	2010-12-31	
3	ECOTRICITY GUELPH INC.	86458 8876 RC0001	2010-12-31	
4	ECOTRICITY INC.	89843 2927 RC0001	2010-12-31	
			Total 500	

Enter the total adjusted taxable income from line 500 on line J in Part 4 of Schedule 500, *Ontario Corporation Tax Calculation.*

* Subsection 256(2) of the federal *Income Tax Act* may deem the filing corporation to be associated with another corporation, because both corporations are associated with a third corporation. If so, do not list the other corporation, nor the third corporation if it is not a CCPC or has elected under subsection 256(2) of the federal Act not to be associated for purposes of section 125 of the federal Act.

** Enter "NR" if a corporation is not registered.

*** **Rules for adjusted taxable income:**

- If the associated corporation's tax year ends after December 31, 2008, its adjusted taxable income is equal to its taxable income or taxable income earned in Canada **plus** its adjusted Crown royalties **minus** its notional resource allowance for the year.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's adjusted taxable income by 365 and **divide** by the number of days in the associated corporation's tax year.
- If the associated corporation has two or more tax years ending in the filing corporation's tax year, enter the last tax year-end date on line 300 and, for the entry on line 400, **multiply** the sum of the adjusted taxable income for each of those tax years by 365, and **divide** by the total number of days in all of those tax years.

T2 SCH 501 E (10)

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SCHEDULE 506

ONTARIO TRANSITIONAL TAX DEBITS AND CREDITS

Name of corporation Guelph Hydro Electric Systems Inc.	Business Number 89120 8613 RC0001	Tax year-end Year Month Day 2010-12-31

- Complete this schedule if you are a specified corporation that is subject to the Ontario transitional tax debit or claiming the Ontario transitional tax credit.
- Unless otherwise noted, references to parts, sections, subsections, paragraphs, subparagraphs, and clauses are from the federal *Income Tax Act*.
- File this schedule with the *T2 Corporation Income Tax Return*.
- Unless otherwise noted, terms on this page are defined under subsection 46(1) of the *Taxation Act, 2007* (Ontario).
- **Specified corporation** is defined under subsection 46(5) of the *Taxation Act, 2007* (Ontario) as a corporation:
  - that is not exempt at or immediately before its transition time from tax payable under Part I of the federal Act;
  - that has a tax year that ends before 2009 and a tax year that includes January 1, 2009; or has a tax year that begins after 2008 and a tax year that is deemed to end on December 31, 2008, under subsection 249(3) of the federal Act;
  - that has a permanent establishment (PE) in Ontario at its transition time;
  - that had a PE in Ontario at any time in its last tax year ending before 2009, and was subject to tax under Part II of the *Corporations Tax Act* (Ontario) for that tax year; and
  - whose assets have not been distributed in an eligible pre-2009 windup.
- A specified corporation also includes, under subsection 51(1) of *the Taxation Act, 2007* (Ontario), the parent corporation of an eligible post-2008 windup and the new corporation of an eligible amalgamation.
- A specified corporation may be subject to the Ontario transitional tax debit if:
  - the corporation's total federal balance is more than the total Ontario balance at the end of the tax year; or
  - the corporation has a post-2008 scientific research and experimental development (SR&ED) balance, as defined under subsection 49(2) of the *Taxation Act, 2007* (Ontario), and a federal SR&ED transitional balance, as defined under subsection 49(4) of the *Taxation Act, 2007* (Ontario), at the end of the tax year.
- A specified corporation may be able to claim the Ontario transitional tax credit if:
  - the corporation's total Ontario balance is more than the total federal balance at the end of the tax year; or
  - the corporation has an unused transitional tax credit balance from previous tax years.
- **Transition time** means:
  - the beginning of the corporation's first tax year that starts after 2008 if the previous tax year is deemed under subsection 249(3) of the federal Act to end on December 31, 2008, or
  - the beginning of the corporation's tax year that includes January 1, 2009, in any other case.
- An **eligible amalgamation** means an amalgamation or merger of a particular corporation and one or more other corporations to form a new corporation where:
  - the amalgamation or merger occurs after December 31, 2008, and does not occur at the new corporation's transition time;
  - the new corporation has a PE in Ontario immediately after the amalgamation or merger;
  - the particular corporation has a PE in Ontario immediately before the amalgamation or merger;
  - the particular corporation is a specified corporation at its transition time or at any time before the amalgamation or merger;
  - the amalgamation or merger occurs in the amortization period of the new corporation;
  - the amortization period of the new corporation does not end immediately after the beginning of its reference period; and
  - the amortization period of the particular corporation does not end before the amalgamation or merger.
- An **eligible post-2008 windup** means the windup of a subsidiary corporation into its parent corporation under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the time immediately after the completion time is within the amortization periods of the subsidiary and parent;
  - the parent's tax year (during which it received the assets of the subsidiary) ends after December 31, 2008;
  - the subsidiary has a PE in Ontario during its tax year ending at the completion time; and
  - the parent has a PE in Ontario during its tax year in which it received the assets from the subsidiary.
- An **eligible pre-2009 windup** means the windup of a subsidiary under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the parent's tax year (during which it received the assets of the subsidiary) ended before January 1, 2009; or
  - the completion time of the windup is before January 1, 2009, and the parent's tax year (during which it received the assets of the subsidiary) ended after December 31, 2008.
- The **completion time** of a windup means the end of the tax year of the subsidiary during which the subsidiary distributes its assets to the parent for the purposes of paragraph 88(1)(e.2).
- A **specified pre-2009 transfer** under section 52 of the *Taxation Act, 2007* (Ontario) means a transfer of property between corporations not at arm's length that changes the total federal or Ontario balance of either the transferee or the transferor and that occurs:
  - before 2009;
  - at different values under the *Corporations Tax Act* (Ontario) and the federal Act;
  - in a tax year ending after 2008 for either the transferee or the transferor corporation, and that corporation is a specified corporation; and
  - in a tax year of the other corporation ending before 2009, in which the other corporation has a PE in Ontario.

Part 1 – Total federal balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Federal balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 220 from Schedule 8, *Capital Cost Allowance (CCA)*) . . . **110** ____________

Charitable donations not yet deducted from income (from line 280 of Schedule 2, *Charitable Donations and Gifts*) (see Note 1) . . . **112** ____________

Gifts to Canada, a province, or a territory (from line 380 of Schedule 2) (see Note 1) . . . **114** ____________

Gifts of certified cultural property (from line 480 of Schedule 2) (see Note 1) . . . **116** ____________

Gifts of certified ecologically sensitive land (from line 580 of Schedule 2) (see Note 1) . . . **118** ____________

Gifts of medicine (from line 680 of Schedule 2) (see Note 1) . . . **120** ____________

Cumulative eligible capital (from line 300 of Schedule 10, *Cumulative Eligible Capital Deduction*) . . . **122** ____________

Federal SR&ED expenditure pool (from line 470 of Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*) (see Note 2 and Note 3) . . . **124** ____________

Cumulative Canadian exploration expense (from line 249 of Schedule 12, *Resource-Related Deductions*) (see Note 2) . . . **128** ____________

Cumulative Canadian development expense (from line 349 of Schedule 12) (see Note 2) . . . **130** ____________

Cumulative Canadian oil and gas property expense (from line 449 of Schedule 12) (see Note 2) . . . **132** ____________

Federal balances at the beginning of the current tax year

Non-capital losses (from line 102 of Schedule 4, *Corporation Loss Continuity and Application*, of the current tax year) (see Note 2 and Note 4) . . . **134** ____________

Net capital losses (from line 200 of Schedule 4 of the current tax year x 50 %) (see Note 2 and Note 4) . . . **136** ____________

Amounts included in the calculation of the Ontario income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario) . . . **150** ____________

One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario) . . . **152** ____________

Other discretionary deductions claimed for Ontario income tax, but not claimed federally in the tax years ending after December 12, 2006, and before the transition time . . . **154** ____________

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, under the federal Act, at the beginning of the tax year . . . **160** ____________

Gain from a "negative" adjusted cost base of a partnership interest under subsection 40(3) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario), as if all partnership interests were disposed of at the beginning of the tax year . . . **162** ____________

Amount of farming income specified under paragraph 28(1)(b) in the previous tax year . . . **164** ____________

Federal balance before election (total of lines 110 to 164) ____________ A

Deduct:

Lesser of amount D or amount E from Part 4, if an election is made . . . **170** ____________

Total federal balance (amount A **minus** line 170) . . . **180** ____________

Enter amount on line 300 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Part 2 – Total Ontario balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Ontario balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 13 from Ontario Schedule 8, *Ontario Capital Cost Allowance*)	**210**	
Charitable donations (amount I from Ontario *Schedule 2, Ontario Charitable Donations and Gifts*) (see Note 1)	**212**	
Gifts to Canada, a province, or a territory (total of closing balance amounts from parts 3 and 5 of Ontario Schedule 2) (see Note 1)	**214**	
Gifts of certified cultural property (closing balance amount from Part 6 of Ontario Schedule 2) (see Note 1)	**216**	
Gifts of certified ecologically sensitive land (closing balance amount from Part 7 of Ontario Schedule 2) (see Note 1)	**218**	
Gifts of medicine (see Note 1)	**220**	
Cumulative eligible capital (amount Q from Ontario *Schedule 10, Ontario Cumulative Eligible Capital Deduction*)	**222**	
Ontario SR&ED expenditure pool (line 480 from Ontario *CT23 Schedule 161, Ontario Scientific Research and Experimental Development Expenditures*) (see Note 2 and Note 3)	**224**	
Adjusted Ontario SR&ED incentive balance (see Note 2 and Note 5)	**226**	
Cumulative Canadian exploration expense (closing balance of Regular Expenses from Part 2 of Ontario *Schedule 12, Ontario Exploration Expenses*) (see Note 2)	**228**	
Cumulative Canadian development expense (closing balance of Regular Expenses, Canadian CCDE Expenses, from Part 3 of Ontario Schedule 12) (see Note 2)	**230**	
Cumulative Canadian oil and gas property expense (closing balance of Regular Expenses from Part 4 of Ontario Schedule 12) (see Note 2)	**232**	
Non-capital losses (from line 709 of Ontario *Corporations Tax Return CT8* or *CT23 Corporations Tax and Annual Return*) (see Note 2 and Note 4)	**234**	
Net capital losses (from line 719 of CT8 or CT23 x 50 %) (see Note 2 and Note 4)	**236**	

Amounts included in the calculation of the federal income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv)	**250**	
One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii)	**252**	

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, for the purposes of the *Corporations Tax Act* (Ontario), at the beginning of the tax year	**260**	
Gain from a "negative" adjusted cost base of a partnership interest under subsection 40(3) determined as if all partnership interests were disposed of at the beginning of the tax year	**262**	
Amount of farming income in the previous tax year specified under paragraph 28(1)(b) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario)	**264**	
Total Ontario balance (total of lines 210 to 264)	**280**	

Enter amount on line 340 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Note 5: The adjusted Ontario SR&ED incentive balance under subsection 49(7) of the *Taxation Act, 2007* (Ontario) is the total of federal investment tax credits that:

- have been earned and are available without restriction to the corporation;
- are attributable to qualifying Ontario SR&ED expenditures;
- have not been deducted under subsection 127(5) or (6) of the federal Act; and
- do not expire in the first tax year ending in 2009 under the 10-year carryforward limit,

divided by the relevant Ontario allocation factor as calculated in Part 11.

Part 3 – Total federal balance and total Ontario balance at the end of the tax year

Total federal balance:

Total federal balance (amount from line 180 in Part 1, or amount from line 330 in Part 3 of Schedule 506 for the previous tax year) **300** 103,043,088

Add:

Amount from eligible amalgamation* . . . . **310** ______

Amount from eligible post-2008 windup* . . . . **315** ______

Amount from eligible pre-2009 windup* . . . . **320** ______

Amount from specified pre-2009 transfers* . . . . **325** ______

Total federal balance at the end of the tax year . . . . 103,043,088 ► **330** 103,043,088

Total Ontario balance:

Total Ontario balance (amount from line 280 in Part 2, or amount from line 370 in Part 3 of Schedule 506 for the previous tax year) **340** 103,078,657

Add:

Amount from eligible amalgamation* . . . . **350** ______

Amount from eligible post-2008 windup* . . . . **355** ______

Amount from eligible pre-2009 windup* . . . . **360** ______

Amount from specified pre-2009 transfers* . . . . **365** ______

Total Ontario balance at the end of the tax year . . . . 103,078,657 ► **370** 103,078,657

Transitional balance at the end of the tax year (line 330 **minus** line 370) . . . . **390** -35,569

If line 390 is positive, the corporation may be subject to a transitional tax debit. Complete Part 7 of this schedule.
If line 390 is negative, the corporation may be eligible to claim a transitional tax credit. Complete Part 8 of this schedule.

* See page 1 for definitions of eligible amalgamation, eligible post-2008 windup, eligible pre-2009 windup, and specified pre-2009 transfers. To calculate these amounts, you can use *Schedule 507, Ontario Transitional Tax Debits and Credits Calculation.*

Part 4 – Election to reduce federal SR&ED expenditure pool

This election may be made if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

Are you making an election under clause (b) of the definition of "I" in paragraph 1 of subsection 48(4) of the *Taxation Act, 2007* (Ontario)? . . . . **400** 1 Yes ☐ 2 No ☒

If you answered **no** to the question at line 400, go to Part 5. If you answered **yes** to the question at line 400, complete the following calculation:

Federal SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 124 in Part 1) . . . . ______ B

Deduct:

Adjusted Ontario SR&ED incentive balance at the end of the previous tax year (amount from line 226 in Part 2) . . . . ______ 1

Ontario SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 224 in Part 2) . . . . ______ 2

Subtotal (amount 1 **plus** amount 2) ______ ► ______ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") ______ D

Federal balance before election (amount A from Part 1) . . . . ______

Deduct:

Total Ontario balance (amount from line 280 in Part 2) . . . . ______

Subtotal (if negative, enter "0") ______ E

Enter the lesser of amount D and amount E on line 170 in Part 1.

Part 5 – Reference period and amortization period

Reference period

The reference period starts at the beginning of the corporation's first tax year ending after December 31, 2008, and ends on whichever date is earlier:

- five calendar years after the time immediately before the start of the corporation's reference period; or
- December 31, 2013.

Number of days in the corporation's reference period* (do not include February 29, 2008, and February 29, 2012) . . **410** 1,825

* The number of days in the corporation's reference period is 1825 unless:

- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3). In this case, count the number of days from the beginning of the 2009 tax year to December 31, 2013; or
- the corporation was incorporated or amalgamated after January 1, 2009. In this case, count the number of days from the date of incorporation or date of amalgamation to December 31, 2013.

Amortization period

The amortization period starts at the beginning of the corporation's reference period and ends on whichever date is earlier:

- the end of the corporation's reference period; or
- the early termination date as indicated under line 430.

Number of days in the amortization period that are in the tax year** (do not include February 29, 2008, or February 29, 2012) **420** 365

** The number of days in the amortization period that are in the tax year is the number of days in the tax year unless:

- the tax year-end is later than the end of the reference period. In this case, count the number of days from the beginning of the tax year to the end of the reference period; or
- the corporation terminates the amortization period before the end of the tax year. In this case, count the number of days from the beginning of the tax year to the day of early termination.

Early termination of the amortization period

The amortization period of the corporation usually coincides with the corporation's reference period. However, if the corporation's amortization period ends in the tax year and before the reference period ends, tick the applicable box below to indicate the reason for the early termination.

430 The corporation:

1 ☐ – ceases to have a PE in Ontario in the tax year for any reason other than an eligible amalgamation or eligible post-2008 windup.

2 ☐ – becomes exempt from tax under Part I of the federal Act immediately after the end of the tax year.

3 ☐ – elects under subsection 47(2) of the *Taxation Act, 2007* (Ontario) to prepay the transitional tax debit.
Note: The Ontario Allocation Factor, calculated in Part 6, has to be at least 90% or the amount on line 390 in Part 3 is not more than $10,000.

4 ☐ – does not object to early termination of the amortization period and accelerated payment of the transitional tax credit, under subsection 46(3) of the *Taxation Act, 2007* (Ontario).
Note: Amount T in Part 8 cannot be more than $1,000.

If you ticked one of the above boxes:

- enter the date of the early termination, if the date is different from the tax year-end and you ticked box 1 at line 430 . . . . **435**
- enter the number of days from the first day of the tax year to the end of the corporation's reference period (do not include February 29, 2008, or February 29, 2012) **440**

Part 6 – Calculation of Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line F:

Ontario taxable income* / Taxable income** ________ = ________

Ontario allocation factor (OAF) . . . . 1.00000 F

* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If taxable income is nil, calculate the amount in column F as if taxable income were $1,000.

** Enter taxable income from line 360 or amount Z of the T2 return, whichever applies. If taxable income is nil, enter "1,000."

Part 7 – Transitional tax debits

Complete this part if the amount on line 390 in Part 3 is positive.

Amount from line 390 in Part 3				G
Amount G x Ontario basic rate of tax*	12.99179 % =			H
Amount H x OAF (from line F in Part 6)	1.00000			I
Number of days from line 440 (if applicable) or line 420 in Part 5 / Number of days in the corporation's reference period from line 410 in Part 5	365 / 1,825	=	0.20000	J

Transitional tax debit before tax on elected reduced SR&ED pool (amount I **multiplied** by amount J)			K
Post-2008 SR&ED balance at the end of the year (amount HH from Part 12)	**460**		
Federal SR&ED transitional balance at the end of the year (amount QQ from Part 14)	**470**		
Tax on elected reduced SR&ED pool (the lesser of lines 460 and 470)			L
Total transitional tax debits (amount K **plus** amount L)			M

Enter amount M on line 276 of Schedule 5.

Part 8 – Transitional tax credits

Complete this part if the amount on line 390 in Part 3 is negative.

Amount C6 from Schedule 5		1,168,892	N
Deduct:			
Ontario resource tax credit (from line 404 of Schedule 5)			
Ontario tax credit for manufacturing and processing (from line 406 of Schedule 5)			
Ontario foreign tax credit (from line 408 of Schedule 5)			
Ontario credit union tax reduction (from line 410 of Schedule 5)			
Subtotal	▶		O
Subtotal (amount N **minus** amount 0)		1,168,892	P
Number of days from line 420 in Part 5 / Number of days in the tax year (do not include February 29, 2008, or February 29, 2012)	365 / 365 =	1.00000	Q

Ontario tax payable for purposes of the current year transitional tax credit (amount P **multiplied** by amount Q)	**510**	1,168,892

Amount from line 390 in Part 3 (enter as a positive amount)		35,569	R
Amount R x Ontario basic rate of tax*	12.99179 % =	4,621	S
Amount S x OAF (from line F in Part 6)		4,621	T
Number of days from line 440 (if applicable) or line 420 in Part 5 / Number of days in the corporation's reference period on line 410 in Part 5	365 / 1,825 =	0.20000	U

Current-year transitional tax credit (amount T **multiplied** by amount U)	**520**	924
Ontario tax payable for purposes of the unused transitional tax credit carryforward (line 510 **minus** line 520) (if negative, enter "0")	**530**	1,167,968

Transitional tax credit:

Lesser of amounts on line 510 and 520	924	V
Lesser of unused transitional tax credit available (amount Y from Part 9) and amount on line 530		W
Transitional tax credit (amount V **plus** amount W)	924	X

Enter amount X on line 414 of Schedule 5.

* Enter the rate calculated in Part 1 of Schedule 500, *Ontario Corporation Tax Calculation*.

Part 9 – Unused transitional tax credit

Unused transitional tax credit carryforward from previous year (amount from line 580 of the previous year)* . . . . ______ 1

Add:

Unused transitional tax credit transferred from a predecessor corporation or a subsidiary on an eligible amalgamation or an eligible post-2008 windup* . . . . **560** ______ 2

Unused transitional tax credit available (amount 1 **plus** amount 2) . . . . ______ ▶ ______ Y

Add:

Current-year transitional tax credit (amount from line 520 in Part 8) . . . . 924 Z

Subtotal (amount Y **plus** amount Z) 924 3

Deduct:

Transitional tax credit applied (amount X from Part 8) . . . . 924 AA

Unused transitional tax credit (available for later years) (amount 3 **minus** amount AA) . . . . **580** ______

* Enter "0" if this is the first tax year ending after 2008.

Complete parts 10 to 14 if the corporation or a predecessor made an election in Part 4 at the transition time.

Part 10 – Federal current SR&ED limit and federal current SR&ED deficit

Current SR&ED expenditures in the year under paragraph 37(1)(a) . . . . **610** ______

Capital SR&ED expenditures in the year under paragraph 37(1)(b) . . . . **614** ______

Repayment of assistance under paragraph 37(1)(c) . . . . **618** ______

Investment tax credit recaptured under subsections 127(27), (29), and (34) in the previous tax year . . . . **624** ______

Subtotal (total of lines 610 to 624) ______ ▶ ______ BB

Deduct:

Assistance under paragraph 37(1)(d) . . . . **638** ______

Investment tax credits deducted under paragraph 37(1)(e) . . . . **644** ______

Subtotal (line 638 **plus** line 644) ______ ▶ ______ CC

Federal current SR&ED limit or federal current SR&ED deficit (amount BB **minus** amount CC) . . . . **650** ______

If the amount on line 650 is positive, enter it on line II In Part 13.

If the amount on line 650 is negative, enter it as a positive amount on line DD in Part 12.

Part 11 – Relevant OAF

Enter on line 660 whichever of the following amounts is greatest:

- the corporation's OAF for the tax year that includes its transition time (from line F in Part 6) . . . . ______ %
- the greatest of the corporation's OAFs for a tax year ending in 2006, 2007, and 2008 as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) . . . . ______ %
- the greatest of the weighted OAFs* of the corporation and its designated corporations** for 2006, 2007, and 2008 . . . . ______ %

Relevant OAF . . . . **660** ______ %

* The weighted OAF for two or more corporations for their tax years ending in 2006, 2007, or 2008 is the total of the following for each corporation:

- the corporation's OAF as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) for the tax year **multiplied** by the corporation's and its share of partnerships' qualified Ontario SR&ED expenditures in the tax year, **divided** by the total of all the corporations' and their shares of partnerships' qualified Ontario SR&ED expenditures in the tax year.

Qualified Ontario SR&ED expenditure is defined in section 11.2 of the *Corporations Tax Act* (Ontario).

** A designated corporation in respect of a particular corporation is:

1) a corporation that amalgamated with the particular corporation under section 87;
2) a corporation that wound up into the particular corporation under subsection 88(1); or
3) a designated corporation to a corporation identified in 1) or 2).

Part 12 – Post-2008 SR&ED balance

Federal current SR&ED deficit for the year (amount from line 650 in Part 10, if negative) (enter as a positive amount) .... DD

SR&ED expenditure amount deducted in the year under subsection 37(1) **670**

Deduct:
Cumulative post-2008 SR&ED limit at the end of the year (amount LL from Part 13) **675**

Subtotal (line 670 **minus** line 675) (if negative, enter "0") ▶ EE

Subtotal (amount DD **plus** amount EE) FF

Amount FF x 14 % GG

Post-2008 SR&ED balance at the end of the year (amount GG **multiplied** by line 660 from Part 11) .... HH
Enter amount HH on line 460 in Part 7.

Part 13 – Cumulative post-2008 SR&ED limit at the end of the year

Federal current SR&ED limit for the year (amount from line 650 in Part 10, if positive) II
Total of all federal SR&ED limits from previous tax years ending after December 31, 2008 .... **700**

Subtotal (line II **plus** line 700) JJ

Total of all amounts deducted under subsection 37(1)
for previous tax years ending after December 31, 2008 .... **705**

Total of all transitional tax debits on elected reduced
SR&ED pool calculated under subsection 48(3) of the
Taxation Act, 2007 (Ontario) in the previous years
(total of line L in Part 7 for previous years) **710**

Deduct:
Amounts included in line 710 that are
reasonably attributable to the federal
current SR&ED deficit for the year **715**

Subtotal (line 710 **minus** line 715) **720**

$$\frac{\text{Line 720}}{\text{Relevant OAF (from line 660 in Part 11) x 14 \%}} = \ldots\ldots \quad \text{KK}$$

Subtotal (line 705 **minus** amount KK) ▶ **730**

Cumulative post-2008 SR&ED limit at the end of the year (amount JJ **minus** line 730) (if negative, enter "0") LL
Enter amount LL on line 675 in Part 12.

Part 14 – Federal SR&ED transitional balance at the end of the year

Amount from line 170 in Part 1 (see Note) .... **735** MM
Relevant OAF (from line 660) (see Note) **multiplied** by amount MM .... NN
Amount NN x 14 % .... ▶ OO

Federal SR&ED transitional balance transferred on an
eligible amalgamation or an eligible post-2008 wind-up **740**

Subtotal (amount OO **plus** line 740) PP

Deduct:
Total of all transitional tax debits on elected reduced SR&ED pool calculated under subsection 48(3) of
the *Taxation Act, 2007* (Ontario) in the previous years (total of line L in Part 7 for previous years) **750**

Federal SR&ED transitional balance at the end of the year (amount PP **minus** line 750) .... QQ
Enter amount QQ on line 470 in Part 7.

Note: For tax years ending after 2009, enter the amount from line 170 and the relevant OAF from the 2009 tax year.

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return.*

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	778,283	A			
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B			
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		778,283	C			
Add: Eligible expenditures transferred to the corporation by another corporation	110		D			
Subtotal (amount C **plus** amount D)		778,283	►		778,283	E
Deduct: Eligible expenditures the corporation transferred to another corporation				115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")				120	778,283	G

Part 2 – Calculation of the current part of the ORDTC

Ontario SR&ED expenditure pool (amount G in Part 1)					778,283 x	4.50 %	= 200	35,023	H
ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *							205		I
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment				210	x	4.50 %	= 215		J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment	220	x	1 / 4	=	x	4.50 %	= 225		K
Current part of the ORDTC (total of amounts H to K)							230	35,023	L

* If there is a disposal or change of use of eligible property, see Part 6

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year					M		
Deduct: ORDTC expired after 20 tax years	300				N		
ORDTC at the beginning of the tax year (amount M **minus** amount N)	305				O		
Add:							
ORDTC transferred on amalgamation or windup	310				P		
Current part of ORDTC (amount L in Part 2)		35,023	Q				

Are you waiving all or part of the current part of the ORDTC? **315** Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320		R				
Subtotal (amount Q **minus** amount R)		35,023	▶	35,023	S		
ORDTC available for deduction (total of amounts O, P and S)				35,023	▶	35,023	T
Deduct:							
ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*)				35,023	U		
ORDTC carried back to a previous tax year (from Part 4)					V		
Subtotal (amount U **plus** amount V)				35,023	▶	35,023	W
ORDTC balance at the end of the tax year (amount T **minus** amount W)	325						X

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2009-12-31	Credit to be applied	901	
2nd previous tax year	2008-12-31	Credit to be applied	902	
3rd previous tax year	2007-12-31	Credit to be applied	903	
		Total (enter amount on line V in Part 3)		

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available
1991-12-31	
1992-12-31	
1993-12-31	
1994-12-31	
1995-12-31	
1996-12-31	
1997-12-31	
1998-12-31	
1999-12-31	
2000-12-31	

	Tax year of origin (earliest tax year first) Year Month Day	Credit available
	2001-12-31	
	2002-12-31	
	2003-12-31	
	2004-12-31	
	2005-12-31	
	2006-03-31	
	2006-12-31	
	2007-12-31	
	2008-12-31	
	2009-12-31	
Current tax year	2010-12-31	

Total (equals line 325 in Part 3) ____________

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

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

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

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

Subtotal (enter amount BB, on line KK in Part 7) ____________ BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act **720**	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition **730**	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) **740**
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred **750**	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) ______ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . **760** ______ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . ______ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . ______ LL

Amount KK **plus** amount LL . . . . ______ x 23.56 % = ______ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . ______ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . ______ OO

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures			Capital Expenditures	
Total expenditures for SR&ED		570,802				
Add						
• payment of prior years' unpaid expenses (other than salary or wages)	+					
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	207,481				
• expenditures on shared-use equipment				+		
• other additions	+			+		
Subtotal	=	778,283		=		
Less						
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–					
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–					
• prescribed expenditures not allowed by regulations	–			–		
• other deductions	–			–		
• non-arm's length transactions						
– expenditures for non-arm's length SR&ED contracts	–					
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–			–		
Subtotal	=	778,283	I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)				=	778,283	III

Enter amount III on line 100 of Schedule 508.

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SCHEDULE 510

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	164,283,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	71,010,000
Total assets (total of lines 112 to 116)		235,293,000
Total revenue of the corporation for the tax year **	142	144,684,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	4,877,000
Total revenue (total of lines 142 to 146)		149,561,000

The corporation is subject to CMT if:

– for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.

– for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**

– Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

– The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.

– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.

– If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.

– The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Calculation of adjusted net income/loss for CMT purposes

Net income/loss per financial statements *				**210**	4,028,000
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	**220**	3,482,000			
Provision for deferred income taxes (debits)/cost of future income taxes	**222**				
Equity losses from corporations	**224**				
Financial statement loss from partnerships and joint ventures	**226**				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	**230**				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	**228**				
Total patronage dividends received, not already included in net income/loss	**232**				
281	**282**				
283	**284**				
Subtotal		3,482,000	▶		3,482,000 A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	**320**				
Provision for deferred income taxes (credits)/benefit of future income taxes	**322**	1,403,000			
Equity income from corporations	**324**				
Financial statement income from partnerships and joint ventures	**326**				
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	**330**				
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	**332**				
Gain on donation of listed security or ecological gift	**340**				
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	**342**				
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	**344**				
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	**346**				
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	**348**				
Other deductions (see note below):					
Share of adjusted net loss of partnerships and joint ventures **	**328**				
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	**334**				
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	**336**				
Patronage dividends paid (from Schedule 16) not already included in net income/loss	**338**				
381	**382**				
383	**384**				
385	**386**				
387	**388**				
389	**390**				
Subtotal		1,403,000	▶		1,403,000 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)				**490**	6,107,000

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – Calculation of CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) **515** 6,107,000

Deduct:

CMT loss available (amount R from Part 7) . . . . ______

Minus: Adjustment for an acquisition of control * . . . . . . **518** ______

Adjusted CMT loss available . . . . ______ ► ______ C

Net income subject to CMT calculation (if negative, enter "0") **520** 6,107,000

Amount from line 520 6,107,000 x (Number of days in the tax year before July 1, 2010 181 / Number of days in the tax year 365) x 4 % = 121,136 1

Amount from line 520 6,107,000 x (Number of days in the tax year after June 30, 2010 184 / Number of days in the tax year 365) x 2.7 % = 83,122 2

Subtotal (amount 1 **plus** amount 2) 204,258 3

Gross CMT: amount on line 3 above x OAF ** **540** 204,258

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ______

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . 204,258 D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 1,132,945

Net CMT payable (if negative, enter "0") . . . . ______ E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

(Ontario taxable income **** / Taxable income *****) ______ = ______

Ontario allocation factor . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year * . . . . ________ G

Deduct:

CMT credit expired * . . . . **600** ________

CMT credit carryforward at the beginning of the current tax year * (see note below) . . . . ________ ▶ **620** ________

Add:

CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below) . . . . **650** ________

CMT credit available for the tax year (amount on line 620 **plus** amount on line 650) . . . . ________ H

Deduct:

CMT credit deducted in the current tax year (amount P from Part 5) . . . . ________ I

Subtotal (amount H **minus** amount I) ________ J

Add:

Net CMT payable (amount E from Part 3) . . . . ________

SAT payable (amount O from Part 6 of Schedule 512) . . . . ________

Subtotal ________ ▶ ________ K

CMT credit carryforward at the end of the tax year (amount J **plus** amount K) . . . . **670** ________ L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4) . . . . ________ M

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 1,132,945 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 204,258 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) . . . . ________ 3

Gross SAT (line 460 from Part 6 of Schedule 512) . . . . ________ 4

The **greater** of amounts 3 and 4 . . . . ________ 5

Deduct: line 2 or line 5, whichever applies: 204,258 6

Subtotal (if negative, enter "0") 928,687 ▶ 928,687 N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 1,132,945

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit
(amount J6 **minus** line 450 from Schedule 5) 79,073

Subtotal (if negative, enter "0") 1,053,872 ▶ 1,053,872 O

CMT credit deducted in the current tax year (least of amounts M, N, and O) . . . . ________ P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? . . . . **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	**680**
9th previous tax year	**681**
8th previous tax year	**682**
7th previous tax year	**683**
6th previous tax year	**684**
5th previous tax year	**685**
4th previous tax year	**686**
3rd previous tax year	**687**
2nd previous tax year	**688**
1st previous tax year	**689**
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . Q

Deduct:

CMT loss expired * **700**

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ▶ **720**

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) **750**

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) **760**

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . **770** T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.
Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation Guelph Hydro Electric Systems Inc.	Business Number 89120 8613 RC0001	Tax year-end Year Month Day 2010-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Guelph Hydro Inc.	86435 1598 RC0002	68,138,000	3,815,000
2	City of Guelph	12277 8459 RC0001	0	0
3	ECOTRICITY GUELPH INC.	86458 8876 RC0001	2,872,000	1,062,000
4	ECOTRICITY INC.	89843 2927 RC0001	0	0
		Total	450 71,010,000	550 4,877,000

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax.*
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

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

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

* **Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

** **Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511 Canada

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ONTARIO CAPITAL TAX ON OTHER THAN FINANCIAL INSTITUTIONS

Business Number	Tax year-end Year Month Day
89120 8613 RC0001	2010-12-31

lame of corporation

Guelph Hydro Electric Systems Inc.

- Complete this schedule for a corporation with a permanent establishment in Ontario at any time in the tax year and that is a corporation other than a financial institution. The Ontario capital tax on other than financial institutions is levied under section 64 of the *Taxation Act, 2007* (Ontario).
- The Ontario capital tax is eliminated effective July 1, 2010. You do not have to complete this schedule if the corporation's tax year begins after June 30, 2010. For businesses mainly engaged in qualifying manufacturing and resource activities in Ontario, the capital tax is eliminated effective January 1, 2007.
- To complete this schedule, you have to complete Schedule 33, *Part I.3 Tax on Large Corporations* (renamed *Taxable Capital Employed in Canada – Large Corporations* for 2010 and later tax years). File completed copies of both schedules with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.
- A corporation is exempt from Ontario capital tax if it was one of the following:
  1) a corporation that is liable to the special additional tax according to section 74 of the *Corporations Tax Act* (Ontario);
  2) a credit union;
  3) a deposit insurance corporation according to section 137.1 of the federal *Income Tax Act*;
  4) a family farm corporation for the year as defined by subsection 64(3) of the *Taxation Act*, 2007 (Ontario), other than a corporation for which a determination has been made under subsection 31(2) of the federal Act;
  5) a family fishing corporation, as defined by subsection 64(3) of the *Taxation Act, 2007* (Ontario); or
  6) a corporation exempt from income tax according to section 149 of the federal Act.

Part 1 – Taxable capital of a corporation resident in Canada other than a financial institution

Amount A from Part 1 of Schedule 33 . . . . **100** 146,538,000

Add:

Accumulated other comprehensive income at the end of the year **105**

Subtotal 146,538,000 ► 146,538,000 A

Deduct:

Amount B from Part 1 of Schedule 33 . . . . **110** 10,067,000

Amount on line 490 from Part 2 of Schedule 33 . . . . **115**

Subtotal 10,067,000 ► 10,067,000

Taxable capital (amount A **minus** amount B) (if negative, enter "0") **120** 136,471,000

Part 2 – Capital deduction

Complete this part only if the corporation is associated.

Are you electing under subsection 83(2) of the *Taxation Act, 2007* (Ontario)? . . . . . . **190** 1 Yes ☒ 2 No ☐

If you answered **no** to the question at line 190, complete line 220. If you answered **yes** to the question at line 190, complete line 305 by using Schedule 516, *Capital Deduction Election of Associated Group for the Allocation of Net Deduction*, to calculate the amount to be entered on line 300.

$$\frac{\text{Taxable capital (from line 120) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (from line 790 in Part 4 of Schedule 33)} \quad \textbf{200}\ \_\_\_\_}{\text{Taxable capital or taxable capital employed in Canada of every corporation with a permanent establishment in Canada and associated for the last tax year *} \quad \textbf{210}\ \_\_\_\_} \times 15{,}000{,}000\ \$ =$$

Capital deduction **220**

* This amount includes the filing corporation's taxable capital or taxable capital employed in Canada. Do not include an amount from a financial institution corporation that is exempt from capital tax under Division E of the *Taxation Act, 2007* (Ontario) or Part III of the *Corporations Tax Act* (Ontario).

$$\frac{\text{Allocation of net deduction (from line 600 for the filing corporation from Schedule 516)} \quad \textbf{300}\ 815{,}000}{\text{Ontario allocation factor (OAF) (amount I in Part 3)} \quad 1.00000} =$$

Capital deduction **305** 81

Part 3 – Ontario capital tax payable

Taxable capital (enter amount from line 120 in Part 1) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (enter amount from line 790 in Part 4 of Schedule 33), whichever applies **320** 136,471,

Deduct:

Capital deduction (Enter $15,000,000 if the corporation is not associated. Otherwise, enter the amount from line 220 or line 305, whichever applies, from Part 2) 815,0

Net amount (line 320 **minus** amount B) (if negative, enter "0") 135,656,00

Note: For days in the tax year after June 30, 2010, the Ontario capital tax rate is 0%.

Amount C 135,656,000 x Number of days in the tax year before January 1, 2010 / Number of days in the tax year ____ / 365 x 0.00225 = ____

Amount C 135,656,000 x Number of days in the tax year after December 31, 2009 and before July 1, 2010 / Number of days in the tax year 181 / 365 x 0.00150 = 100,906

Subtotal (amount D **plus** amount E) 100,906

Amount F 100,906 x OAF (amount on line I) 1.00000 = ... 100,906 G

Amount G 100,906 x Number of days in the tax year * / 365 365 / 365 = ... 100,906 H

Deduct:

Capital tax credit for manufacturers (enter amount J from Part 4) . . . . **350** ____

Ontario capital tax payable (amount H **minus** line 350) (if negative, enter "0") **400** 100,906

Enter amount from line 400 on line 282 of Schedule 5, *Tax Calculation Supplementary - Corporations.*

* Enter either 365 if there are at least 51 weeks in the tax year, or the number of days in the year, whichever applies.

Calculation of the Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line I.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line I:

Ontario taxable income ** / Taxable income *** ____ / ____ = ____

Ontario allocation factor . . . . 1.00000 I

** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

*** Enter the taxable income amount from line 360 or line Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Capital tax credit for manufacturers

Ontario manufacturing labour cost* **405** ____ / Total Ontario labour cost** **410** ____ x 100 = ... **420** ____ %

e percentage on line 420 is 20% or less, enter "0" on line J.

e percentage on line 420 is at least 50%, enter amount H from Part 3 on line J.

e percentage on line 420 is more than 20% but less than 50%, complete the following calculation and enter the result on line J:

ercentage from line 420) – 20% / 30% ____ % / 30 % x 100,906 Amount H from Part 3 = ____

l tax credit for manufacturers . . . . ____ J

mount J on line 350 in Part 3.

defined in subsection 83.1(4) of the *Taxation Act, 2007* (Ontario)

defined in subsection 83.1(5) of the *Taxation Act, 2007* (Ontario)

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SCHEDULE 516

CAPITAL DEDUCTION ELECTION OF ASSOCIATED GROUP FOR THE ALLOCATION OF NET DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Complete this schedule to allocate the associated group's net deduction for the capital deduction election under subsection 83(2) of the *Taxation Act, 2007* (Ontario). The associated group includes the filing corporation (see line 190 of Part 2 of Schedule 515, *Ontario Capital Tax on Other than Financial Institutions*).
- If you need more space, attach more schedules.
- File this schedule with the *T2 Corporation Income Tax Return.*

	A Names of eligible corporations in the associated group 100	B Business Number of associated corporations (enter "NR" if a corporation is not registered) 200	C Ontario allocation factor (OAF)* (enter as a percentage) 300	D Total assets** 400	E Net deduction ($15 million x line 300) **multiplied** by line 400 / line 700 500	F Allocation of net deduction *** 600
1.	Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	100.000	131,854,000	9,806,236	815,000
2.	Guelph Hydro Inc.	86435 1598 RC0002	100.000	67,477,000	5,018,395	14,185,000
3.	City of Guelph	12277 8459 RC0001				
4.	ECOTRICITY GUELPH INC.	86458 8876 RC0001	100.000	2,358,000	175,369	
5.	ECOTRICITY INC.	89843 2927 RC0001				

Total assets of associated group (total of amounts in column D) **700** 201,689,000

Total net deduction (total of amounts in column E) **800** 15,000,000

Total allocated net deduction (total of amounts in column F) (not to exceed amount on line 800) **900** 15,000,000

* OAF from the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends.

** Total assets of each corporation in the associated group as recorded in the books and records for the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends. If the corporation is not resident in Canada, enter the amount of its total assets situated in Canada.

*** Enter the amount from this column allocated to the filing corporation on line 300 of Schedule 515.

T2 SCH 516

Canada

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Guelph Hydro Electric Systems Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent
Ontario

110 Date of incorporation or amalgamation, whichever is the most recent — Year Month Day
2006-03-31

120 Ontario Corporation No.
1447440

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number
395

220 Street name/Rural route/Lot and Concession number
Southgate Drive

230 Suite number

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)
Guelph

260 Province/state
ON

270 Country
CA

280 Postal/zip code
N1G 4Y1

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 1 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 MILES
Last name

451 IAN
First name

454 ______________________,
Middle name(s)

460 2 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

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

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number **530** Street name/Rural route/Lot and Concession number **540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town) **570** Province/state **580** Country **590** Postal/zip code

Part 6 – Language of preference

600 ☐ Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - – the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - – the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - – the terms of the WP require the student to engage in productive work;
  - – the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - – the student is paid for the work performed in the WP;
  - – the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - – the institution monitors the student's performance in the WP; and
  - – the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information
IAN MILES

120 Telephone number including area code
(519) 837-4703

Is the claim filed for a CETC earned through a partnership?* . . . . **150** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . **160** ____

Enter the percentage of the partnership's CETC allocated to the corporation . . . . **170** ____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 1,000,000

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$ \quad 400{,}000}{\$ \quad 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$ \quad 400{,}000}{\$ \quad 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	University of Waterloo	Accounting
2.	University of Waterloo	Accounting
3.	University of Waterloo	Accounting
4.	University of Guelph	Regulatory Affairs
5.	University og Waterloo	Accounting
6.	Cambridge College	Operations - Line
7.		

	C Name of student **410**	D Start date of WP (see note 1 below) **430**	E End date of WP (see note 2 below) **435**
1.	Nida Butt	2010-01-04	2010-04-30
2.	Nirthuya Thangarajah	2010-05-03	2010-09-03
3.	Emma Watt	2010-08-30	2010-12-29
4.	Colleen Calhoun	2010-09-07	2010-12-22
5.	Ted Fleming	2010-05-03	2010-09-03
6.	Chad Hawco	2010-08-30	2010-12-31

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
7.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) **450**	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) **452**	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	11,067	25.000 %		17
2.		10.000 %	14,249	25.000 %		18
3.		10.000 %	11,736	25.000 %		17
4.		10.000 %	10,579	25.000 %		14
5.		10.000 %	14,249	25.000 %		18
6.		10.000 %	12,611	25.000 %		18
7.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) **460**	H Maximum CETC per WP (see note 3 below) **462**	I CETC on eligible expenditures (column G or H, whichever is less) **470**	J CETC on repayment of government assistance (see note 4 below) **480**	K CETC for each WP (column I or column J) **490**
1.	2,767	3,000	2,767		2,767
2.	3,562	3,000	3,000		3,000
3.	2,934	3,000	2,934		2,934
4.	2,645	3,000	2,645		2,645
5.	3,562	3,000	3,000		3,000
6.	3,153	3,000	3,000		3,000
7.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 17,346 **L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ______ x percentage on line 170 in Part 1 ______ % = ... **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

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SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0001	2010-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. Before March 27, 2009, the maximum credit for each apprentice is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship. After March 26, 2009, the maximum credit for each apprentice is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. The maximum credit amount is prorated for an employment period of an apprentice that straddles March 26, 2009.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if incurred before March 27, 2009; and
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if incurred after March 26, 2009.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario); and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009 or* the *Apprenticeship and Certification Act, 1998* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act.*
- Make sure you keep a copy of the training agreement or contract of apprenticeship to support your claim. Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return.*
- File this schedule with your *T2 Corporation Income Tax Return.*

Part 1 – Corporate information (please print)

110 Name of person to contact for more information
IAN MILES

120 Telephone number including area code
(519) 837-4703

Is the claim filed for an ATTC earned through a partnership? * . . . . **150** 1 Yes ☐ 2 No ☒

If **yes** to the question at line 150, what is the name of the partnership? . . . . **160** ____________

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . **200** 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . **210** 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 1,000,000

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 30% on line 310.
- If line 300 is $600,000 or more, enter 25% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Specified percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\,\% - \left[10\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

Specified percentage . . . . **312** 35.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice that is in a qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

	A Trade code **400**	B Apprenticeship program/ trade name **405**	C Name of apprentice **410**
1.	434a	Powerline Technician	Trevor Shody
2.	434a	Powerline Technician	Ryan Campbell
3.	434a	Powerline Technician	Ryan Reay
4.	434a	Powerline Technician	Ben Coady
5.	434a	Powerline Technician	Dan Bertens
6.	434a	Powerline Technician	Trevor Hinz
7.	434a	Powerline Technician	Nathan Poechman
8.	434a	Powerline Technician	Mark Kelley
9.			

	D Original contract or training agreement number **420**	E Original registration date of apprenticeship contract or training agreement (see note 1 below) **425**	F Start date of employment as an apprentice in the tax year (see note 2 below) **430**	G End date of employment as an apprentice in the tax year (see note 3 below) **435**
1.	D25290	2007-02-27	2010-01-01	2010-12-31
2.	D25289	2007-02-27	2010-01-01	2010-12-31
3.	PA6236	2008-03-17	2010-01-01	2010-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425	F Start date of employment as an apprentice in the tax year (see note 2 below) 430	G End date of employment as an apprentice in the tax year (see note 3 below) 435
4.	PA9529	2008-04-02	2010-01-01	2010-12-31
5.	PB1220	2009-10-26	2010-01-01	2010-12-31
6.		2010-08-09	2010-08-09	2010-12-31
7.		2010-08-09	2010-08-09	2010-12-31
8.		2010-08-16	2010-08-16	2010-12-31
9.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2 below) 445
1.		365	365	10,000
2.		365	365	10,000
3.		365	365	10,000
4.		365	365	10,000
5.		365	365	10,000
6.		145	145	3,973
7.		145	145	3,973
8.		138	138	3,781
9.				

	J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451	J2 Eligible expenditures after March 26, 2009 (see note 3 below) 452	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460
1.		76,460	76,460	26,761
2.		79,182	79,182	27,714
3.		89,574	89,574	31,351
4.		70,214	70,214	24,575
5.		64,170	64,170	22,460
6.		24,011	24,011	8,404
7.		22,021	22,021	7,707
8.		15,737	15,737	5,508
9.				

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5 below) 480	N ATTC for each apprentice (column L or column M, whichever applies) 490
1.	10,000		10,000
2.	10,000		10,000
3.	10,000		10,000
4.	10,000		10,000
5.	10,000		10,000
6.	3,973		3,973
7.	3,973		3,973
8.	3,781		3,781
9.			

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 61,727 O or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ______________ x percentage on line 170 in Part 1 __________ % = ... ______________________ P

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = ($5,000 x H1/365*) + ($10,000 x H2/365*)
* 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.

For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.
Complete a **separate entry** for each repayment of government assistance.

Appendix Guelph_EP_IRR_#38b – Continuity Schedule 2011, 2012

CCA Continuity Schedule (2011)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	61,371,840			61,371,840	1,735,000		63,106,840	867,500	62,239,340	4%	2,489,574	60,617,266
2	Distribution System - pre 1988	10,186,614			10,186,614			10,186,614	0	10,186,614	6%	611,197	9,575,417
6	Buildings (No footings below ground)				0			0	0	0	10%	0	0
8	General Office/Stores Equip	9,523,531			9,523,531	167,402		9,690,933	83,701	9,607,232	20%	1,921,446	7,769,487
10	Computer Hardware/ Vehicles	1,268,412			1,268,412	450,000		1,718,412	225,000	1,493,412	30%	448,024	1,270,388
10.1	Certain Automobiles				0			0	0	0	30%	0	0
12	Small Tools				0			0	0	0	100%	0	0
13 1	Lease # 1				0			0	0	0	20%	0	0
13 2	Lease #2				0			0	0	0		0	0
13 3	Lease # 3				0			0	0	0		0	0
1b		176,464			176,464			176,464	0	176,464	6%	10,588	165,876
14	Franchise				0			0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	79,214			79,214			79,214	0	79,214	8%	6,337	72,877
42		372			372			372	0	372	12%	45	327
45	Computers & Systems Hardware acq'd post Mar 22/04	44,892			44,892	0		44,892	0	44,892	45%	20,201	24,691
45.1	Computers & Systems Hardware acq'd post Mar 19/07				0			0	0	0	55%	0	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				0			0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	26,286,685			26,286,685	16,267,104		42,553,789	8,133,552	34,420,237	8%	2,753,619	39,800,170
50	Computer equipment and related system software (acq'd post Jan 27, 2009)	65,862			65,862	2,572,322		2,638,184	1,286,161	1,352,023	55%	743,613	1,894,571
52	Computer equipment and related system software (acq'd post Jan 27, 2009)				0	0		0	0	0	100%	0	0
	SUB-TOTAL - UCC	**109,003,886**	**0**	**0**	**109,003,886**	**21,191,828**	**0**	**130,195,714**	**10,595,914**	**119,599,800**		**9,004,643**	**121,191,071**
CEC	Goodwill				0								
CEC	Land Rights				0								
CEC	FMV Bump-up				0								
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**								

CCA Continuity Schedule (2012)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	60,617,266			60,617,266	83000		60,700,266	41,500	60,658,766	4%	2,426,351	58,273,916
2	Distribution System - pre 1988	9,575,417			9,575,417			9,575,417	0	9,575,417	6%	574,525	9,000,892
6	Buildings (No footings below ground)	0			0			0	0	0	10%	0	0
8	General Office/Stores Equip	7,769,487			7,769,487	65,000		7,834,487	32,500	7,801,987	20%	1,560,397	6,274,089
10	Computer Hardware/ Vehicles	1,270,388			1,270,388	485,000		1,755,388	242,500	1,512,888	30%	453,867	1,301,522
10.1	Certain Automobiles	0			0			0	0	0	30%	0	0
12	Computer Software	0			0	0		0	0	0	100%	0	0
13 1	Lease # 1	0			0	-		0	0	0	20%	0	0
13 2	Lease #2	0			0			0	0	0		0	0
13 3	Lease # 3	0			0			0	0	0		0	0
1b		165,876			165,876			165,876	0	165,876	6%	9,953	155,924
14	Franchise	0			0			0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	72,877			72,877			72,877	0	72,877	8%	5,830	67,047
42	0	327			327			327	0	327	12%	39	288
45	Computers & Systems Hardware acq'd post Mar 22/04	24,691			24,691	0		24,691	0	24,691	45%	11,111	13,580
45.1	Computers & Systems Hardware acq'd post Mar 19/07	0			0			0	0	0	55%	0	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0			0			0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	39,800,170			39,800,170	7,417,564		47,217,734	3,708,782	43,508,952	8%	3,480,716	43,737,018
50	Computer equipment and related system software (pre 2009)	1,894,571			1,894,571	859,436		2,754,007	429,718	2,324,289	55%	1,278,359	1,475,648
52	Computer equipment and related system software (acq'd post Jan 27, 2009)	0			0	0		0	0	0	100%	0	0
	SUB-TOTAL - UCC	**121,191,071**	**0**	**0**	**121,191,071**	**8,910,000**	**0**	**130,101,071**	**4,455,000**	**125,646,071**		**9,801,148**	**120,299,923**

CEC	Goodwill	0			0
CEC	Land Rights	0			0
CEC	FMV Bump-up	0			0
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**