

Hydro 2000
2012 EDR Application

EB-2011-0326

Submitted October 10, 2011

Hydro 2000
265 St. Phillippe St P.O. Box 370
Alfred Ontario
K0B 1A0

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Exhibit 1: Administrative Documents

Tab 1 (of 4): Administration

Legal Application

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15 (Sched. B)

AND IN THE MATTER OF an application by Hydro 2000
for an Order or Orders pursuant to section 78 of the
Ontario Energy Board Act, 1998 for 2010 distribution rates
and related matters.

- 1) The Applicant is Hydro 2000 ("Hydro 2000"). Hydro 2000 is a licensed electricity distributor operating pursuant to license ED-2002-0542. The urban communities served by Hydro 2000 are limited to the Cities of Alfred and Plantagenet. Hydro 2000 has no special conditions in its license. Hydro 2000 is an embedded distributor; adjacent distributors are Hydro One Inc., Hydro Hawkesbury, Hydro Ottawa and Hydro Quebec
- 2) Hydro 2000 hereby applies to the Ontario Energy Board (the "Board") for an order or orders made pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, as amended, (the "OEB Act") approving just and reasonable rates for the distribution of electricity based on a 2011 test year.
- 3) Specifically, Hydro 2000 hereby applies for an order or orders granting approval of:
 - a) its forecasted 2012 base distribution revenue requirement of \$563,134;
 - b) distribution rates that allow Hydro 2000 to recover its forecasted 2012 distribution revenue requirement, effective May 1, 2012;
 - c) other regulated income of \$20,303;

d) the disposition of Regulatory Asset, deferral and variance accounts totalling a credit of \$263,073;

e) Hydro 2000's current distribution rates being deemed interim commencing May 1, 2012 until its proposed distribution rates are implemented; and

f) other approvals as set out in Exhibit 1, Tab 1, Schedule 3.

4) As indicated a), the utility's proposed 2012 revenue requirement is in the amount of \$563,134., At the projected load forecast, Hydro 2000 projects a revenue deficiency of \$173,933 for 2012 if it were to maintain its current rates.

5) The 2012 rates proposed by Hydro 2000 will result in overall monthly bill impacts as follows: a) a Residential customer using 800 kWh's in the summer - a 7.2% increase; b) a General Service customer less than 50 kW using 2,000 kWh's - a 3.9% increase; c) a General Service customer 50 to 4,999 kW with a demand of 190 kW and energy of 68,500 kWh's - a 5.8% increase; d) Unmetered Scattered Load using 387 kWh's - a 27% increase; and f) Street Lighting with a demand of 80 kW's and energy of 30000 kWh's - an 3.9% increase.

6) This Application is made in accordance with the Board's Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated June 22, 2011.

7) This Application is supported by written evidence. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final decision on this Application.

8) The Applicant requests that, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing.

9) The Applicant requests that a copy of all documents filed with the Board in this proceeding be served on the Applicant and the Applicant's advisor, as follows:

1 10) The utility attests that publication of the notice will be printed in the newspaper with
2 the highest circulation. The notice will be printed in both French and English

3 11) The Applicant: contact information

4 Rene C. Beaulne
5 Hydro 2000 Inc.
6 Manager/CEO
7 Tel: 613-679-4093
8 Fax:613-679-4939

9

10 The Applicant's advisor:

11 Elenchus Research Associates
12 34 King Street East, Suite 600
13 Toronto, Ontario M5C 2X8

14

15 Attention:
16 Manuela Ris-Schofield
17 Mrs-Schofield@elenchus.ca
18 Telephone: (416) 562-9295

19

20 DATED at Alfred, Ontario, this 11th day of October, 2011.

Procedural Orders Motions & Correspondence

No procedural orders have been issued to the utility.

A decision was issued on October 6th in response to a combined request from Hydro 2000, Renfrew Hydro, Hydro Embrun and Ottawa River Power Corporation seeking an extension in implementing TOU rates.

The four utilities each filed for an extension to their October 2011 mandated TOU pricing date and requested a new TOU pricing date of January 2012

The Board accepted the utilities reasons for delay, namely that applicants' system upgrade and testing issues has represented operational and technical barriers to implementing TOU pricing. In its October 6th decision¹ the Board granted the four utilities and extension until January 31, 2012.

A copy of the decision is shown at Attachment 1 of this schedule.

¹ EB-2011-0093, EB-2011-0255, EB-2011-0258, EB-2011-0259



EB-2011-0093
EB-2011-0255
EB-2011-0258
EB-2011-0259

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Renfrew Hydro Inc., Ottawa River Power Corporation, Hydro
2000 Inc., and Cooperative Hydro Embrun Inc., seeking
extensions to their mandated time-of-use pricing dates.

By delegation, before: Theodore Antonopoulos

DECISION AND ORDER

Renfrew Hydro Inc. ("Renfrew") filed an application dated April 1, 2011. Ottawa River Power Corporation ("Ottawa River") filed an application dated July 5, 2011 and Hydro 2000 Inc. ("Hydro 2000") and Cooperative Hydro Embrun Inc. ("Cooperative Embrun") filed separate applications dated July 7, 2011 (collectively "the applicants") with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998* (the "Act") for licence amendments granting extensions in relation to the mandated date for the implementation of time-of-use ("TOU") pricing rates for Regulated Price Plan ("RPP") consumers. Renfrew's application was assigned file number EB-2011-0093, Ottawa River's application was assigned file number EB-2011-0255, Hydro 2000's application was assigned file number EB-2011-0259 and Cooperative Embrun's application was assigned file number EB-2011-0258. Due to the similar nature of the applications the Board has combined the applications into one proceeding pursuant to section 21(5) of the Act. This decision combines findings for all four of the subject applications.

BACKGROUND

Under cover of a letter to all Ontario electricity distributors dated August 4, 2010, the Ontario Energy Board provided its determination of mandatory dates by which each distributor must bill its RPP customers that have eligible TOU meters using TOU pricing. The Board's determination was made pursuant to sections 3.4 and 3.5 of the Standard Supply Service Code for Electricity Distributors, which requires TOU pricing for RPP consumers with eligible TOU meters, as of the mandatory date. Compliance with this Code is a condition of licence for nearly all licensed electricity distributors in Ontario.

THE APPLICATION

In its original application, Renfrew applied for an extension to its June 2011 TOU pricing date and requested a new date of October 2011. Renfrew stated the extension was necessary as a result of delays experienced implementing testing requirements for Advanced Metering Infrastructure ("AMI") integration with the customer information system. Renfrew also stated that it requested the extension to gain efficiencies by aligning with the October 2011 TOU pricing dates of Ottawa River, Hydro 2000 and Cooperative Embrun.

Following Renfrew's application, Ottawa River, Hydro 2000, and Cooperative Embrun each filed for an extension to their October 2011 mandated TOU pricing date and requested a new TOU pricing date of January 2012. The applicants each stated the extension is necessary to prepare a customer transition to TOU rates, as well as jointly upgrade their AMI system and complete testing with the Independent Electricity System Operator ("IESO") once the IESO completes its system upgrade expected in November 2011. On July 28, 2011 Renfrew filed an amendment to its application to align its requested TOU pricing date with that of the other applicants due to its existing partnership with the applicants during MDM/R integration.

The Board issued a Notice of Application for Renfrew's original application on April 13, 2011 and interrogatories and submissions on the application were invited. Board staff filed a submission on the application stating it had no issues with the request for extension. Renfrew did not reply to the submission.

On July 27, 2011, the Board issued a collective Notice of Application and Written Hearing for the Ottawa River, Hydro 2000 and Cooperative Embrun applications and

interrogatories and submissions on the applications were invited. The applicants responded to interrogatories filed by Board staff, providing more information about the delay and progress to date in implementing TOU pricing. Board staff filed a joint submission on all the applications stating it had no issues with the request for an extension. The applicants did not reply to the submission. No other parties filed interrogatories or submissions on the applications.

In the applications the distributors stated that significant customer distress is expected when customers are faced with larger bills resulting in part from a lack of experience in managing electricity consumption in a TOU environment. The applicants stated that a number of billing cycles was necessary to enable them to work with customers to adapt to the new billing reality. The applicants stated Ottawa River supplies Renfrew, Hydro 2000 and Cooperative Embrun with AMI services to collect customer's data and deliver it to the IESO for processing. The applicants stated that Ottawa River must upgrade its AMI system to version 7.5 to meet the requirements of Measurement Canada. This upgrade is to be coordinated in conjunction with Renfrew, Hydro 2000 and Cooperative Embrun and was planned for the July/August 2011 period. Once Renfrew, Hydro 2000 and Cooperative Embrun complete testing, the conversion of the AMI system could take place. In addition, the applicants stated that they would have to complete SIT and QT testing after the IESO completes their system upgrade to version 7.2 of their MDM/R system which is expected in November 2011.

In response to Board staff interrogatories, the applicants stated that the period of customer transition would be planned in conjunction with the AMI upgrade and the IESO retesting and if this customer transition period was not implemented it would not affect the requested TOU extension date. The applicants stated that due to having limited resources they would be unable to cut over to different versions of the AMI within a short period of time. The applicants also stated that the collaboration between the utilities began during the smart meter project and that the utilities share consultants, software and computer hardware.

BOARD FINDINGS

I find the applications should be granted as requested. The applicants' system upgrade and testing issues represent operational and technical barriers to implementing TOU pricing. I find that the difficulties and delays encountered to be extraordinary and unanticipated circumstances sufficient to justify an extension to the applicants'

mandated TOU pricing dates. The applicants will be exempted from the requirement to apply TOU pricing under the Standard Supply Service Code until January 31, 2012.

However, this finding should not be construed as acceptance that additional time is required to address customer transition to TOU rates. Extraordinary or unanticipated circumstances generally relate to operational or technical issues.

I expect the applicants to work diligently to implement TOU for its customers and provide the Board with timely information regarding the implementation of TOU pricing.

IT IS THEREFORE ORDERED THAT:

1. Renfrew Hydro Inc.'s distribution licence ED-2002-0577, specifically Schedule 3, List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on January 31, 2012.
2. Ottawa River Power Corporation's distribution licence ED-2003-0033, specifically Schedule 3, List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on January 31, 2012.
3. Hydro 2000 Inc.'s distribution licence ED-2002-0542, specifically Schedule 3, List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on January 31, 2012.
4. Cooperative Hydro Embrun Inc.'s distribution licence ED-2002-0493, specifically Schedule 3, List of Code Exemptions, is amended to include an exemption from the requirement to apply time-of-use pricing by a mandatory date under the Standard Supply Service Code for Electricity Distributors. This exemption will expire on January 31, 2012.

DATED at Toronto, October 6, 2011

ONTARIO ENERGY BOARD

Original signed by

Theodore Antonopoulos
Manager, Electricity Rates

Proposed Issues List

Hydro 2000 expects that the following matters pertaining to the 2012 Test Year require careful consideration in this Application:

- Capital spending and related depreciation
- Spending for Operations, Maintenance and Administration
- Load forecast
- Proposed retail delivery rates for transmission and low voltage services
- Proposed Total Loss Factors
- Proposed change to the Wholesale Market Service rate
- Cost of Capital
- Allowance for Payments in Lieu of Taxes
- Miscellaneous Revenues and offsets to Base Revenue Requirement
- Cost Allocation methodology
- Distribution rate design and proposed base distribution rates
- Disposition of deferral and variance account balances, and proposed rate riders
- Disposition of Stranded Meters
- Inclusion of Smart Meter Related Capital Expenses into Rate Base
- Request for exemption of Green Energy Plan

Utility Operating Environment

Hydro 2000 is a licensed electricity distribution business operating in the Township of Alfred and Plantagenet.

Alfred and Plantagenet (2010 population 9600) is a township in eastern Ontario, Canada, in the United Counties of Prescott and Russell at the confluence of the Ottawa River and the South Nation River half-way between Ottawa and Montreal.

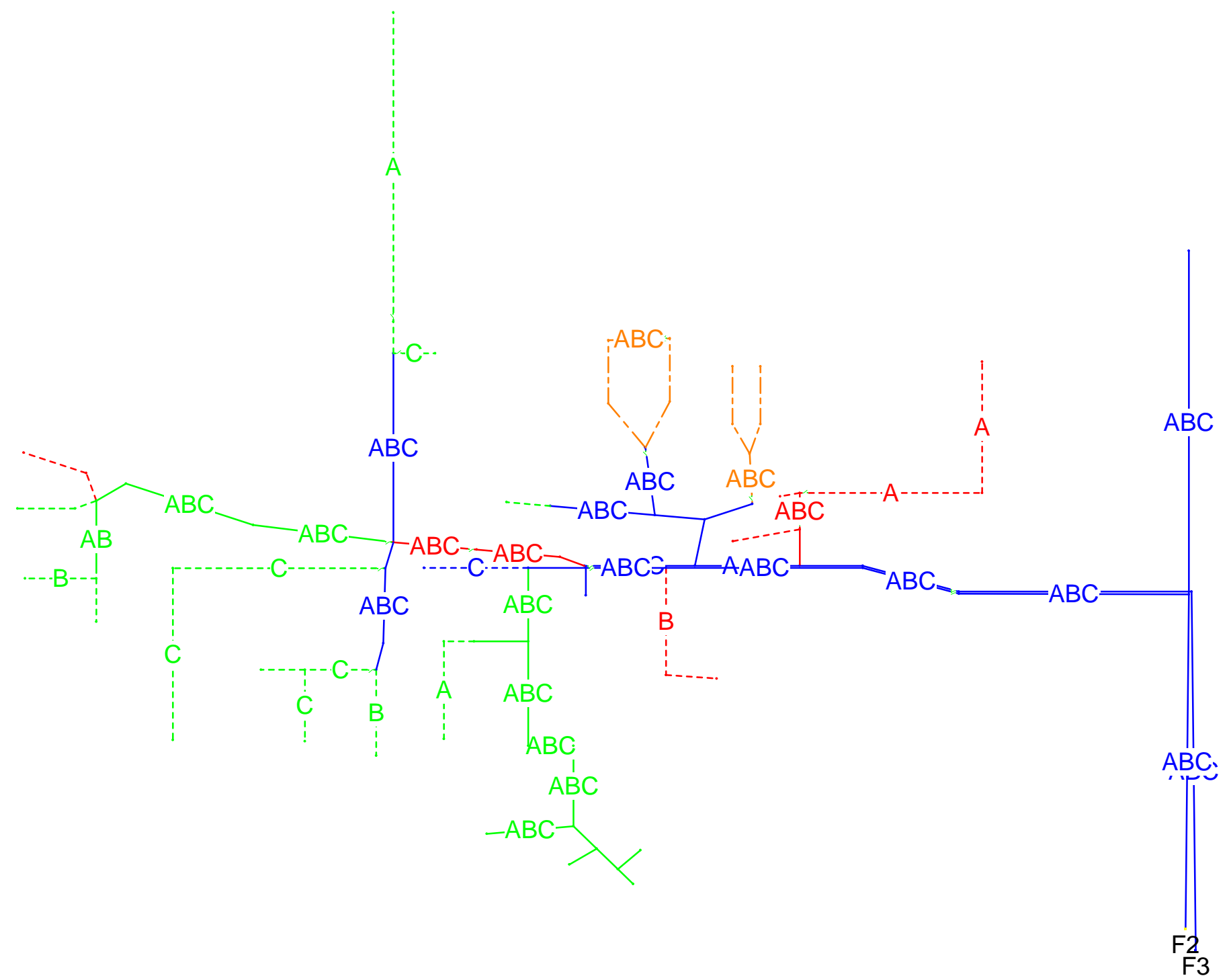
The Township of Alfred, the Township of North Plantagenet, merged on 1 Jan 1997. The township of Alfred and Plantagenet comprises the communities of Alfred, Alfred Station, Blue Corners, Centrefield, Coin Gratton, Curran, Glenburn, Jessups Falls, Lefaivre, Pendleton, Plantagenet, Plantagenet Station, Rockdale, Senecal, The Rollway, Treadwell, Wendover, and Westminster.

Hydro 2000 has 22 kilometers of lines comprised of 18 kilometers of overhead lines and 3 kilometer of underground lines. The lines are made up of 10 kilometers of 3-phase wire, 2 kilometer of 2-phase wire, and 9 kilometers of single-phase wire. Hydro 2000 leases two distribution stations at 4.8KV each. These are supplied by the 44KV in Longueil TS. The first of the 4.8KV distribution station is located approximately 1 km outside of Alfred and the other is located in Plantagenet. Maps are presented at Exhibit 1, Tab 1, Schedule 6. Hydro 2000 is fully embedded to Hydro One

Hydro 2000 does not have any affiliates and therefore does not have, nor require a Service Level Agreements nor does it publish an annual report to its shareholder.

The parent municipalities, The City of Alfred and the City of are the sole shareholders of Hydro 2000. Hydro's board of directors consisting of four members from the City of Alfred/Plantagenet. Two members are from Plantagenet and two are from Alfred.

ALFRED DISTRIBUTION MAP



Legend

Default Layer:
Conductor size

Colors :

- #2/0 AWG cable
- #2 AWG ACSR
- #1/0 AWG ACSR
- #3/0 AWG ACSR
- 336 kcmil ACSR

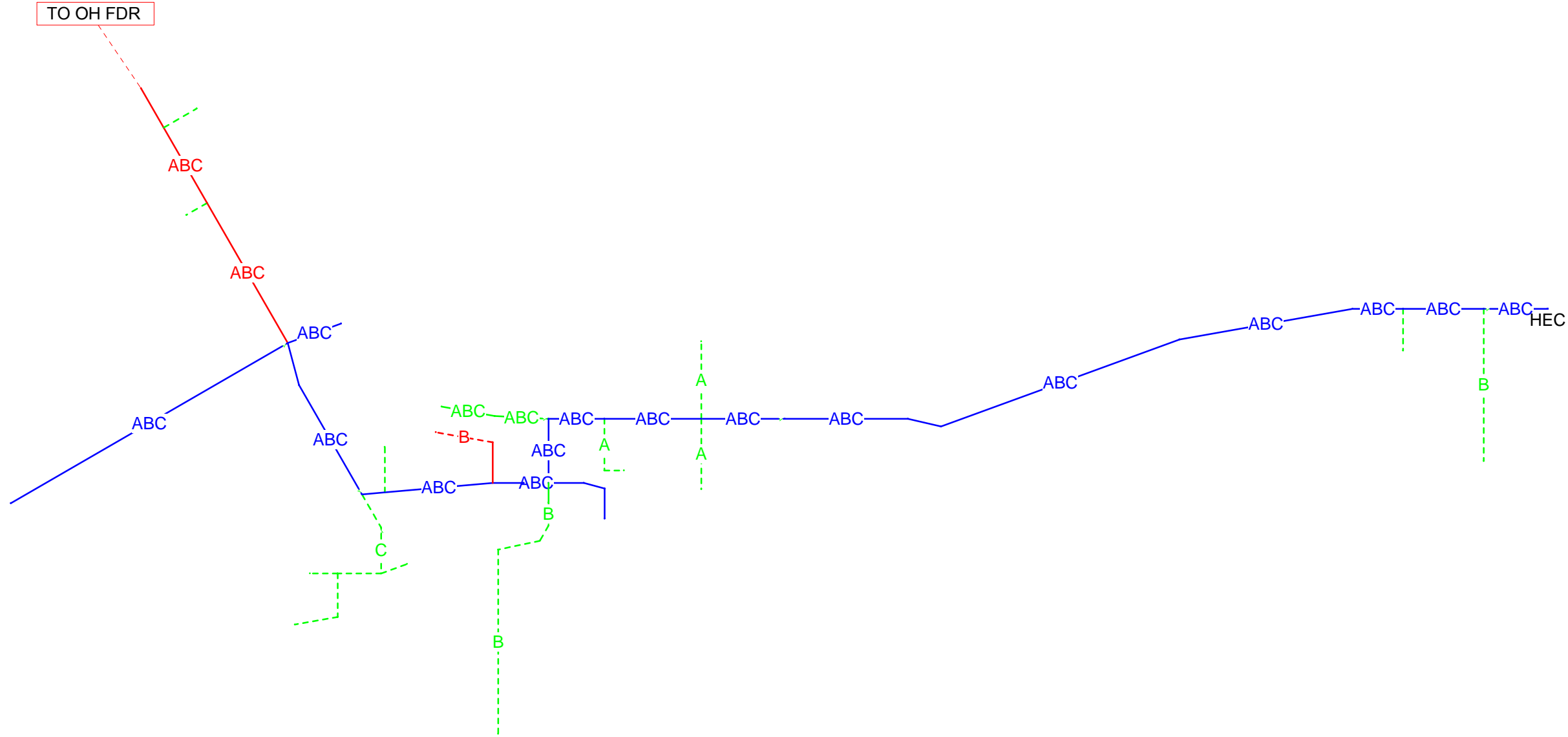
Line Types:

- 3-OH
- 3-UG
- 2-OH
- 2-UG
- A-OH
- B-OH
- C-OH
- A-UG
- B-UG
- C-UG

Symbols :

- Switch, (C)
- Load
- Switch, (O)

PLANTAGENET DISTRIBUTION MAP



Legend

Default Layer:
Conductor size (amps)

Colors :

- #2/0 AWG cable
- #2 AWG ACSR
- #1/0 AWG ACSR
- #3/0 AWG ACSR
- 336 kcmil ACSR

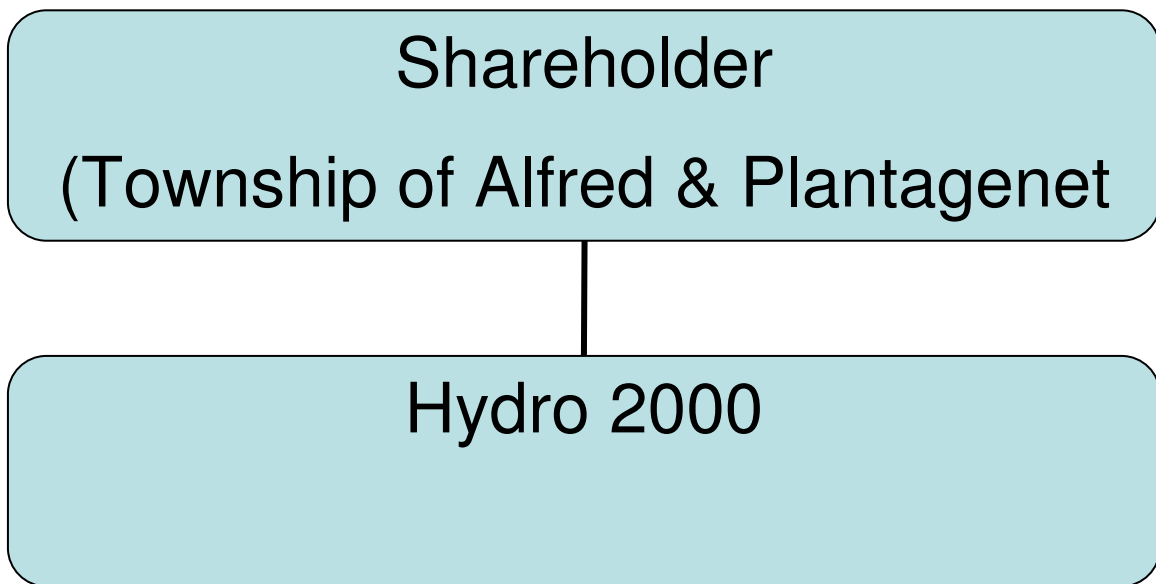
Line Types:

- 3-OH
- 3-UG
- 2-OH
- 2-UG
- A-OH
- B-OH
- C-OH
- A-UG
- B-UG
- C-UG

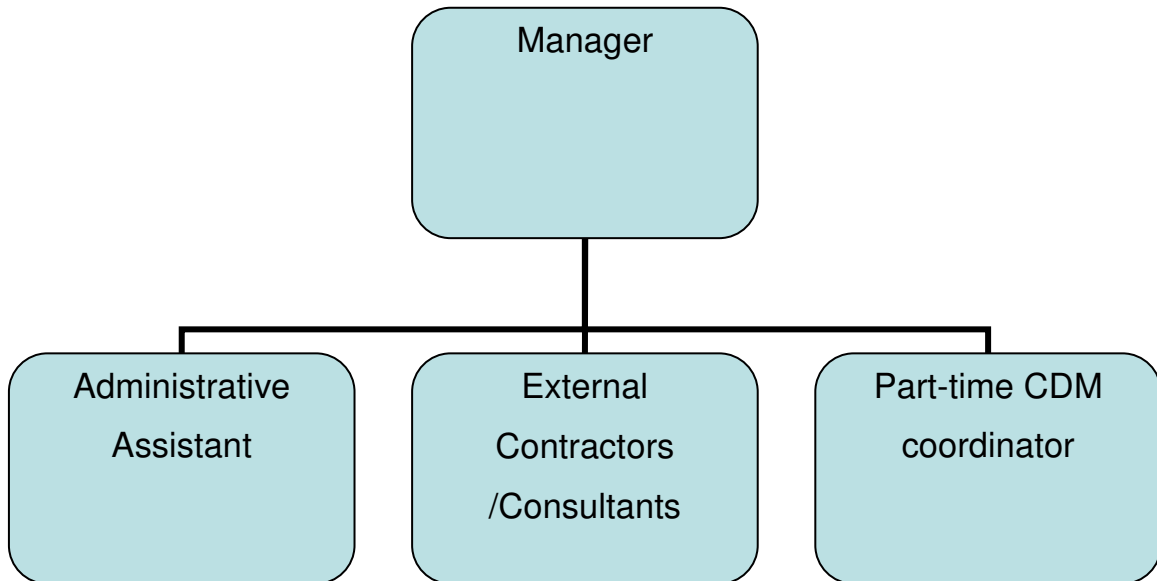
Symbols :

- Load
- Switch, (C)
- Switch, (O)

Corporate Entities Relationships Chart



Utility Organizational Chart



Board Direction From Previous EDR Decisions

1
2
3
4
5

Hydro 2000 has no outstanding directions from previous EDR Decisions.

Accounting Orders

1

2

3 Hydro 2000 has not received any Accounting Orders from the Ontario Energy Board
4 since submitting its last cost of service rate application for 2006 EDR, and no such Order
5 are presently outstanding.

6

Compliance Orders

1

2

3 With the exception of the Decision and Order issued October 6th 2011, regarding the
4 extension of the TOU pricing deadline¹, Hydro 2000 has not received any compliance
5 orders from the Ontario Energy Board since submitting its last cost of service rate
6 application for 2008 EDR, and no such orders are outstanding presently.

¹ EB-2011-0093, EB-2011-0255, EB-2011-0258, EB-2011-0259

Other Board Directions

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Hydro 2000 has not received any other utility-specific directions from the Ontario Energy Board since submitting its last cost of service rate application for 2008 and no such directions are outstanding presently.

Conditions of Service

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4
5

Existing Conditions of service can be found on Hydro 2000's website. Proposed changes to the conditions of services are discussed further at Exhibit 8, Tab 4, Schedule 3.

Exhibit 1: Administrative Documents

Tab 2 (of 4): Overview of the Filing

Summary of Application and Approvals Requested

Hydro 2000 is submitting this application for rates that are just and reasonable. The current rates will result in actual a Return on Equity in 2012 below the level currently approved by the OEB. The increase in rates is required to:

- 1) Maintain current capital investment levels in infrastructure to ensure a safe, reliable distribution system.
- 2) Manage human and financial resources, at a levels which will ensure regulatory compliance, ESA compliance, promote conservation programs, implementation of smart meters, prepare for the Green Energy and Green Economy Act requirements, and implement changes required from the adoption of International Financial Reporting Standards and filing its cost of service application.
- 3) Provide a reasonable rate of return to shareholders.

Hydro 2000 has consistently met or exceeded the OEB's Service Quality Indicators, and continues to review and monitor its progress to ensure these targets are met or exceeded on a regular basis in 2012.

In this proceeding, Hydro 2000 is seeking the following approvals:

- Approval to charge rates effective May 1, 2012 to recover a revenue requirement of \$563,134, as set out in Exhibit 6, Tab 1, Schedule 2
- Approval of proposed rates as set out in Exhibit 8, Tab 4, Schedule 2, Attachment 1.
- Approval of the proposed capital structure, with a deemed common equity component of 40% and a deemed debt component of 60%, as set out in Exhibit 5, Tab 1, Schedule 1, Attachment 1 consistent with the Report of the Board on

1 Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity
2 Distributors dated December 20, 2006.

3 • Approval of the proposed loss factor as set out in Exhibit 8, Tab 3, Schedule 5,
4 Attachment 1.

5 • Approval to continue to charge Rural Rate Protection Charges approved in the
6 OEB Decision and Order in the matter of Hydro 2000's 2010 Distribution Rates
7 (EB-2007-0704).

8 • Approval of the proposed change to the Wholesale Market Service rate as set
9 out in Exhibit 8, Tab 4, Schedule 2, Attachment 1.

10 • Approval of the Retail Transmission – Network Service and Retail Transmission
11 – Connection rates, in accordance with the Guideline for Electricity Distribution
12 Retail Transmission Service (G-2008-0001), Revision 1.0 issued July 22, 2009
13 and models issued July 7, 2011.

14 • Approval to dispose of Deferral and Variance Account balances as at December
15 31, 2010 with interest to April 30, 2011, over a two-year period using the method
16 of recovery described in Exhibit 9, Tab 2, Schedule 2, Attachment 2.

17 • Approval to dispose of the 1588-RSVA/Power variance account, sub-account
18 Global Adjustment, by way of a distinct rate rider charged to customers not
19 subject to the Regulated Price Plan, as calculated in Exhibit 9, Tab 2, Schedule
20 2, Attachment 1.

21 • Approval to use the Board Approved 1595 account – Disposition and Recovery of
22 Regulatory Balances and sub-accounts to record the disposition and recoveries
23 of Deferral and Variance account balances.

24 • Approval to use the Board Approved accounts to collect costs in connection with
25 the Green Energy and Green Economy Act (GEGEA) described as:

- 1 ▪ 1531 – Renewable Connection Capital Deferral Account
- 2 ▪ 1532 – Renewable Connection OM&A Deferral Account
- 3 ▪ 1534 – Smart Grid Capital Deferral Account
- 4 ▪ 1535 – Smart Grid OM&A Deferral Account
- 5
- 6 • Approval of transfer of Smart Meter related capital expenses to Rate Base.
- 7 Further information can be found at Exhibit 9, Tab 3.
- 8 • Approval to transfer Smart Meter related operating expenses to the utility's test
- 9 year OM&A. Further information can be found at Exhibit 9, Tab 3.

10

1 While Hydro 2000 requests that this Application be disposed of by way of a written
2 hearing, the following preliminary list of potential witnesses is provided in the event that
3 an oral hearing is convened. The *curricula vitae* for the witnesses will be provided in the
4 event of an oral hearing.

5 • **Rene Beaulne**, President, General Manager, Hydro 2000, responsible for the overall
6 management of the corporation, including regulatory affairs.

7 • **Manuela Ris-Schofield**, Senior Consultant, Elenchus Research Associates Inc., has
8 extensive experience with a major utility in Ontario where she played key roles in
9 filing cost of service applications. Manuela has worked closely with Hydro 2000 to
10 qualified to answer questions regarding the various models used for this application.

11 • **Stephen Motluk**, Senior Consultant, Elenchus Research Associates— Stephen
12 prepared Hydro 2000's load forecast is qualified to answer questions regarding
13 selection of statistical methods and their application to the Load Forecast.

14 • **Andrew Frank & Mike Roger**, Consultant, Elenchus Research Associates— Andrew
15 and Mike prepared Hydro 2000's 2012 Cost Allocation and are both qualified to
16 answer questions related to the 2012 results.

17

Budget Overview, Directives and Assumptions

Hydro 2000 compiles budget information for three major components of the budgeting process: revenue forecasts, operation, maintenance and administration forecasts and capital forecast. Budget information was prepared for both the Bridge and Test Years. Bridge forecasts were updated based on actual 2009 results, and the 2010 Test Year projections were also reviewed in light of 2009 results.

REVENUE FORECAST

The revenue budget includes three components: energy revenue, distribution revenue and other revenue.

The energy revenue for 2012 was forecast using the weather normalized load forecast prepared by Elenchus Research Associates ("ERA") as presented in Exhibit 3, Tab 1, Schedule 2, Attachment 1. Rates for energy pass-through charges are described in Exhibit 3, Tab 1, Schedule 3.

Distribution revenue was forecast using the weather normalized volumes multiplied by both current approved distribution rates and by proposed rates in order to project revenue for the 2012 test year. Other revenues were reviewed on an item by item basis with each account projection being determined based on the most reliable historical indicator.

OPERATIONS, MAINTENANCE AND EXPENSE FORECAST

The OM&A expense for the Bridge and Test Years were forecast using work plans, capital budgets and prior years historical costs. The expenditures were submitted to the Board of Directors for approval.

1 **CAPITAL BUDGET**

2 The capital budget is formulated on a project by project basis. Hydro 2000 completes
3 inspections throughout the year while performing maintenance on the distribution system
4 and other infrastructure. From these inspections capital projects are identified and
5 prioritized for the upcoming year's budget.

6

7 Capital spending is attributed primarily to the replacement of existing aging infrastructure
8 in order to maintain safe and reliable delivery of electricity to Hydro 2000's customers.

9

10 Additional information on Hydro 2000's approach to investment planning is included in
11 Exhibit 2, Tab 4, Schedule 2.

12

Changes in Methodology

The pro-forma projections for the 2012 test year were prepared in accordance with Hydro 2000's usual process, including the directions and assumptions described in the preceding attachment.

Note that Hydro 2000's application is being filed on the basis of CGAAP.

At page 13 of the minimum filing requirements, the Board makes reference to a letter issued on March 15, 2011 expressing the Board's belief that distributors whose rates are being rebased for 2012 should make all reasonable efforts to file test year forecasts for their cost of service applications using modified IFRS. The Board noted that, since utilities must transition to IFRS in 2012 for financial reporting purposes, the filing of a cost of service application using the same accounting system as is required to be used in a distributor's financial statements is expected to minimize future complexities and associated costs.

The Board's letter further stated that a distributor, for whom preparing a modified IFRS based application would impose an unreasonable burden, might file under CGAAP but must provide an explanation of this choice as part of its rate application filing.

Justification for Hydro 2000's decision to file its application under CGAAP is discussed at Exhibit 4, Tab 2, Schedule 2.



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$248,835		\$195,794
2	Distribution Revenue	\$314,301	\$314,299	\$314,301	\$367,340
3	Other Operating Revenue	\$20,303	\$20,303	\$ -	\$ -
	Offsets - net			\$ -	\$ -
4	Total Revenue	\$334,604	\$583,437	\$314,301	\$563,134
5	Operating Expenses	\$511,539	\$511,539	\$511,539	\$511,539
6	Deemed Interest Expense	\$29,652	\$29,652	\$ -	\$ -
	Total Cost and Expenses	\$541,191	\$541,191	\$511,539	\$511,539
7	Utility Income Before Income Taxes	(\$206,587)	\$42,246	(\$197,238)	\$51,595
8		(\$7,872)	(\$7,872)	(\$7,872)	(\$7,872)
9	Tax Adjustments to Accounting Income per 2009 PILs			\$ -	\$ -
	Taxable Income	(\$214,459)	\$34,374	(\$205,110)	\$43,723
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$33,241)	\$5,328	(\$31,792)	\$6,777
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$173,346)	\$36,918	(\$165,446)	(\$516,867)
14	Utility Rate Base	\$963,469	\$963,469	\$963,469	\$963,469
	Deemed Equity Portion of Rate Base	\$385,388	\$385,388	\$ -	\$ -
15	Income/(Equity Portion of Rate Base)	-44.98%	9.58%	0.00%	0.00%
16	Target Return - Equity on Rate Base	9.58%	9.58%	0.00%	0.00%
17	Deficiency/Sufficiency in Return on Equity	-54.56%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	-14.91%	6.91%	-17.17%	0.00%
19	Requested Rate of Return on Rate Base	6.91%	6.91%	0.00%	0.00%
20	Deficiency/Sufficiency in Rate of Return	-21.82%	0.00%	-17.17%	0.00%
21	Target Return on Equity	\$36,920	\$36,920	\$ -	\$ -
22	Revenue Deficiency(Sufficiency)	\$210,266	(\$2)	\$165,446	\$ -
23	Gross Revenue	\$248,835 (1)		\$195,794 (1)	
	Deficiency(Sufficiency)			\$511,539 (1)	

Notes:

(1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Choose Your Utility:

Hearst Power Distribution Company Limited
Horizon Utilities Corporation
Hydro 2000 Inc.

File Number:

EB-2011-XXX

Rate Year:

2012

Application Contact Information

Name:

[Rene Beaulne](#)

Title:

[General Manager](#)

Phone Number:

[613-679-4093](#)

Email Address:

aphydro@hawk.igs.net

Copyright

This Revenue Requirement Work Form Model is protected by copyright and is being made available to you solely for the purpose of your application, any subsequent updates and preparing or reviewing your draft rate order. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Data Input ⁽¹⁾

	Initial Application		(6)	Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$1,042,597		\$ 1,042,597	\$1,042,597
Accumulated Depreciation (average)	(\$493,060) (5)		(\$493,060)	(\$493,060)
Allowance for Working Capital:				
Controllable Expenses	\$434,834		\$ 434,834	\$434,834
Cost of Power	\$2,324,713		\$ 2,324,713	\$2,324,713
Working Capital Rate (%)	15.00%		15.00%	15.00%
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$314,301			
Distribution Revenue at Proposed Rates	\$563,134			
Other Revenue:				
Specific Service Charges	\$3,738			
Late Payment Charges	\$6,120			
Other Distribution Revenue	\$10,445			
Other Income and Deductions				
Total Revenue Offsets	\$20,303 (7)			
Operating Expenses:				
OM+A Expenses	\$434,834		\$ 434,834	\$434,834
Depreciation/Amortization	\$76,705		\$ 76,705	\$76,705
Property taxes				
Other expenses				
3 Taxes/PILs				
Taxable Income:				
	(\$7,872) (3)			
Adjustments required to arrive at taxable income				
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$4,502			
Income taxes (grossed up)	\$5,328			
Federal tax (%)	11.00%			
Provincial tax (%)	4.50%			
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0% (2)		(2)	(2)
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	5.32%			
Short-term debt Cost Rate (%)	2.46%			
Common Equity Cost Rate (%)	9.58%			
Preferred Shares Cost Rate (%)				

Notes:

General Data inputs are required on Sheets 3, 10A and 10B. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)

(2) 4.0% unless an Applicant has proposed or been approved for another amount.

(3) Net of addbacks and deductions to arrive at taxable income.

(4) Average of Gross Fixed Assets at beginning and end of the Test Year

(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

(6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.

(7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Rate Base and Working Capital

Rate Base

Line No.	Particulars	Initial Application						Per Board Decision
1	Gross Fixed Assets (average) (3)	\$1,042,597		\$ -	\$1,042,597		\$ -	\$1,042,597
2	Accumulated Depreciation (average) (3)	(\$493,060)		\$ -	(\$493,060)		\$ -	(\$493,060)
3	Net Fixed Assets (average) (3)	\$549,537		\$ -	\$549,537		\$ -	\$549,537
4	Allowance for Working Capital (1)	\$413,932		\$ -	\$413,932		\$ -	\$413,932
5	Total Rate Base	\$963,469		\$ -	\$963,469		\$ -	\$963,469

Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$434,834	\$ -	\$434,834	\$ -	\$434,834
7	Cost of Power	\$2,324,713	\$ -	\$2,324,713	\$ -	\$2,324,713
8	Working Capital Base	\$2,759,547	\$ -	\$2,759,547	\$ -	\$2,759,547
9	Working Capital Rate % (2)	15.00%	0.00%	15.00%	0.00%	15.00%
10	Working Capital Allowance	\$413,932	\$ -	\$413,932	\$ -	\$413,932

Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study.
 (3) Average of opening and closing balances for the year.






Ontario Energy Board

REVENUE REQUIREMENT
WORK FORM

Version 2.20

Hydro 2000 Inc.
Utility Income

Line No.	Particulars	Initial Application				Per Board Decision	
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$563,134	(\$563,134)	\$ -	\$ -	\$ -	\$ -
2	Other Revenue	(1) \$20,303	(\$20,303)	\$ -	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$583,437	(\$583,437)	\$ -	\$ -	\$ -	\$ -
	Operating Expenses:						
4	OM+A Expenses	\$434,834	\$ -	\$434,834	\$ -	\$434,834	\$434,834
5	Depreciation/Amortization	\$76,705	\$ -	\$76,705	\$ -	\$76,705	\$76,705
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$511,539	\$ -	\$511,539	\$ -	\$511,539	\$511,539
10	Deemed Interest Expense	\$29,652	(\$29,652)	\$ -	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$541,191	(\$29,652)	\$511,539	\$ -	\$511,539	\$511,539
12	Utility income before income taxes	\$42,246	(\$553,785)	(\$511,539)	\$ -	(\$511,539)	(\$511,539)
13	Income taxes (grossed-up)	\$5,328	\$ -	\$5,328	\$ -	\$5,328	\$5,328
14	Utility net income	\$36,918	(\$553,785)	(\$516,867)	\$ -	(\$516,867)	(\$516,867)
Other Revenues / Revenue Offsets							
(1)	Specific Service Charges	\$3,738		\$ -		\$ -	\$ -
	Late Payment Charges	\$6,120		\$ -		\$ -	\$ -
	Other Distribution Revenue	\$10,445		\$ -		\$ -	\$ -
	Other Income and Deductions	\$ -		\$ -		\$ -	\$ -
	Total Revenue Offsets	\$20,303	\$ -	\$ -	\$ -	\$ -	\$ -



Ontario Energy Board

**REVENUE REQUIREMENT
WORK FORM**

Version 2.20

Hydro 2000 Inc.
Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$36,920	\$ -	\$ -	
2	Adjustments required to arrive at taxable utility income	(\$7,872)	\$ -	(\$7,872)	
3	Taxable income	<u>\$29,048</u>	<u>\$ -</u>	<u>(\$7,872)</u>	
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	\$4,502	\$4,502	\$4,502	
6	Total taxes	<u>\$4,502</u>	<u>\$4,502</u>	<u>\$4,502</u>	
7	Gross-up of Income Taxes	<u>\$826</u>	<u>\$826</u>	<u>\$826</u>	
8	Grossed-up Income Taxes	<u>\$5,328</u>	<u>\$5,328</u>	<u>\$5,328</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$5,328</u>	<u>\$5,328</u>	<u>\$5,328</u>	
10	Other tax Credits	\$ -	\$ -	\$ -	
<u>Tax Rates</u>					
11	Federal tax (%)	11.00%	11.00%	11.00%	
12	Provincial tax (%)	4.50%	4.50%	4.50%	
13	Total tax rate (%)	15.50%	15.50%	15.50%	

Notes



Ontario Energy Board

**REVENUE REQUIREMENT
WORK FORM**

Version 2.20

Hydro 2000 Inc.
Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$539,543	5.32%	\$28,704
2	Short-term Debt	4.00%	\$38,539	2.46%	\$948
3	Total Debt	60.00%	\$578,081	5.13%	\$29,652
	Equity				
4	Common Equity	40.00%	\$385,388	9.58%	\$36,920
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$385,388	9.58%	\$36,920
7	Total	100.00%	\$963,469	6.91%	\$66,572
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$963,469	0.00%	\$ -
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	5.32%	\$ -
9	Short-term Debt	0.00%	\$ -	2.46%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.58%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$963,469	0.00%	\$ -

Notes
(1)

4.0% unless an Applicant has proposed or been approved for another amount.



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$248,835		\$195,794
2	Distribution Revenue	\$314,301	\$314,299	\$314,301	\$367,340
3	Other Operating Revenue	\$20,303	\$20,303	\$ -	\$ -
	Offsets - net			\$ -	\$ -
4	Total Revenue	\$334,604	\$583,437	\$314,301	\$563,134
5	Operating Expenses	\$511,539	\$511,539	\$511,539	\$511,539
6	Deemed Interest Expense	\$29,652	\$29,652	\$ -	\$ -
	Total Cost and Expenses	\$541,191	\$541,191	\$511,539	\$511,539
7	Utility Income Before Income Taxes	(\$206,587)	\$42,246	(\$197,238)	\$51,595
8		(\$7,872)	(\$7,872)	(\$7,872)	(\$7,872)
9	Tax Adjustments to Accounting Income per 2009 PILs			\$ -	\$ -
	Taxable Income	(\$214,459)	\$34,374	(\$205,110)	\$43,723
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$33,241)	\$5,328	(\$31,792)	\$6,777
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$173,346)	\$36,918	(\$165,446)	(\$516,867)
14	Utility Rate Base	\$963,469	\$963,469	\$963,469	\$963,469
	Deemed Equity Portion of Rate Base	\$385,388	\$385,388	\$ -	\$ -
15	Income/(Equity Portion of Rate Base)	-44.98%	9.58%	0.00%	0.00%
16	Target Return - Equity on Rate Base	9.58%	9.58%	0.00%	0.00%
17	Deficiency/Sufficiency in Return on Equity	-54.56%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	-14.91%	6.91%	-17.17%	0.00%
19	Requested Rate of Return on Rate Base	6.91%	6.91%	0.00%	0.00%
20	Deficiency/Sufficiency in Rate of Return	-21.82%	0.00%	-17.17%	0.00%
21	Target Return on Equity	\$36,920	\$36,920	\$ -	\$ -
22	Revenue Deficiency(Sufficiency)	\$210,266	(\$2)	\$165,446	\$ -
23	Gross Revenue	\$248,835 (1)		\$195,794 (1)	
	Deficiency(Sufficiency)			\$511,539 (1)	

Notes:

(1)

Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$434,834		\$434,834	
2	Amortization/Depreciation	\$76,705		\$76,705	
3	Property Taxes	\$ -			
5	Income Taxes (Grossed up)	\$5,328		\$5,328	
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$29,652	\$ -	\$ -	
	Return on Deemed Equity	\$36,920	\$ -	\$ -	
8	Service Revenue Requirement (before Revenues)	\$583,439	\$516,867	\$516,867	
9	Revenue Offsets	\$20,303	\$ -	\$ -	
10	Base Revenue Requirement	\$563,136	\$516,867	\$516,867	
11	Distribution revenue	\$563,134	\$ -	\$ -	
12	Other revenue	\$20,303	\$ -	\$ -	
13	Total revenue	\$583,437	\$ -	\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$2)	(1)	(\$516,867)	(1)

Notes

(1)

Line 11 - Line 8



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc. Bill Impacts - Residential

☒ Application of New Loss Factor to all applicable items

☐ Application of new Loss Factor to Delivery Items Only

Consumption kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge		\$ 8.5300	1	\$ 8.53	\$ 12.8700	1	\$ 12.87	\$ 4.34	50.88%
2 Smart Meter Rate Adder		\$ 1.6900	1	\$ 1.69	\$ -	1	\$ -	-\$ 1.69	-100.00%
3 Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate		\$ 0.0060	800	\$ 4.80	\$ 0.0146	800	\$ 11.68	\$ 6.88	143.33%
6 Low Voltage Rate Adder		\$ 0.0055	800	\$ 4.40	\$ 0.0042	800	\$ 3.36	-\$ 1.04	-23.64%
7 Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8 Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9 Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10 LRAM & SSM Rate Rider			800	\$ -	\$ 0.0008	800	\$ 0.64	\$ 0.64	
11 Deferral/Variance Account Disposition Rate Rider		-\$ 0.0017	800	-\$ 1.36	-\$ 0.0048	800	-\$ 3.84	-\$ 2.48	182.35%
12 Late Payment Charge		\$ 0.2000	1	\$ 0.20	\$ -		\$ -	-\$ 0.20	-100.00%
13 Stranded Meter Rate Rider				\$ -	\$ 0.0002	800	\$ 0.16	\$ 0.16	
14				\$ -			\$ -	\$ -	
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 18.26			\$ 24.87	\$ 6.61	36.20%
17 RTSR - Network		\$ 0.0057	808.528	\$ 4.61	\$ 0.0054	808.618	\$ 4.37	-\$ 0.24	-5.25%
18 RTSR - Line and Transformation Connection		\$ 0.0045	808.528	\$ 3.64	\$ 0.0043	808.618	\$ 3.48	-\$ 0.16	-4.43%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 26.51			\$ 32.71	\$ 6.21	23.41%
20 Wholesale Market Service Charge (WMSC)		\$ 0.0052	808.528	\$ 4.20	\$ 0.0052	808.618	\$ 4.20	\$ 0.00	0.01%
21 Rural and Remote Rate Protection (RRRP)		\$ 0.0013	808.528	\$ 1.05	\$ 0.0013	808.618	\$ 1.05	\$ 0.00	0.01%
22 Special Purpose Charge			808.528	\$ -		808.618	\$ -	\$ -	
23 Standard Supply Service Charge		\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)		\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
25 Energy		\$ 0.0666	808.528	\$ 53.85	\$ 0.0694	808.618	\$ 56.10	\$ 2.25	4.19%
26				\$ -			\$ -	\$ -	
27				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 91.46			\$ 99.92	\$ 8.46	9.25%
29 HST		13%		\$ 11.89	13%		\$ 12.99	\$ 1.10	9.25%
30 Total Bill (including Sub-total B)				\$ 103.35			\$ 112.91	\$ 9.56	9.25%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 10.34	-10%		-\$ 11.29	-\$ 0.95	9.19%
32 Total Bill (including OCEB)				\$ 93.01			\$ 101.62	\$ 8.61	9.26%
33 Loss Factor (%)	Note 1		<input type="text" value="1.07%"/>			<input type="text" value="1.08%"/>			

Notes:

(1): Enter existing and proposed total loss factor (Secondary Metered Customer < 5,000 kW) as a percentage.



Ontario Energy Board

REVENUE REQUIREMENT WORK FORM

Version 2.20

Hydro 2000 Inc.

Bill Impacts - General Service < 50 kW

☒ Application of New Loss Factor to all applicable items

☐ Application of new Loss Factor to Delivery Items Only

Consumption kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge		\$ 24.6100	1	\$ 24.61	\$ 29.5000	1	\$ 29.50	\$ 4.89	19.87%
2 Smart Meter Rate Adder		\$ 1.6900	1	\$ 1.69		1	\$ -	-\$ 1.69	-100.00%
3 Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate		\$ 0.0081	2000	\$ 16.20	\$ 0.0150	2000	\$ 30.00	\$ 13.80	85.19%
6 Low Voltage Rate Adder		\$ 0.0051	2000	\$ 10.20	\$ 0.0042	2000	\$ 8.40	-\$ 1.80	-17.65%
7 Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8 Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9 Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -	
10 LRAM & SSM Rider			2000	\$ -	\$ 0.0001	2000	\$ 0.20	\$ 0.20	
11 Deferral/Variance Account Disposition Rate Rider		-\$ 0.0017	2000	-\$ 3.40	-\$ 0.0048	2000	-\$ 9.60	-\$ 6.20	182.35%
12 Late Payment Charge		\$ 0.5700	1	\$ 0.57			\$ -	-\$ 0.57	-100.00%
13 Stranded Meter Rate Rider				\$ -	\$ 0.0002	2000	\$ 0.40	\$ 0.40	
14				\$ -	\$ 0.0001	2000	\$ 0.20	\$ 0.20	
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 49.87			\$ 59.10	\$ 9.23	18.51%
17 RTSR - Network		\$ 0.0052	2021.32	\$ 10.51	\$ 0.0049	2021.54	\$ 9.91	-\$ 0.61	-5.76%
18 RTSR - Line and Transformation Connection		\$ 0.0045	2021.32	\$ 9.10	\$ 0.0043	2021.54	\$ 8.69	-\$ 0.40	-4.43%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 69.48			\$ 77.70	\$ 8.22	11.83%
20 Wholesale Market Service Charge (WMSR)		\$ 0.0052	2021.32	\$ 10.51	\$ 0.0052	2021.54	\$ 10.51	\$ 0.00	0.01%
21 Rural and Remote Rate Protection (RRRP)		\$ 0.0013	2021.32	\$ 2.63	\$ 0.0013	2021.54	\$ 2.63	\$ 0.00	0.01%
22 Special Purpose Charge			2021.32	\$ -		2021.54	\$ -	\$ -	
23 Standard Supply Service Charge		\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)		\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%
25 Energy		\$ 0.0666	2021.32	\$ 134.62	\$ 0.0694	2021.54	\$ 140.25	\$ 5.63	4.19%
26				\$ -			\$ -	\$ -	
27				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 231.49			\$ 245.34	\$ 13.86	5.99%
29 HST		13%		\$ 30.09	13%		\$ 31.89	\$ 1.80	5.99%
30 Total Bill (including Sub-total B)				\$ 261.58			\$ 277.24	\$ 15.66	5.99%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 26.16	-10%		-\$ 27.72	-\$ 1.56	5.96%
32 Total Bill (including OCEB)				\$ 235.42			\$ 249.52	\$ 14.10	5.99%
33 Loss Factor	(1)		<input type="text" value="1.07%"/>			<input type="text" value="1.08%"/>			

Notes:

(1): See Note (1) from Sheet 10A, Bill Impacts - Residential

Exhibit 1: Administrative Documents

Tab 3 (of 4): Financial Information

Historical Financial Statements

The following audited financial statements are attached:

Table 1: Audited Financial Statements

Attachment 1	Year ended 31 December, 2008
Attachment 2	Year ended 31 December, 2009
Attachment 3	Year ended 31 December, 2010

Attachment 1 (of 3):

2008 Audited Statements with 2007 comparative information

*Financial Statements of
États financiers de*

HYDRO 2000 INC.

*December 31, 2008
31 décembre 2008*



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300 McGill Street
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K6A 1P8

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Auditors' Report

To the Directors of Hydro 2000 Inc.

We have audited the balance sheet of Hydro 2000 Inc. as at December 31, 2008 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

Rapport des vérificateurs

Aux administrateurs de Hydro 2000 Inc.

Nous avons vérifié le bilan de Hydro 2000 Inc. au 31 décembre 2008 et les états des résultats et bénéfices non répartis et des flux de trésorerie de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la Société. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière de la Société au 31 décembre 2008 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

Chartered Accountants
Licensed Public Accountants

Hawkesbury, Ontario
March 17, 2009

Comptables agréés
Experts-comptables autorisés

Hawkesbury, Ontario
Le 17 mars 2009

HYDRO 2000 INC.
Financial statements
December 31, 2008

HYDRO 2000 INC.
États financiers
31 décembre 2008

	<u>Page</u>	
Statement of earnings and retained earnings	1	État des résultats et bénéfices non répartis
Balance sheet	2	Bilan
Statement of cash flows	3	État des flux de trésorerie
Notes to the financial statements	4 - 10	Notes complémentaires

HYDRO 2000 INC.
Statement of earnings and
retained earnings
year ended December 31, 2008

HYDRO 2000 INC.
État des résultats et bénéfices
non répartis
exercice terminé le 31 décembre 2008

	2008	2007	
REVENUE (note 10)			REVENUS (note 10)
Energy	\$ 1 996 170	\$ 2 069 093	Énergie
Distribution	274 818	241 453	Distribution
	2 270 988	2 310 546	
COST OF POWER	1 996 170	2 069 093	COÛT DE L'ÉNERGIE
	274 818	241 453	
OTHER OPERATING REVENUE	33 344	45 286	AUTRES PRODUITS
	308 162	286 739	
EXPENSES			DÉPENSES
Operation maintenance	71 458	73 455	Exploitation
Billing and collection	150 749	139 827	Facturation et perception
Administration	40 192	36 224	Administration
Amortization of capital assets	51 895	48 438	Amortissement des immobilisations corporelles
Amortization of contribution for capital assets	(4 351)	(3 427)	Amortissement des apports pour immobilisations corporelles
Amortization of incorporation fees	463	463	Amortissement des frais d'incorporation
	310 406	294 980	
LOSS BEFORE INCOME TAXES	(2 244)	(8 241)	PERTE AVANT IMPÔTS SUR LE REVENU
Income taxes			Impôts sur le revenu
Current	7 713	29 116	Courant
Recoverable on rates	-	(39 327)	Recouvrable sur les taux
Future	(22 230)	8 698	Futurs
	(14 517)	(1 513)	
NET EARNINGS (LOSS)	12 273	(6 728)	BÉNÉFICE NET (PERTE)
RETAINED EARNINGS, BEGINNING OF YEAR	406 781	413 509	BÉNÉFICES NON RÉPARTIS AU DÉBUT
RETAINED EARNINGS, END OF YEAR	\$ 419 054	\$ 406 781	BÉNÉFICES NON RÉPARTIS À LA FIN

HYDRO 2000 INC.
Balance sheet
as at December 31, 2008

HYDRO 2000 INC.
Bilan
au 31 décembre 2008

	2008	2007	
CURRENT ASSETS			ACTIF À COURT TERME
Cash	\$ 596 347	\$ 663 460	Encaisse
Accounts receivable (note 4)	191 030	192 614	Débiteurs (note 4)
Inventories	18 276	18 276	Stocks
Unbilled revenue	400 038	399 351	Revenus non facturés
Prepaid expenses	51 562	7 882	Frais payés d'avance
Income taxes	16 287	-	Impôts sur le revenu
	1 273 540	1 281 583	
INCORPORATION FEES	878	1 341	FRAIS D'INCORPORATION
OTHER ASSETS (note 5)	289 997	354 014	AUTRES ACTIFS (note 5)
CAPITAL ASSETS (note 6)	411 903	374 890	IMMOBILISATIONS CORPORELLES (note 6)
	\$ 1 976 318	\$ 2 011 828	
CURRENT LIABILITIES			PASSIF À COURT TERME
Accounts payable	\$ 552 363	\$ 530 949	Créditeurs
Other current liabilities	196 693	165 865	Autres frais courus
Income taxes	-	5 113	Impôts sur le revenu
			Tranche de billet à payer échéant à moins d'un an (note 7)
Current portion of note payable (note 8)	26 532	25 131	Tranche des autres passifs à long terme échéant à moins d'un an (note 8)
Current portion of other long-term liabilities (note 8)	76 473	90 584	
	852 061	817 642	
NOTE PAYABLE (note 7)	273 050	299 582	BILLET À PAYER (note 7)
FUTURE INCOME TAXES	53 423	75 653	IMPÔTS FUTURS
OTHER LONG-TERM LIABILITIES (note 8)	69 995	103 435	AUTRES PASSIFS À LONG TERME (note 8)
	1 248 529	1 296 312	
SHAREHOLDER'S EQUITY			CAPITAUX PROPRES
Share capital (note 9)	308 735	308 735	Capital-actions (note 9)
Retained earnings	419 054	406 781	Bénéfices non répartis
	727 789	715 516	
	\$ 1 976 318	\$ 2 011 828	

ON BEHALF OF THE BOARD

AU NOM DU CONSEIL

Director _____

Administrateur

Director _____

Administrateur

HYDRO 2000 INC.
Statement of cash flows
year ended December 31, 2008

HYDRO 2000 INC.
État des flux de trésorerie
exercice terminé le 31 décembre 2008

	2008	2007	
OPERATING			EXPLOITATION
Net earnings (loss)	\$ 12 273	\$ (6 728)	Bénéfice net (perte)
Adjustments for:			Ajustements pour:
Amortization of incorporation fees	463	463	Amortissement des frais d'incorporation
Amortization of capital assets	51 895	48 438	Amortissement des immobilisations corporelles
Amortization of contribution for capital assets	(4 351)	(3 427)	Amortissement des apports pour immobilisations corporelles
Future income taxes	(22 230)	8 698	Impôts futurs
Changes in non-cash operating working capital items (note 11)	(11 941)	194 881	Variation des éléments hors caisse du fonds de roulement d'exploitation (note 11)
	26 109	242 325	
FINANCING			FINANCEMENT
Decrease of other long-term liabilities	(47 551)	(79 052)	Diminution des autres passifs à long terme
Repayment of note payable	(25 131)	(23 803)	Remboursement du billet à payer
Increase of contribution for capital assets	4 395	41 817	Augmentation des apports pour immobilisations corporelles
	(68 287)	(61 038)	
INVESTING			INVESTISSEMENT
Acquisition of capital assets	(88 952)	(90 093)	Acquisition d'immobilisations corporelles
Decrease of other assets	64 017	91 539	Diminution des autres actifs
	(24 935)	1 446	
NET CASH INFLOW (OUTFLOW)	(67 113)	182 733	AUGMENTATION (DIMINUTION) DE L'ENCAISSE
CASH, BEGINNING OF YEAR	663 460	480 727	ENCAISSE AU DÉBUT
CASH, END OF YEAR	\$ 596 347	\$ 663 460	ENCAISSE À LA FIN

Additional information is presented in note 11.

Des renseignements complémentaires sont présentés à la note 11.

1. Description of business

The Corporation is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity.

2. Changes in accounting policies

Inventories

The company adopted the recommendations of CICA Handbook Section 3031 on inventories which provides guidance on the determination of cost of inventories and its subsequent recognition as an expense, and includes additional disclosure requirements. The new Section also requires to account for the reversal of write-downs previously recognized when there is a subsequent increase in the value of inventories. This accounting policy, which was adopted as of January 1, 2008, was applied retroactively and the comparative financial statements have been restated to reflect this change. The adoption of this section had no impact on the financial statements.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles with rate regulation specifications described under the other assets heading for electricity distributors as required by the Ontario Energy Board and set forth in the Accounting Procedures Handbook:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash/Held for trading
Accounts receivable/Loans and receivables
Unbilled revenue/Loans and receivables
Accounts payable/Other liabilities
Other current liabilities/Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

1. Description de l'entreprise

La Société est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité.

2. Modifications de conventions comptables

Stocks

La Société a adopté les recommandations du chapitre 3031 du Manuel de l'ICCA qui fournit davantage de directives concernant la détermination du coût des stocks et sa comptabilisation ultérieure en charges en plus d'exiger des informations connexes supplémentaires. La nouvelle norme exige également la reprise de toute perte de valeur comptabilisée antérieurement lorsque survient une augmentation subséquente de la valeur des stocks. Cette convention comptable, qui a été adoptée à compter du 1er janvier 2008, a été appliquée rétrospectivement et les états financiers des exercices antérieurs ont été retraités pour tenir compte de cette modification. L'adoption de ce chapitre n'a eu aucune incidence sur les états financiers.

3. Conventions comptables

Les états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada et tiennent compte des particularités énumérées sous la rubrique des autres actifs pour les distributeurs d'électricité tel que requis par la Commission de l'Énergie de l'Ontario et établis dans le "Accounting Procedures Handbook" :

Instruments financiers

Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur et leur évaluation ultérieure dépend de leur classement, comme il est décrit ci-après. Leur classement dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation par la Société. La comptabilisation à la date de règlement est utilisée.

Classification

Encaisse/Détenus à des fins de transaction
Débiteurs/Prêts et créances
Revenus non facturés/Prêts et créances
Créditeurs/Autres passifs
Autres frais courus/Autres passifs

Détenus à des fins de transaction

Les actifs financiers détenus à des fins de transaction sont des actifs financiers qui sont généralement acquis en vue d'être revendus avant leur échéance ou qui ont été désignés comme étant détenus à des fins de transaction. Ils sont mesurés à la juste valeur à la date de clôture. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les autres produits.

3. Accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Transaction costs

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

Inventories

Inventories are valued at the lower of average cost and net realizable value.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is calculated on the basis of the straight-line method with reference to estimated useful lives of the assets in accordance with Ontario Energy Board policy at the following terms:

	<u>Years</u>
Distribution equipment	25
Office equipment	10
Computer equipment	5

Acquisitions made during the year are amortized at half the normal rate.

Incorporation fees

Incorporation fees are accounted at cost and amortized using the straight-line method over a ten year period.

Customers' deposits

Deposits are taken to guarantee the payment of power bills or contract performance.

3. Conventions comptables (suite)

Instruments financiers (suite)

Prêts et créances

Les prêts et créances sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif.

Autres passifs

Les autres passifs sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif et comprennent tous les passifs financiers autres que les instruments dérivés.

Coûts de transaction

Les coûts de transaction liés aux actifs financiers détenus à des fins de transaction sont passés en charge au moment où ils sont engagés. Les coûts de transaction liés aux actifs financiers disponibles à la vente, aux actifs financiers détenus jusqu'à leur échéance, aux autres passifs et aux prêts et créances sont comptabilisés en diminution de la valeur comptable de l'actif ou du passif et sont ensuite constatés sur la durée de vie prévue de l'instrument selon la méthode du taux d'intérêt effectif.

Stocks

Les stocks sont évalués au moins élevé du coût moyen de la valeur nette de réalisation.

Immobilisations corporelles et amortissement

Les immobilisations corporelles sont comptabilisées au coût. L'amortissement est calculé selon la méthode de l'amortissement linéaire répartie sur la durée estimative de vie utile de l'immobilisation selon les politiques de la Commission de l'énergie de l'Ontario aux termes suivants:

	<u>Années</u>
Équipement de distribution	25
Équipement de bureau	10
Équipement informatique	5

Les acquisitions de l'année sont amorties à la moitié du taux normal.

Frais d'incorporation

Les frais d'incorporation sont comptabilisés au coût et amortis linéairement sur une période de dix ans.

Dépôts de clients à long terme

Des dépôts sont pris en garantie de paiement de la facturation ou de contrat.

3. Accounting policies (continued)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Other assets

Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year, when their final disposition is decided. Hydro 2000 Inc. recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to, customers. In the absence of rate regulation, generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred.

The assets, other than variances, are recorded at cost in accordance with accounting principles as required by the Ontario Energy Board.

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. Any disallowed costs will be expensed in the year that they are disallowed.

Recoveries for these assets are presented in a separate account until the Ontario Energy Board approves the recoveries. At that time, recoveries will be applied against the regulated assets.

The financial statements effects of rate regulation are presented in note 13.

Revenue recognition

The Corporation recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

3. Conventions comptables (suite)

Dépréciation d'actifs à long terme

Les actifs à long terme sont soumis à un test de recouvrabilité lorsque des événements ou des changements de situation indiquent que leur valeur comptable pourrait ne pas être recouvrable. Une perte de valeur est constatée lorsque leur valeur comptable excède les flux de trésorerie non actualisés découlant de leur utilisation et de leur sortie éventuelle. La perte de valeur constatée est mesurée comme étant l'excédent de la valeur comptable de l'actif sur sa juste valeur.

Autres actifs

Les coûts associés à l'énergie achetée sont pris en compte dans les tarifs autorisés, sur une base prévisionnelle. Aux fins de l'établissement des tarifs, les écarts entre les coûts prévus et les coûts réels associés à l'énergie achetée au cours de l'année de tarification sont laissés en suspens jusqu'à l'année suivante, au cours de laquelle leur traitement définitif est déterminé. Hydro 2000 Inc. comptabilise les écarts de coûts associés à l'énergie achetée à titre d'actif ou de passif réglementaire, parce que la Société s'attend à obtenir l'autorisation de recouvrer auprès des clients futurs les montants laissés en suspens d'une année à l'autre aux fins de l'établissement des tarifs, ou à devoir rembourser les montants à ces clients. Si les tarifs n'étaient pas réglementés, les coûts réels associés à l'énergie achetée devraient être passés en charges au moment où ils sont engagés, selon les principes comptables généralement reconnus.

Les actifs autres que les écarts de prix ont aussi été établis selon les règles de la Commission de l'Énergie. Ils ont été comptabilisés au coût.

Dans le cas de certains des éléments réglementaires mentionnés ci-dessus, les risques et incertitudes découlant du pouvoir ultime de l'autorité de réglementation de déterminer le traitement de l'élément aux fins de la tarification influent sur la période prévue de recouvrement ou de règlement, ou sur la probabilité de recouvrement ou de règlement. Les montants refusés seront imputés aux résultats dans l'année où ils seront refusés.

Les recouvrements pour tous ces frais sont identifiés dans un compte distinct et seront appliqués contre les actifs suite à l'approbation par la Commission de l'Énergie.

Les effets de la réglementation des tarifs sont décrits à la note 13.

Constatation des produits

La Société constate ses produits lorsqu'il existe des preuves convaincantes de l'existence d'un accord, que les marchandises sont expédiées aux clients, que le prix est déterminé ou déterminable et que l'encaissement est raisonnablement assuré.

3. Accounting policies (continued)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

4. Accounts receivable

	2008	2007
Electrical energy	\$ 168 881	\$ 162 021
Other	30 818	40 321
	199 699	202 342
Allowance for doubtful account	(8 669)	(9 728)
	\$ 191 030	\$ 192 614

5. Other assets

LV - Wheeling	\$ 74 564	\$ 68 704
Other regulatory assets	-	55 229
Payments in lieu of income taxes	37 586	39 679
Amounts to recover	177 847	190 402
	\$ 289 997	\$ 354 014

6. Capital assets

	Cost/Coût	Accumulated amortization/ Amortisse- ment cumulé	Net book value/ Valeur nette 2008	2007
Distribution equipment	\$ 740 566	\$ 287 645	\$ 452 921	\$ 457 681
Office equipment	3 861	3 077	784	559
Computer equipment	100 151	41 327	58 824	17 232
Capital contribution	(110 995)	(10 369)	(100 626)	(100 582)
	\$ 733 583	\$ 321 680	\$ 411 903	\$ 374 890

3. Convention comptables (suite)

Utilisations d'estimations

Dans le cadre de la préparation des états financiers, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les résultats réels pourraient varier par rapport à ces estimations.

4. Débiteurs

Énergie électrique	
Autres	
Provision pour mauvaises créances	

5. Autres actifs

Distribution à faible tension	
Autres actifs réglementés	
Paiements versés en remplacement d'impôts	
Montant à récupérer	

6. Immobilisations corporelles

Équipement de distribution	
Équipement de bureau	
Équipement informatique	
Apports en immobilisations	

HYDRO 2000 INC.
Notes to the Financial Statements
year ended December 31, 2008

HYDRO 2000 INC.
Notes complémentaires
exercice terminé le 31 décembre 2008

7. Note payable

Note payable to the Township of Alfred-Plantagenet, 5.5% interest, payable in semi-annual payments of \$ 21 324 including interest

Current portion

Principal repayments to be made during the next five years are as follows: 2009, \$ 26 532; 2010, \$ 28 011; 2011, \$ 29 573; 2012, \$ 31 222 and 2013, \$ 32 963.

8. Other long-term liabilities

Smart meters
Retail settlement variance account
Customer deposits
Hydro One

Current portion

Amount owed to Hydro One is to be repaid as follows: 2009, \$ 52 008 and 2010, \$ 13 579.

9. Share capital

Authorized, unlimited number

Class A voting shares
Class B voting shares, non-participating

Class C non-voting shares, non-participating

Issued

1 Class A share

2008	2007
\$ 299 582	\$ 324 713
26 532	25 131
\$ 273 050	\$ 299 582

\$ 8 302	\$ 4 853
42 449	25 401
30 130	34 738
65 587	129 027
146 468	194 019
76 473	90 584
\$ 69 995	\$ 103 435

\$ 308 735	\$ 308 735
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7. Billet à payer

Billet à payer au Canton d'Alfred-Plantagenet, au taux de 5.5%, en versements semi-annuels de \$ 21 324 incluant les intérêts

Portion à court terme

Les versements en capital à effectuer au cours des cinq prochains exercices sont les suivants : 2009, \$ 26 532 ; 2010, \$ 28 011 ; 2011, \$ 29 573 ; 2012, \$ 31 222 and 2013, \$ 32 963.

8. Autres passifs à long terme

Compteurs intelligents
Écarts de prix avec les détaillants
Dépôts de clients
Hydro One

Portion à court terme

Les sommes dues à Hydro One doivent être remboursées de la façon suivante : 2009, \$ 52 008 et 2010, \$ 13 579.

9. Capital-actions

Autorisé, nombre illimité

Actions de classe A, votantes
Actions de classe B, votantes, non participantes
Actions de classe C, non votantes, non participantes

Émis

1 action de classe A

HYDRO 2000 INC.
Notes to the Financial Statements
year ended December 31, 2008

HYDRO 2000 INC.
Notes complémentaires
exercice terminé le 31 décembre 2008

10. Revenue

	<u>2008</u>	<u>2007</u>
<i>ENERGY</i>		
Residential	\$ 1 202 751	\$ 1 241 147
General < 50 KW	391 021	407 237
General < 50 KW - USL	1 116	1 506
General > 50 KW	365 456	383 072
Street light	35 826	36 131
	<u>\$ 1 996 170</u>	<u>\$ 2 069 093</u>
<i>DISTRIBUTION</i>		
Service charge	\$ 148 480	\$ 125 306
Distribution volume	121 326	111 351
Administration charge	3 379	3 350
Retailer charge	1 633	1 446
	<u>\$ 274 818</u>	<u>\$ 241 453</u>

11. Additional information relating to the statement of cash flows

Changes in non-cash operating working capital items

Accounts receivable	\$ 1 584	\$ 5 741
Inventories	-	(2 670)
Unbilled revenue	(687)	(19 232)
Prepaid expenses	(43 680)	(123)
Income taxes	(21 400)	(5 098)
Accounts payable	21 414	228 209
Other current liabilities	30 828	(11 946)
	<u>\$ (11 941)</u>	<u>\$ 194 881</u>

Other information

Interest paid	\$ 17 517	\$ 18 845
Income taxes paid	\$ 29 113	\$ 34 214

12. Related party transactions

The following amounts were paid to the Township of Alfred-Plantagenet, the only shareholder of the Corporation

Long-term debt		
Principal	\$ 25 131	\$ 23 803
Interest	17 517	18 845
Rent	8 231	8 031
	<u>\$ 50 879</u>	<u>\$ 50 679</u>

10. Revenus

<i>ÉNERGIE</i>	
Résidentiel	
Général < 50 KW	
Général < 50 KW - Charges sans compteur	
Général > 50 KW	
Éclairage des rues	
<i>DISTRIBUTION</i>	
Revenus de gestion	
Revenus de livraison	
Revenus d'administration	
Revenus des détaillants	

11. Renseignements complémentaires à l'état des flux de trésorerie

Variation des éléments hors caisse du fonds de roulement d'exploitation

Débiteurs
Inventaire
Revenus non facturés
Frais payés d'avance
Impôts sur le revenu
Créditeurs
Autres frais courus

Autres renseignements

Intérêts payés
Impôts payés

12. Opérations entre apparentés

Les montants suivants ont été versés au Canton d'Alfred-Plantagenet, l'unique actionnaire de la Société

Dette à long terme
Principal
Intérêts
Loyer

**13. Financial statement's effects
of rate regulation**

	2008	2007
Loss before income taxes in accordance with accounting principles for electricity distributors as required by the Ontario Energy Board	\$ (2 244)	\$ (8 241)
Expenses included in other assets	(73 268)	(48 399)
Carrying charges on other assets	(1 205)	(5 826)
Amortization of capital assets included in other assets	-	(1 718)
Amortization of a billing contract	-	(6 420)
Refused other regulatory assets	-	1 780
Recoveries	107 015	211 144
Adjusted earnings before income taxes and before the effect of the regulation on the financial statements	\$ 30 298	\$ 142 320

14. Financial instrument

Fair value

The fair value of cash, accounts receivable, accounts payable and other current liabilities approximates their carrying values due to their short-term maturity.

The fair value of note payable approximates its carrying value as it has financing conditions similar to those currently available to the Corporation.

13. Effets de la réglementation des tarifs sur les états financiers

Perte avant impôts sur le revenu conformément aux principes comptables pour les distributeurs d'électricité tels que requis par la Commission de l'Énergie de l'Ontario

Dépenses incluses dans les autres actifs

Frais d'intérêts sur les autres actifs

Amortissement des immobilisations corporelles inclus dans les autres actifs

Amortissement d'un contrat pour la facturation

Autres actifs règlementés refusés

Recouvrements

Bénéfice avant impôts sur le revenu et avant l'effet de la réglementation sur les états financiers

14. Instrument financier

Juste valeur

Les justes valeurs de l'encaisse, des débiteurs, des créditeurs et autres frais courus correspondent approximativement à leur valeur comptable en raison de leur échéance à court terme.

La juste valeur du billet à payer correspond approximativement à sa valeur comptable étant donné que la dette comporte des conditions de financement que la Société pourrait obtenir actuellement.

Attachment 2 (of 3):

2009 Audited Statements with 2008 comparative information

*Financial statements of
États financiers de*

Hydro 2000 Inc.

*December 31, 2009
31 décembre 2009*

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Statement of retained earnings	3	État des bénéfices non répartis
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Notes to the financial statements	6 - 16	Notes complémentaires

Auditors' Report

To the Directors of Hydro 2000 Inc.

We have audited the balance sheet of Hydro 2000 Inc. as at December 31, 2009 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

Rapport des vérificateurs

Aux administrateurs de Hydro 2000 Inc.

Nous avons vérifié le bilan de Hydro 2000 Inc. au 31 décembre 2009 et les états des résultats, des bénéfices non répartis et des flux de trésorerie de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de la Société. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière de la Société au 31 décembre 2009 ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.



Chartered Accountants
Licensed Public Accountants

Hawkesbury, Ontario
March 24, 2010

Comptables agréés
Experts-comptables autorisés

Hawkesbury, Ontario
Le 24 mars 2010

Hydro 2000 Inc.

Statement of earnings

year ended December 31, 2009

Hydro 2000 Inc.

État des résultats

de l'exercice terminé le 31 décembre 2009

	2009	2008	
Revenue (Note 10)			Revenus (note 10)
Energy	\$ 2 089 909	\$ 1 988 826	Énergie
Distribution	328 740	265 687	Distribution
	2 418 649	2 254 513	
Cost of power	2 089 909	1 988 826	Coût de l'énergie
	328 740	265 687	
Other operating revenue	36 423	68 412	Autres revenus
	365 163	334 099	
Expenses			Charges
Operation maintenance	94 744	71 458	Exploitation
Billing and collection	161 893	185 309	Facturation et perception
Administration	37 873	40 192	Administration
Amortization of capital assets	57 421	51 895	Amortissement des immobilisations corporelles
Amortization of contribution for capital assets	(5 036)	(4 351)	Amortissement des apports pour immobilisations corporelles
Amortization of incorporation fees	878	463	Amortissement des frais d'incorporation
	347 773	344 966	
Earnings (loss) before income taxes	17 390	(10 867)	Bénéfice (perte) avant impôts sur les bénéfices
Income taxes			Impôts sur les bénéfices
Current	10 221	7 713	Courant
Future	(7 410)	(22 230)	Futurs
	2 811	(14 517)	
Net earnings	\$ 14 579	\$ 3 650	Bénéfice net

Hydro 2000 Inc.

Statement of retained earnings
year ended December 31, 2009

Hydro 2000 Inc.

État des bénéfices non répartis
de l'exercice terminé le 31 décembre 2009

	2009	2008	
Balance, beginning of year			Solde au début
As previously reported	\$ 369 939	\$ 406 781	Solde déjà établi
Changes in accounting policies (Note 2)	39 327	(40 492)	Modifications de conventions comptables (note 2)
As restated	409 266	366 289	Solde redressé
Net earnings	14 579	3 650	Bénéfice net
Balance, end of year	\$ 423 845	\$ 369 939	Solde à la fin

Hydro 2000 Inc.
Balance sheet
as at December 31, 2009

Hydro 2000 Inc.
Bilan
31 décembre 2009

	2009	2008	
Assets			Actif
Current assets			À court terme
Cash	\$ 314 786	\$ 596 347	Encaisse
Accounts receivable (note 4)	227 017	166 000	Débiteurs (note 4)
Inventories	-	18 276	Stocks
Prepaid expenses	39 985	51 562	Charges payées d'avance
Income taxes	13 779	16 287	Impôts sur les bénéfices
	595 567	848 472	
Incorporation fees	-	878	Frais d'incorporation
Other assets (Note 5)	411 568	275 934	Autres actifs (note 5)
Capital assets (Note 6)	439 046	411 903	Immobilisations corporelles (note 6)
	\$ 1 446 181	\$ 1 537 187	
Liabilities			Passif
Current liabilities			À court terme
Accounts payable	\$ 75 402	\$ 44 375	Créditeurs
Other current liabilities	180 302	196 693	Autres frais courus
Current portion of note payable (Note 7)	31 222	26 532	Tranche de billet à payer échéant à moins d'un an (note 7)
Current portion of other long-term liabilities (Note 8)	43 039	76 473	Tranche des autres passifs à long terme échéant à moins d'un an (note 8)
	329 965	344 073	
Note payable (Note 7)	184 244	273 050	Billet à payer (note 7)
Future income taxes	6 686	53 423	Impôts futurs
Other long-term liabilities (Note 8)	192 706	187 967	Autres passifs à long terme (note 8)
	713 601	858 513	
Shareholder's equity			Capitaux propres
Share capital (Note 9)	308 735	308 735	Capital-actions (note 9)
Retained earnings	423 845	369 939	Bénéfices non répartis
	732 580	678 674	
	\$ 1 446 181	\$ 1 537 187	

Approved by the Board

Director _____

Director _____

Au nom du conseil

Administrateur

Administrateur

Hydro 2000 Inc.

Statement of cash flows

year ended December 31, 2009

Hydro 2000 Inc.

État des flux de trésorerie

de l'exercice terminé le 31 décembre 2009

	2009	2008	
Operating activities			Activités d'exploitation
Net earnings	\$ 14 579	\$ 3 650	Bénéfice net
Items not affecting cash:			Éléments sans effet sur la trésorerie:
Amortization of incorporation fees	878	463	Amortissement des frais d'incorporation
			Amortissement des immobilisations corporelles
Amortization of capital assets	57 421	51 895	Amortissement des apports pour immobilisations corporelles
Amortization of contribution for capital assets	(5 036)	(4 351)	Impôts futurs
Future income taxes	(7 410)	(22 230)	Variation des éléments hors caisse du fonds de roulement d'exploitation (note 11)
Changes in non-cash operating working capital items (Note 11)	(14 020)	(43 300)	
	46 412	(13 873)	
Investing activities			Activités d'investissement
Acquisition of capital assets	(109 287)	(88 952)	Acquisition d'immobilisations corporelles
(Decrease) increase of other assets	(135 634)	98 730	(Diminution) augmentation des autres actifs
	(244 921)	9 778	
Financing activities			Activités de financement
Decrease of other long-term liabilities	(28 695)	(42 282)	Diminution des autres passifs à long terme
Repayment of note payable	(84 116)	(25 131)	Remboursement du billet à payer
			Augmentation des apports pour immobilisations corporelles
Increase of contribution for capital assets	29 759	4 395	
	(83 052)	(63 018)	
Net decrease in cash and cash equivalents	(281 561)	(67 113)	Diminution nette de la trésorerie et des équivalents de trésorerie
Cash, beginning of year	596 347	663 460	Encaisse au début
Cash, end of year	\$ 314 786	\$ 596 347	Encaisse à la fin

1. Description of business

The Corporation is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity.

2. Changes in accounting policies

Energy

For the year ended December 31, 2009, the Corporation was given the choice of two methods to account for its energy revenues and expenses and distribution revenues. The purpose was to improve distributors' conformity to the Ontario Energy Board's procedures and guidance and to present comparable results on a quarterly basis.

The Corporation decided to account for its energy and distribution revenues when billed to customers. The energy expenses are accounted for when the invoices are received. The impact of this change was an increase in earnings before income taxes of \$ 21 643. This change was applied retrospectively.

Capital disclosures

The Corporation adopted the recommendations of CICA Handbook Section 1535, Capital Disclosures. This Section requires the disclosure of information about externally imposed capital requirements. The required disclosures are included in Note 7.

Financial instruments

In January 2009, the Corporation adopted EIC-173, Credit risk and the fair value of financial assets and financial liabilities issued by the Emerging Issues Committee. This abstract requires that an entity's own credit risk for financial liabilities and the credit risk of the counterparty for financial assets should be taken into account in determining the fair value of financial assets and financial liabilities.

The Corporation also adopted the changes made by CICA to Section 3862, *Financial instruments – Disclosures* whereby an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 - valuation based on unadjusted prices for identical assets or liabilities;

1. Description de l'entreprise

La Société est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité.

2. Modifications de conventions comptables

Énergie

Pour l'exercice terminé le 31 décembre 2009, la Société devait choisir entre deux méthodes pour comptabiliser ses revenus et dépenses d'énergie ainsi que ses revenus de distribution. Le but était d'améliorer le respect par les distributions des procédures et directives émises par la Commission de l'Énergie de l'Ontario ainsi que la présentation de résultats comparables sur une base trimestrielle.

La Société a choisi de présenter ses revenus d'énergie et de distribution lorsqu'ils sont facturés. Les dépenses d'énergie sont inscrites lorsque les factures sont reçues. L'impact de ce changement a été une augmentation du bénéfice avant impôts sur les bénéfices de \$ 21 643. Ce changement a été appliqué de façon rétroactive.

Informations à fournir concernant le capital

La Société a adopté les recommandations du chapitre 1535 du Manuel de l'ICCA intitulé "Informations à fournir concernant le capital". Ce chapitre exige la présentation d'informations sur les exigences concernant le capital en vertu de règles extérieures. Les informations exigées sont fournies dans la note 7.

Instruments financiers

En janvier 2009, la Société a adopté l'abrégé des délibérations du Comité sur les problèmes nouveaux CPN-173 intitulé « Risque de crédit et juste valeur des actifs financiers et des passifs financiers », selon lequel la juste valeur des instruments financiers doit tenir compte du risque de crédit de la contrepartie en ce qui concerne les actifs et du risque de crédit de la Société en ce qui concerne les passifs.

La Société a également adopté les modifications apportées par l'ICCA au chapitre 3862 intitulé « Instruments financiers – informations à fournir ». Ces modifications exigent de présenter dans les états financiers la répartition des évaluations à la juste valeur des instruments financiers selon une hiérarchie qui reflète l'importance des données utilisées pour réaliser ces évaluations. La hiérarchie des évaluations à la juste valeur se compose des niveaux suivants :

Niveau 1 - évaluation fondée sur les prix non rajustés pour des actifs ou passifs identiques;

2. Changes in accounting policies (continued)

Financial instruments (continued)

Level 2 - valuation techniques based on inputs other than prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The required disclosures are included in Note 15.

Future accounting changes

New accounting framework

As required by the Canadian Accounting Standards Board, Canadian Generally Accepted Accounting Principles for publicly accountable enterprises will transition to International Financial Reporting Standards ("IFRS"), effective January 1, 2011. The impact of this transition has not yet been determined.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles with rate regulation specifications described under the other assets heading for electricity distributors as required by the Ontario Energy Board and set forth in the Accounting Procedures Handbook:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash/Held for trading
Accounts receivable/Loans and receivables
Accounts payable/Other liabilities
Other current liabilities/Other liabilities

2. Modifications de conventions comptables (suite)

Instruments financiers (suite)

Niveau 2 - techniques d'évaluation fondées sur des données autres que les prix visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement.;

Niveau 3 - techniques d'évaluation fondées sur une part importante de données relatives à l'actif ou au passif qui ne sont pas fondées sur des données de marché observables.

La hiérarchie qui s'applique dans le cadre de la détermination de la juste valeur exige l'utilisation de données observables sur le marché chaque fois que de telles données existent. Un instrument financier est classé au niveau le plus bas de la hiérarchie pour lequel une donnée importante a été prise en compte dans l'évaluation de la juste valeur.

Les informations exigées sont fournies dans la note 15.

Modifications comptables futures

Nouveau référentiel comptable

Tel que requis par le Conseil des normes comptables canadiennes, les principes comptables généralement reconnus du Canada seront remplacés par les Normes internationales d'information financière (IFRS) à compter du 1er janvier 2011. Les incidences de ce changement n'ont pas encore été évaluées.

3. Conventions comptables

Les états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada et tiennent compte des particularités énumérées sous la rubrique des autres actifs pour les distributeurs d'électricité tel que requis par la Commission de l'Énergie de l'Ontario et établis dans le "Accounting Procedures Handbook" :

Instruments financiers

Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur et leur évaluation ultérieure dépend de leur classement, comme il est décrit ci-après. Leur classement dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation par la Société. La comptabilisation à la date de règlement est utilisée.

Classification

Encaisse/Détenus à des fins de transaction
Débiteurs/Prêts et créances
Créditeurs/Autres passifs
Autres frais courus/Autres passifs

3. Accounting policies (continued)

Financial instruments (continued)

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Transaction costs

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is calculated on the basis of the straight-line method with reference to estimated useful lives of the assets in accordance with Ontario Energy Board policy at the following terms:

	<u>Years</u>
Distribution equipment	25
Office equipment	10
Computer equipment	5

Acquisitions made during the year are amortized at half the normal rate.

3. Conventions comptables (suite)

Instruments financiers (suite)

Détenus à des fins de transaction

Les actifs financiers détenus à des fins de transaction sont des actifs financiers qui sont généralement acquis en vue d'être revendus avant leur échéance ou qui ont été désignés comme étant détenus à des fins de transaction. Ils sont mesurés à la juste valeur à la date de clôture. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les autres produits.

Prêts et créances

Les prêts et créances sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif.

Autres passifs

Les autres passifs sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif et comprennent tous les passifs financiers autres que les instruments dérivés.

Coûts de transaction

Les coûts de transaction liés aux actifs financiers détenus à des fins de transaction sont passés en charge au moment où ils sont engagés. Les coûts de transaction liés aux actifs financiers disponibles à la vente, aux actifs financiers détenus jusqu'à leur échéance, aux autres passifs et aux prêts et créances sont comptabilisés en diminution de la valeur comptable de l'actif ou du passif et sont ensuite constatés sur la durée de vie prévue de l'instrument selon la méthode du taux d'intérêt effectif.

Immobilisations corporelles et amortissement

Les immobilisations corporelles sont comptabilisées au coût. L'amortissement est calculé selon la méthode de l'amortissement linéaire réparti sur la durée estimative de vie utile de l'immobilisation selon les politiques de la Commission de l'énergie de l'Ontario aux termes suivants:

	<u>Années</u>
Équipement de distribution	25
Équipement de bureau	10
Équipement informatique	5

Les acquisitions de l'année sont amorties à la moitié du taux normal.

3. Accounting policies (continued)

Customers' deposits

Deposits are taken to guarantee the payment of power bills or contract performance.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Other assets

Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year, when their final disposition is decided. Hydro 2000 Inc. recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to customers. In the absence of rate regulation, generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred.

The assets, other than variances, are recorded at cost in accordance with accounting principles as required by the Ontario Energy Board.

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. Any disallowed costs will be expensed in the year that they are disallowed.

Recoveries for these assets are presented in a separate account until the Ontario Energy Board approves the recoveries. At that time, recoveries will be applied against the regulated assets.

The financial statements effects of rate regulation are presented in Note 13.

3. Conventions comptables (suite)

Dépôts de clients à long terme

Des dépôts sont pris en garantie de paiement de la facturation ou de contrat.

Dépréciation d'actifs à long terme

Les actifs à long terme sont soumis à un test de recouvrabilité lorsque des événements ou des changements de situation indiquent que leur valeur comptable pourrait ne pas être recouvrable. Une perte de valeur est constatée lorsque leur valeur comptable excède les flux de trésorerie non actualisés découlant de leur utilisation et de leur sortie éventuelle. La perte de valeur constatée est mesurée comme étant l'excédent de la valeur comptable de l'actif sur sa juste valeur.

Autres actifs

Les coûts associés à l'énergie achetée sont pris en compte dans les tarifs autorisés, sur une base prévisionnelle. Aux fins de l'établissement des tarifs, les écarts entre les coûts prévus et les coûts réels associés à l'énergie achetée au cours de l'année de tarification sont laissés en suspens jusqu'à l'année suivante, au cours de laquelle leur traitement définitif est déterminé. Hydro 2000 Inc. comptabilise les écarts de coûts associés à l'énergie achetée à titre d'actif ou de passif réglementaire, parce que la Société s'attend à obtenir l'autorisation de recouvrer auprès des clients futurs les montants laissés en suspens d'une année à l'autre aux fins de l'établissement des tarifs, ou à devoir rembourser les montants à ces clients. Si les tarifs n'étaient pas réglementés, les coûts réels associés à l'énergie achetée devraient être passés en charge au moment où ils sont engagés, selon les principes comptables généralement reconnus.

Les actifs autres que les écarts de prix ont aussi été établis selon les règles de la Commission de l'Énergie. Ils ont été comptabilisés au coût.

Dans le cas de certains des éléments réglementaires mentionnés ci-dessus, les risques et incertitudes découlant du pouvoir ultime de l'autorité de réglementation de déterminer le traitement de l'élément aux fins de la tarification influent sur la période prévue de recouvrement ou de règlement, ou sur la probabilité de recouvrement ou de règlement. Les montants refusés seront imputés aux résultats dans l'année où ils seront refusés.

Les recouvrements pour tous ces frais sont identifiés dans un compte distinct et seront appliqués contre les actifs suite à l'approbation par la Commission de l'Énergie.

Les effets de la réglementation des tarifs sont décrits à la note 13.

3. Accounting policies (continued)

Revenue recognition

The Corporation recognizes energy and distribution revenues when billed to customers. Other revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

4. Accounts receivable

	2009	2008
Electrical energy	\$ 211 125	\$ 168 881
Other	22 802	5 788
	<u>233 927</u>	<u>174 669</u>
Allowance for doubtful account	(6 910)	(8 669)
	<u>\$ 227 017</u>	<u>\$ 166 000</u>

5. Other assets

	2009	2008
Smart meters	\$ 171 009	\$ -
LV - Wheeling	47 632	54 636
Other regulatory assets	338	-
Payments in lieu of income taxes	34 339	38 271
Amounts to recover	158 250	183 028
	<u>\$ 411 568</u>	<u>\$ 275 935</u>

6. Capital assets

	Cost/Coût	Accumulated amortization/ Amortissement cumulé	Net book value/ Valeur nette	
			2009	2008
Distribution equipment	\$ 846 460	\$ 333 709	\$ 512 751	\$ 452 921
Office equipment	4 158	3 198	960	784
Computer equipment	103 247	52 563	58 684	58 824
Capital contribution	(140 754)	(15 405)	(125 349)	(100 626)
	<u>\$ 813 111</u>	<u>\$ 374 065</u>	<u>\$ 439 046</u>	<u>\$ 411 903</u>

3. Convention comptables (suite)

Constatation des produits

La Société constate ses revenus d'énergie et de distribution lorsqu'ils sont facturés aux clients alors que les autres revenus sont constatés lorsqu'il existe des preuves convaincantes de l'existence d'un accord, que les marchandises sont expédiées aux clients, que le prix est déterminé ou déterminable et que l'encaissement est raisonnablement assuré.

Utilisations d'estimations

Dans le cadre de la préparation des états financiers, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les résultats réels pourraient varier par rapport à ces estimations.

4. Débiteurs

Énergie électrique
Autres
Provision pour mauvaises créances

5. Autres actifs

Compteurs intelligents
Distribution à faible tension
Autres actifs réglementés
Paiements versés en remplacement d'impôts
Montant à récupérer

6. Immobilisations corporelles

Équipement de distribution
Équipement de bureau
Équipement informatique
Apports en immobilisations

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2009

7. Note payable

Note payable to the Township of Alfred-Plantagenet, 5.5%, payable in semi-annual payments of \$ 21 324 including interest

Current portion

Principal repayments to be made during the next five years are as follows: 2010, \$ 31 222; 2011, \$ 32 962; 2012, \$ 34 800; 2013, \$ 36 741 and 2014, \$ 38 789.

No restrictive covenants have been imposed by the Township.

8. Other long-term liabilities

Smart meters
Retail settlement variance account
Customer deposits
Hydro One

Current portion

Amount owed to Hydro One is to be repaid in 2010.

9. Share capital

Authorized, unlimited number

Voting Class A shares
Voting Class B shares, non-participating

Non-voting Class C shares, non-participating

Issued

1 Class A share

2009	2008
\$ 215 466	\$ 299 582
31 222	26 532
\$ 184 244	\$ 273 050

2009	2008
\$ -	\$ 8 256
180 046	151 799
33 452	30 130
22 247	74 255
235 745	264 440
43 039	76 473
\$ 192 706	\$ 187 967

2009	2008
\$ 308 735	\$ 308 735

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2009

7. Billet à payer

Billet à payer au Canton d'Alfred-Plantagenet, 5.5%, remboursable par versements semi-annuels de \$ 21 324 incluant les intérêts

Portion à court terme

Les versements en capital à effectuer au cours des cinq prochains exercices sont les suivants : 2010, \$ 31 222; 2011, \$ 32 962; 2012, \$ 34 800; 2013, \$ 36 741 et 2014, \$ 38 789.

Aucune clause restrictive n'a été imposée par la municipalité.

8. Autres passifs à long terme

Compteurs intelligents
Écarts de prix avec les détaillants
Dépôts de clients
Hydro One

Portion à court terme

Les sommes dues à Hydro One doivent être remboursées en 2010.

9. Capital-actions

Autorisé, nombre illimité

Actions de catégorie A, avec droit de vote
Actions de catégorie B, avec droit de vote, non participantes
Actions de classe C, sans droit de vote, non participantes

Émis

1 action de catégorie A

10. Revenue

	<u>2009</u>	<u>2008</u>
<i>Energy</i>		
Residential	\$ 1 298 328	\$ 1 233 660
General < 50 KW	417 323	353 844
General < 50 KW - USL	1 191	1 116
General > 50 KW	335 844	364 678
Street light	37 223	35 528
	<u>\$ 2 089 909</u>	<u>\$ 1 988 826</u>
<i>Distribution</i>		
Service charge	\$ 160 592	\$ 145 257
Distribution volume	163 132	115 418
Administration charge	3 600	3 379
Retailer charge	1 416	1 633
	<u>\$ 328 740</u>	<u>\$ 265 687</u>

11. Additional information relating to the statement of cash flows

	<u>2009</u>	<u>2008</u>
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	\$ (61 017)	\$ 222
Inventories	18 276	-
Prepaid expenses	11 577	(43 680)
Income taxes receivable	2 508	(21 400)
Accounts payable	31 027	(9 270)
Other current liabilities	(16 391)	30 828
	<u>\$ (14 020)</u>	<u>\$ (43 300)</u>
<i>Other information</i>		
Interest paid	\$ 14 576	\$ 17 517
Income taxes paid	\$ 7 713	\$ 29 113

12. Related party transactions

The following amounts were paid to the Township of Alfred-Plantagenet, the only shareholder of the Corporation

	<u>2009</u>	<u>2008</u>
Long-term debt		
Principal	\$ 84 116	\$ 25 131
Interest	14 576	17 517
Rent	8 399	8 231
	<u>\$ 107 091</u>	<u>\$ 50 879</u>

10. Revenus

<i>Énergie</i>	
Résidentiel	
Général < 50 KW	
Général < 50 KW - Charges sans compteur	
Général > 50 KW	
Éclairage des rues	
<i>Distribution</i>	
Revenus de gestion	
Revenus de livraison	
Revenus d'administration	
Revenus des détaillants	

11. Renseignements complémentaires à l'état des flux de trésorerie

<i>Variation des éléments hors caisse du fonds de roulement d'exploitation</i>	
Débiteurs	
Stocks	
Charges payées d'avance	
Impôts sur les bénéfices à recevoir	
Créditeurs	
Autres frais courus	
<i>Autres renseignements</i>	
Intérêts payés	
Impôts sur les bénéfices payés	

12. Opérations entre apparentés

Les montants suivants ont été versés au Canton d'Alfred-Plantagenet, l'unique actionnaire de la Société

Dette à long terme	
Principal	
Intérêts	
Loyer	

**13. Financial statements' effects
of rate regulation**

	2009	2008
Earnings (loss) before income taxes in accordance with accounting principles for electricity distributors as required by the Ontario Energy Board	\$ 17 390	\$ (10 867)
Expenses/variances included in other assets/liabilities	33 014	(51 228)
Carrying charges on other assets/liabilities	975	(2 531)
Amortization of capital assets included in other assets	(3 805)	-
Recoveries	40 201	136 534
Adjustments for energy and distribution revenues and cost of power		
Beginning of year	74 660	33 050
End of year	(71 432)	(74 660)
Adjusted earnings before income taxes and before the effect of the regulation on the financial statements	\$ 91 003	\$ 30 298

14. Commitment

The Corporation leases office space from the Township of Alfred-Plantagenet under an operating lease which expires December 31, 2011. The amount payable in 2010 will be \$ 8 483. For 2011, it will increase by the cost of living, with a minimum of 1%.

15. Financial instruments and risk management

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. The following analysis provides a measurement of risk as at December 31, 2009.

Credit risk

The Corporation's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represents the Corporation's maximum credit exposure at the balance sheet date.

13. Effets de la réglementation des tarifs sur les états financiers

Bénéfice (perte) avant impôts sur les bénéfices conformément aux principes comptables pour les distributeurs d'électricité tels que requis par la Commission de l'Énergie de l'Ontario

Dépenses/variances incluses dans les autres actifs/passifs

Frais d'intérêts sur les autres actifs/passifs

Amortissement des immobilisations corporelles inclus dans les autres actifs

Recouvrements

Ajustements des revenus d'énergie et de distribution et des coûts de l'énergie

Début de l'exercice

Fin de l'exercice

Bénéfice avant impôts sur les bénéfices et avant l'effet de la réglementation sur les états financiers

14. Engagement

La Société loue des bureaux au Canton d'Alfred-Plantagenet en vertu d'un contrat de location-exploitation qui vient à échéance le 31 décembre 2011. Le loyer à payer pour 2010 est de \$ 8 483. Pour 2011, il y aura une augmentation selon le coût de la vie, avec un minimum de 1%.

15. Instruments financiers et gestion des risques

En raison de ses actifs et de ses passifs financiers, la Société est exposée aux risques suivants relatifs à l'utilisation d'instruments financiers: le risque de crédit, le risque de marché et le risque de liquidité. L'analyse suivante permet d'évaluer les risques au 31 décembre 2009.

Risque de crédit

Les principaux actifs financiers de la Société comprennent l'encaisse et les débiteurs, lesquels sont assujettis au risque de crédit. La valeur comptable des actifs financiers au bilan représente le risque de crédit maximal à la date du bilan.

15. Financial instruments and risk management (continued)

Credit risk (continued)

The Corporation's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

As at December 31, 2009, the aging of accounts receivable was:

	2009	2008
Trade		
Current	\$ 200 701	\$ 143 957
Aged between 31 – 90 days	6 244	14 385
Aged greater than 90 days	26 982	16 327
	233 927	174 669

Allowance for doubtful accounts:

	6 910	8 669
	\$ 227 017	\$ 166 000

Reconciliation of allowance for doubtful accounts:

	2009	2008
Balance, beginning of year	\$ 8 669	\$ 9 728
Increase during the year	6 480	8 391
Bad debts written off during the year	(8 239)	(9 450)
Balance, end of year	\$ 6 910	\$ 8 669

Interest rate risk

The note payable bears interest at fixed rates. Consequently, the cash flow exposure is not significant. However, the fair value of loans having fixed rates of interest, could fluctuate because of changes in market interest rates.

15. Instruments financiers et gestion des risques (suite)

Risque de crédit (suite)

Le risque de crédit de la Société est principalement imputable à ses créances clients. Les montants sont présentés dans le bilan déduction faite de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

Au 31 décembre 2009, le classement par échéance des débiteurs était le suivant :

Clients
Courant
Entre 31 et 90 jours
Plus de 90 jours

Provision pour créances douteuses

Rapprochement de la provision pour créances douteuses :

Solde au début
Augmentation au cours de l'exercice
Créances douteuses radiées au cours de l'exercice
Solde à la fin

Risque de taux d'intérêt

Le billet à payer porte des taux d'intérêt fixes. Par conséquent, les risques de trésorerie sont minimes. Toutefois, la juste valeur des emprunts dont le taux d'intérêt est fixe pourrait fluctuer en fonction des variations des taux d'intérêt du marché.

15. Financial instruments and risk management (continued)

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31, 2009:

	Net book value/Valeur comptable nette	2010	2011	2012 and after/ 2012 et après
Accounts payable	\$ 75 402	\$ 75 402	\$ -	\$ -
Other current liabilities	180 302	180 302	-	-
Note payable	215 466	31 222	32 962	151 282
Other long-term liabilities	235 745	43 039	12 660	180 046
	\$ 706 915	\$ 329 965	\$ 45 622	\$ 331 328

Fair value

Establishing fair value

The fair value of cash, accounts receivable, accounts payable and other current liabilities approximates their carrying values due to their short-term maturity.

The fair value of note payable approximates its carrying value as it has financing conditions similar to those currently available to the Corporation.

Fair value hierarchy

Financial instruments recorded at fair value on the Balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on unadjusted prices for identical assets or liabilities;

15. Instruments financiers et gestion des risques (suite)

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre 2009, les passifs financiers de la Société étaient les suivants :

Créditeurs
Autres frais courus
Billet à payer
Autres passifs à long terme

Juste valeur

Détermination de la juste valeur

Les justes valeurs de l'encaisse, des débiteurs, des créditeurs et autres frais courus correspondent approximativement à leur valeur comptable en raison de leur échéance à court terme.

La juste valeur du billet à payer correspond approximativement à sa valeur comptable étant donné que la dette comporte des conditions de financement que la Société pourrait obtenir actuellement.

Hiérarchie des évaluations à la juste valeur

Les instruments financiers comptabilisés à la juste valeur au bilan sont classés selon une hiérarchie qui reflète l'importance des données utilisées pour effectuer les évaluations. La hiérarchie des évaluations à la juste valeur se compose des niveaux suivants :

Niveau 1 - évaluation fondée sur les prix non rajustés pour des actifs ou passifs identiques;

15. Financial instruments and risk management (continued)

Fair value hierarchy (continued)

Level 2 - valuation techniques based on inputs other than prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance sheet, classified using the fair value hierarchy described above:

	Level 1/ Niveau 1	Level 2/ Niveau 2	Level 3/ Niveau 3	Total financial assets and financial liabilities at fair value/ Total des actifs et des passifs financiers à la juste valeur
Financial assets				
Cash	\$ 314 786	\$ -	\$ -	\$ 314 786

During the year, there has been no significant transfer of amounts between Level 1 and Level 2.

15. Instruments financiers et gestion des risques (suite)

Hiérarchie des évaluations à la juste valeur (suite)

Niveau 2 - techniques d'évaluation fondées sur des données autres que les prix visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement;

Niveau 3 - techniques d'évaluation fondées sur une part importante de données relatives à l'actif ou au passif qui ne sont pas fondées sur des données de marché observables.

La hiérarchie qui s'applique dans le cadre de la détermination de la juste valeur exige l'utilisation de données observables sur le marché chaque fois que de telles données existent. Un instrument financier est classé au niveau le plus bas de la hiérarchie pour lequel une donnée importante a été prise en compte dans l'évaluation de la juste valeur.

Le tableau suivant présente les instruments financiers comptabilisés à la juste valeur au bilan classés selon la hiérarchie d'évaluation décrite ci-dessus :

Actifs financiers
Encaisse

Au cours de l'exercice, il n'y a eu aucun transfert important de montants entre les niveaux 1 et 2.

Attachment 3 (of 3):

2010 Audited Statements with 2009 comparative information

Financial statements of
États financiers de

Hydro 2000 Inc.

December 31, 2010
31 décembre 2010

Hydro 2000 Inc.
December 31, 2010

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Independent Auditor's Report

To the Directors of Hydro 2000 Inc.

We have audited the accompanying financial statements of Hydro 2000 Inc., which comprise the balance sheet as at December 31, 2010, and the statements of loss and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hydro 2000 Inc. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

April 6, 2011

Rapport de l'auditeur indépendant

Aux administrateurs de Hydro 2000 Inc.

Nous avons effectué l'audit des états financiers ci-joints de Hydro 2000 Inc. qui comprennent le bilan au 31 décembre 2010, les états des résultats et bénéfices non répartis et des flux de trésorerie pour l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de Hydro 2000 Inc. au 31 décembre 2010, ainsi que de ces résultats d'exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus du Canada.



Comptables agréés
Experts-comptables autorisés

Le 6 avril 2011

Hydro 2000 Inc.

Statement of loss and retained earnings

year ended December 31, 2010

Hydro 2000 Inc.État des résultats et bénéfices non
répartis

de l'exercice terminé le 31 décembre 2010

	2010	2009	
	\$	\$	
Revenues (Note 10)			Revenus (note 10)
Energy	1,628,541	2,089,909	Énergie
Distribution	307,187	328,740	Distribution
	1,935,728	2,418,649	
Cost of power	1,628,541	2,089,909	Coût de l'énergie
	307,187	328,740	
Other operating revenues	32,910	36,423	Autres revenus d'exploitation
	340,097	365,163	
Expenses			Charges
Operating maintenance	117,328	94,744	Exploitation
Billing and collection	158,037	161,893	Facturation et perception
Administration	41,493	37,873	Administration
Amortization of capital assets	61,120	57,421	Amortissement des immobilisations corporelles
Amortization of contribution for capital assets	(5,779)	(5,036)	Amortissement des apports pour immobilisations corporelles
Amortization of incorporation fees	-	878	Amortissement des frais d'incorporation
	372,199	347,773	
Earnings (loss) before income taxes	(32,102)	17,390	Bénéfice (perte) avant impôts sur les bénéfices
Income taxes			Impôts sur les bénéfices
Current	14,424	10,221	Courant
Future	(19,358)	(7,410)	Futurs
	(4,934)	2,811	
Net (loss) earnings	(27,168)	14,579	(Perte nette) bénéfice net
Retained earnings, beginning of year	423,845	409,266	Bénéfices non répartis au début
Retained earnings, end of year	396,677	423,845	Bénéfices non répartis à la fin

Hydro 2000 Inc.
Balance sheet
as at December 31, 2010

Hydro 2000 Inc.
Bilan
au 31 décembre 2010

	2010	2009	
	\$	\$	
Assets			Actif
Current assets			À court terme
Cash	375,082	314,786	Encaisse
Accounts receivable (Note 4)	242,790	227,017	Débiteurs (note 4)
Prepaid expenses	26,259	39,985	Charges payées d'avance
Income taxes receivable	9,576	13,779	Impôts sur les bénéfices à recevoir
	653,707	595,567	
Future income taxes	12,672	-	Impôts futurs
Other assets (Note 5)	303,066	411,568	Autres actifs (note 5)
Capital assets (Note 6)	446,413	439,046	Immobilisations corporelles (note 6)
	1,415,858	1,446,181	
Liabilities			Passif
Current liabilities			À court terme
Accounts payable	144,283	75,402	Créditeurs
Other current liabilities	215,554	180,302	Autres passifs à court terme
Current portion of note payable (Note 7)	32,962	31,222	Tranche de billet à payer échéant à moins d'un an (note 7)
Current portion of other long-term liabilities (Note 8)	24,817	43,039	Tranche des autres passifs à long terme échéant à moins d'un an (note 8)
	417,616	329,965	
Note payable (Note 7)	151,282	184,244	Billet à payer (note 7)
Future income taxes	-	6,686	Impôts futurs
Other long-term liabilities (Note 8)	141,548	192,706	Autres passifs à long terme (note 8)
	710,446	713,601	
Commitments (Note 14)			Engagements (note 14)
Shareholder's equity			Capitaux propres
Share capital (Note 9)	308,735	308,735	Capital-actions (note 9)
Retained earnings	396,677	423,845	Bénéfices non répartis
	705,412	732,580	
	1,415,858	1,446,181	

Approved by the Board

Au nom du conseil

Director _____

administrateur

Director _____

administrateur

Hydro 2000 Inc.Statement of cash flows
year ended December 31, 2010**Hydro 2000 Inc.**État des flux de trésorerie
de l'exercice terminé le 31 décembre 2010

	2010	2009	
	\$	\$	
Operating activities			Activités d'exploitation
Net (loss) earnings	(27,168)	14,579	(Perte nette) bénéfice net
Items not affecting cash:			Éléments sans effet sur la trésorerie:
Amortization of incorporation fees	-	878	Amortissement des frais d'incorporation
Amortization of capital assets	61,120	57,421	Amortissement des immobilisations corporelles
Amortization of contribution for capital assets	(5,779)	(5,036)	Amortissement des apports pour immobilisations corporelles
Future income taxes	(19,358)	(7,410)	Impôts futurs
Changes in non-cash operating working capital items (Note 11)	106,289	(14,020)	Variation des éléments hors caisse du fonds de roulement d'exploitation (note 11)
	115,104	46,412	
Investing activities			Activités d'investissement
Purchase of capital assets	(70,216)	(109,287)	Acquisition d'immobilisations corporelles
Decrease (increase) of other assets	108,502	(135,634)	Diminution (augmentation) des autres actifs
	38,286	(244,921)	
Financing activities			Activités de financement
Decrease of other long-term liabilities	(69,380)	(28,695)	Diminution des autres passifs à long terme
Repayment of note payable	(31,222)	(84,116)	Remboursement du billet à payer
Increase of contribution for capital assets	7,508	29,759	Augmentation des apports pour immobilisations corporelles
	(93,094)	(83,052)	
Net increase (decrease) in cash	60,296	(281,561)	Augmentation (diminution) nette de l'encaisse
Cash, beginning of year	314,786	596,347	Encaisse au début
Cash, end of year	375,082	314,786	Encaisse à la fin

Additional information is presented in Note 11.

Des renseignements complémentaires sont
présentés à la note 11.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

1. Description of business

The Corporation, incorporated under the Ontario Business Corporations Act, is engaged in the distribution of electricity.

2. Future accounting changes

New accounting framework

The Corporation, a qualifying entity with rate-regulated activities, selected the option proposed by the Canadian Accounting Standards Board to defer its adoption of International Financial Reporting Standards for the first time until its period beginning on January 1, 2012. The impact of this transition has not yet been determined.

3. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles with rate regulation specifications described under the other assets heading for electricity distributors as required by the Ontario Energy Board and set forth in the Accounting Procedures Handbook:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash/Held for trading
Accounts receivable/Loans and receivables
Others assets/Loans and receivables
Accounts payable/Other liabilities
Other current liabilities/Other liabilities
Note payable/Other liabilities
Other long-term liabilities/Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

1. Description de l'entreprise

La Société, constituée en vertu de la Loi sur les sociétés par actions de l'Ontario, se spécialise dans la distribution de l'électricité.

2. Modifications futures comptables

Nouveau référentiel comptable

La Société, une entité admissible exerçant des activités à tarifs réglementés, a choisi l'option offerte par le Conseil des normes comptables du Canada de reporter la première application des normes internationales d'information financières jusqu'à son exercice ouvert à compter du 1^{er} janvier 2012. Les incidences de ce changement n'ont pas encore été évaluées.

3. Conventions comptables

Les états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada et tiennent compte des particularités énumérées sous la rubrique des autres actifs pour les distributeurs d'électricité tel que requis par la Commission de l'énergie de l'Ontario et établis dans le "Accounting Procedures Handbook" :

Instruments financiers

Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur et leur évaluation ultérieure dépend de leur classement, comme il est décrit ci-après. Leur classement dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation par la Société. La comptabilisation à la date de règlement est utilisée.

Classification

Encaisse/Détenus à des fins de transaction
Débiteurs/Prêts et créances
Autres actifs/Prêts et créances
Créditeurs/Autres passifs
Autres passifs à court terme/Autres passifs
Billet à payer/Autres passifs
Autres passifs à long terme/Autres passifs

Détenus à des fins de transaction

Les actifs financiers détenus à des fins de transaction sont des actifs financiers qui sont généralement acquis en vue d'être revendus avant leur échéance ou qui ont été désignés comme étant détenus à des fins de transaction. Ils sont mesurés à la juste valeur à la date de clôture. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les autres produits.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2010

Hydro 2000 Inc.

Notes complémentaires

31 décembre 2010

3. Accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest rate method and include all financial liabilities, other than derivative instruments.

Transaction costs

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest rate method.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is calculated on the basis of the straight-line method with reference to estimated useful lives of the assets in accordance with Ontario Energy Board policy at the following terms:

	<u>Years</u>
Distribution equipment	25
Office equipment	10
Computer equipment	5
Capital contribution	25

Acquisitions made during the year are amortized at half the normal rate.

Capital contribution is the portion assumed by the owners or the developers for capital assets owned by the Corporation.

Customers' deposits

Deposits are taken to guarantee the payment of power bills or contract performance.

3. Conventions comptables (suite)

Instruments financiers (suite)

Prêts et créances

Les prêts et créances sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif.

Autres passifs

Les autres passifs sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif et comprennent tous les passifs financiers autres que les instruments dérivés.

Coûts de transaction

Les coûts de transaction liés aux actifs financiers détenus à des fins de transaction sont passés en charge au moment où ils sont engagés. Les coûts de transaction liés aux autres passifs et aux prêts et créances sont comptabilisés en diminution de la valeur comptable de l'actif ou du passif et sont ensuite constatés sur la durée de vie prévue de l'instrument selon la méthode du taux d'intérêt effectif.

Immobilisations corporelles et amortissement

Les immobilisations corporelles sont comptabilisées au coût. L'amortissement est calculé selon la méthode de l'amortissement linéaire réparti sur la durée estimative de vie utile de l'immobilisation selon les politiques de la Commission de l'énergie de l'Ontario aux termes suivants:

	<u>Années</u>
Équipement de distribution	25
Équipement de bureau	10
Équipement informatique	5
Apports en immobilisations	25

Les acquisitions de l'année sont amorties à la moitié du taux normal.

Les apports en immobilisations sont la portion qui est assumée par les propriétaires ou les développeurs sur les immobilisations appartenant à la Société.

Dépôts de clients à long terme

Des dépôts sont pris en garantie de paiement de la facturation ou de contrat.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

3. Accounting policies (continued)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Other assets

Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year, when their final disposition is decided. The Corporation recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to customers. In the absence of rate regulation, generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred.

The assets, other than variances, are recorded at cost in accordance with accounting principles as required by the Ontario Energy Board.

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. Any disallowed costs will be expensed in the year that they are disallowed.

Recoveries for these assets are presented in a separate account until the Ontario Energy Board approves the recoveries. At that time, recoveries will be applied against the regulated assets.

The financial statements effects of rate regulation are presented in Note 13.

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

3. Conventions comptables (suite)

Dépréciation d'actifs à long terme

Les actifs à long terme sont soumis à un test de recouvrabilité lorsque des événements ou des changements de situation indiquent que leur valeur comptable pourrait ne pas être recouvrable. Une perte de valeur est constatée lorsque leur valeur comptable excède les flux de trésorerie non actualisés découlant de leur utilisation et de leur sortie éventuelle. La perte de valeur constatée est mesurée comme étant l'excédent de la valeur comptable de l'actif sur sa juste valeur.

Autres actifs

Les coûts associés à l'énergie achetée sont pris en compte dans les tarifs autorisés, sur une base prévisionnelle. Aux fins de l'établissement des tarifs, les écarts entre les coûts prévus et les coûts réels associés à l'énergie achetée au cours de l'année de tarification sont laissés en suspens jusqu'à l'année suivante, au cours de laquelle leur traitement définitif est déterminé. La Société comptabilise les écarts de coûts associés à l'énergie achetée à titre d'actif ou de passif réglementaire, parce que la Société s'attend à obtenir l'autorisation de recouvrer auprès des clients futurs les montants laissés en suspens d'une année à l'autre aux fins de l'établissement des tarifs, ou à devoir rembourser les montants à ces clients. Si les tarifs n'étaient pas réglementés, les coûts réels associés à l'énergie achetée devraient être passés en charge au moment où ils sont engagés, selon les principes comptables généralement reconnus.

Les actifs autres que les écarts de prix ont été comptabilisés au coût selon les règles comptables de la Commission de l'énergie de l'Ontario.

Dans le cas de certains des éléments réglementaires mentionnés ci-dessus, les risques et incertitudes découlant du pouvoir ultime de l'autorité de réglementation de déterminer le traitement de l'élément aux fins de la tarification influent sur la période prévue de recouvrement ou de règlement, ou sur la probabilité de recouvrement ou de règlement. Les montants refusés seront imputés aux résultats dans l'année où ils seront refusés.

Les recouvrements pour tous ces frais sont identifiés dans un compte distinct et seront appliqués contre les actifs suite à l'approbation par la Commission de l'énergie de l'Ontario.

Les effets de la réglementation des tarifs sont décrits à la note 13.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

3. Accounting policies (continued)

Revenue recognition

The Corporation recognizes energy and distribution revenues when billed to customers. Other revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Conventions comptables (suite)

Constatation des produits

La Société constate ses revenus d'énergie et de distribution lorsqu'ils sont facturés aux clients alors que les autres revenus sont constatés lorsqu'il existe des preuves convaincantes de l'existence d'un accord, que les marchandises sont expédiées aux clients, que le prix est déterminé ou déterminable et que l'encaissement est raisonnablement assuré.

Utilisations d'estimations

Dans le cadre de la préparation des états financiers, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les résultats réels pourraient varier par rapport à ces estimations.

4. Accounts receivable

	2010	2009	
	\$	\$	
Electrical energy	191,519	211,125	Énergie électrique
Other	60,401	22,802	Autres
	251,920	233,927	
Allowance for doubtful account	(9,130)	(6,910)	Provision pour mauvaises créances
	242,790	227,017	

4. Débiteurs

5. Other assets

	2010	2009	
	\$	\$	
Smart meters	178,753	171,009	Compteurs intelligents
LV – Wheeling	-	47,632	Distribution à faible tension
Other regulatory assets	13,714	338	Autres actifs réglementés
Payments in lieu of income taxes	30,078	34,339	Paiements versés en remplacement d'impôts
Amounts to recover	80,521	158,250	Montants à récupérer
	303,066	411,568	

5. Autres actifs

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

6. Capital assets

			2010	2009	
	Cost/Coût	Accumulated amortization/ Amortissement cumulé	Net book value/ Valeur nette	Net book value/ Valeur nette	
	\$	\$	\$	\$	
Distribution equipment	893,216	382,826	510,390	512,751	Équipement de distribution
Office equipment	4,620	3,334	1,286	960	Équipement de bureau
Computer equipment	126,245	64,430	61,815	58,684	Équipement informatique
Capital contribution	(148,262)	(21,184)	(127,078)	(125,349)	Apports en immobilisations
	875,819	429,406	446,413	439,046	

6. Immobilisations corporelles**7. Note payable**

	2010	2009	
	\$	\$	
Note payable to the Township of Alfred-Plantagenet, sole shareholder of the Corporation, 5.5%, payable in semi-annual instalments of \$ 21,324 including interest	184,244	215,466	Billet à payer au Canton d'Alfred-Plantagenet, l'unique actionnaire de la Société, 5,5%, remboursable par versements semi-annuels de 21 324 \$ incluant les intérêts
Current portion	32,962	31,222	Tranche échéant à moins d'un an
	151,282	184,244	

7. Billet à payer

Principal payments required in each of the next five years are as follows:

Les versements de capital requis au cours des cinq prochains exercices sont les suivants :

	\$
2011	32,962
2012	34,800
2013	36,741
2014	38,789
2015	40,952

No restrictive covenant has been imposed by the Township.

Aucune clause restrictive n'a été imposée par le Canton.

8. Other long-term liabilities

	2010	2009	
	\$	\$	
Retail settlement variance account	84,660	180,046	Écarts de prix avec les détaillants
LV - Wheeling	44,228	-	Distribution à faible tension
Customers' deposits	37,477	33,452	Dépôts de clients
Hydro One	-	22,247	Hydro One
	166,365	235,745	
Current portion	24,817	43,039	Tranche échéant à moins d'un an
	141,548	192,706	

8. Autres passifs à long terme

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

9. Share capital

	2010	2009
	\$	\$
<i>Authorized, unlimited number</i>		
Voting Class A shares		
Voting Class B shares, non-participating		
Non-voting Class C shares, non-participating		
<i>Issued</i>		
1 Class A share	308,735	308,735

9. Capital-actions

	2010	2009
	\$	\$
<i>Autorisé, nombre illimité</i>		
Actions de catégorie A, avec droit de vote		
Actions de catégorie B, avec droit de vote, non participantes		
Actions de catégorie C, sans droit de vote, non participantes		
<i>Émis</i>		
1 action de catégorie A	308,735	308,735

10. Revenues

	2010	2009
	\$	\$
<i>Energy</i>		
Residential	942,537	1,298,328
General < 50 KW	333,342	417,323
General < 50 KW - USL	2,611	1,191
General > 50 KW	334,426	335,844
Street light	15,625	37,223
	1,628,541	2,089,909

10. Revenus

	2010	2009
	\$	\$
<i>Énergie</i>		
Résidentiel	942,537	1,298,328
Général < 50 KW	333,342	417,323
Général < 50 KW - Charges sans compteur	2,611	1,191
Général > 50 KW	334,426	335,844
Éclairage des rues	15,625	37,223
	1,628,541	2,089,909

Distribution

Service charge	161,329	160,592
Distribution volume	139,244	163,132
Administration charge	4,478	3,600
Retailer charge	2,136	1,416
	307,187	328,740

Distribution

Revenus de gestion	161,329	160,592
Revenus de livraison	139,244	163,132
Revenus d'administration	4,478	3,600
Revenus des détaillants	2,136	1,416
	307,187	328,740

11. Additional information relating to the statement of cash flows

	2010	2009
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	(15,773)	(61,017)
Inventories	-	18,276
Prepaid expenses	13,726	11,577
Income taxes receivable	4,203	2,508
Accounts payable	68,881	31,027
Other current liabilities	35,252	(16,391)
	106,289	(14,020)

11. Renseignements complémentaires à l'état des flux de trésorerie

	2010	2009
	\$	\$
<i>Variation des éléments hors caisse du fonds de roulement d'exploitation</i>		
Débiteurs	(15,773)	(61,017)
Stocks	-	18,276
Charges payées d'avance	13,726	11,577
Impôts sur les bénéfices à recevoir	4,203	2,508
Créditeurs	68,881	31,027
Autres passifs à court terme	35,252	(16,391)
	106,289	(14,020)

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2010

Hydro 2000 Inc.

Notes complémentaires

31 décembre 2010

11. Additional information relating to the statement of cash flows (continued)

	2010	2009
	\$	\$
<i>Other information</i>		
Interest paid	11,426	14,576
Income taxes paid	10,221	7,713

11. Renseignements complémentaires à l'état des flux de trésorerie (suite)

	2010	2009
	\$	\$
<i>Autres renseignements</i>		
Intérêts payés	11,426	14,576
Impôts sur les bénéfices payés	10,221	7,713

12. Related party transactions

The following amounts were paid to the Township of Alfred-Plantagenet, the only shareholder of the Corporation

	2010	2009
	\$	\$
Note payable		
Principal	31,222	84,116
Interest	11,426	14,576
Rent	8,483	8,399
	51,131	107,091

12. Opérations entre apparentés

Les montants suivants ont été versés au Canton d'Alfred-Plantagenet, l'unique actionnaire de la Société

	2010	2009
	\$	\$
Billet à payer		
Principal	31,222	84,116
Intérêts	11,426	14,576
Loyer	8,483	8,399
	51,131	107,091

These transactions were made in the normal course of business and have been recorded at the exchange amounts.

Ces opérations ont été effectuées dans le cours normal des activités et ont été comptabilisées à la valeur d'échange.

13. Financial statements' effects of rate regulation

	2010	2009
	\$	\$
(Loss) earnings before income taxes established in accordance with accounting principles for electricity distributors as required by the Ontario Energy Board	(32,102)	17,390
Expenses/variances included in other assets/liabilities	72,245	33,014
Carrying charges on other assets/liabilities	(1,041)	975
Amortization of capital assets included in other assets	(7,853)	(3,805)
Recoveries	77,136	40,201
Adjustments for energy and distribution revenues and cost of power		
Beginning of year	71,432	74,660
End of year	(77,202)	(71,432)

13. Effets de la réglementation des tarifs sur les états financiers

	2010	2009
	\$	\$
(Perte) bénéfice avant impôts sur les bénéfices établis conformément aux principes comptables pour les distributeurs d'électricité tels que requis par la Commission de l'énergie de l'Ontario	(32,102)	17,390
Dépenses/variances incluses dans les autres actifs/passifs	72,245	33,014
Frais d'intérêts sur les autres actifs/passifs	(1,041)	975
Amortissement des immobilisations corporelles inclus dans les autres actifs	(7,853)	(3,805)
Recouvrements	77,136	40,201
Ajustements des revenus d'énergie et de distribution et des coûts de l'énergie		
Début de l'exercice	71,432	74,660
Fin de l'exercice	(77,202)	(71,432)

Adjusted earnings before income taxes and before the effect of the regulation on the financial statements

102,615 91,003

Bénéfice avant impôts sur les bénéfices et avant l'effet de la réglementation sur les états financiers

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

14. Commitment

The Corporation leases office space under an operating lease which expires on March 31, 2016. Future lease payments aggregate \$ 55,400 and include the following amounts payable over the next six years:

	\$
2011	9,234
2012	11,080
2013	11,080
2014	11,080
2015	11,080
2016	1,846

15. Financial instruments and risk management

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. The following analysis provides a measurement of risk as at December 31, 2010.

Credit risk

The Corporation's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represents the Corporation's maximum credit exposure at the balance sheet date.

The Corporation's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

14. Engagement

La Société loue des bureaux en vertu d'un contrat de location-exploitation qui vient à échéance le 31 mars 2016. Les loyers futurs s'élèveront à 55 400 \$ et comprennent les paiements suivants pour les six prochains exercices:

\$

15. Instruments financiers et gestion des risques

En raison de ses actifs et de ses passifs financiers, la Société est exposée aux risques suivants relatifs à l'utilisation d'instruments financiers: le risque de crédit, le risque de marché et le risque de liquidité. L'analyse suivante permet d'évaluer les risques au 31 décembre 2010.

Risque de crédit

Les principaux actifs financiers de la Société comprennent l'encaisse et les débiteurs, lesquels sont assujettis au risque de crédit. La valeur comptable des actifs financiers au bilan représente le risque de crédit maximal à la date du bilan.

Le risque de crédit de la Société est principalement imputable à ses créances clients. Les montants sont présentés dans le bilan déduction faite de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

15. Financial instruments and risk management (continued)

As at December 31, 2010, the aging of accounts receivable was:

	2010	2009
	\$	\$
Trade		
Current	186,832	200,701
Aged between 31 – 90 days	28,211	6,244
Aged greater than 90 days	36,877	26,982
	251,920	233,927
Allowance for doubtful accounts	(9,130)	(6,910)
	242,790	227,017

Reconciliation of allowance for doubtful accounts:

	2010	2009
	\$	\$
Balance, beginning of year	6,910	8,669
Increase during the year	6,630	6,480
Bad debts written off during the year	(4,410)	(8,239)
Balance, end of year	9,130	6,910

Interest rate risk

The note payable bears interest at a fixed rate. Consequently, the cash flow exposure is not significant. However, the fair value of loans having fixed rates of interest, could fluctuate because of changes in market interest rates.

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31, 2010:

15. Instruments financiers et gestion des risques (suite)

Au 31 décembre 2010, le classement par échéance des débiteurs était le suivant :

Clients
Courant
Entre 31 et 90 jours
Plus de 90 jours

Provision pour créances douteuses

Rapprochement de la provision pour créances douteuses :

Solde au début
Augmentation au cours de l'exercice
Créances douteuses radiées au cours de l'exercice
Solde à la fin

Risque de taux d'intérêt

Le billet à payer porte intérêt à taux fixe. Par conséquent, les risques de trésorerie sont minimes. Toutefois, la juste valeur des emprunts dont le taux d'intérêt est fixe pourrait fluctuer en fonction des variations des taux d'intérêt du marché.

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre 2010, les passifs financiers de la Société étaient les suivants :

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

15. Financial instruments and risk management (continued)

Liquidity risk (continued)

	Net book value/Valeur comptable nette	2011	2012	2013 and after/ 2013 et après	
	\$	\$	\$	\$	
Accounts payable	144,283	144,283	-	-	Créditeurs
Other current liabilities	215,554	215,554	-	-	Autres passifs à court terme
Note payable	184,244	32,962	34,800	116,482	Billet à payer
Other long-term liabilities	166,365	24,817	12,660	128,888	Autres passifs à long terme
	710,446	417,616	47,460	245,370	

Fair value

Establishing fair value

The fair value of cash, accounts receivable, accounts payable and other current liabilities approximates their carrying values due to their short-term maturity.

The fair value of note payable approximates its carrying value as it has financing conditions similar to those currently available to the Corporation.

Fair value hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on unadjusted prices for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

15. Instruments financiers et gestion des risques (suite)

Risque de liquidité (suite)

Juste valeur

Détermination de la juste valeur

Les justes valeurs de l'encaisse, des débiteurs, des créditeurs et autres passifs à court terme correspondent approximativement à leur valeur comptable en raison de leur échéance à court terme.

La juste valeur du billet à payer correspond approximativement à sa valeur comptable étant donné que la dette comporte des conditions de financement que la Société pourrait obtenir actuellement.

Hiérarchie des évaluations à la juste valeur

Les instruments financiers comptabilisés à la juste valeur au bilan sont classés selon une hiérarchie qui reflète l'importance des données utilisées pour effectuer les évaluations. La hiérarchie des évaluations à la juste valeur se compose des niveaux suivants :

Niveau 1 - évaluation fondée sur les prix non rajustés pour des actifs ou passifs identiques;

Niveau 2 - techniques d'évaluation fondées sur des données autres que les prix visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement;

Niveau 3 - techniques d'évaluation fondées sur une part importante de données relatives à l'actif ou au passif qui ne sont pas fondées sur des données de marché observables.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2010

15. Financial instruments and risk management (continued)

Fair value (continued)

Fair value hierarchy (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the balance sheet, classified using the fair value hierarchy described above:

	Level 1/ Niveau 1	Level 2/ Niveau 2	Level 3/ Niveau 3	Total financial assets at fair value/ Total des actifs financiers à la juste valeur	
	\$	\$	\$	\$	
2010					2010
Financial assets					Actifs financiers
Cash	375,082	-	-	375,082	Encaisse
2009					2009
Financial assets					Actifs financiers
Cash	314,786	-	-	314,786	Encaisse

During the year, there has been no significant transfer of amounts between Levels 1 and 2.

Hydro 2000 Inc.

Notes complémentaires
31 décembre 2010

15. Instruments financiers et gestion des risques (suite)

Juste valeur (suite)

Hiérarchie des évaluations à la juste valeur (suite)

La hiérarchie qui s'applique dans le cadre de la détermination de la juste valeur exige l'utilisation de données observables sur le marché chaque fois que de telles données existent. Un instrument financier est classé au niveau le plus bas de la hiérarchie pour lequel une donnée importante a été prise en compte dans l'évaluation de la juste valeur.

Le tableau suivant présente les instruments financiers comptabilisés à la juste valeur au bilan classés selon la hiérarchie d'évaluation décrite ci-dessus :

Historical Financial Results Filings

1

2

3 Please find at Attachment 1, the account balances for 2008 to 2010. These balances
4 match the balances that were filed as part of the utility's RRR filings.

Hydro 2000 (ED-2002-0542)

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Table 1.3.2.1 2008-2010 Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2010 Actual	2009 Actual	2008 Actual	2008 EDR Approved
1050-Current Assets	1005-Cash	375,081.86	314,785.67	595,947.08	480,527.00
	1010-Cash Advances and Working Funds			400.00	200.00
	1100-Customer Accounts Receivable	191,518.95	211,125.31	168,880.69	180,664.00
	1102-Accounts Receivable - Services		-3,420.07		
	1110-Other Accounts Receivable	47,354.83	26,221.63		12,489.00
	1120-Accrued Utility Revenues				380,119.00
	1130-Accumulated Provision for Uncollectible Accounts--Credit	-9,129.57	-6,910.03	-8,668.63	-3,663.00
	1180-Prepayments	26,259.15	39,984.51	51,561.68	7,759.00
1100-Inventory	1340-Merchandise			18,276.00	15,606.00
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	663.45	337.71		18,016.00
	1521-Special Purpose Charge Assessment Variance Account	6,049.94			
	1525-Miscellaneous Deferred Debits				21,287.00
	1550-LV Variance Account	-44,228.00	47,632.45	54,635.50	21,012.00
	1555-Smart Meters Capital Variance Account	157,999.54	166,703.19	-8,256.15	-2,402.00
	1556-Smart Meters OM&A Variance Account	20,753.53	4,306.22		
	1562-Deferred Payments in Lieu of Taxes	-113,989.05	-113,283.66	-112,277.52	-97,705.00
	1563-Account 1563 - Deferred PILs Contra Account	113,989.05	113,283.66	112,277.52	97,705.00
	1565-Conservation and Demand Management Expenditures and Recoveries	9,989.07	2,967.68	2,937.20	2,710.00
	1566-CDM Contra Account	-2,989.07	-2,967.68	-2,937.20	-2,871.00
	1570-Qualifying Transition Costs				156,397.00
	1571-Pre-market Opening Energy Variance				186,893.00
	1580-RSVAWMS	-41,468.67	-13,287.91	2,598.00	52,442.00
	1582-RSVAONE-TIME				4,347.00
	1584-RSVANW	-28,447.03	-47,932.15	-32,699.15	-68,885.00
	1586-RSVACN	-22,459.41	-48,142.24	-33,552.16	364,791.00
	1588-RSVAPOWER Main Account	7,715.30	-70,684.11	-88,145.79	76,239.00
	1590-Recovery of Regulatory Asset Balances		105,300.89	107,199.16	-386,824.00
	1592-2006 PILs/Taxes Variance	30,078.31	34,338.76	38,270.69	
	1595-Disposition and Recovery of Regulatory Balances	80,521.40	52,949.05	75,828.93	

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Table 1.3.2.1 2008-2010 Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2010 Actual	2009 Actual	2008 Actual	2008 EDR Approved
1300-Intangible Plant	1606-Organization			878.00	1,341.00
1450-Distribution Plant	1830-Poles, Towers and Fixtures	271,450.43	262,611.18	218,154.43	194,996.00
	1835-Overhead Conductors and Devices	284,924.66	259,038.49	248,218.74	219,684.00
	1840-Underground Conduit	13,404.71	13,404.71	13,404.71	13,405.00
	1845-Underground Conductors and Devices	93,348.16	93,128.16	73,218.52	127,183.00
	1850-Line Transformers	104,546.40	98,118.40	80,634.00	76,694.00
	1855-Services	69,709.31	66,474.31	57,867.06	52,400.00
	1860-Meters	55,832.63	53,684.37	49,068.37	48,889.00
1500-General Plant	1915-Office Furniture and Equipment	4,619.89	4,158.19	3,861.19	3,246.00
	1920-Computer Equipment - Hardware	38,310.76	31,177.75	30,127.82	24,819.00
	1925-Computer Software	87,934.69	72,068.75	70,023.28	80,598.00
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262.45	-140,754.26	-110,995.05	-107,165.00
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-429,406.37	-374,064.05	-321,680.07	-325,648.00
1650-Current Liabilities	2205-Accounts Payable	-113,846.08	-73,986.18	-123,206.24	-628,083.00
	2208-Customer Credit Balances	-215,554.29	-180,301.87	-196,692.54	-177,811.00
	2210-Current Portion of Customer Deposits	-24,816.63	-20,791.67	-24,465.04	-16,995.00
	2220-Miscellaneous Current and Accrued Liabilities	-17,374.70	-15,553.89	-17,239.38	-6,887.00
	2250-Debt Retirement Charges(DRC) Payable		-0.40	27,113.28	
	2290-Commodity Taxes	-15.33	-8,107.28	-5,297.39	8,865.00
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	9,576.00	13,779.00	16,287.00	-10,211.00
	2296-Future Income Taxes - Current	12,672.00	-6,686.00	-53,423.00	-66,955.00
1700-Non-Current Liabilities	2335-Long Term Customer Deposits	-12,660.35	-12,660.25	-5,665.18	-4,131.00
1800-Long-Term Debt	2520-Other Long Term Debt	-184,244.77	-215,466.47	-299,582.07	-348,516.00
1850-Shareholders' Equity	3005-Common Shares Issued	-308,735.00	-308,735.00	-308,735.00	-308,735.00
	3045-Unappropriated Retained Earnings	-423,844.87	-409,266.26	-366,288.98	-389,628.00
	3046-Balance Transferred From Income	27,167.60	-14,578.61	-3,650.28	21,793.00
3000-Sales of Electricity	4006-Residential Energy Sales	-675,557.83	-947,937.14	-889,053.74	-1,556,128.00
	4010-Commercial Energy Sales	-383,223.20	-562,985.16	-542,822.07	
	4025-Street Lighting Energy Sales	-12,131.19	-23,874.65	-21,337.05	-23,667.00
	4035-General Energy Sales	-106,999.52			-18,393.00
	4055-Energy Sales for Resale	-24,697.53	-23,711.98		-3,037.00
	4062-Billed WMS	-130,482.88	-168,870.59	-162,466.50	-160,329.00

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Table 1.3.2.1 2008-2010 Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2010 Actual	2009 Actual	2008 Actual	2008 EDR Approved
	4066-Billed NW	-116,202.09	-127,241.30	-132,842.08	-129,004.00
	4068-Billed CN	-99,297.16	-116,542.98	-119,293.39	-132,270.00
	4075-Billed-LV	-79,949.85	-118,745.09	-121,011.07	-56,565.00
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-305,051.35	-327,324.32	-264,054.31	-236,348.00
	4082-Retail Services Revenues	-2,134.10	-1,363.70	-1,607.80	-1,329.00
	4084-Service Transaction Requests (STR) Revenues	-2.00	-52.00	-25.25	-30.00
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,412.63	-6,412.63	-3,666.67	-6,526.00
	4225-Late Payment Charges	-6,120.29	-5,048.34	-5,771.75	-4,403.00
	4235-Miscellaneous Service Revenues	-5,053.00	-4,946.08		-3,474.00
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	-974.26	-3,474.07		
	4385-Non-Utility Rental Income	-4,000.00	-2,811.13	-2,699.34	
	4390-Miscellaneous Non-Operating Income	-1,193.72	-332.68	-710.20	-596.00
3200-Investment Income	4405-Interest and Dividend Income	-9,156.15	-13,397.59	-50,218.05	
3350-Power Supply Expenses	4705-Power Purchased	1,202,609.27	1,558,508.93	1,453,212.86	1,601,226.00
	4708-Charges-WMS	130,482.88	168,870.59	162,466.50	160,329.00
	4714-Charges-NW	116,202.09	127,241.30	132,842.08	109,736.00
	4716-Charges-CN	99,297.16	116,542.98	119,293.39	106,254.00
	4750-Charges-LV	79,949.85	118,745.09	121,011.07	56,565.00
3500-Distribution Expenses - Operation	5010-Load Dispatching		9,080.00		
	5035-Overhead Distribution Transformers- Operation	878.00	463.00	463.00	463.00
	5065-Meter Expense		554.03		275.00
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	-91.73	7,271.83	2,309.09	4,064.00
	5135-Overhead Distribution Lines and Feeders - Right of Way		1,912.50	450.00	
	5155-Maintenance of Underground Services	4,537.50		5,255.00	
	5175-Maintenance of Meters			861.84	1,653.00
3650-Billing and Collecting	5315-Customer Billing	95,743.59	87,660.62	81,079.57	86,984.00
	5330-Collection Charges				121.00
	5335-Bad Debt Expense	6,629.57	6,479.67	8,390.60	7,460.00
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	13,401.33	10,792.11	10,250.89	8,871.00
	5610-Management Salaries and Expenses	76,588.23	72,442.59	63,670.62	61,263.00

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Table 1.3.2.1 2008-2010 Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2010 Actual	2009 Actual	2008 Actual	2008 EDR Approved
	5615-General Administrative Salaries and Expenses	4,700.00		50.00	
	5620-Office Supplies and Expenses	10,605.50	11,479.07	10,278.77	9,013.00
	5630-Outside Services Employed	11,000.00	14,548.37	18,859.00	28,733.00
	5635-Property Insurance	3,309.04	3,998.16	4,154.76	3,410.00
	5645-Employee Pensions and Benefits	6,801.57	7,859.47	8,132.31	8,159.00
	5655-Regulatory Expenses	54,539.69	23,440.33	21,766.27	30,500.00
	5670-Rent	8,483.40	8,399.40	8,231.28	7,873.00
	5680-Electrical Safety Authority Fees	100.00	1,462.97		3,809.00
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	55,342.32	52,383.98	47,544.15	51,889.00
3900-Interest Expense	6005-Interest on Long Term Debt	11,427.18	14,575.98	17,518.34	20,103.00
	6035-Other Interest Expense	7,081.91	12,453.85	35,701.02	230.00
4000-Income Taxes	6110-Income Taxes	14,424.00	10,221.00	7,713.00	10,211.00
	6115-Provision for Future Income Taxes	-19,358.00	-7,410.00	-22,230.00	-9,287.00
4100-Extraordinary & Other Items	6205-Donations	2,000.00	100.00		300.00
Balance Sheet Total		-0.02	-0.00	-0.00	
Net Income		28,045.60	-14,993.61	1,696.14	

1 ***Reconciliation between Financial Statements and***
2 ***Results Filed***

3 The financial Statements filed and results filed in the application are consistent.

Financial Projections

1

2

3 The following Attachment shows the pro-forma Income Statement and Balance Sheet for
4 the 2012 Test Year. The budgeting process used by Hydro 2000 to prepare its
5 projections for the 2012 test year as well as the changes in budgeting methodology
6 which were adopted in preparing projections for the 2012 test year are presented at Tab
7 2 of this Exhibit.

8

9

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S1 Finalize 2011 Pro-forma Projections*Enter final adjustments to projected account balances for 2011*

Account Grouping	Account Description	2010		2011		Comment
		Actual	Model Projection *	Override Amount	Final Projection	
1050-Current Assets	1005-Cash	375,082		254,820	254,820	
	1100-Customer Accounts Receivable	191,519		200,000	200,000	
	1110-Other Accounts Receivable	47,355		47,000	47,000	
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	-9,130		-18,000	-18,000	
	1180-Prepayments	26,259		212,000	212,000	
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	663	674		674	
	1521-Special Purpose Charge Assessment Variance Account	6,050	1,021		1,021	
	1550-LV Variance Account	-44,228	-44,875		-44,875	
	1555-Smart Meters Capital Variance Account	158,000	-52,155		-52,155	
	1556-Smart Meters OM&A Variance Account	20,754	0		0	
	1562-Deferred Payments in Lieu of Taxes	-113,989	-13,152		-13,152	
	1563-Account 1563 - Deferred PILs Contra Account	113,989	13,152		13,152	
	1565-Conservation and Demand Management Expenditures and Recoveries	9,989	3,027		3,027	
	1566-CDM Contra Account	-2,989	-3,027		-3,027	
	1580-RSVAWMS	-41,469	-42,073		-42,073	
	1584-RSVANW	-28,447	-28,861		-28,861	
	1586-RSVACN	-22,459	-22,786		-22,786	
	1588-RSVAPOWER Main Account	7,715	-25,663		-25,663	
	1589-1588 Global Adjustment sub-account		33,503		33,503	
	1590-Recovery of Regulatory Asset Balances		-1		-1	
	1592-2006 PILs/Taxes Variance	30,078	30,188		30,188	
	1595-Disposition and Recovery of Regulatory Balances	80,521				
1450-Distribution Plant	1810-Leasehold Improvements		16,029		16,029	
	1830-Poles, Towers and Fixtures	271,450	285,874		285,874	
	1835-Overhead Conductors and Devices	284,925	304,765		304,765	
	1840-Underground Conduit	13,405	13,405		13,405	

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Account Grouping	Account Description	2010		2011		Comment
		Actual	Model Projection *	Override Amount	Final Projection	
	1845-Underground Conductors and Devices	93,348	93,348		93,348	
	1850-Line Transformers	104,546	109,546		109,546	
	1855-Services	69,709	69,982		69,982	
	1860-Meters	55,833	2,370	225,428	225,428	
1500-General Plant	1915-Office Furniture and Equipment	4,620	10,631		10,631	
	1920-Computer Equipment - Hardware	38,311	42,045		42,045	
	1925-Computer Software	87,935	103,336		103,336	
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262	-148,262		-148,262	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-429,406	-479,107		-479,107	
1650-Current Liabilities	2205-Accounts Payable	-113,846		-144,909	-144,909	
	2208-Customer Credit Balances	-215,554		-220,000	-220,000	
	2210-Current Portion of Customer Deposits	-24,817		-25,000	-25,000	
	2220-Miscellaneous Current and Accrued Liabilities	-17,375		-20,000	-20,000	
	2290-Commodity Taxes	-15				
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	9,576				
	2296-Future Income Taxes - Current	12,672		13,000	13,000	
1700-Non-Current Liabilities	2335-Long Term Customer Deposits	-12,660		-13,000	-13,000	
1800-Long-Term Debt	2520-Other Long Term Debt	-184,245		-151,282	-151,282	
1850-Shareholders' Equity	3005-Common Shares Issued	-308,735		-308,735	-308,735	
	3045-Unappropriated Retained Earnings	-423,845	-396,677		-396,677	
	3046-Balance Transferred From Income	27,168	75,813		75,813	
3000-Sales of Electricity	4006-Residential Energy Sales	-675,558	-1,047,309		-1,047,309	
	4010-Commercial Energy Sales	-383,223				
	4025-Street Lighting Energy Sales	-12,131				
	4035-General Energy Sales	-107,000	-694,385		-694,385	
	4055-Energy Sales for Resale	-24,698				
	4062-Billed WMS	-130,483	-169,832		-169,832	
	4066-Billed NW	-116,202	-142,937		-142,937	
	4068-Billed CN	-99,297	-116,264		-116,264	
	4075-Billed-LV	-79,950	-101,512		-101,512	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-305,051	-316,765		-316,765	
	4082-Retail Services Revenues	-2,134				
	4084-Service Transaction Requests (STR) Revenues	-2	-75		-75	
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413		-6,413	
	4225-Late Payment Charges	-6,120	-6,120		-6,120	
	4235-Miscellaneous Service Revenues	-5,053	-4,032		-4,032	
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	-974				
	4385-Non-Utility Rental Income	-4,000				
	4390-Miscellaneous Non-Operating Income	-1,194				
3200-Investment Income	4405-Interest and Dividend Income	-9,156				

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Account Grouping	Account Description	2010		2011		Comment
		Actual	Model Projection *	Override Amount	Final Projection	
3350-Power Supply Expenses	4705-Power Purchased	1,202,609	1,741,695		1,741,695	
	4708-Charges-WMS	130,483	135,866		135,866	
	4714-Charges-NW	116,202	142,937		142,937	
	4716-Charges-CN	99,297	116,264		116,264	
	4730-Rural Rate Assistance Expense		33,966		33,966	
	4750-Charges-LV	79,950	101,512		101,512	
3500-Distribution Expenses - Operation	5010-Load Dispatching		9,000		9,000	
	5020-Overhead Distribution Lines and Feeders - Operation Labour		1,500		1,500	
	5035-Overhead Distribution Transformers- Operation	878	1,725		1,725	
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	-92	1,025		1,025	
	5135-Overhead Distribution Lines and Feeders - Right of Way		1,025		1,025	
	5155-Maintenance of Underground Services	4,538				
3650-Billing and Collecting	5315-Customer Billing	95,744	109,596		109,596	
	5335-Bad Debt Expense	6,630	12,000		12,000	
3700-Community Relations	5410-Community Relations - Sundry		700		700	
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	13,401	12,000		12,000	
	5610-Management Salaries and Expenses	76,588	100,224		100,224	
	5615-General Administrative Salaries and Expenses	4,700	5,500		5,500	
	5620-Office Supplies and Expenses	10,606	27,917		27,917	
	5630-Outside Services Employed	11,000	14,000		14,000	
	5635-Property Insurance	3,309	4,125		4,125	
	5645-Employee Pensions and Benefits	6,802	8,190		8,190	
	5655-Regulatory Expenses	54,540	22,300		22,300	
	5670-Rent	8,483	13,540		13,540	
	5680-Electrical Safety Authority Fees	100	4,100		4,100	
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	55,342	60,751		60,751	
3900-Interest Expense	6005-Interest on Long Term Debt	11,427				

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S1 Finalize 2011 Pro-forma Projections

Enter final adjustments to projected account balances for 2011

Account Grouping	Account Description	2010		2011		Comment
		Actual	Model Projection *	Override Amount	Final Projection	
	6035-Other Interest Expense	7,082				
4000-Income Taxes	6110-Income Taxes	14,424				
	6115-Provision for Future Income Taxes	-19,358				
4100-Extraordinary & Other Items	6205-Donations	2,000				

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S2 Finalize 2012 Pro-forma Projections*Enter final adjustments to projected account balances for 2012 at Existing Rates*

Account Grouping	Account Description	2011 Projection	2012 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
1050-Current Assets	1005-Cash	254,820		127,255	127,255	
	1100-Customer Accounts Receivable	200,000		200,000	200,000	
	1110-Other Accounts Receivable	47,000		47,000	47,000	
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	-18,000		-22,000	-22,000	
	1180-Prepayments	212,000		162,000	162,000	
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	674	674		674	
	1550-LV Variance Account	-44,875	-44,875		-44,875	
	1555-Smart Meters Capital Variance Account	-52,155	-52,155		-52,155	
	1556-Smart Meters OM&A Variance Account	0	0		0	
	1562-Deferred Payments in Lieu of Taxes	-13,152	-13,152		-13,152	
	1563-Account 1563 - Deferred PILs Contra Account	13,152	13,152		13,152	
	1565-Conservation and Demand Management Expenditures and Recoveries	3,027	3,027		3,027	
	1566-CDM Contra Account	-3,027	-3,027		-3,027	
	1580-RSVAWMS	-42,073	-42,073		-42,073	
	1584-RSVANW	-28,861	-28,861		-28,861	
	1586-RSVACN	-22,786	-22,786		-22,786	
	1588-RSVAPOWER Main Account	-25,663	-25,663		-25,663	
	1589-1588 Global Adjustment sub-account	33,503	33,503		33,503	
	1590-Recovery of Regulatory Asset Balances	-1	-1		-1	
	1592-2006 PILs/Taxes Variance	30,188	30,188		30,188	
1450-Distribution Plant	1810-Leasehold Improvements	16,029	16,029		16,029	
	1830-Poles, Towers and Fixtures	285,874	300,874		300,874	
	1835-Overhead Conductors and Devices	304,765	327,765		327,765	
	1840-Underground Conduit	13,405	13,405		13,405	
	1845-Underground Conductors and Devices	93,348	93,348		93,348	
	1850-Line Transformers	109,546	114,546		114,546	
	1855-Services	69,982	69,982		69,982	
	1860-Meters	225,428	195,667		195,667	

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S2 Finalize 2012 Pro-forma Projections*Enter final adjustments to projected account balances for 2012 at Existing Rates*

Account Grouping	Account Description	2011 Projection	2012 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
1500-General Plant	1915-Office Furniture and Equipment	10,631	11,631		11,631	
	1920-Computer Equipment - Hardware	42,045	45,045		45,045	
	1925-Computer Software	103,336	142,097		142,097	
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262	-148,262		-148,262	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-479,107	-555,810		-555,810	
1650-Current Liabilities	2205-Accounts Payable	-144,909		-154,373	-154,373	
	2208-Customer Credit Balances	-220,000		-220,000	-220,000	
	2210-Current Portion of Customer Deposits	-25,000		-25,000	-25,000	
	2220-Miscellaneous Current and Accrued Liabilities	-20,000		-20,000	-20,000	
	2296-Future Income Taxes - Current	13,000		13,000	13,000	
1700-Non-Current Liabilities	2335-Long Term Customer Deposits	-13,000		-13,000	-13,000	
1800-Long-Term Debt	2520-Other Long Term Debt	-151,282		-116,482	-116,482	
1850-Shareholders' Equity	3005-Common Shares Issued	-308,735		-308,735	-308,735	
	3045-Unappropriated Retained Earnings	-396,677	-320,864		-320,864	
	3046-Balance Transferred From Income	75,813	176,933		176,933	
	4006-Residential Energy Sales	-1,047,309	-1,087,878		-1,087,878	
3000-Sales of Electricity	4035-General Energy Sales	-694,385	-721,337		-721,337	
	4062-Billed WMS	-169,832	-169,500		-169,500	
	4066-Billed NW	-142,937	-134,394		-134,394	
	4068-Billed CN	-116,264	-110,292		-110,292	
	4075-Billed-LV	-101,512	-101,313		-101,313	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-316,765	-317,964		-317,964	
	4084-Service Transaction Requests (STR) Revenues	-75	-75		-75	
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413		-6,413	
	4225-Late Payment Charges	-6,120	-6,120		-6,120	
	4235-Miscellaneous Service Revenues	-4,032	-4,032		-4,032	
3350-Power Supply Expenses	4705-Power Purchased	1,741,695	1,809,214		1,809,214	
	4708-Charges-WMS	135,866	135,600		135,600	
	4714-Charges-NW	142,937	134,394		134,394	
	4716-Charges-CN	116,264	110,292		110,292	
	4730-Rural Rate Assistance Expense	33,966	33,900		33,900	
	4750-Charges-LV	101,512	101,313		101,313	
3500-Distribution Expenses - Operation	5010-Load Dispatching	9,000	9,000		9,000	
	5020-Overhead Distribution Lines and Feeders - Operation Labour	1,500	2,050		2,050	
	5035-Overhead Distribution Transformers- Operation	1,725	1,725		1,725	
	5065-Meter Expense		16,768		16,768	

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S2 Finalize 2012 Pro-forma Projections*Enter final adjustments to projected account balances for 2012 at Existing Rates*

Account Grouping	Account Description	2011 Projection	2012 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	1,025	1,025		1,025	
	5135-Overhead Distribution Lines and Feeders - Right of Way	1,025	1,025		1,025	
3650-Billing and Collecting	5315-Customer Billing	109,596	115,734		115,734	
	5335-Bad Debt Expense	12,000	12,000		12,000	
3700-Community Relations	5410-Community Relations - Sundry	700	717		717	
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	12,000	12,300		12,300	
	5610-Management Salaries and Expenses	100,224	102,760		102,760	
	5615-General Administrative Salaries and Expenses	5,500	6,000		6,000	
	5620-Office Supplies and Expenses	27,917	29,755		29,755	
	5630-Outside Services Employed	14,000	14,775		14,775	
	5635-Property Insurance	4,125	4,228		4,228	
	5645-Employee Pensions and Benefits	8,190	9,517		9,517	
	5655-Regulatory Expenses	22,300	77,375		77,375	
	5670-Rent	13,540	13,878		13,878	
	5680-Electrical Safety Authority Fees	4,100	4,202		4,202	
	5705-Amortization Expense - Property, Plant, and Equipment	60,751	76,703		76,703	
3850-Amortization Expense						

Prospectus and Recent Debt/Share issuance update

Hydro 2000 has not issued any shares since its cost of service application for 2008 rates.

The utility's outstanding debt is disclosed in Exhibit 5, Tab 1, Schedule 2, Attachment 1. Hydro 2000 has no plan to assume any other debt at this time.

Hydro 2000 does not have a prospectus, nor does it plan to prepare one.

Exhibit 1: Administrative Documents

Tab 4 (of 4): Materiality Threshold

1

Materiality threshold

2

3 Hydro 2000's annual revenue requirement is well below \$10 million. In accordance with
4 section 2.2.4 of the Board's filing requirements; a materiality threshold of \$50,000
5 applies throughout this application.

6

Exhibit 2:

Rate Base

Exhibit 2: Rate Base

Tab 1 (of 6): RateBase Overview

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Table 2.1.1 Rate Base Trend Table

	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance	320,509	460,613	411,906	439,051	446,419	448,359
Ending Balance	460,613	411,906	439,051	446,419	448,359	650,714
Average Balance	390,561	436,259	425,478	442,735	447,389	549,537
Working Capital Allowance (see below)	344,514	334,954	353,663	288,865	393,106	413,932
Total Rate Base	735,075	771,214	779,141	731,600	840,495	963,469
<i>Expenses for Working Capital</i>						
<i>Eligible Distribution Expenses:</i>						
3500-Distribution Expenses - Operation	738	463	10,097	878	12,225	29,543
3550-Distribution Expenses - Maintenance	5,717	8,876	9,184	4,446	2,050	2,050
3650-Billing and Collecting	94,565	89,470	94,140	102,373	121,596	127,734
3700-Community Relations					700	717
3800-Administrative and General Expenses	161,631	145,394	154,422	189,529	211,896	274,790
3950-Taxes Other Than Income Taxes						
Total Eligible Distribution Expenses	262,651	244,203	267,844	297,226	348,467	434,834
3350-Power Supply Expenses	2,034,110	1,988,826	2,089,909	1,628,541	2,272,240	2,324,713
Total Expenses for Working Capital	2,296,761	2,233,029	2,357,753	1,925,767	2,620,707	2,759,547
Working Capital factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Working Capital Allowance	344,514	334,954	353,663	288,865	393,106	413,932

Rate Base Overview

Definition of Rate Base

Rate base is defined as the net fixed assets at year-end plus a working capital allowance. The working capital allowance included in the rate base is 15% of the sum of the cost of power and controllable expenses. Controllable expenses are defined as the sum of Operations and Maintenance, Billing and Collection, and Administration expenses.

Company Specifics

Hydro 2000's proposed rate base for 2012 is in the amount of \$963,469

The Rate Base trend table presented in the previous schedule (Table 2.1.1) shows the trend in Hydro 2000's rate base, which has increased from \$735,075 in its 2008 Cost of Service to \$963,468 in this application.

Hydro 2000's Rate Base remained relatively steady between 2008 and 2010. In fact, the Rate Base for 2010 was slightly lower than the 2008 Board Approved.

In 2011, the Rate Base increase by 15% or 108K in comparison with 2010's Rate Base. The main reason behind this increase is a rise in the utility's working capital allowance, which is primarily due to the increase in OM&A. Details of the rise in OM&A are presented at Exhibit 4.

Details of the utility's Working Capital Allowance is presented at Exhibit 2, Tab 5.

Hydro 2000's Rate Base is projected to increase by another 15% or 122K in 2012. The primary reason for this increase is the inclusion of Smart Meter Related Capital Expenditures into 2012's Rate Base. Further details on the topic of Smart Meters are presented at Exhibit 9 Tab 3.

- 1 The balance of the change reflects growth in Net Fixed Assets, mainly due to regular
- 2 maintenance to its distribution system. Investments are described at Exhibit 2, Tab 4,
- 3 Schedule 1. Detailed variances of each account are explained in greater detail in Tab 3.

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Table 2.1.2 Rate Base Variance

Variances > 10% (min \$2,000) or \$2,917 are shown in bold				
	2012 Projection	2011 Projection	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	448,359	446,419	1,940	0.4%
Ending Balance	650,714	448,359	202,355	45.1%
Average Balance	549,537	447,389	102,148	22.8%
Working Capital Allowance (see below)	413,932	393,106	20,826	5.3%
Total Rate Base	963,469	840,495	122,974	14.6%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	29,543	12,225	17,318	141.7%
3550-Distribution Expenses - Maintenance	2,050	2,050		
3650-Billing and Collecting	127,734	121,596	6,138	5.0%
3700-Community Relations	717	700	17	2.4%
3800-Administrative and General Expenses	274,790	211,896	62,894	29.7%
3950-Taxes Other Than Income Taxes				
Total Eligible Distribution Expenses	434,834	348,467	86,367	24.8%
3350-Power Supply Expenses	2,324,713	2,272,240	52,473	2.3%
Total Expenses for Working Capital	2,759,547	2,620,707	138,840	5.3%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	413,932	393,106	20,826	5.3%

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Table 2.1.2 Rate Base Variance

Variances > 10% (min \$2,000) or \$2,917 are shown in bold				
	2011 Projection	2010 Actual	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	446,419	439,051	7,368	1.7%
Ending Balance	448,359	446,419	1,940	0.4%
Average Balance	447,389	442,735	4,654	1.1%
Working Capital Allowance (see below)	393,106	288,865	104,241	36.1%
Total Rate Base	840,495	731,600	108,895	14.9%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	12,225	878	11,347	1292.4%
3550-Distribution Expenses - Maintenance	2,050	4,446	-2,396	(53.9%)
3650-Billing and Collecting	121,596	102,373	19,223	18.8%
3700-Community Relations	700		700	
3800-Administrative and General Expenses	211,896	189,529	22,367	11.8%
3950-Taxes Other Than Income Taxes				
Total Eligible Distribution Expenses	348,467	297,226	51,241	17.2%
3350-Power Supply Expenses	2,272,240	1,628,541	643,699	39.5%
Total Expenses for Working Capital	2,620,707	1,925,767	694,940	36.1%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	393,106	288,865	104,241	36.1%

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Table 2.1.2 Rate Base Variance

Variances > 10% (min \$2,000) or \$2,917 are shown in bold				
	2010 Actual	2009 Actual	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	439,051	411,906	27,145	6.6%
Ending Balance	446,419	439,051	7,368	1.7%
Average Balance	442,735	425,478	17,257	4.1%
Working Capital Allowance (see below)	288,865	353,663	-64,798	(18.3%)
Total Rate Base	731,600	779,141	-47,541	(6.1%)

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	878	10,097	-9,219	(91.3%)
3550-Distribution Expenses - Maintenance	4,446	9,184	-4,739	(51.6%)
3650-Billing and Collecting	102,373	94,140	8,233	8.7%
3700-Community Relations				
3800-Administrative and General Expenses	189,529	154,422	35,106	22.7%
3950-Taxes Other Than Income Taxes				
Total Eligible Distribution Expenses	297,226	267,844	29,382	11.0%
3350-Power Supply Expenses	1,628,541	2,089,909	-461,368	(22.1%)
Total Expenses for Working Capital	1,925,767	2,357,753	-431,986	(18.3%)
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	288,865	353,663	-64,798	(18.3%)

Hydro 2000 (ED-2002-0542)

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Table 2.1.2 Rate Base Variance

	2009	2008	Var \$	Var %
	Actual	Actual		
<i>Net Capital Assets in Service:</i>				
Opening Balance	411,906	460,613	-48,707	(10.6%)
Ending Balance	439,051	411,906	27,145	6.6%
Average Balance	425,478	436,259	-10,781	(2.5%)
Working Capital Allowance (see below)	353,663	334,954	18,709	5.6%
Total Rate Base	779,141	771,214	7,927	1.0%

Variances > 10% (min \$2,000) or \$2,917 are shown in bold

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	10,097	463	9,634	2080.8%
3550-Distribution Expenses - Maintenance	9,184	8,876	308	3.5%
3650-Billing and Collecting	94,140	89,470	4,670	5.2%
3700-Community Relations				
3800-Administrative and General Expenses	154,422	145,394	9,029	6.2%
3950-Taxes Other Than Income Taxes				
Total Eligible Distribution Expenses	267,844	244,203	23,641	9.7%
3350-Power Supply Expenses	2,089,909	1,988,826	101,083	5.1%
Total Expenses for Working Capital	2,357,753	2,233,029	124,724	5.6%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	353,663	334,954	18,709	5.6%

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Table 2.1.2 Rate Base Variance

Variances > 10% (min \$2,000) or \$2,917 are shown in bold				
	2008 Actual	2008 EDR Approved	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	460,613	320,509	140,104	43.7%
Ending Balance	411,906	460,613	-48,707	(10.6%)
Average Balance	436,259	390,561	45,698	11.7%
Working Capital Allowance (see below)	334,954	344,514	-9,560	(2.8%)
Total Rate Base	771,214	735,075	36,139	4.9%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	463	738	-275	(37.3%)
3550-Distribution Expenses - Maintenance	8,876	5,717	3,159	55.3%
3650-Billing and Collecting	89,470	94,565	-5,095	(5.4%)
3700-Community Relations				
3800-Administrative and General Expenses	145,394	161,631	-16,237	(10.0%)
3950-Taxes Other Than Income Taxes				
Total Eligible Distribution Expenses	244,203	262,651	-18,448	(7.0%)
3350-Power Supply Expenses	1,988,826	2,034,110	-45,284	(2.2%)
Total Expenses for Working Capital	2,233,029	2,296,761	-63,732	(2.8%)
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	334,954	344,514	-9,560	(2.8%)

Rate Base Variance Table

The Rate Base variance table presented in the previous schedule (Table 2.1.2) shows year over year variances in Hydro 2000's Rate Base.

Variances in Fixed Asset balances are described in Exhibit 2 Tab 3 Schedule 1. Variances in the Working Capital Allowance are described in Exhibit 2 Tab 5 Schedule 1.

2012 Test Year vs. 2011 Bridge Year

The projected rate base in 2012 of \$963,469 is \$123K higher than in 2011. \$20K of the difference is due to higher Working Capital Allowance which in turn is due to higher OM&A. Details of OM&A can be found at Exhibit 4. The bulk of the increase (102K) is due to the inclusion of Smart Meter Related Assets in the amount of 223,058 into the utility's Rate Base. Details of Smart Meters can be found at Exhibit 9, Tab 5.

2011 Bridge Year vs. 2010 Actual

The projected rate base in 2011 of \$840,485 is \$109K higher than in 2010. \$104K of the difference is due to higher Working Capital Allowance which in due to higher OM&A. Details of OM&A can be found at Exhibit 4.

2010 Test Year vs. 2009 Actual

The rate base in 2010 of \$731,600 was \$48K lower than 2009. The increase of \$17K in Average Fixed Asset was offset by a reduction of 65K in Working Capital Allowance. The investment in capital assets reflects maintenance in poles/towers and computer software while the utility's Working Capital Allowance was reduced due to a decrease in OM&A in that particular year. Details of OM&A can be found at Exhibit 4

1 **2009 Actual Year vs. 2008 Actual**

2 The rate base in 2009 of \$779,141 was \$8K higher than the 2008 Actual. \$19K of the
3 difference arose from a higher Working Capital Allowance. The increase in WCA was
4 offset by a decrease of 11K in the utility's Average Net Fixed Assets.

Exhibit 2: Rate Base

Tab 2 (of 6): Capital Asset Policies

Capitalization Policy

Hydro 2000 does not maintain a formal policy on capitalization. Hydro 2000's approach to capitalization can be summarized as follows:

- Hydro 2000 capitalizes spending in fixed assets in accordance with the applicable criteria defined by Canadian Generally Accepted Accounting Principles.
- Direct labour is capitalized based on an hourly rate which reflects its fully burdened cost.
- No additional amounts for indirect overheads are capitalized.

Asset Retirement Policy

Hydro 2000 generally retires capital assets from its balance sheet when these assets are no longer in service. There is one exception in this rate application, for legacy meters that will be removed from service with the deployment of smart meters. In accordance with Board policy, these assets have been removed from rate base. Hydro 2000 seeks approval of its disposition of Hydro 2000's stranded costs for legacy meters. Details can be found at Exhibit 9.

Hydro 2000's assets are primarily related to overhead/underground poles and its supporting devices as well as office related equipment. Hydro 2000 does not own service vehicles. It employs an external contractor to maintain its distribution system.

Hydro 2000 has no Asset Retirement Obligations at this time.

Depreciation Policy

Hydro 2000 depreciates capital assets based on the estimated average useful lives of its assets. The estimated average useful lives of various asset categories are consistent with Board policy.

For both financial reporting purposes and rate making purposes, Hydro 2000 applies the half-year rule for depreciation. This has been done so since the previous cost of service application.

Capital Contribution Policy

1

2

3 To date, Hydro 2000 has maintained a legacy practice of recovering incremental costs
4 for system expansions through economic evaluation.

5

6 The economic evaluation model, developed by the EDA, uses costs provided by Hydro
7 2000, estimates the revenues based on service charges and calculates developer
8 contribution. Capital Contributions are collected in accordance with the Distribution
9 System Code and Hydro 2000's Conditions of Service.

Exhibit 2: Rate Base

Tab 3 (of 6): Fixed Assets

Hydro 2000 (ED-2002-0542)

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Table 2.3.1 Gross Asset*Review highlighted variances (no input on this sheet)*

Account Grouping	Account Description	2012 @ existing rates	2011 Projection	2010 Actual	2009 Actual	2008 Actual	2008 EDR Approved
1450-Distribution Plant	1810-Leasehold Improvements	16,029	16,029				
	1830-Poles, Towers and Fixtures	300,874	285,874	271,450	262,611	218,154	194,996
	1835-Overhead Conductors and Devices	327,765	304,765	284,925	259,038	248,219	219,684
	1840-Underground Conduit	13,405	13,405	13,405	13,405	13,405	13,405
	1845-Underground Conductors and Devices	93,348	93,348	93,348	93,128	73,219	127,183
	1850-Line Transformers	114,546	109,546	104,546	98,118	80,634	76,694
	1855-Services	69,982	69,982	69,709	66,474	57,867	52,400
	1860-Meters	195,667	225,428	55,833	53,684	49,068	48,889
1500-General Plant	1915-Office Furniture and Equipment	11,631	10,631	4,620	4,158	3,861	3,246
	1920-Computer Equipment - Hardware	45,045	42,045	38,311	31,178	30,128	24,819
	1925-Computer Software	142,097	103,336	87,935	72,069	70,023	80,598
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262	-148,262	-148,262	-140,754	-110,995	-107,165
Total		1,182,126	1,126,127	875,819	813,110	733,583	734,749

Gross Assets Overview Table

The Gross Asset variance table presented in the previous schedule (Table 2.3.1) depicts Hydro 2000's trend in Gross Assets, which has increased from \$735,075.00 in the 2008 Cost of Service to \$1,082,126 in this application. Without Smart Meter Capital related Assets which were transferred out of 1555-Smart meters Capital Variance Account, this represents an average increase per year of 45K. The increase from its 2008 Cost of Service arose mainly from an obligation to replace aging poles and devices on a yearly basis. The entire overhead distribution system is subject to ESA inspection every year while the entire underground distribution system is inspected every 3 years. Hydro 2000 normally budgets for approximately 5 pole replacements per year as well as 1 transformer. Results of the inspection aid the utility in forecasting system maintenance/betterment for a 5 year span.

Hydro 2000 invested in new office equipment when it moved to its new location. Hydro 2000's previous offices were approximately 400square feet. With the increasing regulatory demands of CDM, Smart Meter training and IESO compliance, Hydro 2000 needed extra office space to accommodate its new part-time employee. A multi-use conference room was also required to accommodate external consultants, webinars and Board of Director meetings. The new office is approximately 1200 square feet.

In addition, Hydro 2000 upgraded its computer software and hardware when it was forced to convert from Advanced CIS to Harris Northstar CIS and billing system.

Year over year variances are explained in greater detail in Schedule 2.

Details of the increase of 223,058 in 2012 due to the transfer of Smart Meter related Capital Assets from account 1555 are discussed in detail at Exhibit 9, Tab 3.

Hydro 2000 (ED-2002-0542)

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Table 2.3.2 Gross Asset Variance Table*Review highlighted variances (no input on this sheet)*

Variances > 10% (min \$2,000) or \$2,917 are shown in bold					
Account Grouping	Account Description	2012 @ existing rates	2011 Projection	Var \$	Var %
1450-Distribution Plant	1810-Leasehold Improvements	16,029	16,029		
	1830-Poles, Towers and Fixtures	300,874	285,874	15,000	5.2%
	1835-Overhead Conductors and Devices	327,765	304,765	23,000	7.5%
	1840-Underground Conduit	13,405	13,405		
	1845-Underground Conductors and Devices	93,348	93,348		
	1850-Line Transformers	114,546	109,546	5,000	4.6%
	1855-Services	69,982	69,982		
	1860-Meters	195,667	225,428	-29,761	(13.2%)
1500-General Plant	1915-Office Furniture and Equipment	11,631	10,631	1,000	9.4%
	1920-Computer Equipment - Hardware	45,045	42,045	3,000	7.1%
	1925-Computer Software	142,097	103,336	38,761	37.5%
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262	-148,262		
Total		1,182,126	1,126,127	56,000	1

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Table 2.3.2 Gross Asset Variance Table*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold	
Account Grouping	Account Description	2011 Projection	2010 Actual
1450-Distribution Plant	1810-Leasehold Improvements	16,029	
	1830-Poles, Towers and Fixtures	285,874	271,450
	1835-Overhead Conductors and Devices	304,765	284,925
	1840-Underground Conduit	13,405	13,405
	1845-Underground Conductors and Devices	93,348	93,348
	1850-Line Transformers	109,546	104,546
	1855-Services	69,982	69,709
	1860-Meters	225,428	55,833
1500-General Plant	1915-Office Furniture and Equipment	10,631	4,620
	1920-Computer Equipment - Hardware	42,045	38,311
	1925-Computer Software	103,336	87,935
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-148,262	-148,262
Total		1,126,127	875,819
		Var \$	Var %
		16,029	
		14,424	5.3%
		19,840	7.0%
		5,000	4.8%
		273	0.4%
		169,595	303.8%
		6,011	130.1%
		3,734	9.7%
		15,401	17.5%
		250,307	5

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Review highlighted variances (no input on this sheet)

Variances > 10% (min \$2,000) or \$2,917 are shown in bold

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Review highlighted variances (no input on this sheet)

Variances > 10% (min \$2,000) or \$2,917 are shown in bold

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Table 2.3.2 Gross Asset Variance Table*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2008 Actual	2008 EDR Approved	Var \$	Var %
1450-Distribution Plant	1810-Leasehold Improvements				
	1830-Poles, Towers and Fixtures	218,154	194,996	23,158	11.9%
	1835-Overhead Conductors and Devices	248,219	219,684	28,535	13.0%
	1840-Underground Conduit	13,405	13,405	-0	(0.0%)
	1845-Underground Conductors and Devices	73,219	127,183	-53,964	(42.4%)
	1850-Line Transformers	80,634	76,694	3,940	5.1%
	1855-Services	57,867	52,400	5,467	10.4%
	1860-Meters	49,068	48,889	179	0.4%
1500-General Plant	1915-Office Furniture and Equipment	3,861	3,246	615	19.0%
	1920-Computer Equipment - Hardware	30,128	24,819	5,309	21.4%
	1925-Computer Software	70,023	80,598	-10,575	(13.1%)
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-110,995	-107,165	-3,830	(3.6%)
Total		733,583	734,749	-1,166	0

Gross Assets Variance Table

The previous table (2.3.2) shows the annual variances in the balances for gross capital assets. The investments leading to increases in specific account balances are described in Exhibit 2, Tab 4: Schedule 3.

2012 Test Year vs. 2011 Bridge Year:

The total projected ending balance in 2012 of \$1,182,126 is \$279K greater than 2011. The increase is primarily due to the inclusion of Smart Meter related Assets into the utility's Rate Base while the balance is due to material increases in *poles and fixtures* and associated *overhead conductor and devices*. As a norm, Hydro 2000 budgets for the replacement of 5 poles per year. Hydro 2000 is also looking to replace a defective transformer at the cost of 5K.

2011 Bridge Year vs. 2010 Actual:

The total ending balance of \$903K in 2011 was \$27K greater than in 2010. Similarly to 2012 part of the reason for the increase is primarily due to material increases in *poles and fixtures* and associated *overhead conductor and devices*. Hydro 2000's offices moved to a slightly larger location and therefore purchased additional office furniture to furnish the new office as well as to accommodate the part-time employee. Hydro 2000's new offices needed renovations, maintenance and upgrades before they could be used. Lastly, as per the minimum filling requirements, Hydro 2000 removed stranded meters from account 1860 and then added Smart Meter related Capital Assets back into 1860. Further details of this transaction can be found at Exhibit 2 Tab 3 Schedule 5.

2010 Actual vs. 2009 Actual:

The total ending balance of \$875K in 2010 was \$62K greater than in 2009. Similarly to 2012 the increase is primarily due to material increases in *poles and fixtures* and associated *overhead conductor and devices*. Hydro 2000 invested in software to accommodate their new CIS system.

1 **2009 Actual vs. 2008 Actual:**

2 The ending balance in 2009 was \$813K, \$79K greater than 2008. The increases
3 included *Poles, Towers and Fixtures* as well as *Overhead conductors/devices* was the
4 primary reason for this increase. Hydro 2000 also invested in upgrading and maintaining
5 its underground distribution system (19K) Investments were required following an
6 inspection from the ESA.

**Appendix 2-B
Fixed Asset Continuity Schedule**

Year 1 2008

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1815	Transformer Station Equipment >50 kV					-				-	-
47	1830	Poles, Towers & Fixtures	4%	199,796.68	18,357.75		218,154.43	(82,600.68)	(13,308.75)		(95,909.43)	122,245.00
47	1835	Overhead Conductors & Devices	4%	236,965.79	11,252.95		248,218.74	(80,181.79)	(14,654.95)		(94,836.74)	153,382.00
47	1840	Underground Conduit	4%	13,404.71	-		13,404.71	(1,071.71)	(536.00)		(1,607.71)	11,797.00
47	1845	Underground Conductors & Devices	4%	72,301.02	917.50		73,218.52	(25,112.02)	(4,110.50)		(29,222.52)	43,996.00
47	1850	Line Transformers	4%	76,743.00	3,891.00		80,634.00	(26,882.00)	(4,740.00)		(31,622.00)	49,012.00
47	1855	Services (Overhead & Underground)	4%	54,001.56	3,865.50		57,867.06	(4,224.56)	(2,236.50)		(6,461.06)	51,406.00
47	1860	Meters	4%	48,938.77	129.60		49,068.37	(24,397.77)	(3,587.60)		(27,985.37)	21,083.00
47	1860	Meters (Smart Meters)	7%				-				-	-
13	1910	Leasehold Improvements					-				-	-
8	1915	Office Furniture & Equipment (10 years)	10%	3,537.19	324.00		3,861.19	(2,978.19)	(99.00)		(3,077.19)	784.00
8	1915	Office Furniture & Equipment (5 years)					-				-	-
10	1920	Computer Equipment - Hardware	20%	17,620.00			17,620.00	(16,189.00)	(1,431.00)		(17,620.00)	-
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20%	7,199.05			7,199.05	(3,179.05)	(1,439.00)		(4,618.05)	2,581.00
50	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20%	604.52	4,704.25		5,308.77	(59.52)	(590.25)		(649.77)	4,659.00
52	1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/10)	20%	-			-	-			-	-
12	1925	Computer Software	20%	24,513.68	45,509.60		70,023.28	(13,277.68)	(5,161.60)		(18,439.28)	51,584.00
47	1995	Contributions & Grants	4%	(106,600.05)	(4,395.00)		(110,995.05)	6,018.05	4,351.00		10,369.05	(100,626.00)
	etc.						-				-	-
		Total		649,025.92	84,557.15	-	733,583.07	(274,135.92)	(47,544.15)	-	(321,680.07)	411,903.00

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation

¹ Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum, the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

**Appendix 2-B
Fixed Asset Continuity Schedule**

Year 1 **2009**

CCA Class	OEB	Description	Depreciation Rate	Cost			Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Opening Balance	Additions	Disposals	Closing Balance	
47	1815	Transformer Station Equipment >50 kV		-			-			-	-
47	1830	Poles, Towers & Fixtures	4%	218,154.43	44,456.75		262,611.18	(95,909.43)	(14,565.75)	(110,475.18)	152,136.00
47	1835	Overhead Conductors & Devices	4%	248,218.74	10,819.75		259,038.49	(94,836.74)	(15,096.75)	(109,933.49)	149,105.00
47	1840	Underground Conduit	4%	13,404.71	-		13,404.71	(1,607.71)	(536.00)	(2,143.71)	11,261.00
47	1845	Underground Conductors & Devices	4%	73,218.52	19,909.64		93,128.16	(29,222.52)	(4,527.64)	(33,750.16)	59,378.00
47	1850	Line Transformers	4%	80,634.00	17,484.40		98,118.40	(31,622.00)	(5,168.40)	(36,790.40)	61,328.00
47	1855	Services (Overhead & Underground)	4%	57,867.06	8,607.25		66,474.31	(6,461.06)	(2,487.25)	(8,948.31)	57,526.00
47	1860	Meters	4%	49,068.37	4,616.00		53,684.37	(27,985.37)	(3,682.00)	(31,667.37)	22,017.00
47	1860	Meters (Smart Meters)	15%	-			-	-		-	-
13	1910	Leasehold Improvements	7%	-			-	-		-	-
8	1915	Office Furniture & Equipment (10 years)	10%	3,861.19	297.00		4,158.19	(3,077.19)	(121.00)	(3,198.19)	960.00
8	1915	Office Furniture & Equipment (5 years)									-
10	1920	Computer Equipment - Hardware	20%	17,620.00			17,620.00	(17,620.00)		(17,620.00)	-
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20%	7,199.05			7,199.05	(4,618.05)	(1,441.00)	(6,059.05)	1,140.00
50	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20%	5,308.77	1,049.93		6,358.70	(649.77)	(1,082.93)	(1,732.70)	4,626.00
52	1920	Computer Equip.-Hardware(Jan 28/10 - Jan 3	20%	-			-	-		-	-
12	1925	Computer Software	20%	70,023.28	2,045.47		72,068.75	(18,439.28)	(8,711.47)	(27,150.75)	44,918.00
47	1995	Contributions & Grants	4%	(110,995.05)	(29,759.21)		(140,754.26)	10,369.05	5,036.21	15,405.26	(125,349.00)
	etc.			-			-	-		-	-
				-			-	-		-	-
		Total		733,583.07	79,526.98	-	813,110.05	(321,680.07)	(52,383.98)	(374,064.05)	439,046.00

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation

¹ Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum, the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

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Appendix 2-B Fixed Asset Continuity Schedule

Year ¹ 2010

CCA Class	OEB	Description	Depreciation Rate	Cost			Accumulated Depreciation				
				Opening Balance	Additions	Disposals	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
47	1815	Transformer Station Equipment >50 kV		-			-			-	-
47	1830	Poles, Towers & Fixtures	4%	262,611.18	8,839.25		271,450.43	(110,475.18)	(15,631.25)	(126,106.43)	145,344.00
47	1835	Overhead Conductors & Devices	4%	259,038.49	25,886.17		284,924.66	(109,933.49)	(15,831.17)	(125,764.66)	159,160.00
47	1840	Underground Conduit	4%	13,404.71	-		13,404.71	(2,143.71)	(536.00)	(2,679.71)	10,725.00
47	1845	Underground Conductors & Devices	4%	93,128.16	220.00		93,348.16	(33,750.16)	(4,930.00)	(38,680.16)	54,668.00
47	1850	Line Transformers	4%	98,118.40	6,428.00		104,546.40	(36,790.40)	(5,646.00)	(42,436.40)	62,110.00
47	1855	Services (Overhead & Underground)	4%	66,474.31	3,235.00		69,709.31	(8,948.31)	(2,725.00)	(11,673.31)	58,036.00
47	1860	Meters	4%	53,684.37	2,148.26		55,832.63	(31,667.37)	(3,818.26)	(35,485.63)	20,347.00
47	1860	Meters (Smart Meters)	7%	-			-	-		-	-
13	1910	Leasehold Improvements		-			-	-		-	-
8	1915	Office Furniture & Equipment (10 years)	10%	4,158.19	461.70		4,619.89	(3,198.19)	(135.70)	(3,333.89)	1,286.00
8	1915	Office Furniture & Equipment (5 years)		-			-	-		-	-
10	1920	Computer Equipment - Hardware	20%	17,620.00			17,620.00	(17,620.00)		(17,620.00)	-
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20%	7,199.05			7,199.05	(6,059.05)	(1,140.00)	(7,199.05)	-
50	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20%	6,358.70			6,358.70	(1,732.70)	(1,272.00)	(3,004.70)	3,354.00
52	1920	Computer Equip.-Hardware(Jan 28/10 - Jan 3	20%	-	7,133.01		7,133.01	-	(713.01)	(713.01)	6,420.00
12	1925	Computer Software	20%	72,068.75	15,865.94		87,934.69	(27,150.75)	(8,742.94)	(35,893.69)	52,041.00
47	1995	Contributions & Grants	4%	(140,754.26)	(7,508.19)		(148,262.45)	15,405.26	5,779.19	21,184.45	(127,078.00)
	etc.			-			-	-		-	-
				-			-	-		-	-
		Total		813,110.05	62,709.14	-	875,819.19	(374,064.05)	(55,342.14)	(429,406.19)	446,413.00

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation \$ -

¹ Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum, the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

File Number: EB-2011-0326
Exhibit: 2
Tab: 3
Schedule: 4
Page: 4
Date: October 10, 2011

Appendix 2-B Fixed Asset Continuity Schedule

Year ¹ 2011

			Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
13	1810	Leasehold Improvements	20.00%	-	16,028.00		16,028.00	-	(1,603.00)		(1,603.00)	14,425.00
47	1815	Transformer Station Equipment >50 kV		-			-				-	-
47	1830	Poles, Towers & Fixtures	4.00%	271,450.43	14,424.00		285,874.43	(126,106.43)	(16,096.00)		(142,202.43)	143,672.00
47	1835	Overhead Conductors & Devices	4.00%	284,924.66	19,840.00		304,764.66	(125,764.66)	(16,745.00)		(142,509.66)	162,255.00
47	1840	Underground Conduit	4.00%	13,404.71			13,404.71	(2,679.71)	(536.00)		(3,215.71)	10,189.00
47	1845	Underground Conductors & Devices	4.00%	93,348.16			93,348.16	(38,680.16)	(4,935.00)		(43,615.16)	49,733.00
47	1850	Line Transformers	4.00%	104,546.40	5,000.00		109,546.40	(42,436.40)	(5,874.00)		(48,310.40)	61,236.00
47	1855	Services (Overhead & Underground)	4.00%	69,709.31	273.00		69,982.31	(11,673.31)	(2,794.00)		(14,467.31)	55,515.00
47	1860	Meters	4.00%	55,832.63	221.00	(53,684.37)	2,369.26	(35,485.63)	(90.00)	35,442.37	(133.26)	2,236.00
47	1860	Meters (Smart Meters)	6.67%	-			-				-	-
13	1910	Leasehold Improvements		-			-				-	-
8	1915	Office Furniture & Equipment (10 years)	10.00%	4,619.89	6,011.00		10,630.89	(3,333.89)	(490.00)		(3,823.89)	6,807.00
8	1915	Office Furniture & Equipment (5 years)					-				-	-
10	1920	Computer Equipment - Hardware	20.00%	17,620.00			17,620.00	(17,620.00)			(17,620.00)	-
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	7,199.05			7,199.05	(7,199.05)			(7,199.05)	-
50	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	6,358.70	3,734.00		10,092.70	(3,004.70)	(1,645.00)		(4,649.70)	5,443.00
52	1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/10)	20.00%	7,133.01			7,133.01	(713.01)	(1,427.00)		(2,140.01)	4,993.00
12	1925	Computer Software	20.00%	87,934.69	15,401.00		103,335.69	(35,893.69)	(14,447.00)		(50,340.69)	52,995.00
47	1995	Contributions & Grants	4.00%	(148,262.45)			(148,262.45)	21,184.45	5,930.00		27,114.45	(121,148.00)
		etc.		-			-				-	-
		Total		875,819.19	80,932.00	(53,684.37)	903,066.82	(429,406.19)	(60,752.00)	35,442.37	(454,715.82)	448,351.00

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation \$ 35,442

¹ Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

Appendix 2-B Fixed Asset Continuity Schedule

Year ¹ 2012

CCA Class	OEB	Description	Depreciation Rate	Cost			Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Opening Balance	Additions	Disposals	Closing Balance	
13	1810	Leasehold Improvements	20.00%	16,028.00	-		(1,603.00)	(3,206.00)		(4,809.00)	11,219.00
47	1815	Transformer Station Equipment >50 kV									
47	1830	Poles, Towers & Fixtures	4.00%	285,874.43	15,000.00		(142,202.43)	(16,685.00)		(158,887.43)	141,987.00
47	1835	Overhead Conductors & Devices	4.00%	304,764.66	23,000.00		(142,509.66)	(17,602.00)		(160,111.66)	167,653.00
47	1840	Underground Conduit	4.00%	13,404.71			(3,215.71)	(536.00)		(3,751.71)	9,653.00
47	1845	Underground Conductors & Devices	4.00%	93,348.16			(43,615.16)	(4,935.00)		(48,550.16)	44,798.00
47	1850	Line Transformers	4.00%	109,546.40	5,000.00		(48,310.40)	(6,074.00)		(54,384.40)	60,162.00
47	1855	Services (Overhead & Underground)	4.00%	69,982.31			(14,467.31)	(2,800.00)		(17,267.31)	52,715.00
47	1860	Meters	4.00%	2,369.26			(133.26)	(95.00)		(228.26)	2,141.00
47	1860	Meters (Smart Meters)	6.67%	-	193,297.00		-	(6,443.00)		(6,443.00)	186,854.00
13	1910	Leasehold Improvements		-			-			-	-
8	1915	Office Furniture & Equipment (10 years)	10.00%	10,630.89	1,000.00		(3,823.89)	(820.00)		(4,643.89)	6,987.00
8	1915	Office Furniture & Equipment (5 years)									-
10	1920	Computer Equipment - Hardware	20.00%	17,620.00			(17,620.00)			(17,620.00)	-
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	7,199.05			(7,199.05)			(7,199.05)	-
50	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	10,092.70	3,000.00		(4,649.70)	(2,259.00)		(6,908.70)	6,184.00
52	1920	Computer Equip.-Hardware(Jan 28/10 - Jan 3	20.00%	7,133.01			(2,140.01)	(1,427.00)		(3,567.01)	3,566.00
12	1925	Computer Software	20.00%	103,335.69	38,761.00		(50,340.69)	(19,752.00)		(70,092.69)	72,004.00
47	1995	Contributions & Grants	4.00%	(148,262.45)			27,114.45	5,930.00		33,044.45	(115,218.00)
	etc.			-			-			-	-
		Total		903,066.82	279,058.00	-	(454,715.82)	(76,704.00)	-	(531,419.82)	650,705.00

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation \$ -

¹ Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

Capital Asset Amortization Table

Definition

The purpose of the accumulated depreciation account is to reduce the carrying value of an assets to reflect the loss of value due to wear, tear, and usage.

Utility Specifics

The calculation of Hydro 2000's annual amortization expense is presented in Exhibit 4, Tab 7. The following table summarizes annual expense amounts on this basis calculated on this basis:

2008 Board Approved	-296,647
2008 Actual	-321,666
2009 Actual	-374,148
2010 Actual	-432,329
2011 Bridge	-496,778
2012 Test	-566,346

As described earlier, Hydro 2000 has applied the half-year rule for rate-setting purposes and uses the Board prescribed rates to calculate its amortization expenses and accumulated depreciation.

Fixed Asset Continuity Statements

1
2
3
4

Please see Schedule 3 of this Exhibit for Fixed Asset Continuity Statements

Fixed Asset Continuities Statement

Definition

The continuity schedule shows year over year changes to the balance of fixed assets and accumulated depreciation.

Company Specifics

Table 2.3.3 presented at schedule 3 of this exhibit shows continuity statements for fixed assets, from the previously approved 2008 EDR balances to the projected 2012 year-end balances. Explanations for annual balance changes in excess of the materiality threshold are provided in Schedule 4 (Capital Plan).

Treatment of Stranded Assets Related to Smart Meter Deployment

In the minimum filing requirements¹, The Board's states that the *Smart Meter Funding and Cost Recovery* (G-2008-0002) provides two options to distributors regarding the accounting treatment for stranded meters related to the installation of smart meters:

- (Scenario A) If the stranded meter costs were transferred to "Sub-account Stranded Meter Costs" of Account 1555;.or
- (Scenario B) If the stranded meter costs remained recorded in Account 1860.

Hydro 2000 attests that its utility falls under Scenario B as the stranded meters have, until now, resided in Account 1860 - Meters.

Appendix 2-R of the Board's Appendices shown at the next page presents the value of Hydro 2000's stranded smart meters:

¹ Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 22 , Page 20

Appendix 2-R							
Stranded Meter Treatment							
Year	Notes	Gross Asset Value	Accumulated Amortization	Contributed Capital (Net of Amortization)	Net Asset	Proceeds on Disposition	Residual Net Book Value
		(A)	(B)	(C)	(D) = (A) - (B) - (C)	(E)	(F) = (D) - (E)
2006		\$ 48,889	\$ 20,814	\$ -	\$ 28,075		\$ 28,075
2007		\$ 48,939	\$ 24,398		\$ 24,541		\$ 24,541
2008		\$ 49,068	\$ 27,985		\$ 21,083		\$ 21,083
2009		\$ 53,684	\$ 31,667		\$ 22,017		\$ 22,017
2010		\$ 53,684	\$ 35,442		\$ 18,242		\$ 18,242
2011		\$					

Appendix 2-R requests that utilities complete the following information relating to the treatment of the utility's stranded meters.

1. A description of the accounting treatment followed by the applicant on stranded meter costs for financial accounting and reporting purposes.

Thus far, stranded meters were included in account 1860 and therefore were treated accordance with CGAAP with the same accounting rules as standard meters.

Hydro 2000 transferred net balances as 2009, when the bulk of the smart meters were installed. \$18,242 was removed from Account 1860-Meters

2. The amount of the pooled residual net book value of the removed from service stranded meters, less any contributed capital (net of accumulated amortization), and less any net proceeds from sales, as of December 31, 2010.

The amount of pooled residual net book value as of December 31st, 2010 is in the amount of \$18,242.

1

2 3. *A statement as to whether or not the recording of depreciation expenses*
3 *continued in order to reduce the net book value through accumulated*
4 *depreciation. If so, provision of the total (cumulative) depreciation expense for*
5 *the period from the time that the meters became stranded to December 31, 2010.*

6 Smart meters were fully installed by the end of 2009. The 2010
7 depreciation expense was \$3,775.

8 4. *If no depreciation expenses were recorded to reduce the net book value of*
9 *stranded meters through accumulated depreciation, the total (cumulative)*
10 *depreciation expense amount that would have been applicable for the period*
11 *from the time that the meters became stranded to December 31, 2010.*

12 N/A Please see question #3 above.

13 5. *The estimated amount of the pooled residual net book value of the removed from*
14 *service meters, less any net proceeds from sales and contributed capital, at the*
15 *time when smart meters will have been fully deployed. If the smart meters have*
16 *been fully deployed, please provide the actual amount.*

17 The estimated net amount at end of 2009 was \$22,017.

18

6. A description as to how the applicant intends to recover in rates the costs for stranded meters, including the proposed accounting treatment, the proposed disposition period and the associated bill impacts.

The applicant intends to recover the cost of the Stranded Meters through a Rate Rider. The proposed recovery period is 4 years. Calculations of the proposed rate rider are presented at Table 1 below

Table 1: Stranded Meter Rate Rider

Net Book Value:	18,242					
Balance Date:		18,242				
Total for Recovery		18,242				
Recovery Period (years)	4					
Annual Recovery		4,561				
			<i>Billing Determinant:</i>	kWh		
Customer Class	non-RPP kWh's ¹	% share	Annual \$	Volume ²	Rate	per
Residential	14,703,667	61.0%	2,784	14,703,667	\$0.0002	kWh
General Service < 50 kW	4,712,132	19.6%	892	4,712,132	\$0.0002	kWh
General Service > 50 to 4999 kW	4,672,203	19.4%	885	4,672,203	\$0.0002	kWh
Unmetered Scattered Load		0.0%	0	0	\$0.0000	kWh
Street Lighting		0.0%	0	0	\$0.0000	kWh
TOTAL	24,088,002	100.0%	4,561			

Although the amount may seem relatively small, Hydro 2000's is of the opinion that if balances are owed to the customers, the utility prefers a shorter disposition period as it provides its customer with immediate relief while if the amount needs to be collected, a longer disposition period is preferred in order to soften the bill impacts.

7. Distributors should also provide the Net Book Value per class of meter as of December 31, 2010 as well as the number of meters that were removed /

1 stranded. In preparing this information, distributors should review the Board's
2 letter of January 16, 2007 Stranded Meter Costs Related to the Installation of
3 Smart Meters which stated that records were to be kept of the type and number
4 of each meter to support the stranded meter costs.

5 **Table 2: Net Book Value by class**

Class	Meters	Net book Value
Residential	1027	\$13,458
GS<50kW	140	\$3,997
GS>50kW-4999kW	11	\$787

6

Exhibit 2: Rate Base

Tab 4 (of 6): Capital Plan

Project/Program Classification

The first section of this schedule provides brief overview of the project classification followed by a description of actual capital project spending from 2008 to 2012. Attachment 1 presents annual summaries of capital spending by project and account.

SAFETY, RELIABILITY AND CONTINUITY OF SERVICE

This classification defines projects that are deemed necessary to maintain the steady and continuous delivery of power throughout Hydro 2000's service area. These projects are done in accordance with section 4.4.1 of the Distribution System Code (the "DSC") which states;

"4.4.1. A distributor shall maintain its distribution system in accordance with good utility practice and performance standards to ensure reliability and quality of electricity service on both a short-term and long-term basis."

GROWTH DRIVEN:

These are projects that the Applicant undertakes to meet its customer service obligations in accordance with the OEB's DSC. Activities include all overhead and underground works to connect new customers or service upgrades, connection and inspection of new subdivisions and relocating system plant for roadway reconstruction work. Such projects involved load growth caused by new customer connections and increased demand of existing customers over time can result in a need for capacity improvements on the system. Projects can take the form of new or upgraded feeders, transformers or transformer stations.

1

2 **GOVERNMENT DRIVEN.**

3

4 Government Driven projects are requested or mandated by government, regulators or
5 municipalities. Compliance with these projects are for the most part, necessary in order
6 to maintain compliance. These projects are considered out of the utility's control. These
7 project also include recommendations and orders from the ESA following yearly
8 inspections.

Investment Planning Process and Strategy

Hydro 2000 does not currently have a formal asset management plan in place. Asset betterment requirements are reviewed on an annual basis as part of the capital budgeting process. The size of the utility and the relatively small service area allows staff to have a good understanding of the condition of the system and the work plan required to maintain the system in reliable and safe order. The utility is currently working on its own asset management process which involves documenting the location, conditions and age of every pole, transformer and other assets.

Hydro 2000 uses various tools to aid in this work; a three year inspection of the underground system and a yearly visual inspection of the overhead distribution system as required by the Distribution System code.

Hydro 2000's investment planning deals primarily with renewing aging or defective equipment. Hydro 2000 reviews historical patterns in order to forecast its future investments.

Hydro 2000 has also taken a keen interest in the report prepared by KPMG as part of the OEB's review of Asset Management practices, which states: Smaller utilities should work toward the same objectives (e.g. optimized lifecycle costing, high reliability, and high standards of safety). The utility uses the survey to improve its asset management process. Hydro 2000 is of the opinion that the in-house development of a simplified, less formalized processes of keeping track of its asset condition suffices for a relatively small utility.

2009 Historical Capital Project Tables

[illegible]

2009 actual	project program classification	# Cheque	1830 Pole & Fixture	1835 Overhaed Conductors Devices	1845 Underground Conductors Devices	1850 Line Transformat ion	1855 Customer New Services	1860 Meters	1915 Office Equipement	1920 Computer Equipment Hardware	1925 Computer Software	TOTAL
project 10	safety and reability	\$4,339.00		\$324.50								
project 11	future demand	\$4,385.00		\$1,698.75								
new service 860 concession												
project 11	safety and reability	\$4,407.00		\$1,303.00			\$266.75					
1648.2375												
Connection Julie Masionneuve												
project 12	future demand	\$4,081.00										
subdivison lalonde					\$12,616.00	\$1,544.40						
					\$1,009.29							
project 13												
transfer from inventory						\$13,660.00						
project 14	safety and reability					\$2,280.00						
replace transfo Guelph college												
project 15	futur demand											
new connection 745 station		\$3,933.00					\$524.00					
new connection 87-89 pitre alfred		\$4,358.00					\$179.00					
		\$4,418.00					\$200.00					
Romain Lalonde		507-20					\$400.00					
project 16	safety and reability						\$6,289.00					
new service marina lalonde	line improvement											
	new connection											
project 17												
Transfo & meter								\$1,376.00				
Transfo & meter								\$3,240.00				
project 18												
bureaux	office equipment	\$4,367.00							\$297.00			
project 19												
installed video driver & card	computer hardware	\$3,946.00								\$163.35		
for webex & training course		\$4,109.00								\$414.72		

2009 actual	project program classification	# Cheque	1830 Pole & Fixture	1835 Overhaed Conductors Devices	1845 Undergroud Conductors Devices	1850 Line Transformat ion	1855 Customer New Services	1860 Meters	1915 Office Equipement	1920 Computer Equipment Hardware	1925 Computer Software	TOTAL
project 20	computer hardware											
Battery Back-up ES series		\$4,318.00								\$123.12		
project 21	computer hardware											
Brother MFC-9440CN Replace Drum		\$4,315.00								\$348.74		
project 22	computer software											
ACC PAC assistance		\$4,017.00									\$187.50	
project 23												
Installed antivirus	computer software	\$4,006.00									\$113.40	
project 24												
KVM Switch assistance set-up	computer hardware	\$4,046.00									\$43.20	
project 25												
Accpac assistance	computer software	\$4,084.00									\$281.25	
Norton antivirus	computer software	\$4,171.00									\$189.81	
project 27												
Harris CWIP	Harris software	\$4,366.00									\$1,230.31	
total			\$44,456.75	\$10,819.75	\$19,909.64	\$17,484.40	\$8,607.25	\$4,616.00	\$297.00	\$1,049.93	\$2,045.47	\$109,286.19

2010 Historical Capital Project Tables

[illegible]

[illegible]

[illegible]

2011 Historical Capital Project Tables

2011 actual	project program classification	# Cheque	1810 Leasehold Improvement	1830 Pole & Fixture	1835 Overhaed Conductors Devices	1845 Undergroud Conductors Devices	1850 Line Transformation	1855 Customer New Services	1860 meter	1915 Office Equipement	1920 Computer Equipment Hardware	1925 Computer Software	TOTAL
project 1													
new neon sign	new office set-up	4981	\$432.50										
window blinds		4999	\$800.00										
Paint		5002	\$1,530.00										
Floor sealer and wax		5021	\$289.72										
Installation phone lines		5030	\$428.86										
Installation phone lines		5030	\$547.00										
project 2													
pole replacement 550, St-Philippe Alfred	safety & reability	5068		\$7,424.25									
pole replacement 57 Laniel Alfred													
Install line switch Pine Crest Plantagenet													
Capital expenditure 2010 visual inspection													
project 3													
Install new squeeze on connectors	safety & reability	4970			\$460.50								
Install new fuses on transfo		5076			\$380.00								
project 4													
New services 465, Nation Plantagenet	Futur demand	4870						\$273.00					
project 5													
Upgrade meetering CDECO	Safety & reability	4886							\$221.84				
project 6													
New office furnitures	New office setup	4883								\$663.72			
New office furnitures		4980								\$2,717.79			
New office furnitures		5001								\$182.29			
New office furnitures		5015								\$145.48			
New office furnitures		4996								\$575.50			
New office furnitures		5030								\$62.00			
New office furnitures		5031								\$844.00			
New office furnitures		5063								\$616.00			
New office furnitures		5051								\$70.00			
New office furnitures		5094								\$134.77			
project 7													
Set up of the board conference room	New office setup	4928									\$69.91		
Replaced power supply on computer		4963									\$179.75		
Screen & computer conference room		4996									\$2,557.31		
Tape drive server		5169									\$928.00		
project 8													
Harris Upgrade	harris & Accpac	5029										\$1,500.00	
Update office suite & Norton		4917										\$1,541.49	
ACC Pac update		4971										\$2,989.20	
Software purchase		4996										\$144.10	
D&A Accpac software		5018										\$1,009.65	
Elenchus		5041										\$100.00	
Purchase & Install software		5057										\$696.00	
Tape backup		5075										\$74.00	
Acc pac software		5124										\$1,406.25	
software credit												-\$159.00	
Project 9	software												
Website Design		5016										\$1,500.00	
Website Design		5017										\$1,500.00	
Website Design												\$3,100.00	
project 10													
Generator & natural gas for office	Safety & reability		\$12,000.00										
project 11													
Purchase of line transfo	Safety & reability						\$5,000.00						

			1810	1830	1835	1845	1850	1855	1860	1915	1920	1925	TOTAL
2011 actual	project program classification	# Cheque	Leasehold Improvement	Pole & Fixture	Overhaed Conductors Devices	Undergroud Conductors Devices	Line Transformation	Customer New Services	meter	Office Equipement	Computer Equipment Hardware	Computer Software	
project 11	Safety & reability												
2 poles to be change				\$7,000.00	\$5,000.00								
project 12													
Yearly Inspection metering	Safety & reability				\$14,000.00								
total			\$16,028.08	\$14,424.25	\$19,840.50	\$0.00	\$5,000.00	\$273.00	\$221.84	\$6,011.55	\$3,734.97	\$15,401.69	\$80,935.88

2012 Historical Capital Project Tables

			1830	1835	1845	1850	1855	1915	1920	1925	TOTAL
2012 actual	project program classification	# Cheque	Pole & Fixture	Overhaed Conductors Devices	Undergroud Conductors Devices	Line Transformation	Customer New Services	Office Equipement	Computer Equipment Hardware	Computer Software	
project 1	safety & reability										
Replace poles (3 to 5)			\$15,000.00	\$13,000.00							
over head conductors devices											
project 2	safety & reability										
yearly visual inspection				\$10,000.00							
over head conductors devices											
project 3	safety & reability										
purchase & replace transfo						\$5,000.00					
project 5	New office setup										
office equipment								\$1,000.00			
project 6											
replace laptop									\$3,000.00		
project 7	Harris										
CIS upgrade										\$9,000.00	
total			\$15,000.00	\$23,000.00	\$0.00	\$5,000.00	\$0.00	\$1,000.00	\$3,000.00	\$9,000.00	\$56,000.00

Capital Project Tables

Please find below Hydro 2000's Capital Project Tables presenting classification, need and scope for the utility's capital expenditures. Note that the totals presented in the summary table do not include capital contribution¹

Capital Additions for 2009

Account Description	USA Acct	Total
Poles, Towers & Fixtures	1830	\$44,456.75
Overhead Conductors & Devices	1835	\$10,819.75
Underground Conductors & Devices	1845	\$19,909.64
Line Transformers	1850	\$17,484.40
Services	1855	\$8,607.25
Meters	1860	\$4,616.00
Office Furniture	1915	\$297.00
Computer Hardware	1920	\$1,049.93
Computer Software	1925	\$2,045.47
TOTAL		\$109,286.19

Project #1 – Pole Replacement

Account & Description	Amount
1830-Poles and Fixtures	\$4,152.00
TOTAL	\$4,152.00

Classification: Safety and Reliability and Continuity of Service

Need: Asset Maintenance

Scope: Pole replacement at corner of St-Placid and replacement of cross arms at St-Paul and St-John. Pole and cross arms showed signs of deterioration.

¹ Capital contributions are taken into account for rate making purposes.

1

2 **Project #2 – Maintenance program (yearly visual inspection)**

Account & Description	Amount
1830-Poles and Fixtures	\$4,750.00
1835-Overhead Conductor Devices	\$3,759.50
1845-Underground Conductor Devices	\$6,284.35
TOTAL	\$14,793.85

3

4 **Classification:** Safety and Reliability and Continuity of Service

5 **Need:** Asset Maintenance

6 **Scope:** Following the yearly inspection conducted by the ESA, Hydro 2000 replaced
7 several poles, fixtures and associated devices that showed signs of deterioration and/or
8 wear and tear.

9

10 **Project #3 – Pole Replacement**

Account & Description	Amount
1830-Poles and Fixtures	\$7,355.00
TOTAL	\$7,355.00

11

12 **Classification:** Safety and Reliability and Continuity of Service

13 **Need:** Asset Maintenance

14 **Scope:** Pole replacement at 806 Station Road. Pole and cross arms showed signs of
15 deterioration.

16

17

1 **Project #4 – Pole and Cross Arm replacement**

Account & Description	Amount
1830-Poles and Fixtures	\$12,786.00
TOTAL	\$12,786.00

2

3 **Classification:** Safety and Reliability and Continuity of Service

4 **Need:** Asset Maintenance

5 **Scope:** Work for this particular project involved replacing cross arms at station road,
 6 replace a transformer at station road and replace an insulator at 360 St-Philippe

7

8 **Project #5 – Line improvement**

Account & Description	Amount
1830-Poles and Fixtures	\$11,068.00
TOTAL	\$11,068.00

9

10 **Classification:** Safety and Reliability and Continuity of Service

11 **Need:** Asset Maintenance

12 **Scope:** Work involved line improvement between Water Street and Nation River.

13

14 **Project #6 – Pole and Cross Arm replacement**

Account & Description	Amount
1830-Poles and Fixtures	\$1737.00
1830-Poles and Fixtures	\$684.00
TOTAL	\$2,542.00

15

16 **Classification:** Safety and Reliability and Continuity of Service

17 **Need:** Asset Maintenance

Scope: Upgrade of the distribution line to accommodate the new subdivision approved in 1960. Although it is technically a subdivision, the lots were severed in 1960 and therefore each customer is individually connected to Hydro 2000's distribution system.

Project #7 – New Service

Account & Description	Amount
1830-Poles and Fixtures	\$2,608..00
TOTAL	\$2,608.00

Classification: Growth

Need: Installation of new service.

Scope: Work involved installation of pole and overhead device to accommodate a new service.

Project #8 – Pole and Cross Arm replacement

Account & Description	Amount
1835-Overhead Conductor Devices	\$1,702.00
1855- Service	\$748.50
TOTAL	\$2,450.00

Classification: Safety and Reliability and Continuity of Service

Need: Asset Maintenance / New Service

Scope: Work involved repairing burnt wire on secondary bus for a new connection at 795 Concession

1

2 **Project #9 – Broken Post Insulator at St-Philippe**

Account & Description	Amount
1835-Overhead Conductors Devices	\$1,347.00
TOTAL	\$1,347.00

3

4 **Classification:** Safety and Reliability and Continuity of Service

5 **Need:** Asset Maintenance

6 **Scope:** Work for this particular project involved replacing a post insulator at the corner
 7 of St-Philippe and Bourgeois.

8

9 **Project #10 – Repair of Overhead Device**

Account & Description	Amount
1835-Overhead Conductors Devices	\$324.00
TOTAL	\$324.00

10

11 **Classification:** Safety and Reliability and Continuity of Service

12 **Need:** Asset Maintenance

13 **Scope:** Work for this particular project involved replacing a lightening arrestor.

14

15 **Project #11 – New Service**

Account & Description	Amount
1835-Overhead Conductor Device	\$1,303.00
1835-Overhead Conductor Device	\$1,698.75
1855-New Service	266.75
TOTAL	\$1,648.00

16

1 **Classification:** Safety and Reliability and Continuity of Service / new service

2 **Need:** New Service

3 **Scope:** This work involved connection of a new service at 815 Station Rd in
 4 Plantagenet as well as connection of new service at 860 Concession.. This project
 5 involved installation of traverse pole to supply the customer and adjoining property.

6

7 **Project #12 – Lalonde Subdivision**

Account & Description	Amount
1845-Underground Conductor Devices	\$12,606.00
1845-Underground Conductor Devices	\$1,009.29
1850-Line Transformation	1544.40
TOTAL	\$15,159.00

8

9 **Classification:** Growth

10 **Need:** Connection of a new subdivision

11 **Scope:** Work for this particular project involved underground device to accommodate a
 12 new subdivision.

13

14 **Project #13 – Transfer from inventory**

Account & Description	Amount
1850-Line TransformatiOn	\$13,660.00
TOTAL	\$13,660.00

15

16 **Classification:** Safety and Reliability and Continuity of Service / new service

17 **Need:** transfer from inventory to books

18 **Scope:** Inventory not previously in the books was entered into accounting system.

1

2 **Project #14 – Replacement of transformer at Guelph University Alfred**
 3 **Campus**

Account & Description	Amount
1850-Line TransformatiOn	\$2,280.00
TOTAL	\$2,280.00

4

5 **Classification:** Safety and Reliability and Continuity of Service

6 **Need:** Asset Maintenance

7 **Scope:** Work for this particular project involved replacing a broken transformer at the
 8 Guelph University Alfred Campus.

9

10 **Project #15 – New Service**

Account & Description	Amount
1855-New Service	\$524.00
1855-New Service	\$179.00
1855-New Service	\$200.00
1855-New Service	\$400.00
TOTAL	\$1,303.00

11

12 **Classification:** Safety and Reliability and Continuity of Service / new service

13 **Need:** New Service and line improvement

14 **Scope:** This work involved connection and improvement of an exisiting line at Marina
 15 Lalonde

16 .

17

1 **Project #16 – New Service**

Account & Description	Amount
1855-New Service	\$6,289.00
TOTAL	\$6,289.00

2

3 **Classification:** Safety and Reliability and Continuity of Service / new service

4 **Need:** New Service and line improvement

5 **Scope:** This work involved connection and improvement of an existing line at Marina

6 Lalonde

7

8 **Project #17 – New Transformer and meter**

Account & Description	Amount
1860-Meters	\$1,376.00
1860-Meters	\$3240.00
TOTAL	\$4,616.00

9

10 **Classification:** Safety and Reliability and Continuity of Service

11 **Need:** Asset Maintenance

12 **Scope:** Work for this particular project involved replacement of a meter and
13 transformer.

14

15

16 **Project #18 – Office Equipment desk**

Account & Description	Amount
1915 – office desk	\$297.00
TOTAL	\$297.00

17

1 **Classification:** Safety and Reliability and Continuity of Service

2 **Need:** Replace an old desk

3 **Scope:** A new desk was needed for the office

4

5 **Project #19-27 – Computer Hardware and Software Upgrade**

Account & Description	Amount
1920-Computer Equipment Hardware	\$163.35
1920-Computer Equipment Hardware	\$414.72
1920-Computer Equipment Hardware	\$123.12
1920-Computer Equipment Hardware	\$348.74
1925-Computer Software	187.50
1925-Computer Software	113.40
1925-Computer Software	43.20
1925-Computer Software	281.25
1925-Computer Software	189.81
1925-Computer Software	1230.31
TOTAL	\$3095.40

6

7 **Classification:** Safety and Reliability and Continuity of Service / new service

8 **Need:** Necessary expenses related to computer hardware and software

9 **Scope:** These computer related expenses. It involved purchases such as; video driver
 10 for webex and training courses; battery backup ES series; Printer replacement drum
 11 (Brother MFC-9440CN); ACC PAC assistance ; Antivirus; KVM Switch + setup; Harris
 12 CWIP.

13

14

1

Capital Additions for 2010

Account Description	USA Acct	Total
Poles, Towers & Fixtures	1830	\$ 8,839.25
Overhead Conductors & Devices	1835	\$ 25,886.00
Underground Conductors & Devices	1845	\$ 220.00
Line Transformers	1850	\$6,428.00
Services	1855	\$5,383.26
Office Furniture and Equipment	1860	\$461.70
Computer Hardware	1915	\$7,133.01
Computer Software	1925	\$15,865.94
TOTAL		70,217.00 \$

2

Project #1 – Pole Replacement

Account & Description	Amount
1830 – Poles and Fixtures	\$4,000.00
TOTAL	\$4,000.00

4

5 **Classification:** Safety and Reliability and Continuity of Service

6 **Need:** Asset Maintenance

7 **Scope:** Work involved replacement of 2 poles at 130 St-Joseph

8

Project #2 – Pole Replacement

Account & Description	Amount
1830 – Poles and Fixtures	\$1,670.00
TOTAL	\$1,670.00

10

11 **Classification:** Safety and Reliability and Continuity of Service

12 **Need:** Asset Maintenance

13 **Scope:** Work involved pole replacement at 295 Water St

1

2 **Project #3 – Install of Fuses and Guard**

Account & Description	Amount
1830 – Poles and Fixtures	\$3,169.25
TOTAL	\$3,169.25

3

4 **Classification:** Safety and Reliability and Continuity of Service

5 **Need:** Asset Maintenance

6 **Scope:** Work involved replacing fuses and install guards at various locations.

7

8 **Project #4 – Defective insulators**

Account & Description	Amount
1835 Overhead Conductor Devices	\$1,386.70
1835 Overhead Conductor Devices	\$14,220.32
TOTAL	\$15,607.02

9

10 **Classification:** Safety and Reliability and Continuity of Service

11 **Need:** Asset Maintenance

12 **Scope:** Work involved replacement the following; replace defective insulator on primary
 13 4.8kV on St-Philippe; replace 68lin post insulators.

14

15 **Project #5 – Burnt line clamp**

Account & Description	Amount
1835 Overhead Conductor Devices	\$568.00
TOTAL	\$568.00

16

17 **Classification:** Safety and Reliability and Continuity of Service

1 **Need:** Asset Maintenance

2 **Scope:** Work involved replacing burnt line clamp and leg on transformer 599 St-Joseph

3

4 **Project #6– Blown lightning Arrestor**

Account & Description	Amount
1835 Overhead Conductor Devices	\$193.00
TOTAL	\$193.00

5

6 **Classification:** Safety and Reliability and Continuity of Service

7 **Need:** Asset Maintenance

8 **Scope:** Work involved replacing blown lighting arrestor at 320 St-Joseph

9

10 **Project #7 – Travers installation**

Account & Description	Amount
1835 Overhead Conductor Devices	\$2,204.00
TOTAL	\$2,204.00

11

12 **Classification:** Safety and Reliability and Continuity of Service

13 **Need:** Asset Maintenance

14 **Scope:** Work involved travers pole installation at 805 Station Rd

15

16 **Project #5 – Burnt line clamp**

17

1 **Project #8 – Cable Install**

Account & Description	Amount
1845 – Underground Conductor Device	\$220.00
TOTAL	\$220.00

2

3 **Classification:** Safety and Reliability and Continuity of Service

4 **Need:** Asset Maintenance

5 **Scope:** Work involved installing cable guard at the corner of Main and Concession.

6

7 **Project #9 – Line improvement**

Account & Description	Amount
1835 Overhead Conductor Devices	\$7,114.00
TOTAL	\$7,114.00

8

9 **Classification:** Safety and Reliability and Continuity of Service

10 **Need:** Asset Maintenance

11 **Scope:** Work involved line improvements at 585 Albert Street and switch install at 145
12 Jessops Falls.

13

14 **Project #10 – New transformer**

Account & Description	Amount
1850 – Line Transformer	\$693.00
TOTAL	\$693.00

15

16 **Classification:** Safety and Reliability and Continuity of Service

17 **Need:** Asset Maintenance

1 **Scope:** Work involved installation of a new transformer at St-Victor School

2

3 **Project #11 – New Transformer**

Account & Description	Amount
1850 – Line Transformer	\$800.00
TOTAL	\$800.00

4

5 **Classification:** Safety and Reliability and Continuity of Service

6 **Need:** Asset Maintenance

7 **Scope:** Purchase of 2 used transformers from Cooperative Embrun

8

9 **Project #11 – New Transformer/Sproule**

Account & Description	Amount
1850 – Line Transformer	\$4935.00
TOTAL	\$4935.00

10

11 **Classification:** Safety and Reliability and Continuity of Service

12 **Need:** Asset Maintenance

13 **Scope:** Purchase of transformers sproule.

14

1 **Project #12 – New Service**

Account & Description	Amount
1855 – Services	\$455.50
1855 – Services	\$83.25
1855 – Services	\$541.00
1855 – Services	\$698.75
1855 – Services	\$700.00
1855 – Services	\$456.50
1855 – Services	\$300.00
TOTAL	\$3,235.00

2

3 **Classification:** Growth

4 **Need:** Connection of new services

5 **Scope:** Work involved various costs associated with new customer connection.

6

7 **Project #13 – Interval Meters**

Account & Description	Amount
1855 – Meters	\$2,148.00
TOTAL	\$2,148.00

8

9 **Classification:** Safety and Reliability and Continuity of Service

10 **Need:** Asset Maintenance

11 **Scope:** Work involved purchase and installation of interval meter for CDECO (school) .

12

13 **Project #14 – Interval Meters**

Account & Description	Amount
1915-Office Equipment	\$461.70
TOTAL	\$461.70

14

1 **Classification:** Safety and Reliability and Continuity of Service

2 **Need:** Safety and Reliability and Continuity of Service

3 **Scope:** Purchased of new office equipment.

4

5 **Project #15 – Computer hardware Upgrade**

Account & Description	Amount
1920 – Computer Equipment Hardware	\$7,133.00
TOTAL	\$7,133.00

6

7 **Classification:** Safety and Reliability and Continuity of Service

8 **Need:** Upgrade of Computer Equipment, new back-up server

9 **Scope:** Hydro 2000 installed a backup service including required software and updates.

10 Hydro 2000 purchased keyboard and mouse for the backup server as well as a printer
 11 drum. Also, Harris purchased “NorthStar” and thus Hydro 2000 was forced to convert
 12 their billing software to Harris. Although Harris ultimately provided the software free of
 13 charge, related costs included the purchase of necessary hardware.

14

15

16 **Project #16 – Computer Software Upgrade**

Account & Description	Amount
1925 – Computer Software	\$14,300.00
1925 – Computer Software	\$492.07
1925 – Computer Software	\$152.55
1925 – Computer Software	\$386.00
1925 – Computer Software	\$396.00
1925 – Computer Software	\$139.32
TOTAL	\$15,865.94

17

1 **Classification:** Safety and Reliability and Continuity of Service

2 **Need:** Replace Advanced CIS software

3 **Scope:** As mentioned above Harris purchased “NorthStar” and thus Hydro 2000 was
4 forced to convert their billing software to Harris. The 2010 related costs included 14,300
5 in conversion costs. Amongst other costs were; training and workshops.

6

1

Capital Additions for 2011

Account Description	USA Acct	Total
Leasehold Improvements	1810	\$16,028
Poles, Towers & Fixtures	1830	\$14,424
Overhead Conductors & Devices	1835	\$19,840
Underground Conductors & Devices	1845	\$ 0
Line Transformers	1850	\$5000
Services	1855	\$273
Meters	1860	\$222
Office Furniture and Equipment	1915	\$6,012
Computer Hardware	1920	\$3,735
Computer Software	1925	\$15,402
TOTAL		80,936 \$

2

3 Project #1 (and 10)– Office move

Account & Description	Amount
1810 – Leasehold improvements	\$433
1810 – Leasehold improvements	\$800
1810 – Leasehold improvements	\$1,530
1810 – Leasehold improvements	\$290
1810 – Leasehold improvements	\$429
1810 – Leasehold improvements	\$547
1810 – Leasehold improvements	\$12,000
TOTAL	\$16,028

4

5 **Classification:** Safety and Reliability and Continuity of Service

6 **Need:** Office Space

7 **Scope:** The work involved, new office sign, window blinds, paint, floor sealer and wax,
 8 Installation phone lines. Included in the 16K was the purchase of a generator for the
 9 office (12K). Prior to moving, Hydro 2000 shared its offices with the municipality. The
 10 previous office space was approximately 400 square feet. Larger offices were required
 11 to accommodate new part time staff. Hydro 2000 also needed a conference room to
 12 accommodate the Board of Director meetings that were previously held at the town's
 13 community centre.

1

2 **Project #2 – Pole Replacement**

Account & Description	Amount
1830 – Poles and Fixtures	\$7,434.00
TOTAL	\$7424.00

3

4 **Classification:** Safety and Reliability and Continuity of Service

5 **Need:** Asset Maintenance

6 **Scope:** Work involved pole replacement pole replacement 550, St-Philippe (Alfred),
7 pole replacement 57 Laniel (Alfred), Install line switch Pine Crest (Plantagenet), Capital
8 expenditure 2010 visual inspection. Two other poles needed replacement.

9

10 **Project #3 – Install of Fuses, Guards and Squeeze**

Account & Description	Amount
1835 Overhead Conductor Devices	\$461
1835 Overhead Conductor Devices	\$380
TOTAL	\$19,841

11

12 **Classification:** Safety and Reliability and Continuity of Service

13 **Need:** Asset Maintenance

14 **Scope:** Work involved replacing fuses and install guards at various locations. It also
15 involved replacement of overhead devices related to the replacement of Poles, Towers
16 and Fixtures.

17

18

19

1 **Project #4 – New Service**

Account & Description	Amount
1855 – Services	\$273
TOTAL	\$273

2

3 **Classification:** Growth

4 **Need:** Connection of new services

5 **Scope:** Work involved various costs associated with new customer connection at 465
6 Nation St (Plantagenet).

7

8 **Project #5 – Metering**

Account & Description	Amount
1855 – Meters	\$222
TOTAL	\$222

9

10 **Classification:** Safety and Reliability and Continuity of Service

11 **Need:** Asset Maintenance

12 **Scope:** Work involved purchase and installation of interval meter for CDECO.

1

2 **Project #6 – Computer Software Upgrade**

Account & Description	Amount
1915 – Office Equipment	\$664
1915 – Office Equipment	\$2718
1915 – Office Equipment	\$182
1915 – Office Equipment	\$145
1915 – Office Equipment	\$575
1915 – Office Equipment	\$62
1915 – Office Equipment	\$844
1915 – Office Equipment	\$616
1915 – Office Equipment	\$70
1915 – Office Equipment	\$134
TOTAL	\$6012

3

4 **Classification:** Safety and Reliability and Continuity of Service

5 **Need:** New office equipment to accommodate the new location.

6 **Scope:** Various office equipment to accommodate the new location.

7

8 **Project #7 – Computer hardware Upgrade**

Account & Description	Amount
1920 – Computer Equipment Hardware	\$70
1920 – Computer Equipment Hardware	\$180
1920 – Computer Equipment Hardware	\$2,557
1920 – Computer Equipment Hardware	\$928
TOTAL	\$3,735

9

10 **Classification:** Safety and Reliability and Continuity of Service

11 **Need:** Upgrade of Computer Equipment, new back-up server

12 **Scope:** This work involved setting up of the board conference room, Replaced power
 13 supply on computer, screen & computer conference rooms, Tape drive server

1 **Project #8 – Computer Software Upgrade**

Account & Description	Amount
1925 – Computer Software	\$1500
1925 – Computer Software	\$1541
1925 – Computer Software	\$2989
1925 – Computer Software	\$144
1925 – Computer Software	\$1010
1925 – Computer Software	\$100
1925 – Computer Software	\$696
1925 – Computer Software	\$74
1925 – Computer Software	\$1406
1925 – Computer Software	(\$159)
1925 – Computer Software	\$1500
1925 – Computer Software	\$1500
1925 – Computer Software	\$3100
TOTAL	\$15,402

2

3 **Classification:** Safety and Reliability and Continuity of Service

4 **Need:** Replace Advanced CIS software

5 **Scope:** Harris Upgrade, Update office suite & Norton, ACC Pac update, Software
 6 purchase, D&A Accpac software, Elenchus, Purchase & Install software, Tape backup,
 7 Acc pac software, software credit, Website Design.

8

9 **Project #10 – Generator**

Account & Description	Amount
1810 Leasehold improvement	\$12,000
TOTAL	\$12,000

10

11 **Classification:** Safety and Reliability and Continuity of Service

12 **Need:** Backup

13 **Scope:** Purchase of a backup generator for the office.

1 **Project #11 – Transformer**

Account & Description	Amount
1850 Transformer	\$5,000
TOTAL	\$5,000

2

3 **Classification:** Safety and Reliability and Continuity of Service

4 **Need:** Asset Maintenance

5 **Scope:** The work involved purchase and replacement of a transformer.

6

7 **Project #12 – Pole Replacement**

Account & Description	Amount
1830-Poles and Fixtures	\$7,000
1855-Overhead conductors	\$5,000
TOTAL	\$12,000

8

9 **Classification:** Safety and Reliability and Continuity of Service

10 **Need:** Asset Maintenance

11 **Scope:** The work involved the replacement of 2 aging/defective poles.

12

13 **Project #13 – Maintenance on overhead conductor devices**

Account & Description	Amount
1855-Overhead conductors	\$14,000
TOTAL	\$14,000

14

15 **Classification:** Safety and Reliability and Continuity of Service

16 **Need:** Asset Maintenance

- 1 **Scope:** The work involved maintenance of Overhead distribution system following an
- 2 the yearly ESA inspection.

3

1

2

Capital Additions for 2012

Account Description	USA Acct	Total
Poles, Towers & Fixtures	1830	\$15,000
Overhead Conductors & Devices	1835	\$23,000
Line Transformers	1850	\$5,000
Office Furniture and Equipment	1915	\$1,000
Computer Hardware	1920	\$3,000
Computer Software	1925	\$9,000
TOTAL		\$56,000\$

3

Project #1 – Pole Replacement

Account & Description	Amount
1830-Poles and Fixtures	\$15,000
1855-Overhead conductors	\$13,000
TOTAL	\$28,000

5

6 **Classification:** Safety and Reliability and Continuity of Service

7 **Need:** Asset Maintenance

8 **Scope:** Hydro 2000 plans to replace approximately 5 poles in 2012.

9

Project #2 – Maintenance on overhead conductor devices

Account & Description	Amount
1855-Overhead conductors	\$10,000
TOTAL	\$10,000

11

12 **Classification:** Safety and Reliability and Continuity of Service

13 **Need:** Asset Maintenance

1 **Scope:** Hydro 2000 plans on performing maintenance of Overhead distribution system
2 following its yearly ESA inspection.

3

4 **Project #3 – Transformer**

Account & Description	Amount
1850 Transformer	\$5,000
TOTAL	\$5,000

5

6 **Classification:** Safety and Reliability and Continuity of Service

7 **Need:** Asset Maintenance

8 **Scope:** the utility budgets for the replacement of 1 transformer for the test year.

9

10 **Project #4 - Office Equipment**

Account & Description	Amount
1915 – Office Equipment	\$1000
TOTAL	\$1000

11

12 **Classification:** Safety and Reliability and Continuity of Service

13 **Need:** Office Equipment

14 **Scope:** The utility budgets a nominal amount for the purchase or replacement of office
15 equipment.

16

1 **Project #5 – Computer Equipment**

Account & Description	Amount
1920 – Computer Equipment	\$3,000
TOTAL	\$3,000

2

3 **Classification:** Safety and Reliability and Continuity of Service

4 **Need:** new laptop

5 **Scope:** The utility budgets for the replacement of the general manager's lap top. The
6 general manager's current laptop does not have a big enough hard drive nor enough
7 RAM to handle the increase in software and model complexities.

8

9 **Project #6 – Computer Software**

Account & Description	Amount
1925 – Computer Software	\$9,000
TOTAL	\$9,000

10

11 **Classification:** Safety and Reliability and Continuity of Service

12 **Need:** CIS Upgrade

13 **Scope:** The utility anticipates an upgrade to its CIS software.

14

Exhibit 2: Rate Base

Tab 5 (of 6): Allowance for Working Capital

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10
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Table 2.5.1 Working Capital Allowance

	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 Projection
Working Capital Allowance (see below)	344,514	334,954	353,663	288,865	393,106	413,932
Expenses for Working Capital						
Eligible Distribution Expenses:						
3500-Distribution Expenses - Operation	738	463	10,097	878	12,225	29,543
3550-Distribution Expenses - Maintenance	5,717	8,876	9,184	4,446	2,050	2,050
3650-Billing and Collecting	94,565	89,470	94,140	102,373	121,596	127,734
3700-Community Relations					700	717
3800-Administrative and General Expenses	161,631	145,394	154,422	189,529	211,896	274,790
3950-Taxes Other Than Income Taxes						
Total Eligible Distribution Expenses	262,651	244,203	267,844	297,226	348,467	434,834
3350-Power Supply Expenses	2,034,110	1,988,826	2,089,909	1,628,541	2,272,240	2,324,713
Total Expenses for Working Capital	2,296,761	2,233,029	2,357,753	1,925,767	2,620,707	2,759,547
Working Capital factor	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Working Capital Allowance	344,514	334,954	353,663	288,865	393,106	413,932

Working Capital Allowance by Expense Account

Hydro 2000 acknowledges that the Board is reviewing the possibility of asking distributor to file a lead/lag study to determine in 2013 and beyond.¹

In an attempt to minimize regulatory expenses, Hydro 2000 opted to determine its working capital allowance by applying the traditional 15% factor to projected eligible expenses, which consist of power supply expenses and controllable expenses for OM&A (Operations, Maintenance and Administration).

The previous table shows the calculation of the working capital allowance by account, for the 2012 test year and preceding years since the previous Board-approved amount from the 2008 Cost of Service.

Operating costs tend to be static across the various utilities in Ontario. In example, the cost of rebasing, cost of office furniture or the cost of a computer is the same for a large utility as it is for a small utility such as Hydro 2000. It is important keep in mind that variances for specific accounts can seem exaggerated when they are compared to relatively small overall totals.

2012 Projection vs 2011 Actual

The projected working capital allowance of \$413K is \$21K higher than the 2011 amount. The variance arises mainly from slightly higher power supply expenses, and higher Administrative and General Expenses due primarily to the cost of rebasing and a provision for conversion to IFRS.

¹ Chapter 2 of the Filing Requirements for Transmission and Distribution Applications issued July 22, 2011

1 **2011 Actual vs 2010 Actual**

2 In 2011, the working capital allowance of \$393K was \$104K higher than the 2010
3 amount. The variance arose from a return to usual expenses in *Load Dispatching* and
4 *Billing and Collecting*.

5

6 **2010 Actual vs 2009 Actual**

7 The working capital allowance of \$288K in 2010 Actual was \$64K lower than the 2009
8 amount. The variance arose from lower operating expense, specifically *Load*
9 *Dispatching* and a return back to normal levels in the area of *Administrative and General*
10 *Expenses*.

11 **2009 Actual vs 2008 Actual**

12 In 2009, the working capital allowance of \$354K was \$19K higher than the 2008 amount.
13 The variance arose mainly from Billing and Collecting going back to its normal levels in
14 comparison to 2008 Actual. Hydro 2000 also increased its operation expenses to comply
15 with various regulatory requirements (i.e. Smart Meters) (see Exhibit 4, Tab 3, Schedule
16 1).

17

18 **2008 Actual vs 2008 Board Approved**

19 The working capital allowance of \$334K for 2008 Actual was \$10K lower than the 2008
20 Board Approved. The variance arose mainly from an unusual decreased in *Billing and*
21 *Collecting expenses* and *Administrative and General Expenses* (see Exhibit 4, Tab 3,
22 Schedule 1).

23

Exhibit 2: Rate Base

Tab 6 (of 6): Service Quality and Reliability Performance

Analysis of Service Quality and Reliability Performance

Hydro 2000 reports its service quality indicators (“SQIs”) annually to the Ontario Energy Board. The SQIs are defined in Chapter 7 of the Distribution System Code. Hydro 2000 has met the minimum standards for all SQIs each year, as indicated in the following table:

Table 1: Service Quality Indicators

Service Quality Indicator	Minimum Standard	2008	2009	2010	2011	2012
Connection of New Services – Low Voltage	90% or better	100%	100%	100%	100%	
Connection of New Service – High Voltage	90% or better	100%	100%	100%	100%	
Underground Cable Locates	90% or better	100%	N/A	N/A	N/A	
Appointments Met	90% or better	100%	100%	100%	100%	
Telephone Accessibility	65% or better	99.6%	99.73%	99.6%	99.9%	
Written Response to Enquires	80% or better	100%	100%	100%	100%	
Emergency Response – Urban	80% or better	100%	100%	100%	100%	
Emergency Response – Rural	80% or better	N/A	N/A	N/A	N/A	
Reliability Metrics – All interruptions						
SAIDI (System Average Interruption Duration Index)	Within the range of performance over the previous 3 years	.41	10.0	2.1		
SAIFA (System Average Interruption Frequency Index)	Within the range of performance over the previous 3 years	1.19	2.56	.64		
CAIDI (Customer Average Interruption Duration Index)	Within the range of performance over the previous 3 years	.35	3.9	3.29		
Reliability Metrics – Excluding Loss of Supply						
SAIDI (System Average Interruption Duration Index)		.41	3.86	3.24		
SAIFA (System Average Interruption Frequency Index)		.2	1.00	1.4		
CAIDI (Customer Average Interruption Duration Index)		2.1	3.86	2.31		

Analysis: Reliability metrics are within acceptable range performance. Interruptions are mainly due to weather related incidents such as storms.

Exhibit 3:

REVENUE

Exhibit 3: Revenue

Tab 1 (of 3): Throughput Revenue

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

3.1.1 Volumetric Trend Table*Enter historical volume data and projections for 2011-2012***CUSTOMERS (CONNECTIONS)**

Customer Class Name	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2010 Normalized	2011 Normalized	2011 Estimated	2012 Normalized
Residential	1,018	1,018	1,027	1,041	1,034	1,047	1,047	1,061
General Service < 50 kW	140	140	140	143	142	142	142	142
General Service > 50 to 4999 kW	12	12	12	12	12	12	12	12
Unmetered Scattered Load	6	6	6	6	6	6	6	6
Street Lighting	368	368	368	368	368	368	368	368
TOTAL	1,544	1,544	1,553	1,570	1,562	1,575	1,575	1,589

METERED KILOWATT-HOURS (kWh)

Customer Class Name	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2010 Normalized	2011 Normalized	2011 Estimated	2012 Normalized
Residential	14,810,998	14,810,998	15,239,230	14,005,778	14,658,875	14,732,944	14,732,944	14,703,667
General Service < 50 kW	4,755,195	4,755,195	4,739,499	4,472,865	4,697,778	4,721,515	4,721,515	4,712,132
General Service > 50 to 4999 kW	4,779,975	4,779,975	4,701,848	4,309,284	4,657,970	4,681,506	4,681,506	4,672,203
Unmetered Scattered Load	18,486	18,486	18,486	18,486	18,486	18,486	18,486	18,486
Street Lighting	338,189	338,189	342,383	346,706	346,706	346,706	346,706	346,706
TOTAL	24,702,843	24,702,843	25,041,446	23,153,119	24,379,815	24,501,157	24,501,157	24,453,194

KILOWATTS (kW)

Customer Class Name	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2010 Normalized	2011 Normalized	2011 Estimated	2012 Normalized
Residential								
General Service < 50 kW								
General Service > 50 to 4999 kW	12,030		12,380	10,940	11,913	11,973	11,973	11,949
Unmetered Scattered Load								
Street Lighting	940		965	967	967	967	967	967
TOTAL	12,970		13,345	11,907	12,880	12,940	12,940	12,916

Customer Class Name	Loss Factor
Residential	1.0664
General Service < 50 kW	1.0664
General Service > 50 to 4999 kW	1.0664
Unmetered Scattered Load	1.0664
Street Lighting	1.0664

WHOLESALE kWh's¹

2011 Normalized	2011 Estimated	2012 Normalized
15,711,211	15,711,211	15,679,990
5,035,024	5,035,024	5,025,018
4,992,358	4,992,358	4,982,437
19,713	19,713	19,713
369,727	369,727	369,727

¹ Metered kWh's multiplied by Loss Factor

Volumetric Trend Table

Table 3.1.1 at the previous schedule shows the actual and forecast trends for customer/connection counts, kWh consumption and billed kW demand.

Historically, the Residential class shows stable but slow growth in customers. One the other hand, Residential consumption has shown a slight decrease since 2008. The reason for this decrease is that in 2009, Enbridge brought natural gas distribution to Alfred and Plantagenet. With the rise in electricity costs, all new customers have opted to heat their homes with natural gas, propane or oil. In essence, although the customer count has show a slight increase, Hydro 2000 has a lost a portion of it winter load to natural gas and other heating options.

The customer count for GS<50 kW has changed very little since 2008. This reflects the stagnant commercial growth in Hydro 2000's service area.

The customer count for the GS>50 kW class has also remained steady since 2008. Hydro 2000 does not anticipate any growth in 2011 and in 2012 for both General Service classes.

Street Lighting connections have also been stable over the period, reflecting the fact that there has not been a large amount of new development. The number of USL connections has not changed in a number of years either.

The utility load has been fairly steady over the historical period, with average wholesale deliveries (on an actual weather basis) decreasing by approximately 0.2% per cent per year from 2008 to 2012. Further details on the load forecast can be found at Exhibit 3, Tab 1, Schedule 2, Attachment 1.

Approach to Weather Normalized Load Forecast

Attachment 1 is the weather normalized load forecast report prepared by Elenchus Research Associates on behalf of [Utility]. The forecasting approach was selected by Elenchus on the basis of historical data provided by [Utility] and is described in the report.

The load forecast was developed based on monthly wholesale purchased kWh by the Distribution System from January 2007 to March 2011 (exclusive of losses; i.e., not loss adjusted). Class specific forecasts are not possible at this time for [Utility] due to data constraints (monthly class data is not available). However, monthly wholesale deliveries data are available, and provides a good fit with accurate within sample predictions for the regression model used. It is [Utility]'s understanding that many other LDC distribution rate applications considered by the Board have also used this approach and that this approach has been approved by the Board in the past.

The methodology predicts wholesale consumption using a multiple regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days. Historical monthly full-time employment levels are also used to account for regional economic patterns that may influence consumption of electricity within the LDC. For degree days, daily observations as reported at Ottawa (Macdonald-Cartier) International Airport are used. For employment levels, monthly full-time employment levels for the Ottawa Economic Region, as reported in Statistics Canada's Monthly Labour Force Survey (CANSIM series v2054772) has been used.

Neither the number of peak days nor the number of days in the month yielded meaningful results in predicting [Utility]'s load. Therefore, these were not included as explanatory variables.

1 The resulting regression equation yields an adjusted R-squared of 0.967. When actual
2 annual wholesale values are compared to annual values predicted by the regression
3 equation, the mean absolute percentage error (MAPE) is 0.7 per cent. More detailed
4 model statistics can be found in the report prepared by Elenchus Research Associates
5 (Attachment 1 to this Schedule).

6
7 Weather normalized values are determined by using the regression equation with a 10-
8 year average monthly degree days (2001-2010). The 10-year average is consistent with
9 recent years' weather and has been used in other electricity distribution rate applications
10 and has been accepted by the Board.

11
12 Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is
13 based on the average share of each classes' actual retail kWh (exclusive of distribution
14 losses) of actual wholesale kWh for the 2007 to 2010 period.

15
16 In order to forecast 2012, an average of 4 chartered banks' economic forecasts that are
17 available to the public on their corporate web sites is used. These forecasts include
18 projections for employment growth in Ontario for 2011 and 2012.

19

20

21

LOAD FORECAST

This section outlines the load forecast methodology and results used by Hydro2000. The process used to derive the weather normal forecast is similar to the process used and approved for many other LDCs that have applied for COS rebased rates before the Board. It uses data for monthly wholesale deliveries and monthly degree days, as measured at Ottawa International Airport (both heating degree days (HDD) and cooling degree days (CDD) defined by Environment Canada as the number of degrees Celsius the mean daily temperature varies from 18 degrees Celsius). The forecast also uses monthly full-time employment data for the Ottawa Region (the Ottawa Census Metropolitan Area and Ontario Municipalities Adjacent to Ottawa, or OMATO) as reported by Statistics Canada (CANSIM v2054772). Weather normal degree days are defined as the 10-year average degree days for each month for the period 2001 to 2010. Forecast employment levels are based on the average of 4 major chartered banks' most recent employment growth forecasts for Ontario (BMO, RBC, Scotia, and TD).

Class specific forecasts are not possible at this time for Hydro2000 due to data constraints (monthly class data is not available). However, monthly wholesale deliveries data are available, and provides a good fit with accurate within sample predictions for the regression model used. This approach has been used by many LDCs previously.

HISTORICAL MONTHLY DELIVERIES (kWh)

The following table (Table 1) outlines monthly wholesale deliveries to Hydro2000 from January 2007 to March 2011.

Table 1: Monthly Actual Wholesale Energy (kWh), Hydro2000

	2007	2008	2009	2010	2011
January	3,148,407	3,026,431	3,647,686	3,380,770	3,248,412
February	3,374,449	3,040,547	3,338,198	2,871,935	2,906,604
March	2,787,870	3,100,075	2,562,227	2,173,266	2,482,766
April	2,291,603	1,870,400	2,116,218	1,929,408	
May	1,584,867	1,677,002	1,698,645	1,587,543	
June	1,556,944	1,570,958	1,559,204	1,504,042	
July	1,663,043	1,558,748	1,485,371	1,830,363	
August	1,638,968	1,699,816	1,711,979	1,534,211	
September	1,591,468	1,468,982	1,486,702	1,482,416	
October	1,615,161	1,821,868	2,057,209	1,911,319	
November	2,399,776	2,471,486	2,123,738	2,282,505	
December	3,481,898	3,241,237	3,119,975	3,124,120	
Annual	27,134,454	26,547,550	26,907,152	25,611,898	
% change		-2.2%	1.4%	-4.8%	

Using available data, a regression model was estimated in order to predict monthly wholesale energy for Hydro2000. The regression model statistics are presented in the table below (Table 2).

Table 2

OLS estimates using the 51 observations 2007:01-2011:03

Dependent variable: Wholesale kWh

Unadjusted $R^2 = 0.969389$

Adjusted $R^2 = 0.967435$

F-statistic (3, 47) = 496.1 (p-value = 1.43e-35)

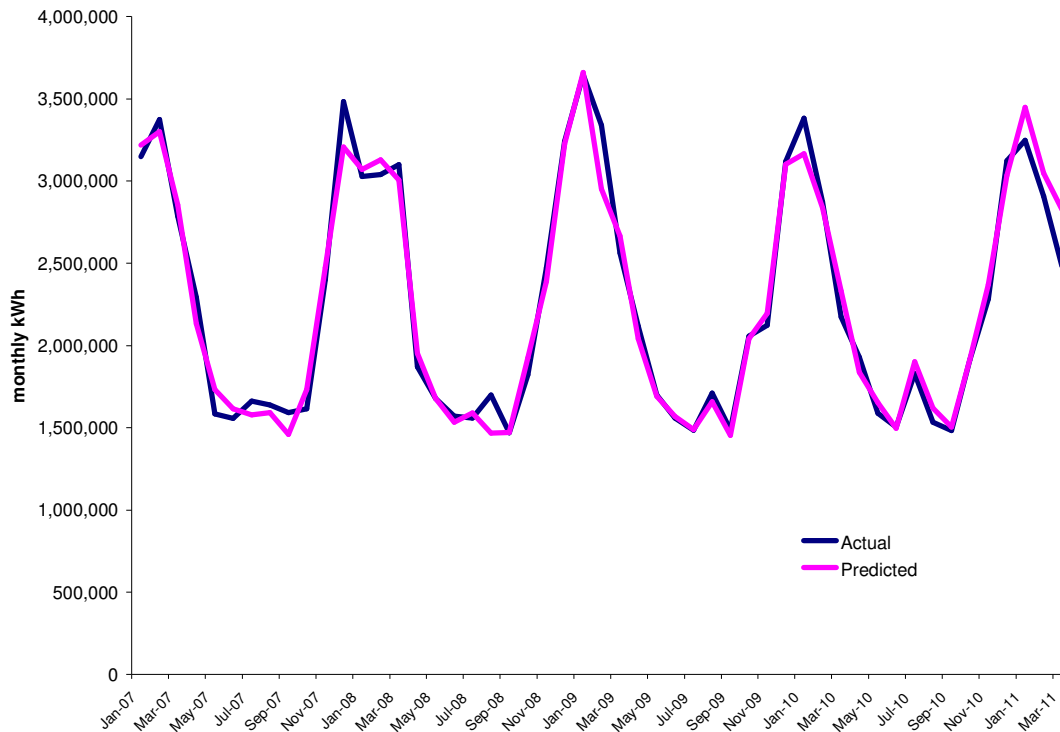
Durbin-Watson statistic = 2.12

<i>Variable</i>	<i>Coefficient</i>	<i>t-statistic</i>	<i>p-value</i>
const	1,155,640	25.2065	<0.00001
HDD	2603	31.1141	<0.00001
CDD	4357.89	5.4506	<0.00001
d_FTE_OttReg*	5752.34	2.103	0.04085

*d_FTE_OttReg denotes the first difference in the series full-time employment in the Ottawa Region.

Fitted vs. actual observations are plotted in Chart 1 below:

Chart 1: Hydro2000 Actual vs. Predicted Wholesale kWh



Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) of annual estimates for the period is 0.74% (less than 1%).

Table 3 – Actual vs. Predicted kWh, Hydro2000

Year	Actual kWh	Predicted kWh	Absolute % Error
2007	27,134,454	26,898,667	0.87%
2008	26,547,550	26,438,270	0.41%
2009	26,907,152	26,514,925	1.46%
2010	25,611,898	25,664,012	0.20%
Mean Absolute Percentage Error			0.74%

FORECASTING USING NORMAL DEGREE DAYS

As indicated above, Hydro2000 has adopted the most recent 10 year average (2001 to 2010) as the definition of weather normal. Many other LDCs have also adopted this definition for the purposes of cost-of-service rebasing, and the Board has approved many applications using this definition.

Presented below (Table 4) are monthly HDD and CDD for the 10-year period 2001-2010 observed at Ottawa International Airport (Macdonald-Cartier).

Table 4 –10-yr average (1999-2008) HDD and CDD, Ottawa Macdonald-Cartier Int'l Airport

Heating Degree Days												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 01-'10 avg
Jan	875.4	875.3	848.2	709.4	977.3	1,045.3	920.7	733.5	797.1	754.2	979.5	789.2 855.4
Feb	670.9	728.2	746.8	668.8	841.5	750.0	700.6	720.9	820.0	774.3	711.5	655.8 739.0
Mar	645.7	502.3	652.3	651.7	675.0	559.2	668.8	600.4	643.0	721.1	598.3	460.7 623.1
Apr	336.8	391.0	338.1	358.8	424.6	377.8	324.8	321.6	361.1	299.6	334.3	258.1 339.9
May	83.3	152.0	109.6	227.6	154.1	166.2	205.0	128.2	157.3	185.4	181.6	112.3 162.7
Jun	20.3	63.2	25.5	61.7	38.9	54.0	16.1	27.6	34.2	22.4	50.4	37.6 36.8
Jul	3.8	12.2	21.6	5.3	2.0	1.8	2.9	0.3	11.8	0.3	13.1	4.5 6.4
Aug	14.8	18.3	4.7	6.8	13.3	29.8	8.4	18.2	20.1	14.4	26.1	14.7 15.7
Sep	65.8	138.1	89.9	56.9	60.4	66.8	59.2	121.0	76.0	95.4	106.5	112.0 84.4
Oct	321.5	290.8	266.0	370.0	336.6	287.0	269.7	335.7	227.5	321.8	355.5	311.0 308.1
Nov	406.7	489.4	410.1	535.2	468.8	484.3	484.2	417.3	517.0	502.8	417.4	491.6 472.9
Dec	691.8	882.6	602.2	728.3	722.2	814.9	762.0	610.0	787.7	796.7	759.4	731.4 731.5
Total	4,136.8	4,543.4	4,115.0	4,380.5	4,714.7	4,637.1	4,422.4	4,034.7	4,452.8	4,488.4	4,533.6	3,978.9 4,375.8

Cooling Degree Days												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 01-'10 avg
Jan	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Feb	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Mar	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Apr	0	0	0	10.3	0	1.9	0	0	0	0	2.5	1.6 1.6
May	31.3	2.8	13.7	6.5	0.1	4	1.9	16.9	17.3	0	3.2	38.2 10.2
Jun	99.6	30.7	75.9	39.5	54.8	27.1	111.6	48.2	66.9	60.5	44.9	33.4 56.3
Jul	141.7	58.6	78.4	121	90.1	86.5	128.6	130.6	65.1	78.9	42.9	150.8 97.3
Aug	57.6	60.1	127.5	106.5	106.2	47.5	115.4	68.1	79.3	49.5	82.1	93 87.5
Sep	49.6	13.7	25.9	51.4	23.7	11.1	33.1	5.3	25.7	25	5	26.2 23.2
Oct	0	0	0	4.1	0	0	6.4	0	1.9	0	0	0 1.2
Nov	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Dec	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Total	379.8	165.9	321.4	339.3	274.9	178.1	397	269.1	256.2	213.9	180.6	343.2 277.4

Forecasts for Ontario's employment outlook for 2011 and 2012 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

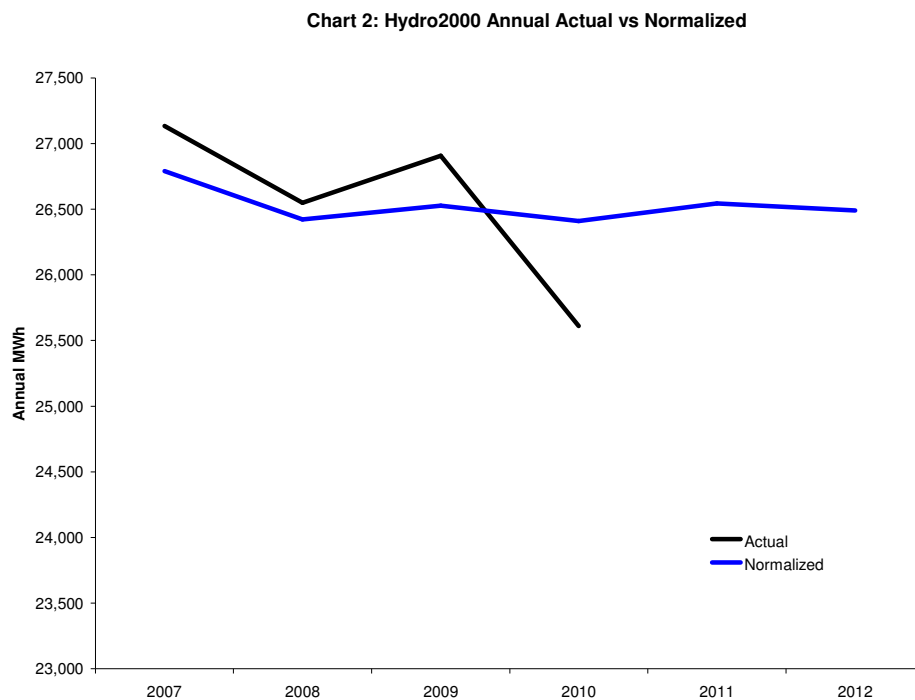
Table 5 - Employment Forecast – Ontario
(figures in annual percentage change)

	BMO (Jan, 2011)	RBC (May 11, 2011)	Scotia (May 3, 2011)	TD (Mar, 2011)	Avg
2011	1.1	2.1	1.6	1.9	1.7
2012	1.3	2.1	1.1	1.4	1.5

Incorporating the forecast employment and weather normal degree days using the regression model displayed in table 2, the following weather corrected consumption and forecast values are calculated:

Table 6 - Weather Corrected Wholesale kWh, Hydro2000				
Year	Actual Wholesale kWh	%chg	10-yr (1999-2008) Weather Normal	%chg
2007	27,134,454		26,790,447	
2008	26,547,550	-2.2%	26,421,722	-1.4%
2009	26,907,152	1.4%	26,525,840	0.4%
2010	25,611,898	-4.8%	26,410,218	-0.4%
2011F			26,543,664	0.5%
2012F			26,490,916	-0.2%

Annual actual wholesale kWh compared to normalized and predicted are displayed in



the chart below:

ALLOCATION TO SPECIFIC CLASSES

The following table (Table 7) presents class specific weather normal historic and forecast values for those classes that have weather sensitive load. Class specific kWh consumption for weather sensitive classes is allocated based on the 2007 to 2010 average of each class' share in wholesale kWh, exclusive of distribution losses.

Table 7 – Actual, Normalized and Forecast Class kWh, Hydro2000

Year	Actual residential kWh	% chg	Weather Normal	% chg
2007	14,898,655		14,869,920	
2008	14,810,998	-0.6%	14,665,261	-1.4%
2009	15,239,230	2.9%	14,723,051	0.4%
2010	14,005,778	-8.1%	14,658,875	-0.4%
2011F			14,732,944	0.5%
2012F			14,703,667	-0.2%
Year	Actual GS<50 kWh	% chg	Weather Normal	
2007	4,927,790		4,765,412	
2008	4,755,195	-3.5%	4,699,824	-1.4%
2009	4,739,499	-0.3%	4,718,344	0.4%
2010	4,472,865	-5.6%	4,697,778	-0.4%
2011F			4,721,515	0.5%
2012F			4,712,132	-0.2%
Year	Actual GS>50 kWh	% chg	Weather Normal	
2007	4,950,140		4,725,031	
2008	4,779,975	-3.4%	4,659,999	-1.4%
2009	4,701,848	-1.6%	4,678,363	0.4%
2010	4,309,284	-8.3%	4,657,970	-0.4%
2011F			4,681,506	0.5%
2012F			4,672,203	-0.2%

Actual, normalized and forecast kW for the weather sensitive GS>50 class are summarized in Table 8 below. Normalized values are calculated based on the average annual ratio of class kW to class kWh for 2007 to 2010.

Table 8 – Hydro2000 GS>50 Class kW (Actual, Normalized, and Forecast)

Year	Actual kW	Class kW/kWh ratio	Normalized kW	% change
2007	12,582	0.00254	12,085	
2008	12,030	0.00252	11,918	-1.4%
2009	12,380	0.00263	11,965	0.4%
2010	10,940	0.00254	11,913	-0.4%
2011F		0.00256	11,973	0.5%
2012F			11,949	-0.2%

Table 9 presents actual and forecast kWh and kW for Street Lighting, and kWh for USL, both of which are not weather sensitive. The forecast throughput for Street Lighting and

USL classes is not expected to change as no changes to the number of customer connections is anticipated in 2011 or 2012.

Table 9 – Hydro2000 Street Lights and USL
Street lighting *USL*

Year	kWh	%	kW	%	kWh	%
2007	332,714		927		18,486	
2008	338,189	1.6%	940	1.4%	18,486	0.0%
2009	342,383	1.2%	965	2.7%	18,486	0.0%
2010	346,706	1.3%	967	0.2%	18,486	0.0%
2011F	346,706	0.0%	967	0.0%	18,486	0.0%
2012F	346,706	0.0%	967	0.0%	18,486	0.0%

Table 10 summarizes the results load forecast results for specific classes.

Table 10 – Load Forecast (Historical, Bridge and Test Years).

	2010 Actual	2010 Normalized	2011f Normalized	2012f Normalized
Residential (kWh)	14,005,778	14,658,875	14,732,944	14,703,667
GS<50 (kWh)	4,472,865	4,697,778	4,721,515	4,712,132
GS>50 (kWh)	4,309,284	4,657,970	4,681,506	4,672,203
(kW)	10,940	11,913	11,973	11,949
Street Lights (kWh)	346,706	346,706	346,706	346,706
(kW)	967	967	967	967
USL (kWh)	18,486	18,486	18,486	18,486
Total Retail kWh	23,153,119	24,379,815	24,501,157	24,453,194

CUSTOMER FORECAST

Historic customer figures on an annual basis are presented below, along with projections for the 2011 bridge year and 2012 test year.

New Residential connections in 2011 and 2012 are projected to grow at 1.3% (13 and 14 new attachments, respectively). This is consistent with the recent historical growth (except for 2010 with 11 new attachments) and is also consistent with population growth projections for the Prescott and Russell OMATO municipality available from the City of Ottawa.¹

¹ Available at http://www.ottawa.ca/residents/statistics/new_growth/projections/population/omato_en.html

Table 11 – Annual Customer Connections – Hydro2000

Year-End	Residential	%chg	GS<50	%chg	GS>50	%chg	Street Light	%chg	USL
2007	1,001		140		12		368		6
2008	1,018	1.7%	140	0.0%	12	0.0%	368	0.0%	6
2009	1,027	0.9%	140	0.0%	12	0.0%	368	0.0%	6
2010	1,041	1.4%	143	2.1%	12	0.0%	368	0.0%	6

Annual Average	Residential	%chg	GS<50	%chg	GS>50	%chg	Street Light	%chg	USL
2008	1,010		140		12		368		6
2009	1,023	1.3%	140	0.0%	12	0.0%	368	0.0%	6
2010	1,034	1.1%	142	1.4%	12	0.0%	368	0.0%	6
2011f	1,047	1.3%	142	0.0%	12	0.0%	368	0.0%	6
2012f	1,061	1.3%	142	0.0%	12	0.0%	368	0.0%	6

Actual and normalized average use per customer, by class, are presented below.

Table 12 – Average Use, Hydro2000

kWh Use Per Customer

(Annual Use / Average Customers)

Weather Actual

Year	Residential	GS<50	GS>50	Street	USL
2008	14,664	33,966	398,331	919	3,081
2009	14,897	33,854	391,821	930	3,081
2010	13,545	31,499	359,107	942	3,081

Weather Normal

Year	Residential	GS<50	GS>50	Street	USL
2008	14,520	33,570	388,333	919	3,081
2009	14,392	33,702	389,864	930	3,081
2010	14,177	33,083	388,164	942	3,081
2011	14,072	33,250	390,126	942	3,081
2012	13,858	33,184	389,350	942	3,081

Pass-Through Charges

Attachment 1 shows the estimated power supply expenses for 2011 and 2012. Hydro 2000 is an embedded distributor of Hydro One Networks Inc. ("HONI") and is charged monthly by HONI for its power supply expenses.

Pass-through charges for power supply include commodity, retail transmission services, wholesale market service, rural rate protection and low voltage service. Debt retirement charges are not included. A total loss factor applies to forecast retail volumes for all pass-through charges other than low voltage service, when the billing determinant is kWh. The calculation of total loss factors is described in Exhibit 8, Tab 3, Schedule 5.

Commodity Price

The assumed commodity prices are based on the Regulated Price Plan ("RPP") Report issued by the OEB on April 19, 2011. The estimated price for RPP customers corresponds to the average supply cost for RPP customers specified in the report's Table ES-1. For non-RPP customers, the estimated price was based on the term average of the Hourly Ontario Electricity Price ("HOEP") for the 2011-2012 rate year (Table 1 in the report), plus the Global Adjustment (from Table ES-1).

Table 1: 2011 Commodity Price Forecasts

	\$/MWh	\$/kWh
HOEP Forecast	\$36.66	\$0.04015
Global Adjustment	\$27.72	\$0.02822
Forecast for non-RPP load	\$64.38	\$0.06837
Forecast for RPP load	\$69.38	\$0.07298

A weighted average commodity price was estimated on the basis on actual 2010 kWh's for RPP, MUSH¹ and other non-RPP customers:

¹ Municipalities, Universities, Schools and Hospital sector

1 **: Estimated 2011 Weighted Average Commodity Price**

Customer Class Name	2010 ACTUAL kWh's		
	Total	non-RPP	RPP
Residential	14,005,778	564,448	13,441,330
General Service < 50 kW	4,472,865	62,265	4,410,600
General Service > 50 to 4999 kW	4,309,284	4,309,284	
Unmetered Scattered Load	18,486		18,486
Street Lighting	346,706	18,486	328,220
TOTAL	23,153,119	4,954,483	18,198,636
%	100.00%	21.40%	78.60%
Forecast Price			
HOEP (\$/MWh)		\$36.60	
Global Adjustment (\$/MWh)		\$27.72	
TOTAL (\$/MWh)		\$64.32	\$69.38
\$/kWh		\$0.06432	\$0.06938
%		21.40%	78.60%
WEIGHTED AVERAGE PRICE	\$0.0683	\$0.0138	\$0.0545

2
3

4 **Retail Transmission Service ("RTS") Rates**

5 Proposed RTS rates for Network Service and Line and Transformation Connection
 6 Service are described in Exhibit 8, Tab 3, Schedule 3.

7 **Wholesale Market Service ("WMS") Rate**

8 The existing WMS charge of \$0.0052 per kWh has been maintained.

9 **Rural Rate Protection**

10 The existing Rural Rate Protection charge of \$0.0013 per kWh has been maintained.

11 **Low Voltage ("LV") Service**

12 Hydro 2000 estimates total charges of \$100,429 in 2012 for LV service. Proposed retail
 13 rates for LV are described in Exhibit 8, Tab 3, Schedule 4.

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Table 3.1.3 Pass-Through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Electricity (Commodity)	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh):		2012
				Volume	Amount		Volume	Amount	
kWh	Residential	4006	4705	15,711,211	1,047,309	15,679,990		1,087,878	
kWh	General Service < 50 kW	4035	4705	5,035,024	335,635	5,025,018		348,636	
kWh	General Service > 50 to 4999 kW	4035	4705	4,992,358	332,791	4,982,437		345,681	
kWh	Unmetered Scattered Load	4035	4705	19,713	1,314	19,713		1,368	
kWh	Street Lighting	4035	4705	369,727	24,646	369,727		25,652	
	TOTAL			26,128,034	1,741,695	26,076,886		1,809,214	
Transmission - Network	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh):		2012
				Volume	Amount		Volume	Amount	
kWh	Residential	4066	4714	15,711,211	89,554	15,679,990		84,200	
kWh	General Service < 50 kW	4066	4714	5,035,024	26,182	5,025,018		24,617	
kW	General Service > 50 to 4999 kW	4066	4714	11,973	25,543	11,949		24,016	
kWh	Unmetered Scattered Load	4066	4714	19,713	103	19,713		97	
kW	Street Lighting	4066	4714	967	1,556	967		1,466	
	TOTAL			20,778,889	142,937	20,737,638		134,394	
Transmission - Connection	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh):		2012
				Volume	Amount		Volume	Amount	
kWh	Residential	4068	4716	15,711,211	70,700	15,679,990		67,068	
kWh	General Service < 50 kW	4068	4716	5,035,024	22,658	5,025,018		21,493	
kW	General Service > 50 to 4999 kW	4068	4716	11,973	21,476	11,949		20,372	
kWh	Unmetered Scattered Load	4068	4716	19,713	89	19,713		84	
kW	Street Lighting	4068	4716	967	1,341	967		1,274	
	TOTAL			20,778,889	116,264	20,737,638		110,292	

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Table 3.1.3 Pass-Through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Wholesale Market Service	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh): \$0.00520		2012	rate (\$/kWh): \$0.00520	
				Volume	Amount		Volume	Amount		Volume	Amount
kWh	Residential	4062	4708	15,711,211	\$0.0052	81,698	15,679,990	\$0.0052	81,536		
kWh	General Service < 50 kW	4062	4708	5,035,024	\$0.0052	26,182	5,025,018	\$0.0052	26,130		
kWh	General Service > 50 to 4999 kW	4062	4708	4,992,358	\$0.0052	25,960	4,982,437	\$0.0052	25,909		
kWh		4062	4708	19,713	\$0.0052	103	19,713	\$0.0052	103		
kWh	Street Lighting	4062	4708	369,727	\$0.0052	1,923	369,727	\$0.0052	1,923		
	TOTAL			26,128,034		135,866	26,076,886		135,600		
Rural Rate Protection	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh): \$0.00130		2012	rate (\$/kWh): \$0.00130	
				Volume	Amount		Volume	Amount		Volume	Amount
kWh	Residential	4062	4730	15,711,211	\$0.0013	20,425	15,679,990	\$0.0013	20,384		
kWh	General Service < 50 kW	4062	4730	5,035,024	\$0.0013	6,546	5,025,018	\$0.0013	6,533		
kWh	General Service > 50 to 4999 kW	4062	4730	4,992,358	\$0.0013	6,490	4,982,437	\$0.0013	6,477		
kWh	Unmetered Scattered Load	4062	4730	19,713	\$0.0013	26	19,713	\$0.0013	26		
kWh	Street Lighting	4062	4730	369,727	\$0.0013	481	369,727	\$0.0013	481		
	TOTAL			26,128,034		33,966	26,076,886		33,900		
Debt Retirement Charge	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	rate (\$/kWh): \$0.00700		2012	rate (\$/kWh): \$0.00700	
				Volume	Amount		Volume	Amount		Volume	Amount
	TOTAL										
Low Voltage Charges	Customer Class Name	Revenue USA #	Expense USA #	2011		2012	2012		2012	2012	
				Volume	Rate	Amount	Volume	Rate		Volume	Amount
kWh	Residential	4075	4750	14,732,944	\$0.0042	61,878	14,703,667	\$0.0042	61,755		
kWh	General Service < 50 kW	4075	4750	4,721,515	\$0.0042	19,830	4,712,132	\$0.0042	19,791		
kW	General Service > 50 to 4999 kW	4075	4750	11,973	\$1.5507	18,567	11,949	\$1.5507	18,529		
kWh	Unmetered Scattered Load	4075	4750	18,486	\$0.0042	78	18,486	\$0.0042	78		
kW	Street Lighting	4075	4750	967	\$1.1988	1,159	967	\$1.1988	1,159		
	TOTAL			19,485,885		101,512	19,447,201		101,313		
GRAND TOTAL						2,272,240				2,324,713	

Exhibit 3: Revenue

Tab 2 (of 3): Distribution Revenue

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Table 3.2.1 Revenue from Current Distribution Charges

Rates from sheet A4; Volumes from sheet C1

Enter projected volumes for Transformer Allowance

Customer Class Name	2011 PROJECTED REVENUE FROM EXISTING VARIABLE CHARGES							
	Variable Distribution Rate	per	Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
Residential	\$0.0060	kWh	14,732,944	88,398				88,398
General Service < 50 kW	\$0.0081	kWh	4,721,515	38,244				38,244
General Service > 50 to 4999 kW	\$0.9881	kW	11,973	11,831				11,831
Unmetered Scattered Load	\$0.0081	kWh	18,486	150				150
Street Lighting	\$7.1591	kW	967	6,923				6,923
TOTAL VARIABLE REVENUE				145,545				145,545

Customer Class Name	2011 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES							
	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
Residential	\$8.5300	1,047	107,171	88,398	195,569	54.80%	45.20%	62.45%
General Service < 50 kW	\$24.6100	142	41,935	38,244	80,180	52.30%	47.70%	25.60%
General Service > 50 to 4999 kW	\$120.7300	12	17,385	11,831	29,216	59.51%	40.49%	9.33%
Unmetered Scattered Load	\$12.3100	6	886	150	1,036	85.55%	14.45%	0.33%
Street Lighting	\$0.0500	368	221	6,923	7,144	3.09%	96.91%	2.28%
DISTRIBUTION REVENUE			167,599	145,545	313,144	53.52%	46.48%	100.00%

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Table 3.2.1 Revenue from Current Distribution Charges

Rates from sheet A4; Volumes from sheet C1

Enter projected volumes for Transformer Allowance

Customer Class Name	2012 PROJECTED REVENUE FROM EXISTING VARIABLE CHARGES							
	Variable Distribution Rate	per	Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
Residential	\$0.0060	kWh	14,703.667	88,222				88,222
General Service < 50 kW	\$0.0081	kWh	4,712.132	38,168				38,168
General Service > 50 to 4999 kW	\$0.9881	kW	11.949	11,807				11,807
Unmetered Scattered Load	\$0.0081	kWh	18,486	150				150
Street Lighting	\$7.1591	kW	967	6,923				6,923
TOTAL VARIABLE REVENUE				145,270				145,270

Customer Class Name	2012 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES							
	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
Residential	\$8.5300	1,061	108,604	88,222	196,826	55.18%	44.82%	62.62%
General Service < 50 kW	\$24.6100	142	41,935	38,168	80,104	52.35%	47.65%	25.49%
General Service > 50 to 4999 kW	\$120.7300	12	17,385	11,807	29,192	59.55%	40.45%	9.29%
Unmetered Scattered Load	\$12.3100	6	886	150	1,036	85.55%	14.45%	0.33%
Street Lighting	\$0.0500	368	221	6,923	7,144	3.09%	96.91%	2.27%
DISTRIBUTION REVENUE			169,032	145,270	314,301	53.78%	46.22%	100.00%

Overview of Distribution Revenues

Table 3.2.1 at the previous schedule shows estimated revenues from current distribution charges for 2011 and 2012.

Distribution Revenues are derived through a combination of fixed monthly charges and volumetric charges based either on consumption (kWh's) or demand (kW's). Revenues are collected from 5 customer classes: Residential, General Service less than 50 kW, General Service greater than 50 kW, Unmetered Scattered Load (USL) and Street Lighting

Fixed rate revenue is determined by applying the current fixed monthly charge to the number of customers or connections in each of the customer classes in each month.

Variable rate revenue is based on a volumetric rate applied to meter readings for consumption or demand volume.

Hydro 2000 does not recover allowances for transformer ownership as none of Hydro 2000's customers own transformers.

Exhibit 3: Revenue

Tab 3 (of 3): Other Revenue

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2008 Approved		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	13,515	\$0.25	3,379
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	57	\$15.00	849
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	8	\$15.00	125
Account set up charge / change of occupancy charge	4235	216	\$15.00	3,240
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00	
Late Payment - per month	4225	384,783	1.50%	5,772
Disconnect/Reconnect at meter -- during regular hours	4235	13	\$25.00	323
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	164	\$22.35	3,667
TOTAL				17,354

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2008 Actual		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	13,535	\$0.25	3,384
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	57	\$15.00	849
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	8	\$15.00	125
Account set up charge / change of occupancy charge	4235	216	\$15.00	3,240
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00	
Late Payment - per month	4225	384,783	1.50%	5,772
Disconnect/Reconnect at meter -- during regular hours	4235	13	\$25.00	323
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	164	\$22.35	3,667
TOTAL				17,359

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2009 Actual		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	13,730	\$0.25	3,433
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	54	\$15.00	811
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	8	\$15.00	115
Account set up charge / change of occupancy charge	4235	189	\$15.00	2,835
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found corr	4235		\$30.00	
Late Payment - per month	4225	336,556	1.50%	5,048
Disconnect/Reconnect at meter -- during regular hours	4235	21	\$25.00	533
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	287	\$22.35	6,413
TOTAL				19,187

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2010 Actual		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	13,887	\$0.25	3,472
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	50	\$15.00	755
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	5	\$15.00	75
Account set up charge / change of occupancy charge	4235	187	\$15.00	2,805
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found corr	4235		\$30.00	
Late Payment - per month	4225	408,019	1.50%	6,120
Disconnect/Reconnect at meter -- during regular hours	4235	19	\$25.00	472
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	287	\$22.35	6,413
TOTAL				20,112

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2011 Projection		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	14,484	\$0.25	3,621
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	50	\$15.00	755
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	5	\$15.00	75
Account set up charge / change of occupancy charge	4235	187	\$15.00	2,805
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found corr	4235		\$30.00	
Late Payment - per month	4225	408,019	1.50%	6,120
Disconnect/Reconnect at meter -- during regular hours	4235	19	\$25.00	472
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	287	\$22.35	6,413
TOTAL				20,261

Hydro 2000 (ED-2002-0542)

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C9 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2012 Projection (existing rates)		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	14,652	\$0.25	3,663
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	50	\$15.00	755
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	5	\$15.00	75
Account set up charge / change of occupancy charge	4235	187	\$15.00	2,805
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00	
Late Payment - per month	4225	408,019	1.50%	6,120
Disconnect/Reconnect at meter -- during regular hours	4235	19	\$25.00	472
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	287	\$22.35	6,413
TOTAL				20,303

Hydro 2000 (ED-2002-0542)

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C9 Other Service Revenues

USA Account #s per sheet Y6

Enter volumes and rates for other distributor services

Service	USA #	2012 Projection (proposed rates)		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	14,652	\$0.25	3,663
Arrears Certificate	4084		\$15.00	
Statement of Account	4084		\$15.00	
Pulling post-dated cheques	4084		\$9.00	
Duplicate invoices for previous billing	4084		\$15.00	
Request for other billing information	4084		\$15.00	
Easement Letter	4084		\$15.00	
Income tax letter	4084		\$15.00	
Notification Charge	4084		\$15.00	
Account history	4235		\$15.00	
Credit reference/credit check (plus credit agency costs)	4235		\$25.00	
Returned Cheque charge (plus bank charges)	4235	50	\$15.00	755
Charge to certify cheque	4235		\$15.00	
Legal letter charge	4084	5	\$15.00	75
Account set up charge / change of occupancy charge	4235	187	\$15.00	2,805
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found corr	4235		\$30.00	
Late Payment - per month	4225	408,019	1.50%	6,120
Disconnect/Reconnect at meter -- during regular hours	4235	19	\$25.00	472
Disconnect/Reconnect at meter -- after regular hours	4235		\$50.00	
Disconnect/Reconnect at pole -- during regular hours	4235		\$185.00	
Disconnect/Reconnect at pole -- after regular hours	4235		\$415.00	
Install / remove load control device -- during regular hours	4235		\$25.00	
Install / remove load control device -- after regular hours	4235		\$50.00	
Service call -- customer-owned equipment	4235		\$30.00	
Service call -- after regular hours	4235		\$165.00	
Temporary service install and remove -- overhead -- no transformer	4235		\$500.00	
Temporary service install and remove -- underground -- no transformer	4235		\$300.00	
Temporary service install and remove -- overhead -- with transformer	4235		\$1,000.00	
Specific Charge for Access to the Power Poles -- per pole/year	4210	287	\$22.35	6,413
TOTAL				20,303

Overview of Revenue from Service Charges

The table at the previous schedule (Table 3.3.1) shows the trend Specific Service Charges.

Hydro 2000's revenue from Specific Service Charges increased in 2011 and 2012 due to the fact that there is a slight customer increase forecasted for 2010.

The downturn in the economy in 2009 also caused an increase in revenues from Late Payment charges which increased by 21% from 2009 to 2010. The Late Payment charges have remained steady since then.

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Table 3.3.2 Other Revenue Variance Analysis

Review highlighted variances (no input on this sheet)

				Variances > 10% (min \$2,000) or \$2,917 are shown in bold	
Account Grouping	Account Description	2012 @ new dist. rates	2012 @ existing rates	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues				
	4084-Service Transaction Requests (STR) Revenues	-75	-75		
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413		
	4225-Late Payment Charges	-6,120	-6,120		
	4235-Miscellaneous Service Revenues	-4,032	-4,032		

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Table 3.3.2 Other Revenue Variance Analysis

Review highlighted variances (no input on this sheet)

Variances > 10% (min \$2,000) or \$2,917 are shown in bold					
Account Grouping	Account Description	2012 @ existing rates	2011 Projection	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues				
	4084-Service Transaction Requests (STR) Revenues	-75	-75		
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413		
	4225-Late Payment Charges	-6,120	-6,120		
	4235-Miscellaneous Service Revenues	-4,032	-4,032		

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Table 3.3.2 Other Revenue Variance Analysis*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2011 Projection	2010 Actual	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues		-2,134	2,134	100.0%
	4084-Service Transaction Requests (STR) Revenues	-75	-2	-73	(3650.0%)
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413	0	0.0%
	4225-Late Payment Charges	-6,120	-6,120	0	0.0%
	4235-Miscellaneous Service Revenues	-4,032	-5,053	1,021	20.2%

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Table 3.3.2 Other Revenue Variance Analysis*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2010 Actual	2009 Actual	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues	-2,134	-1,364	-770	(56.5%)
	4084-Service Transaction Requests (STR) Revenues	-2	-52	50	96.2%
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-6,413		
	4225-Late Payment Charges	-6,120	-5,048	-1,072	(21.2%)
	4235-Miscellaneous Service Revenues	-5,053	-4,946	-107	(2.2%)

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Table 3.3.2 Other Revenue Variance Analysis*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2009 Actual	2008 Actual	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues	-1,364	-1,608	244	15.2%
	4084-Service Transaction Requests (STR) Revenues	-52	-25	-27	(105.9%)
3100-Other Operating Revenues	4210-Rent from Electric Property	-6,413	-3,667	-2,746	(74.9%)
	4225-Late Payment Charges	-5,048	-5,772	723	12.5%
	4235-Miscellaneous Service Revenues	-4,946		-4,946	

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Table 3.3.2 Other Revenue Variance Analysis*Review highlighted variances (no input on this sheet)*

Variances > 10% (min \$2,000) or \$2,917 are shown in bold

Account Grouping	Account Description	2008 Actual	2008 EDR Approved	Var \$	Var %
3050-Revenues From Services - Distribution	4082-Retail Services Revenues	-1,608	-1,329	-279	(21.0%)
	4084-Service Transaction Requests (STR) Revenues	-25	-30	5	15.8%
3100-Other Operating Revenues	4210-Rent from Electric Property	-3,667	-6,526	2,859	43.8%
	4225-Late Payment Charges	-5,772	-4,403	-1,369	(31.1%)
	4235-Miscellaneous Service Revenues		-3,474	3,474	100.0%

Other Revenue Variance Analysis

The table at the previous schedule (Table 3.3.2) shows the trend of Other Revenue by USoA account, which includes Specific Service Charges, Late Payment Charges, Other Distribution Revenues and Other Income & Expenses. For the latter two categories, further breakdowns are provided at Schedule 4.

With the exception of Specific Service Charges which were discussed at Schedule 1 of this Tab, Other Revenues have remained flat over 2008 to 2011 and will remain as such for 2012.

Schedule 3 presents the revenue offsets which are applied to the base revenue requirement for the 2012 test year.

Revenue Offsets

This Schedule presents the revenue offsets which are applied the service revenue requirement for the 2012 test year to determine the Base Revenue Requirement.

Other Revenue includes Specific Service Charges, Late Payment Charges, Other Distribution Revenues and Other Income & Expenses.

Revenue Requirement	2012 Projection
OM&A Expenses	434,834
3850-Amortization Expense	76,703
Total Distribution Expenses	511,537
Regulated Return On Capital	66,572
PILs (with gross-up)	5,328
Service Revenue Requirement	583,437
Less: Revenue Offsets	20,303
Base Revenue Requirement	563,134

Exhibit 4:

OPERATING COSTS

Exhibit 4: Operating Costs

Tab 1 (of 8): Manager's Summary

Table 4.1.1. Operating Cost Trend Table

Account Grouping	2008 EDR Approved	2008 Actual	2009 Actual	2010 Actual	2011 Projection	2012 @ new dist. rates
3500-Distribution Expenses - Operation	738	463	10,097	878	12,225	29,543
3550-Distribution Expenses - Maintenance	5,717	8,876	9,184	4,446	2,050	2,050
3650-Billing and Collecting	94,565	89,470	94,140	102,373	121,596	127,734
3700-Community Relations					700	717
3800-Administrative and General Expenses	161,631	145,394	154,422	189,529	211,896	274,790
3950-Taxes Other Than Income Taxes						
OM&A Expenses	262,651	244,203	267,844	297,226	348,467	434,834

Overview of OM&A Expenses

An overview of Hydro 2000's OM&A trend is provided in Table 1 of Exhibit 4, Tab 1, Schedule 2.

Projected OM&A expenses in 2012 are approximately \$86K higher than the 2011 bridge amount. The drivers of major year over year changes in OM&A are described in Exhibit 4, Tab 1, Schedule 4. Hydro 2000 submits that the expected growth in its spending is prudent, reasonable and/or necessary, as it relates principally to the need to fulfill of regulatory requirements (i.e. cost of service and IFRS) and to recruit, part time staff to support safety, reliability and the day to day running of the utility.

Hydro 2000's 2011's OM&A include one-time impacts for (1) one-time costs related to setting up the Hydro 2000's new offices and (2) a one-time cost related to the conversion to Harris billing systems.

Hydro 2000's proposed expenses in 2012 for Operations, Maintenance and Administration ("OM&A") include one-time impacts for (1) rate filings, (2) one-time impact of transitioning to IFRS, (3) one-time cost related to Smart Meter related operating expenses.

Hydro 2000's proposed OM&A for 2012, excluding one-time items, reflects an increase of 59K over its 2011 results.

The following table presents Hydro 2000's OM&A expenses from 20010 to 2012, adjusted for the one-time costs and savings:

Table 1: 2010-2012 OM&A Expenses

	2010	2011	2012
Total OM&A	\$ 297,226	\$ 348,467	\$ 434,834
<i>Adjustments for one-time costs/savings:</i>			
Rate Filing			\$ (35,000)
Transition to IFRS			\$(15,000)
Moving Expenses		\$(8,000)	
Software Conversion	\$(54,000)	\$(6,200)	
Software Upgrade		\$(14,200)	
Smart Meter Related Operating Expenses			\$5,618
Total Adjustments	\$(54,000)	\$(28,400)	\$ (55,618)
Adjusted OM&A	\$243,226	\$320,067	\$379,216
<i>% year/year change</i>			
<i>% compound annual growth</i>			

The most significant factors driving the increase of 59K in 'Adjusted OM&A' (excluding one-time costs and savings) are:

- Salary adjustments to bring compensation levels and associated pensions and benefits of management and administrative staff in line with those of cohorts.
- Hydro 2000 converted its bi-monthly residential billing to monthly billing. Hydro 2000's customer base contains many low income customers as well as senior customers. With the new regulation surrounding deposit policies and payment arrangements, Hydro 2000 feels that billing on a monthly basis will aid customers in meeting their bill commitments. Billing on a monthly calendar basis will simplify billing of time-of-use and from a customer's perspective, ease the transition to a monthly time-of-use billing cycle.
- \$11,150 in yearly on-going smart meter related operating expenses. Details can be found at Exhibit 9 Tab 3.

Conservation & Demand Management Programs

Hydro 2000 delivers the following Conservation & Demand Management ("CDM") programs in association with the Ontario Power Authority ("OPA"):

- Great Refrigerator Roundup
- Energy Retrofit Incentive Plan (ERIP)
- Power Savings Blitz
- PeakSaver

On October 29, 2010, Hydro 2000 filed a proposed Conservation and Demand Management/Green Energy Act 2011-2014 strategy filing in which the utility stated that it did not have any Board-Approved programs planned. The assumption was that the OPA CDM programs would allow Hydro 2000 to achieve 100% of its targets. Hydro 2000 further stated that if this assumption needed to be readdressed in order for the CDM Targets to be met, it would most likely be done in conjunctions with other Local Distribution Company (LDC).

The proposed plan in question is presented at Attachment 1 of this schedule.
Approval of the proposed plan is still pending.

At this time, Hydro 2000 is not requesting any funding through distribution rates for CDM activities. Hydro 2000 has filed as required a CDM plan in order to adhere to its deemed conditions of license, including the achievement of demand and energy savings targets to be allocated by the Board in accordance with the ministerial directive,¹ and

¹ Directive of the Minister of Energy and Infrastructure to the Ontario Energy Board, March 31, 2010

- 1 compliance with a new *CDM Code for Electricity Distributors*² as well as any other
- 2 regulatory requirements relating to CDM.

² On June 22, 2010, the Board issued a Notice of Proposal to Issue a New Code, for the creation of a CDM Code for Electricity Distributors (EB-2010-0215).

Hydro 2000 Inc.

(ED-2002-0542)

CDM/GEA 2011-2014 Strategy Filing

November 1, 2010

Hydro 2000 Inc.

CDM Strategy Filing

November 1, 2010

1. **Distributor's Name:** Hydro 2000 Inc. ED-2002-0542 is filing this CDM Strategy with the Ontario Energy Board (OEB) in accordance with the OEB's September 16, 2010 Issuance of the Conservation and Demand Management Code for Electricity Distributors (EB-2010-0215). This Strategy outlines how Hydro 2000 Inc. will meet the electricity demand and consumption targets set out in its license.
2. **Total Reduction in Peak Provincial Electricity Demand (MW) Target:** 0.2 MW per the proposed CDM Targets for Electricity Distributors issued by the Ontario Energy Board (OEB) on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
3. **Total Reduction in Electricity Consumption (kWh) Target:** 1,000,000 kWh per the proposed CDM Targets for Electricity Distributors issued by the OEB on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
4. **CDM Strategy**

4.1. High Level Description of CDM Strategy

Hydro 2000 utilized the Ontario Power Authority's (OPA) Resource Planning Tool, taking into consideration Hydro 2000's service territory's residential profile and past CDM program results, to forecast their reductions in Peak Provincial Electricity Demand and Electricity Consumption. The streamlined version of the Resource Planning Tool was used, as recommended by the OPA, along with the OEB 2009 Yearbook data to forecast the 2011-2014 results for the Consumer, Commercial & Institutional, and Industrial programs.

This strategy does not take into consideration the significant portion of the target that the OPA expects to result from smart meter and time-of-use rate implementation. OPA advised that the CDM targets assigned to all electricity distributors should include approximately 308MW of savings related to smart meters and time-of-use rates. This advice was based on a study commissioned by the OPA and filed with the OEB as part of the Integrated Power Supply Plan proceeding.

Annual Savings	2011	2012	2013	2014
Peak Demand Reduction – MW	0.04	0.06	0.05	0.06
Electricity Consumption Reduction - MWh	117	181	131	135

Cumulative Savings	2011	2012	2013	2014
Peak Demand Reduction – MW	0.04	0.10	0.15	0.21
Electricity Consumption Reduction - MWh	117	410	811	1324

5. OPA Contracted Province-Wide CDM Programs

5.1. Program Descriptions

Consumer Programs

Name	Years	Description	Target Customers
Instant Rebates	2011-14	In-store discounts on energy efficient products	Residential
Midstream Electronics Incentive	2011-14	Retail promotion of energy efficient televisions	Residential
Midstream Pools Incentive	2011-14	Retail promotion of "right sized" pool equipment	Residential
HVAC Rebates	2011-14	On-line rebates on high efficiency replacement of heating/cooling systems	Residential
Appliance Retirement	2011-14	Free pick-up/decommissioning of old, working inefficient appliances	Residential
Exchange Events	2011-14	Room air conditioner and dehumidifier exchange events at retailers	Residential
Residential New Construction	2011-14	Incentives for builders to construct efficient, smart, and integrated new homes	Residential
Residential Demand Response	2011-14	Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities	Residential
TOTAL	2011-14	70 KW	440 MWh

Hydro 2000's plan is based upon the assumption that there will be sufficient funding available to manage and promote the OPA-contracted Province-Wide Consumer programs. Due to the fact that our CDM Targets are currently under review and the funding formula has yet to be announced, the above listing of programs and total expected reductions are preliminary. Adjustments to this plan may be required when final OEB CDM Targets are issued and OPA funding information is received. No budget projections have been included.

Commercial & Institutional Programs

Name	Years	Description	Target Customers
Equipment Replacement (currently ERIP)	2011-14	The Electricity Retrofit Incentive Program is an incentive program designed to encourage high-efficiency electricity retrofits to existing structures.	Commercial Institutional
Power Savings Blitz	2011-14	Existing building retrofit projects for small business customers in the General service <50kW	Commercial Institutional
Small Commercial Demand Response	2011-14	Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities	Commercial Institutional

TOTAL	2011-14	130 KW	748 MWh
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Hydro 2000's plan is based upon the assumption that there will be sufficient funding available to manage and promote the OPA-contracted Province-Wide Commercial & Institutional programs. Due to the fact that our CDM Targets are currently under review and the funding formula has yet to be announced, the above listing of programs and total expected reductions are preliminary. Adjustments to this plan may be required when final OEB CDM Targets are issued and OPA funding information is received. No budget projections have been included.

Industrial Programs

Name	Years	Description	Target Customers
Equipment Replacement (currently ERIP)	2011-14	Incentive program designed to encourage high-efficiency electricity retrofits to existing structures.	Industrial

TOTAL	2011-14	10 KW	136 MWh
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Hydro 2000's plan is based upon the assumption that there will be sufficient funding available to manage and promote the OPA-contracted Province-Wide Industrial programs. Due to the fact that our CDM Targets are currently under review and the funding formula has yet to be announced, the above listing of programs and total expected reductions are preliminary. Adjustments to this plan may be required when final OEB CDM Targets are issued and OPA funding information is received. No budget projections have been included.

Low Income Programs

Hydro 2000 intends on participating in the OPA-Contracted Province-Wide Low Income Program. Our strategy and forecasted reductions in provincial peak electricity demand and electricity consumption will be filed with the Board once this program has been finalized and its details regarding funding and program components are made available.

6. Potential Board-Approved CDM Programs

- 6.1. At this time Hydro 2000 Inc. does not have any Board-Approved programs planned. Our current assumption is that the OPA CDM programs will allow Hydro 2000 Inc. to achieve 100% of its targets. Should this assumption need to be readdressed in order for us to meet our CDM Targets, we will potentially develop, or join with another Local Distribution Company (LDC), in seeking a Board-Approved CDM Program.

7. Program Mix

- 7.1. Section 5 above illustrates the programs which will be delivered to all customer types in Hydro 2000's service territory, including residential, commercial, industrial, and institutional customers. The strategy was developed having regard to the composition of Hydro 2000's customer base.

Hydro 2000 intends on participating in the OPA-Contracted Province-Wide Low Income Program once additional information has been made available regarding program options and funding.

8. CDM Programs Co-ordination

- 8.1. Hydro 2000 plans to collaborate with other LDCs of similar size and/or geographical closeness in the administration, marketing and implementation of the OPA Contracted Province-Wide programs. Through these partnerships Hydro 2000 expects to achieve efficiencies of delivery and cost savings in the future.

Hydro 2000 will work closely with local Social Service Agencies, local municipal governments, natural gas distributors and other LDC's to deliver its portfolio of OPA-contracted Province-Wide CDM Programs, including an OPA-contracted Low Income program.

Cost Drivers

The table showing cost drivers on Operation, Maintenance and Administration ("OM&A") expenses is presented in Exhibit 4, Tab 2, Schedule 1, Attachment 3.

Below is the explanation of the most significant year over year cost drivers:

2012

- Inclusion of one-time Smart Meter related operating expenses in the amount of \$22,472 amortized over 4 years (\$5,618 per year for a period of 4 years)
- Inclusion of On-going costs related to smart meter operating expenses in the amount of \$11,150. (Exhibit 9, Tab 3)
- Costs of hiring external consultants to assist with the cost of service application (140K) and transition to IFRS (60K) which totals of \$200K amortized over 4 years. (50K per year for a period of 4 years)
- Increased costs for staff compensation (\$3K), largely due to salary adjustments to bring the salaries of non-union staff in line with those of cohorts, as explained in Exhibit 4, Tab 4, Schedule 1.

2011

- Increased costs for staff compensation (\$5K), largely due to salary adjustments to bring the salaries of non-union staff in line with those of cohorts, as explained in Exhibit 4, Tab 4, Schedule 1
- Traveling expenses related to various training sessions for both the general manager and the new assistant manager. (18K)

- 1 • New part-time employee (13K)
- 2 • Moving expenses related to the relocation of the office (\$8,000)
- 3 • Expenses related to conversion to monthly billing (\$5,800)

4

5 **2010**

- 6 • Deloitte and Touche 'services were hired to review and restate deferral and variance
7 balances for the Global Adjustment. RRR filings were also revised accordingly.
8 (\$30K)
- 9 • Increased costs for staff compensation (\$8K), largely due to salary adjustments to
10 bring the salaries of non-union staff in line with those of cohorts, as explained in
11 Exhibit 4, Tab 4, Schedule 1. This increase was booked into account Customer
12 billing.

13 **2009**

- 14 • Increased costs for staff compensation (\$5K), largely due to salary adjustments to
15 bring the salaries of non-union staff in line with those of cohorts, as explained in
16 Exhibit 4, Tab 4, Schedule 1. This increase was booked into account Customer
17 billing.
- 18 • Increase in Management Salaries and Expenses in the amount of (8K). Half of this
19 increase was related to training and travel expenses (CHEC group meetings and
20 Harris training)

- 21 •

22

23

Exhibit 4: Operating Costs

Tab 2 (of 8): Summary and Cost Driver Tables

OM&A Expense Tables

The five following schedules provide further details and analysis of historical and projected OM&A expenses:

- Schedule 2: Summary of OM&A expenses
- Schedule 3: Detailed Account by Account OM&A Expenses
- Schedule 4: OM&A Cost Drivers
- Schedule 5: Regulatory Costs
- Schedule 6: OM&A per Customer and per Full Time Equivalent

File Number:	EB-2011-0xxx
Exhibit:	4
Tab:	2
Schedule:	1
Page:	1

Date:	September 1, 2011
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Appendix 2-E

Summary of OM&A Expenses

Applicants should complete the two tables on this page.

Table 1: OM&A Year-over-Year Comparisons

This table should be completed for each of the comparisons outlined below (Note 1)

- 1 Last rebasing year (LRY) Actuals versus LRY Board approved (shown)
- 2 Year 1 Actuals versus LRY Actuals (Not necessary if LRY = Year 1)
- 3 Year 2 Actuals versus Year 1 Actuals
- 4 Year 3 Actuals versus Year 2 Actuals
- 5 Bridge Year versus Year 3 Actuals
- 6 Test Year versus Bridge Year

	2008	2008	Variance	Percentage Change
	Board-approved	Actuals	\$	%
Operations	\$ 738	\$ 463	-\$ 275	-37.26%
Maintenance	\$ 5,717	\$ 8,875	\$ 3,158	55.24%
Billing and Collecting	\$ 94,444	\$ 89,470	-\$ 4,974	-5.27%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 161,631	\$ 145,390	-\$ 16,241	-10.05%
Total OM&A Expenses	\$ 262,530	\$ 244,198	-\$ 18,332	-6.98%
Inflation Rate				

	2008	2009	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 463	\$ 10,097	\$ 9,634	2080.78%
Maintenance	\$ 8,875	\$ 9,184	\$ 309	3.48%
Billing and Collecting	\$ 89,470	\$ 94,140	\$ 4,670	5.22%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 145,390	\$ 154,425	\$ 9,035	6.21%
Total OM&A Expenses	\$ 244,198	\$ 267,846	\$ 23,648	9.68%
Inflation Rate				

	2009	2010	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 10,097	\$ 878	-\$ 9,219	-91.30%
Maintenance	\$ 9,184	\$ 4,446	-\$ 4,738	-51.59%
Billing and Collecting	\$ 94,140	\$ 102,374	\$ 8,234	8.75%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 154,425	\$ 189,528	\$ 35,103	22.73%
Total OM&A Expenses	\$ 267,846	\$ 297,226	\$ 29,380	10.97%
Inflation Rate				

	2010	2011	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 878	\$ 12,225	\$ 11,347	1292.37%
Maintenance	\$ 4,446	\$ 2,050	-\$ 2,396	-53.89%
Billing and Collecting	\$ 102,374	\$ 121,596	\$ 19,222	18.78%
Community Relations	\$ -	\$ 700	\$ 700	
Administrative and General	\$ 189,528	\$ 211,896	\$ 22,368	11.80%
Total OM&A Expenses	\$ 297,226	\$ 348,467	\$ 51,241	17.24%
Inflation Rate				

	2011	2012	Variance	Percentage Change
	Actuals	Forecast	\$	%
Operations	\$ 12,225	\$ 29,543	\$ 17,318	141.66%
Maintenance	\$ 2,050	\$ 2,050	\$ -	0.00%
Billing and Collecting	\$ 121,596	\$ 127,734	\$ 6,138	5.05%
Community Relations	\$ 700	\$ 717	\$ 17	2.43%
Administrative and General	\$ 211,896	\$ 274,790	\$ 62,894	29.68%
Total OM&A Expenses	\$ 348,467	\$ 434,834	\$ 86,367	24.78%
Inflation Rate				

Table 2: Additional Total OM&A Expense Comparative Information Table

Required Total OM&A Comparison

	2010 Actuals	2012 Forecast	Variance \$	Percentage Change %
Test Year versus Most Current Actuals	\$ 297,226	\$ 434,834	\$ 137,608	46.30%
	\$ 2,008 Board-approved	2012 Forecast	Variance \$	Percentage Change %
Test Year versus LRY Board- approved	\$ 262,530	\$ 434,834	\$ 172,304	65.63%
Simple average of % variance for all years				11.14%
Compound annual growth rate for all years				1.1832

Note 1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.

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Appendix 2-F
Detailed, Account by Account, OM&A Expense Table
(excluding Depreciation and Amortization)

Account Description	2008 BA	2008	2009	2010	Bridge Year	Test Year
Operations						
5005 Operation Supervision and Engineering						
5010 Load Dispatching			\$ 9,080		\$ 9,000	\$ 9,000
5012 Station Buildings and Fixtures Expense						
5014 Transformer Station Equipment - Operation Labour						
5015 Transformer Station Equipment - Operation Supplies and Expenses						
5016 Distribution Station Equipment - Operation Labour						
5017 Distribution Station Equipment - Operation Supplies and Expenses						
5020 Overhead Distribution Lines and Feeders - Operation Labour					\$ 1,500	\$ 2,050
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses						
5030 Overhead Sub-transmission Feeders - Operation						
5035 Overhead Distribution Transformers - Operation	\$ 463	\$ 463	\$ 463	\$ 878	\$ 1,725	\$ 1,725
5040 Underground Distribution Lines and Feeders - Operation Labour						
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses						
5050 Underground Sub-transmission Feeders - Operation						
5055 Underground Distribution Transformers - Operation						
5060 Street Lighting and Signal System Expense						
5065 Meter Expense	\$ 275		\$ 554			\$ 16,768
5070 Customer Premises - Operation Labour						
5075 Customer Premises - Operation Materials and Expenses						
5085 Miscellaneous Distribution Expenses						
5090 Underground Distribution Lines and Feeders - Rental Paid						
5095 Overhead Distribution Lines and Feeders - Rental Paid						
5096 Other Rent						
Total - Operations	\$ 738	\$ 463	\$ 10,097	\$ 878	\$ 12,225	\$ 29,543

Account Description	2008 BA	2008	2009	2010	Bridge Year	Test Year
Maintenance						
5105 Maintenance Supervision and Engineering						
5110 Maintenance of Buildings and Fixtures - Distribution Stations						
5112 Maintenance of Transformer Station Equipment						
5114 Maintenance of Distribution Station Equipment						
5120 Maintenance of Poles, Towers and Fixtures						
5125 Maintenance of Overhead Conductors and Devices	\$ 4,064	\$ 2,309	\$ 7,272	-\$ 92	\$ 1,025	\$ 1,025
5130 Maintenance of Overhead Services						
5135 Overhead Distribution Lines and Feeders - Right of Way		\$ 450	\$ 1,912		\$ 1,025	\$ 1,025
5145 Maintenance of Underground Conduit						
5150 Maintenance of Underground Conductors and Devices						
5155 Maintenance of Underground Services		\$ 5,255		\$ 4,538		
5160 Maintenance of Line Transformers						
5165 Maintenance of Street Lighting and Signal Systems						
5170 Sentinel Lights - Labour						
5172 Sentinel Lights - Materials and Expenses						
5175 Maintenance of Meters	\$ 1,653	\$ 861				
5178 Customer Installations Expenses - Leased Property						
5195 Maintenance of Other Installations on Customer Premises						
Total - Maintenance	\$ 5,717	\$ 8,875	\$ 9,184	\$ 4,446	\$ 2,050	\$ 2,050
Billing and Collecting						
5305 Supervision						
5310 Meter Reading Expense						
5315 Customer Billing	\$ 86,984	\$ 81,079	\$ 87,660	\$ 95,744	\$ 109,596	\$ 115,734
5320 Collecting						
5325 Collecting - Cash Over and Short						
5330 Collection Charges						
5335 Bad Debt Expense	\$ 7,460	\$ 8,391	\$ 6,480	\$ 6,630	\$ 12,000	\$ 12,000
5340 Miscellaneous Customer Accounts Expenses						
Total - Billing and Collecting	\$ 94,444	\$ 89,470	\$ 94,140	\$ 102,374	\$ 121,596	\$ 127,734

Account Description	2008 BA	2008	2009	2010	Bridge Year	Test Year
Community Relations						
5405 Supervision						
5410 Community Relations - Sundry					\$ 700	\$ 717
5415 Energy Conservation						
5420 Community Safety Program						
5425 Miscellaneous Customer Service and Informational Expenses						
5505 Supervision						
5510 Demonstrating and Selling Expense						
5515 Advertising Expenses						
5520 Miscellaneous Sales Expense						
Total - Community Relations	\$ -	\$ -	\$ -	\$ -	\$ 700	\$ 717
Account Description	2008 BA	2008	2009	2010	Bridge Year	Test Year
Administrative and General Expenses						
5605 Executive Salaries and Expenses	\$ 8,871	\$ 10,250	\$ 10,797	\$ 13,401	\$ 12,000	\$ 12,300
5610 Management Salaries and Expenses	\$ 61,263	\$ 63,670	\$ 72,442	\$ 76,588	\$ 100,224	\$ 102,760
5615 General Administrative Salaries and Expenses		\$ 50		\$ 4,700	\$ 5,500	\$ 6,000
5620 Office Supplies and Expenses	\$ 9,013	\$ 10,278	\$ 11,479	\$ 10,605	\$ 27,917	\$ 29,755
5625 Administrative Expense Transferred - Credit						
5630 Outside Services Employed	\$ 28,733	\$ 18,859	\$ 14,548	\$ 11,000	\$ 14,000	\$ 14,775
5635 Property Insurance	\$ 3,410	\$ 4,154	\$ 3,998	\$ 3,309	\$ 4,125	\$ 4,228
5640 Injuries and Damages						
5645 Employee Pensions and Benefits	\$ 8,159	\$ 8,132	\$ 7,859	\$ 6,802	\$ 8,190	\$ 9,517
5650 Franchise Requirements				\$ -		
5655 Regulatory Expenses	\$ 30,500	\$ 21,766	\$ 23,440	\$ 54,540	\$ 22,300	\$ 77,375
5660 General Advertising Expenses						
5665 Miscellaneous General Expenses						
5670 Rent	\$ 7,873	\$ 8,231	\$ 8,399	\$ 8,483	\$ 13,540	\$ 13,878
5675 Maintenance of General Plant						
5680 Electrical Safety Authority Fees	\$ 3,809		\$ 1,463	\$ 100	\$ 4,100	\$ 4,202
5685 Independent Electricity System Operator Fees and Penalties						
5695 OM&A Contra Account						
6205 Donations (Charitable Contributions)						
Total - Administrative and General Expenses	\$ 161,631	\$ 145,390	\$ 154,425	\$ 189,528	\$ 211,896	\$ 274,790
Total OM&A	\$ 262,530	\$ 244,198	\$ 267,846	\$ 297,226	\$ 348,467	\$ 434,834

Note: If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.

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Appendix 2-G OM&A Cost Driver Table

OM&A	2008	2009	2010	2011	2012
Opening Balance		\$ -	\$ 13,000	\$ 51,000	\$ 100,800
Salary Adjustment and travel expenses		\$ 5,000	\$ 8,000	\$ 5,000	\$ 3,000
Deloitte and Touche review of Global Adj.			\$ 30,000		
Training and travel expenses		\$ 8,000		\$ 18,000	
Part-Time employee				\$ 13,000	
Moving expenses related to office relocation				\$ 8,000	
Expenses related to converison to monthly billing				\$ 5,800	
Cost of Service					\$ 140,000
Transition to IFRS					\$ 60,000
Smart Meter related operating expenses					
Closing Balance	\$ -	\$ 13,000	\$ 51,000	\$ 100,800	\$ 303,800

Notes:

- (1) For each year, a detailed explanation for each cost driver and associated amount is required. (please see Exhibit 4, Tab 1, Schedule 4 for details)
- (2) The closing balance for each year becomes the opening balance for the next year.
- (3) If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.

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Appendix 2-H Regulatory Cost Schedule

Regulatory Cost Category		USoA Account	USoA Account Balance	One-time Cost? ²	Last Rebasing Year	Last Year of Actuals	Bridge Year	Annual % Change	Test Year	Annual % Change
(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment			On-Going	\$ 1,696	\$ 1,920	\$ 2,120	10.42%	\$ 2,120	0.00%
2	OEB Hearing Assessments (applicant-originated)									
3	OEB Section 30 Costs (OEB-initiated)									
4	Expert Witness costs for regulatory matters									
5	Legal costs for regulatory matters									
6	Consultants' costs for regulatory matters			On-Time	\$ 28,736	\$ 27,800		-100.00%	\$ 50,000	
7	Operating expenses associated with staff resources allocated to regulatory matters									
8	Operating expenses associated with other resources allocated to regulatory matters ¹			On-Going			\$ 17,000		\$ 30,000	76.47%
9	Other regulatory agency fees or assessments									
10	Any other costs for regulatory matters (Cost of Publication)			On-Going					\$ 3,255	
11	Intervenor costs			On-Time	\$ 5,070				\$ 15,000	
12	Sub-total - Ongoing Costs ³		\$ -		\$ 1,696	\$ 1,920	\$ 19,120	895.83%	\$ 35,375	85.02%
13	Sub-total - One-time Costs ⁴		\$ -		\$ 33,806	\$ 27,800	\$ -	-100.00%	\$ 65,000	
14	Total		\$ -		\$ 35,502	\$ 29,720	\$ 19,120	-35.67%	\$ 100,375	424.97%

Notes: #10 (the 3255 in Other Costs presents expected costs for publication)

¹ Please identify the resources involved. (Deloitte and Touche)

² Where a category's costs include both one-time and ongoing costs, the applicant should prove a separate breakdown between one-time and ongoing costs.

³ Sum of all ongoing costs identified in rows 1 to 11 inclusive.

⁴ Sum of all one-time costs identified in rows 1 to 11 inclusive.

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Date: September 30, 2011

Appendix 2-I OM&A Cost per Customer and per FTEE

	LRY - Board Approved	LRY - Actual	Year 2 Actual	Year 1 Actual	Bridge Year	Test Year
Number of Customers	1,544.00	1,554.00	1,553.00	1,570.00	1,575.00	1,589.00
Total OM&A from Appendix 2-G	\$ 262,530	\$ 244,198	\$ 267,846	\$ 297,226	\$ 348,467	\$ 434,834
OM&A cost per customer	\$ 170	\$ 157	\$ 172	\$ 189	\$ 221	\$ 274
Number of FTEEs	2	2	2	2	2.5	2.5
Customers/FTEEs	772	777	777	785	630	636
OM&A Cost per FTEE	131,265	122,099	133,923	148,613	139,387	173,934

Notes:

- (1) If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
- (2) The method of calculating the number of customers must be identified.
- (3) The method of calculating the number of FTEEs must be identified. See also Appendix 2-K.
- (4) The number of customers and the number of FTEEs should correspond to mid-year or average of January 1 and December 31 figures.

One-Time Costs

Hydro 2000 projects incremental one-time costs in 2012 for this cost of service rate application, to complete the transition to International Financial Reporting Standards ("IFRS and finally to the inclusion of Smart Meter related operating expenses. The table below presents the one-time costs projected for 2012.

Cost of filing rebasing application (140,000 / 4 years)	\$35,000
Cost of converting to IFRS (60,000/4 years)	\$15,000
Smart Meter related Operating Expenses (22,472 / 4 years)	\$5,618

Cost of Service

As noted in Exhibit 4, Tab 2, Schedule 3, Hydro 2000 has considered its overall projected incremental costs for rate applications of \$140,000 and included one quarter of that amount, or 35K in its test year projections for account '5655-Regulatory Expenses', to enable full recovery over four years. The projection includes 30K for preparation or IRM applications or 10K per year for a period of 3 IRM years.

IFRS

As indicated in the minimum filing requirements¹, the Board stipulates that "distributors whose rates are being rebased for 2012 should make all reasonable efforts to file test year forecasts for their cost of service applications using modified IFRS. The Board noted that, since utilities must transition to IFRS in 2012 for financial reporting purposes, the filing of a cost of service application using the same accounting system as is

¹ Chapter 2 of the Filing Requirements for Transmission and Distribution Applications issued June 22, 2011. Page 13

1 required to be used in a distributor's financial statements is expected to minimize future
2 complexities and associated costs."

3
4 The Board goes on to say that that "The Board's letter further stated that a distributor, for
5 whom preparing a modified IFRS based application would impose an unreasonable
6 burden, might file under CGAAP but must provide an explanation of this choice as part
7 of its rate application filing."

8
9 While many other utilities have been collecting IFRS funds for 1-2 years, Hydro 2000
10 has not. Moreover, unlike other larger utilities, Hydro 2000 does not have qualified
11 internal resources that can undertake such a project. The utility currently uses the
12 accounting firm of Deloitte and Touche to perform its accounting function. The utility
13 believes that its distribution revenues at current rates did not permit them to hire external
14 consultants to convert from CGAAP to IFRS.

15
16 Hydro 2000 has consulted with its auditor, financial system support and similarly-situated
17 utilities in arriving at an estimated one-time incremental cost of \$60,000 to complete the
18 transition to IFRS. One quarter of the total cost (\$15,000) has been included in the test
19 year projections for account '5630-Outside Services Employed', to enable full recovery
20 over four years.

21
22 Smart Meter OM&A

23 The utility also included \$5,618 (or \$22,472 amortized over 4 years) for one-time costs
24 related to Smart Meters related operating expenses. Specifics regarding those costs can
25 be found at Exhibit 9, Tab 3.

Regulatory Costs

Details of Hydro 2000's regulatory costs appear in Schedule 1, Attachment 4 of this Exhibit/Tab.

Hydro 2000 estimates consulting fees of approximately \$110K to complete this 2012 cost of service rate application. Hydro 2000 engaged the services of Elenchus Research Associates ("Elenchus") to assist in this process, given the limited internal resources available to work on an extensive application. At the time of the filing, Hydro 2000 incurred about \$43K in fees from Elenchus and 7K for Deloitte and Touche; another \$60K is budgeted to address the post filing phases in the proceeding. A total of \$110K is estimated in incremental costs directly associated with the 2012 rate application.

Hydro 2000 also projects average incremental costs of \$10K in each of the following three IRM¹ filing years, or an aggregate amount of \$30K, due to the increased efforts expected under the Board's 3rd Generation IRM e.g. revenue to cost adjustments, deferral/variance account dispositions including smart meters, additional filing requirements such as those arising from the GEGEA,² etc.

As a result, total rate filing costs of \$140K are estimated for Hydro 2000's upcoming four-year rebasing cycle. 25% of this amount (\$35K) has been included in Hydro 2000's test year costs, in addition to \$27000K in annual baseline regulatory costs, consistent with actual costs in the most recent two historical years. Hydro 2000 has also included \$60,000 (\$15,000 amortized over 4 years) for transition to IFRS.

A breakdown of the proposed expenditures related to the cost of service is presented in the table below.

¹ Incentive Regulation Mechanism

² *Green Energy and Green Economy Act, 2009*

FILING COSTS FOR RATE APPLICATIONS	
(in thousands)	
Pre-filing evidence	
Elenchus	43
Deloitte and Touche	15
Production & Submission	5
Public Notice	2
Interrogatories	20
Argument in chief	0
Reply submission	5
Intervenor costs	15
Rate Order	5
Total Filing costs	110
IRM filing costs 2012-14 (note: estimated \$10K for each typical filing)	30
Total for Rate Filings	140

Low-Income Energy Assistance Program (LEAP)

The minimum filing guidelines states that utilities are allowed to include either 0.12% of a distributor's Board-approved distribution revenue requirement, or \$2,000. The \$2,000 minimum is intended to ensure that for smaller distributors more funding is available than otherwise would be if based solely on a percentage of distribution revenues.

Accordingly, Hydro 2000 has included the amount of \$2,000 in its 2012 projections. This amount will be used for financial assistance to low-income energy consumers.

***Charges Related to the Green Energy and Green
Economy Act***

Hydro 2000 expects to comply with all licensing conditions and other regulatory requirements arising from the implementation of the *Green Energy and Green Economy Act, 2009*. The Board, in EB-2009-0397, defined the parameters for the filing of a Basic GEA Plan. Such indicated that a utility must file its Basic GEA Plan with a COS Application. At this time, Hydro 2000 is not filing a Distribution System Plan with specific initiatives or quantified incremental costs. Rather, Hydro 2000 proposes to record any incremental costs associated with initiatives under this legislation to the appropriate Board-approved deferral accounts:

- 1531 – Renewable Connection Capital Deferral Account
- 1532 – Renewable Connection OM&A Deferral Account
- 1534 – Smart Grid Capital Deferral Account
- 1535 – Smart Grid OM&A Deferral Account

Having reviewed the Basic Green Energy Plans currently before the Board, Hydro 2000 has taken the approach that it needs to gain knowledge, experience and expertise before it can invest in the necessary resources to complete such a Plan. Hydro 2000 also seeks to gain efficiencies in working with its cohorts and minimizing its costs by learning from other applications.

Being fully embedded in Hydro One's territory, Hydro 2000 is required to obtain permission from Hydro One to connect renewable generation to its system. Hydro 2000 is also obligated to comply with Hydro One's connection requirements for which the utility could incur additional costs. Hydro 2000 intends to cooperate closely with Hydro One in order to optimize the connection of renewable generators; gain a better

- 1 understanding of the impacts of renewable generation on Hydro 2000's distribution
- 2 system and its regulatory costs.

Charitable Donations

No amounts for charitable donations are included in Hydro 2000's proposed distribution expenses for the 2012 test year.

Hydro 2000 has a policy not to make charitable donations. Its Board of Directors has determined that it would not be prudent to use revenues from Hydro 2000's customers to fund charitable organizations.

Hydro 2000 does however; provide assistance where its skilled expertise can aid in community activities. Staff are involved in such activities as volunteering their time to different causes and service organizations such as educating social workers in Prescott-Russell as to how to handle deposits and how to deal with retailers.

Exhibit 4: Operating Costs

Tab 3 (of 8): OM&A Variance Analysis

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 4.3.1. OM&A Variance Table*Review highlighted variances (no input on this sheet)*

Variances > 10% (min \$2,000) or \$2,917 are shown in bold					
Account Grouping	Account Description	2012 @ existing rates	2011 Projection	Var \$	Var %
3500-Distribution Expenses - Operation	5010-Load Dispatching	9,000	9,000		
	5020-Overhead Distribution Lines and Feeders - Operation Labour	2,050	1,500	550	36.7%
	5035-Overhead Distribution Transformers-Operation	1,725	1,725		
	5065-Meter Expense	16,768		16,768	
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	1,025	1,025		
	5135-Overhead Distribution Lines and Feeders - Right of Way	1,025	1,025		
	5155-Maintenance of Underground Services				
	5175-Maintenance of Meters				
3650-Billing and Collecting	5315-Customer Billing	115,734	109,596	6,138	5.6%
	5330-Collection Charges				
	5335-Bad Debt Expense	12,000	12,000		
3700-Community Relations	5410-Community Relations - Sundry	717	700	17	2.4%
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	12,300	12,000	300	2.5%
	5610-Management Salaries and Expenses	102,760	100,224	2,536	2.5%
	5615-General Administrative Salaries and Expenses	6,000	5,500	500	9.1%
	5620-Office Supplies and Expenses	29,755	27,917	1,838	6.6%
	5630-Outside Services Employed	14,775	14,000	775	5.5%
	5635-Property Insurance	4,228	4,125	103	2.5%
	5645-Employee Pensions and Benefits	9,517	8,190	1,327	16.2%
	5655-Regulatory Expenses	77,375	22,300	55,075	247.0%
	5670-Rent	13,878	13,540	338	2.5%
	5680-Electrical Safety Authority Fees	4,202	4,100	102	2.5%
	5705-Amortization Expense - Property, Plant, and Equipment	76,703	60,751	15,952	26.3%

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 4.3.1. OM&A Variance Table*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2011 Projection	2010 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5010-Load Dispatching	9,000		9,000	
	5020-Overhead Distribution Lines and Feeders - Operation Labour	1,500		1,500	
	5035-Overhead Distribution Transformers-Operation	1,725	878	847	96.5%
	5065-Meter Expense				
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	1,025	-92	1,117	1217.4%
	5135-Overhead Distribution Lines and Feeders - Right of Way	1,025		1,025	
	5155-Maintenance of Underground Services		4,538	-4,538	(100.0%)
	5175-Maintenance of Meters				
3650-Billing and Collecting	5315-Customer Billing	109,596	95,744	13,852	14.5%
	5330-Collection Charges				
	5335-Bad Debt Expense	12,000	6,630	5,370	81.0%
3700-Community Relations	5410-Community Relations - Sundry	700		700	
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	12,000	13,401	-1,401	(10.5%)
	5610-Management Salaries and Expenses	100,224	76,588	23,636	30.9%
	5615-General Administrative Salaries and Expenses	5,500	4,700	800	17.0%
	5620-Office Supplies and Expenses	27,917	10,606	17,312	163.2%
	5630-Outside Services Employed	14,000	11,000	3,000	27.3%
	5635-Property Insurance	4,125	3,309	816	24.7%
	5645-Employee Pensions and Benefits	8,190	6,802	1,388	20.4%
	5655-Regulatory Expenses	22,300	54,540	-32,240	(59.1%)
	5670-Rent	13,540	8,483	5,057	59.6%
	5680-Electrical Safety Authority Fees	4,100	100	4,000	4000.0%
	5705-Amortization Expense - Property, Plant, and Equipment	60,751	55,342	5,408	9.8%

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 4.3.1. OM&A Variance Table*Review highlighted variances (no input on this sheet)*

Variances > 10% (min \$2,000) or \$2,917 are shown in bold					
Account Grouping	Account Description	2010 Actual	2009 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5010-Load Dispatching		9,080	-9,080	(100.0%)
	5020-Overhead Distribution Lines and Feeders - Operation Labour				
	5035-Overhead Distribution Transformers-Operation	878	463	415	89.6%
	5065-Meter Expense		554	-554	(100.0%)
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	-92	7,272	-7,364	(101.3%)
	5135-Overhead Distribution Lines and Feeders - Right of Way		1,913	-1,913	(100.0%)
	5155-Maintenance of Underground Services	4,538		4,538	
	5175-Maintenance of Meters				
3650-Billing and Collecting	5315-Customer Billing	95,744	87,661	8,083	9.2%
	5330-Collection Charges				
	5335-Bad Debt Expense	6,630	6,480	150	2.3%
3700-Community Relations	5410-Community Relations - Sundry				
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	13,401	10,792	2,609	24.2%
	5610-Management Salaries and Expenses	76,588	72,443	4,146	5.7%
	5615-General Administrative Salaries and Expenses	4,700		4,700	
	5620-Office Supplies and Expenses	10,606	11,479	-874	(7.6%)
	5630-Outside Services Employed	11,000	14,548	-3,548	(24.4%)
	5635-Property Insurance	3,309	3,998	-689	(17.2%)
	5645-Employee Pensions and Benefits	6,802	7,859	-1,058	(13.5%)
	5655-Regulatory Expenses	54,540	23,440	31,099	132.7%
	5670-Rent	8,483	8,399	84	1.0%
	5680-Electrical Safety Authority Fees	100	1,463	-1,363	(93.2%)
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	55,342	52,384	2,958	5.6%

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 4.3.1. OM&A Variance Table*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2009 Actual	2008 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5010-Load Dispatching	9,080		9,080	
	5020-Overhead Distribution Lines and Feeders - Operation Labour				
	5035-Overhead Distribution Transformers-Operation	463	463		
	5065-Meter Expense	554		554	
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	7,272	2,309	4,963	214.9%
	5135-Overhead Distribution Lines and Feeders - Right of Way	1,913	450	1,463	325.0%
	5155-Maintenance of Underground Services		5,255	-5,255	(100.0%)
	5175-Maintenance of Meters		862	-862	(100.0%)
3650-Billing and Collecting	5315-Customer Billing	87,661	81,080	6,581	8.1%
	5330-Collection Charges				
	5335-Bad Debt Expense	6,480	8,391	-1,911	(22.8%)
3700-Community Relations	5410-Community Relations - Sundry				
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	10,792	10,251	541	5.3%
	5610-Management Salaries and Expenses	72,443	63,671	8,772	13.8%
	5615-General Administrative Salaries and Expenses		50	-50	(100.0%)
	5620-Office Supplies and Expenses	11,479	10,279	1,200	11.7%
	5630-Outside Services Employed	14,548	18,859	-4,311	(22.9%)
	5635-Property Insurance	3,998	4,155	-157	(3.8%)
	5645-Employee Pensions and Benefits	7,859	8,132	-273	(3.4%)
	5655-Regulatory Expenses	23,440	21,766	1,674	7.7%
	5670-Rent	8,399	8,231	168	2.0%
	5680-Electrical Safety Authority Fees	1,463		1,463	
	5705-Amortization Expense - Property, Plant, and Equipment	52,384	47,544	4,840	10.2%

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 4.3.1. OM&A Variance Table*Review highlighted variances (no input on this sheet)*

		Variances > 10% (min \$2,000) or \$2,917 are shown in bold			
Account Grouping	Account Description	2008 Actual	2008 EDR Approved	Var \$	Var %
3500-Distribution Expenses - Operation	5010-Load Dispatching				
	5020-Overhead Distribution Lines and Feeders - Operation Labour				
	5035-Overhead Distribution Transformers-Operation	463	463		
	5065-Meter Expense		275	-275	(100.0%)
3550-Distribution Expenses - Maintenance	5125-Maintenance of Overhead Conductors and Devices	2,309	4,064	-1,755	(43.2%)
	5135-Overhead Distribution Lines and Feeders - Right of Way	450		450	
	5155-Maintenance of Underground Services	5,255		5,255	
	5175-Maintenance of Meters	862	1,653	-791	(47.9%)
3650-Billing and Collecting	5315-Customer Billing	81,080	86,984	-5,904	(6.8%)
	5330-Collection Charges		121	-121	(100.0%)
	5335-Bad Debt Expense	8,391	7,460	931	12.5%
3700-Community Relations	5410-Community Relations - Sundry				
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	10,251	8,871	1,380	15.6%
	5610-Management Salaries and Expenses	63,671	61,263	2,408	3.9%
	5615-General Administrative Salaries and Expenses	50		50	
	5620-Office Supplies and Expenses	10,279	9,013	1,266	14.0%
	5630-Outside Services Employed	18,859	28,733	-9,874	(34.4%)
	5635-Property Insurance	4,155	3,410	745	21.8%
	5645-Employee Pensions and Benefits	8,132	8,159	-27	(0.3%)
	5655-Regulatory Expenses	21,766	30,500	-8,734	(28.6%)
	5670-Rent	8,231	7,873	358	4.6%
	5680-Electrical Safety Authority Fees		3,809	-3,809	(100.0%)
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	47,544	51,889	-4,345	(8.4%)

1

OM&A Variances Analysis

2 Table 4.3.1 at the previous schedule presents the variance analysis of Hydro 2000's
 3 expenses for Operations, Maintenance and Administration ("OM&A") for each individual
 4 account. The summarized view by account grouping that appears in Exhibit 4, Tab 2,
 5 Schedule 1, Attachment 1 has been reproduced below.

6

	2008	2008	Variance	Percentage Change
	Board-approved	Actuals	\$	%
Operations	\$ 738	\$ 463	-\$ 275	-37.26%
Maintenance	\$ 5,717	\$ 8,875	\$ 3,158	55.24%
Billing and Collecting	\$ 94,444	\$ 89,470	-\$ 4,974	-5.27%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 161,631	\$ 145,390	-\$ 16,241	-10.05%
Total OM&A Expenses	\$ 262,530	\$ 244,198	-\$ 18,332	-6.98%
Inflation Rate				

	2008	2009	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 463	\$ 10,097	\$ 9,634	2080.78%
Maintenance	\$ 8,875	\$ 9,184	\$ 309	3.48%
Billing and Collecting	\$ 89,470	\$ 94,140	\$ 4,670	5.22%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 145,390	\$ 154,425	\$ 9,035	6.21%
Total OM&A Expenses	\$ 244,198	\$ 267,846	\$ 23,648	9.68%
Inflation Rate				

	2009	2010	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 10,097	\$ 878	-\$ 9,219	-91.30%
Maintenance	\$ 9,184	\$ 4,446	-\$ 4,738	-51.59%
Billing and Collecting	\$ 94,140	\$ 102,374	\$ 8,234	8.75%
Community Relations	\$ -	\$ -	\$ -	
Administrative and General	\$ 154,425	\$ 189,528	\$ 35,103	22.73%
Total OM&A Expenses	\$ 267,846	\$ 297,226	\$ 29,380	10.97%
Inflation Rate				

7

1

	2010	2011	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 878	\$ 12,225	\$ 11,347	1292.37%
Maintenance	\$ 4,446	\$ 2,050	-\$ 2,396	-53.89%
Billing and Collecting	\$ 102,374	\$ 121,596	\$ 19,222	18.78%
Community Relations	\$ -	\$ 700	\$ 700	
Administrative and General	\$ 189,528	\$ 211,896	\$ 22,368	11.80%
Total OM&A Expenses	\$ 297,226	\$ 348,467	\$ 51,241	17.24%
Inflation Rate				

	2011	2012	Variance	Percentage Change
	Actuals	Forecast	\$	%
Operations	\$ 12,225	\$ 29,543	\$ 17,318	141.66%
Maintenance	\$ 2,050	\$ 2,050	\$ -	0.00%
Billing and Collecting	\$ 121,596	\$ 127,734	\$ 6,138	5.05%
Community Relations	\$ 700	\$ 717	\$ 17	2.43%
Administrative and General	\$ 211,896	\$ 274,790	\$ 62,894	29.68%
Total OM&A Expenses	\$ 348,467	\$ 434,834	\$ 86,367	24.78%
Inflation Rate				

2

3

1 The following sections provide explanations for material year over year variances.

2 **2012 Test Year vs 2011 Bridge Year**

3 OM&A expense in 2012 are projected to increase by \$86K over actual 2011 expenses.
4 The variance consists primarily of increases in Administrative and General Expenses
5 (\$62K). The variance in Administrative and General Expenses is principally attributable to
6 the following factors:

7 Operations: 17K

- 8 • costs associated with the inclusion of 2012 cost of service application including 3
9 years of IRM: \$35K

10 Admin and General Expenses: 62K

- 11 • costs associated with the 2012 cost of service application including 3 years of
12 IRM: \$35K
- 13 • costs associated with the transition to International Financial Reporting
14 Standards ("IFRS"): \$15K
- 15 • Other costs are attributed to office expenses.

16

17 **2011 Bridge Year vs 2010 Historical Actual**

18 OM&A expenses in 2011 increased by \$85K from 2010 actual expenses. The variance
19 consists primarily of higher costs for Administrative and General Expenses (\$103K) and
20 an increase in Operations of (19K). This increase is offset by a reduction of (40K) in
21 Billing and Collection. The variance in Administrative and General Expenses is
22 principally attributable to the following factors:

23 Operations: 19K

- 24 • Expenses in the amount of 10K related to Load Dispatching and a increased
25 maintenance to Overhead Distribution Lines following inspection from the ESA

1
2
3 Admin and General Expenses: 103K

- 4 • Following a salary review by Hydro 2000's Board of Directors in 2008, it was
5 decided that a salary increases was necessary to bring salaries to the level of the
6 utility's cohorts (see Exhibit 4, Tab 4, Schedule 1). This was to be done over a 4
7 year period. As of 2011, salaries are considered to be in line with the utility's
8 cohorts.
- 9 • Hydro 2000 hired a part-time employee to cover the increased requirements
10 surrounding conservation and demand side management. The Part-time
11 employee also helps with day to day activities of the utility such as answering the
12 phone, dealing with customers, assisting with billing and helps with basic
13 regulatory filings.
- 14 • Hydro 2000 decided to move its offices to a better suited location. Prior to moving
15 to its new location, the utility shared office space with other municipal
16 departments. The square footage of the utility was roughly 400 square feet.
17 Board meetings were held at a hall because the utility did not have a meeting
18 room to accommodate its board or any consultants. The new location includes an
19 office of the part-time employee as well as a meeting room. The square footage
20 of the new office is 1200 square feet. The utility purchased new and better fitting
21 office furniture for its new location. .
- 22 • There was a slight increase in monthly rent from the old location to the new office
23 location.
- 24 • A lump sum in the amount of \$50 was paid Harris for the conversion of the old
25 billing system to Harris's billing system.

2010 Historical Actual vs 2009 Historical Actual

OM&A expenses in 2010 increased by \$29K from 2009 actual expenses. The increase was due mainly to increase in Administrative & General Expenses (\$35K), largely offset by decreasing costs for Operation as well as Maintenance.

Admin and General Expenses: 35K

- The implementation of a new Customer Information System with increased software maintenance, increased labour by all office staff to learn the new system, and the shifting of the officer manager's time from administration to billing to spearhead the project and An adjustment to Salaries and Expenses in order to bring salaries to the level of the utility's cohorts (see Exhibit 4, Tab 4, Schedule 1): 8K
- Regulatory expenses related to restatement of deferral and variance balances for the Global Adjustment. RRR filings were also revised accordingly. (\$30K)

The decrease in Distribution Expenses – Operation was mainly due to a decreased of 10K in Load Dispatching and a decrease in maintenance activities for overhead lines, underground plant and substations.

2009 Historical Actual vs 2008 Historical Actual

OM&A expenses in 2009 increased by \$24K over 2008 actual expenses. The variance consists primarily of higher costs for Administrative & General Expenses (\$9K) and Operations (\$9K).

Admin and General Expenses: 9K

- An adjustment to Salaries and Expenses in order to bring salaries to the level of the utility's cohorts (see Exhibit 4, Tab 4, Schedule 1).

1 Operations: 9K

- 2 • Expenses in the amount of 10K related to Load Dispatching and a increased
3 maintenance to Overhead Distribution Lines following inspection from the ESA

4

5 **2008 Historical Actual vs 2008 EDR Board-Approved**

6

7 OM&A for 2008 Actuals were 18K lower than the 2008 Board Approved projections. The
8 reduction affected the Administration & General Expense (16K).

9

Exhibit 4: Operating Costs

Tab 4 (of 8): Employee Compensation

File Number: EB-20XX-XXXX
 Exhibit: 4
 Tab: 4
 Schedule: 1
 Page: 1
 Date: Aug 26, 2011

Appendix 2-K Employee Costs

	LRY - Board Approved	LRY - Actual	Historical Year 2	Historical Year 1	Bridge Year	Test Year
Number of Employees (FTEs including Part-Time)¹						
Executive	1	1	1	1	1	1
Management	1	1	1	1	1	1
Non-Union						
Union						
Total	2	2	2	2	2	2
Number of Part-Time Employees						
Executive						
Management		-	-	-	-	-
Non-Union					1	1
Union						
Total	-	-	-	-	1	1
Total Salary and Wages						
Executive		\$ 107,000	\$ 109,222	\$ 117,700	\$ 138,850	\$ 151,260
Management						
Non-Union						
Union						
Total	\$ -	\$ 107,000	\$ 109,222	\$ 117,700	\$ 138,850	\$ 151,260
Current Benefits						
Executive		\$ 11,196	\$ 10,622	\$ 8,064	\$ 11,224	\$ 12,082
Management						
Non-Union						
Union						
Total	\$ -	\$ 11,196	\$ 10,622	\$ 8,064	\$ 11,224	\$ 12,082
Accrued Pension and Post-Retirement Benefits						
Executive					\$ -	\$ -
Management						
Non-Union						
Union						
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Benefits (Current + Accrued)						
Executive	\$ -	\$ 11,196	\$ 10,622	\$ 8,064	\$ 11,224	\$ 12,082
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Union	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Union	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 11,196	\$ 10,622	\$ 8,064	\$ 11,224	\$ 12,082
Total Compensation (Salary, Wages, & Benefits)						
Executive	\$ -	\$ 118,196	\$ 119,844	\$ 125,764	\$ 150,074	\$ 163,342
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Union	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Union	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 118,196	\$ 119,844	\$ 125,764	\$ 150,074	\$ 163,342
Compensation - Average Yearly Base Wages						
Executive						
Management						
Non-Union						
Union						
Total						
Compensation - Average Yearly Overtime						
Executive						
Management						
Non-Union						
Union						
Total						
Compensation - Average Yearly Incentive Pay						
Executive						
Management						
Non-Union						
Union						
Total						
Compensation - Average Yearly Benefits						
Executive						
Management						
Non-Union						
Union						
Total						
Total Compensation	\$ -	\$ 118,196	\$ 119,844	\$ 125,764	\$ 150,074	\$ 163,342
Total Compensation Charged to OM&A						
Total Compensation Capitalized	\$ -	\$ 118,196	\$ 119,844	\$ 125,764	\$ 150,074	\$ 163,342

Note:

¹ If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.

Staffing and Compensation Levels

Table 4.4.1 at the previous schedule presents a breakdown of Hydro 2000's staffing levels and employee compensation costs. The executive salary is aggregated with management salaries, in accordance with Board policy that states: *Where there are three or fewer employees in any category, the applicant may aggregate this category with the category to which it is most closely related.*¹

Hydro 2000 has 3 employees, a General Manager, and Administrative Assistant as well as a part-time employee.

Both non-union employees' compensation levels are reviewed by the general manager and the Board of Directors

In 2007, Hydro 2000's and Alfred Plantagenet Township, started a review of the salaries for, management and administrative staff. The committee initially did a comparison of the general manager's salary with those in surrounding utilities and utilities of a similar size, as well as salaries of local executives. As a result of this review, the general manager's salary was partly adjusted in late 2008. Since the General Manager's salary was far below those of the comparators (equivalent to a CSR at a utility in the GTA) it was decided that further adjustments to management salaries over a number of years was necessary in order to bring these to their cohorts' levels. The total adjustment over a period of 4 years was 16K.

In December of 2010, Hydro 2000's administrative assistant of 20 years retired. The position of administrative assistant was posted, with the successful candidate being hired in January of 2011.

¹ Ontario Energy Board, Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, May 27, 2009, page 15

1

Table 1: Staffing Levels by Department

Management	1
Non-union	1
Part time	0.5

2

3 Hydro 2000 does not pay Extended Health Care Plan, Dental Plan, Vision Plan, Life
4 Insurance nor Long Term Disability Plan. An option of RRSP matching is available up to
5 7% of employee salary.

6

Exhibit 4: Operating Costs

Tab 5 (of 8): Corporate Cost Allocations

Shared Service & Corporate Cost Allocation

As defined by the Board, Shared Services is the concentration of a company's resources performing like activities (typically spread across the organization) in order to service affiliates (and/or a parent company), with the intention of achieving lower costs and higher service levels.

Hydro 2000 does not have any affiliates and having only 3 employees, does not have shared services or allocate corporate costs.

Exhibit 4: Operating Costs

Tab 6 (of 8): Purchase of Non-Affiliate Services

Purchases from Suppliers

Hydro 2000 purchases supplies and services from third parties in order to distribute electricity to its customers. Attachment 1-4 lists Hydro 2000's expenditures on purchased products and services in 2008, 2009, 2010 and up to June 2011, from any single supplier. While spending projections are not prepared on this basis, Hydro 2000 expects its pattern of expenditures to remain generally consistent with recent history, except for material variances in expenses for Operations, Maintenance and Administration (see Exhibit 4, Tab 3, Schedule 1) and planned capital projects (see Exhibit 2, Tab 4, Schedule 3).

Hydro 2000 purchases equipment, materials and services in a cost effective manner, with full consideration given to price as well as product quality, availability, the ability to deliver on time, reliability, compliance with ESA as well as engineering specifications and quality of services. Vendors are screened to ensure knowledge, reputation, and the capability to meet Hydro 2000's needs. The procurement of goods and services for Hydro 2000 is carried out with the highest of ethical standards and consideration to the public nature of the expenditures.

Purchase Authorization

Major purchases are acquired through a tender process, while purchases of lesser values are purchased using a quotation system. The General Manager submits recommendation while the Board of Directors approves all major purchases.

Hydro 2000's Board of Directors approves the capital and operating budgets annually.

NOM ENTREPRISE	Janvier	Février	Mars	Avril	Mai	Juin	Juillet	Août	Septembre	Octobre	Novembre	Décembre	TOTAL
1 B&C	\$ -	\$ 244.07	\$ 220.35	\$ -	\$ -	\$ -	\$ -	\$ 93.23	\$ 372.35	\$ -	\$ -	\$ 112.99	\$ 1,042.99
2 Bay Cadd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110.25	\$ -	\$ 110.25
3 Bell	\$ -	\$ 1,922.67	\$ 232.03	\$ 254.57	\$ 2,428.82	\$ 248.19	\$ 243.71	\$ 236.59	\$ 238.63	\$ 238.11	\$ -	\$ 485.90	\$ 6,529.22
4 Bell Mobilité	\$ 54.72	\$ 57.11	\$ -	\$ 67.61	\$ 56.29	\$ 57.44	\$ -	\$ 61.14	\$ 53.25	\$ 143.62	\$ 84.05	\$ 69.96	\$ 705.19
5 Canton D'alfred & Plantagenet	\$ 965.59	\$ -	\$ 907.44	\$ 720.24	\$ 720.24	\$ 21,954.68	\$ 1,440.48	\$ 720.24	\$ 720.24	\$ 720.24	\$ 22,044.68	\$ 720.24	\$ 51,634.31
6 Charbonneau Bercier Tailon	\$ 2,051.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,051.29
7 Christies & Walter	\$ 1,499.91	\$ 168.19	\$ 177.61	\$ 198.74	\$ 168.19	\$ 177.61	\$ 203.45	\$ 180.85	\$ 180.85	\$ 214.70	\$ 180.05	\$ 169.62	\$ 3,519.77
8 Deloitte	\$ -	\$ -	\$ -	\$ 15,015.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,887.50	\$ -	\$ 17,902.50
9 Dicom	\$ -	\$ -	\$ -	\$ 160.13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160.13
10 Elenchus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118.13	\$ -	\$ -	\$ -	\$ 118.13
11 ESM Computer service	\$ -	\$ -	\$ 98.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98.44
12 Gazda Houline	\$ 3,964.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,964.40
13 Harris	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Hydro 2000 Électricité	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Hydro Embrun	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 Hydro Hawkesbury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Hydro one	\$ -	\$ -	\$ 245,002.43	\$ 247,222.51	\$ 261,699.77	\$ 165,448.97	\$ 133,779.94	\$ 139,212.48	\$ 154,567.36	\$ 130,995.71	\$ 108,813.58	\$ 159,671.05	\$ 1,746,413.80
18 Hydro Ottawa	\$ -	\$ 508.50	\$ -	\$ -	\$ 528.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037.34
19 IGS	\$ -	\$ -	\$ -	\$ 136.48	\$ 68.24	\$ 68.24	\$ 68.24	\$ 73.49	\$ 73.49	\$ 73.49	\$ 73.49	\$ 73.49	\$ 708.65
20 Imprimerie Serge	\$ -	\$ -	\$ -	\$ 14.13	\$ 167.24	\$ 212.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393.81
21 Le Carillon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 714.00	\$ 714.00
22 Levac Robichaud Leclerc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346.50	\$ 346.50
23 Marcel Gaudreau	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972.00
24 Mearie	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,113.56	\$ -	\$ 2,113.56
25 ORPC	\$ 2,117.33	\$ -	\$ 2,750.83	\$ 5,045.76	\$ 2,098.15	\$ 31.33	\$ 2,288.52	\$ 2,249.92	\$ 2,917.89	\$ 5,050.76	\$ 31.33	\$ 59,728.56	\$ 84,310.38
26 Pitney bowes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107.30	\$ -	\$ -	\$ 113.00	\$ -	\$ -	\$ 220.30
27 Proxim Plantagenet	\$ -	\$ -	\$ -	\$ 44.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44.29
28 Rona	\$ -	\$ -	\$ 74.60	\$ 43.21	\$ 125.29	\$ -	\$ 6.78	\$ -	\$ 40.64	\$ -	\$ 42.64	\$ -	\$ 333.16
29 Sproule	\$ -	\$ -	\$ 1,388.13	\$ 1,947.75	\$ 6,891.15	\$ 7,982.63	\$ 742.35	\$ 3,930.42	\$ 724.50	\$ 2,455.44	\$ 2,753.64	\$ 3,462.39	\$ 32,278.40
30 Tribune Express	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 674.73	\$ 674.73
31 Unlimitel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37.12	\$ -	\$ -	\$ 37.12	\$ -	\$ 74.24
32 Vitech	\$ -	\$ -	\$ 1,572.96	\$ 340.36	\$ 120.63	\$ 1,663.08	\$ 238.71	\$ -	\$ -	\$ 1,337.64	\$ -	\$ 47.74	\$ 5,321.12
33 Lakefront utilities	\$ -												

NOM ENTREPRISE	Janvier	Février	Mars	Avril	Mai	Juin	Juillet	Août	Septembre	Octobre	Novembre	Décembre	TOTAL
1 B&C	\$ 604.51	\$ -	\$ -	\$ -	\$ 383.05	\$ -	\$ -	\$ -	\$ 768.35	\$ 364.89	\$ -	\$ 310.75	\$ 2,431.55
2 Bay Cadd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Bell	\$ 238.00	\$ 244.05	\$ 2,422.40	\$ 243.80	\$ 251.32	\$ 294.74	\$ 246.56	\$ 244.01	\$ 250.62	\$ 982.30	\$ 488.55	\$ 398.57	\$ 6,304.92
4 Bell Mobilité	\$ 55.63	\$ -	\$ 108.54	\$ -	\$ 51.89	\$ -	\$ 59.02	\$ 85.55	\$ 154.47	\$ 60.72	\$ 72.77	\$ 58.34	\$ 706.93
42 Border Ladner & Gervais	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,063.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,063.01
35 Canada Post	\$ 327.60	\$ -	\$ -	\$ 147.01	\$ -	\$ -	\$ -	\$ -	\$ 170.10	\$ -	\$ -	\$ -	\$ 644.71
5 Canton D'alfred & Plantagenet	\$ 734.95	\$ 734.95	\$ 734.95	\$ 734.95	\$ 734.95	\$ 78,102.09	\$ 734.95	\$ 734.95	\$ 734.95	\$ 734.95	\$ -	\$ 734.95	\$ 85,451.59
6 Charbonneau Bercier Tailon	\$ -	\$ 1,792.80	\$ -	\$ -	\$ -	\$ -	\$ 270.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,062.80
7 Christies & Walter	\$ 225.95	\$ 180.85	\$ 180.85	\$ 203.45	\$ 201.65	\$ 188.99	\$ 211.59	\$ 188.99	\$ 188.99	\$ 222.84	\$ 188.99	\$ 177.75	\$ 2,360.89
8 Deloitte	\$ -	\$ -	\$ -	\$ -	\$ 11,235.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,087.50	\$ 18,322.50
9 Dicom	\$ -	\$ -	\$ -	\$ -	\$ 14.32	\$ -	\$ 14.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29.07
39 Ekstrom Industries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024.63	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024.63
10 Elenchus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 Elster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,600.00	\$ 137,934.13	\$ 9,610.34	\$ 9,190.00	\$ 967.85	\$ 836.20	\$ -	\$ 181,138.52
38 Emond Hamden Assoc.	\$ -	\$ -	\$ -	\$ -	\$ 352.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352.78
11 ESM Computer service	\$ -	\$ -	\$ 196.88	\$ 295.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492.19
12 Gazda Houline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44 Grey Hawk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 523.26	\$ -	\$ -	\$ -	\$ -	\$ 523.26
13 Harris	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Hydro 2000 Électricité	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Hydro Embrun	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 Hydro Hawkesbury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36 Hydro London	\$ -	\$ -	\$ -	\$ 2,860.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,860.01
17 Hydro one	\$ 9,269.93	\$ 9,923.02	\$ 778,251.65	\$ 253,800.82	\$ 209,505.50	\$ 165,389.73	\$ 142,595.60	\$ 134,434.99	\$ 148,908.11	\$ 150,089.68	\$ 119,700.93	\$ 172,345.80	\$ 2,294,215.76
18 Hydro Ottawa	\$ 481.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481.38
19 IGS	\$ 73.49	\$ 73.49	\$ 734.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881.88
20 Imprimerie Serge	\$ -	\$ -	\$ -	\$ -	\$ 433.92	\$ -	\$ -	\$ -	\$ -	\$ 242.95	\$ -	\$ -	\$ 676.87
46 Journal Le Mousquetaire	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525.00	\$ 525.00
37 JP Design	\$ -	\$ -	\$ -	\$ -	\$ 36.16	\$ -	\$ -	\$ -	\$ -	\$ 61.02	\$ -	\$ 41.82	\$ 139.00
33 Lakefront utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34 Lakeport utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21 Le Carillon (Journal)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22 Levac Robichaud Leclerc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23 Marcel Gaudreau	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,523.95	\$ -	\$ 780.00	\$ 660.00	\$ 330.00	\$ -	\$ 3,293.95
24 Mearie	\$ -	\$ 91.80											

NOM ENTREPRISE		Janvier	Février	Mars	Avril	Mai	Juin	Juillet	Août	Septembre	Octobre	Novembre	Décembre	Total
1	B&C	\$ -	\$ -	\$ 483.08	\$ -	\$ -	\$ 225.98	\$ -	\$ 74.58	\$ -	\$ -	\$ -	\$ 710.72	\$ 1,494.36
2	Bay Cadd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Bell	\$ 405.19	\$ 328.44	\$ 2,674.44	\$ 412.87	\$ 319.17	\$ 498.64	\$ 331.95	\$ 412.27	\$ 332.44	\$ 495.65	\$ 349.11	\$ 506.84	\$ 7,067.01
4	Bell Mobilité	\$ 50.53	\$ 48.15	\$ 61.04	\$ 56.14	\$ 49.85	\$ 53.08	\$ -	\$ 54.94	\$ -	\$ 126.48	\$ -	\$ 112.86	\$ 613.07
42	Border Ladner & Gervais	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	Canada Post	\$ 170.10	\$ -	\$ -	\$ 179.55	\$ -	\$ 105.34	\$ 257.64	\$ -	\$ -	\$ 322.05	\$ -	\$ -	\$ 1,034.68
5	Canton D'alfred & Plantagenet	\$ 4,453.79	\$ -	\$ -	\$ -	\$ -	\$ 25,778.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,324.44	\$ 51,556.46
6	Charbonneau Bercier Tailion	\$ 1,825.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,825.20
7	Christies & Walter	\$ 234.08	\$ 188.99	\$ 188.99	\$ 211.59	\$ 188.99	\$ 188.99	\$ 211.59	\$ -	\$ 377.98	\$ 231.42	\$ 197.58	\$ 186.34	\$ 2,406.54
47	D & A	\$ -	\$ -	\$ -	\$ 131.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131.25
8	Deloitte	\$ 18,375.00	\$ -	\$ -	\$ 17,325.00	\$ -	\$ 1,050.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,750.00
9	Dicom	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18.93	\$ -	\$ 186.45	\$ -	\$ -	\$ 15.29	\$ 20.76	\$ 241.43
39	Ekstrom Industries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156.62	\$ -	\$ -	\$ -	\$ -	\$ 156.62
10	Elenchus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Elster	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,535.21	\$ -	\$ -	\$ 3,432.49	\$ 6,967.70
38	Emond Harnden Assoc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	ESM Computer service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Gazda Houle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Grey Hawk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Harris	\$ -	\$ 82.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,170.00	\$ -	\$ 2,542.50	\$ 1,186.50	\$ 90.00	\$ 14,071.95
14	Hydro 2000 Électricité	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Hydro Embrun	\$ -	\$ -	\$ 306.40	\$ -	\$ -	\$ -	\$ 1,340.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,646.58
16	Hydro Hawkesbury	\$ -	\$ 1,212.48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162.14	\$ 1,374.62
36	Hydro London	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Hydro one	\$ 197,691.55	\$ 280,662.73	\$ 286,251.92	\$ 232,127.00	\$ 202,389.12	\$ 166,058.85	\$ 142,415.09	\$ 118,840.19	\$ 173,901.72	\$ 138,115.82	\$ 157,538.18	\$ 196,158.97	\$ 2,292,151.14
18	Hydro Ottawa	\$ -	\$ 101.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514.15	\$ 615.85
19	IGS	\$ 915.48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915.48
20	Imprimerie Serge	\$ -	\$ -	\$ 178.54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178.54
30	Journal La Tribune Express	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355.95	\$ -	\$ 355.95
21	Journal Le Carrillon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Journal Le droit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725.01	\$ -	\$ 725.01
46	Journal Le Mousquetaire	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	Journal Le Reflet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305.10	\$ 305.10
48	Journal Le Régional	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700.60	\$ -	\$ 700.60
50	Journal Vision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330.53	\$ -	\$ 330.53
37	JP Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84.75	\$ 84.75
33	Lake front Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Lake port Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Levac Robichaud Leclerc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Marcel Gaudreau	\$ -	\$ 440.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 495.00	\$ -	\$ 275.00	\$ -	\$ 1,210.00
24	Mearie	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,299.10	\$ -	\$ 2,299.10
25	ORPC	\$ 5,839.66	\$ 3,012.42	\$ 2,303.85	\$ 2,394.89	\$ 2,280.10	\$ 3,182.12	\$ -	\$ 3,182.29	\$ 2,483.64	\$ 3,207.86	\$ 3,193.07	\$ 22,996.45	\$ 54,076.35
26	Pitney bowes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Proxim Plantagenet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	Quasar	\$ -	\$ -	\$ -	\$ -	\$ 2,249.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,249.71
28	Rona	\$ -	\$ 235.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195.72	\$ -	\$ -	\$ -	\$ -	\$ 431.25
29	Sproule	\$ 5,158.92	\$ 525.00	\$ 447.56	\$ 3,368.14	\$ 1,052.10	\$ 8,757.14	\$ 17,376.77	\$ 3,620.52	\$ 911.35	\$ 4,979.91	\$ 3,167.41	\$ 9,688.62	\$ 59,053.44
43	Stewart Electric	\$ -	\$ -	\$ -	\$ 343.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343.25
31	Unlmitel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148.48	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148.48
49	Util-Assist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,910.00	\$ -	\$ 7,910.00
32	Vitech	\$ -	\$ 145.77	\$ 6,746.10	\$ 145.77	\$ -	\$ -	\$ 145.77	\$ -	\$ -	\$ -	\$ -	\$ 491.55	\$ 7,674.96
45	Wave Runner	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53	Vertico Plus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54	Home Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Marc Lavergne	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	Léo Beaulne Webdesign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57	Martin Beaulne Webdesign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58	Bureau En Gros	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158.10
59	Procteron	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60	Monique BastienTraductrice	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	Vecc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,559,255.00

[illegible]

Exhibit 4: Operating Costs

Tab 7 (of 8): Depreciation and Amortization

Year: 2008

Notes:

¹ This adjusts for assets still on the books but which have been fully amortized or depreciated.

² Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

³ Applicants must indicate YES or NO as to whether the "Depreciation Rate" for the asset in column "g" has changed from the last rebasing year approved by the Board. Changes may arise due to the adoption of International Financial Reporting Standards (IFRS) requirements or other reasons.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

File Number: EB-2012-0xxx
Exhibit: 4
Tab: 7
Schedule: 1
Page: 2
Date: Sept 30 2011

Appendix 2-M Depreciation and Amortization Expense

Year: 2009

Account	Description	Opening Balance (a)	Less Fully Depreciated ¹ (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 1/2 x (d) ²	Years (f)	Depreciation Rate (g) = 1 / (f)	Depreciation Expense (h) = (e) / (f)	Did Depreciation Rate in "g" Change (Yes/No)? ³
1805	Land			\$ -		\$ -				
1808	Buildings			\$ -		\$ -				
1810	Leasehold Improvements			\$ -		\$ -				
1815	Transformer Station Equipment >50 kV			\$ -		\$ -				
1820	Distribution Station Equipment <50 kV			\$ -		\$ -				
1825	Storage Battery Equipment			\$ -		\$ -				
1830	Poles, Towers & Fixtures	\$ 218,154.43	-\$ 123,753.00	\$ 341,907.43	\$ 44,456.75	\$ 364,135.81	25.00	4%	\$ 14,565.43	No
1835	Overhead Conductors & Devices	\$ 248,218.74	-\$ 123,784.00	\$ 372,002.74	\$ 10,819.75	\$ 377,412.62	25.00	4%	\$ 15,096.50	No
1840	Underground Conduit	\$ 13,404.71		\$ 13,404.71	\$ -	\$ 13,404.71	25.00	4%	\$ 536.19	No
1845	Underground Conductors & Devices	\$ 73,218.52	-\$ 30,024.00	\$ 103,242.52	\$ 19,909.64	\$ 113,197.34	25.00	4%	\$ 4,527.89	No
1850	Line Transformers	\$ 80,634.00	-\$ 39,807.00	\$ 120,441.00	\$ 17,484.40	\$ 129,183.20	25.00	4%	\$ 5,167.33	No
1855	Services (Overhead and Underground)	\$ 57,867.06		\$ 57,867.06	\$ 8,607.25	\$ 62,170.69	25.00	4%	\$ 2,486.83	No
1860	Meters	\$ 49,068.37	-\$ 40,686.00	\$ 89,754.37	\$ 4,616.00	\$ 92,062.37	25.00	4%	\$ 3,682.49	No
1860	Meters (Smart Meters)			\$ -		\$ -				
1905	Land			\$ -		\$ -				
1906	Land Rights			\$ -		\$ -				
1908	Buildings & Fixtures			\$ -		\$ -				
1910	Leasehold Improvements			\$ -		\$ -				
1915	Office Furniture & Equipment (10 Years)	\$ 3,861.19	\$ 2,801.00	\$ 1,060.19	\$ 297.00	\$ 1,208.69	10.00	10%	\$ 120.87	No
1915	Office Furniture & Equipment (5 Years)			\$ -		\$ -				
1920	Computer Equipment - Hardware	\$ 17,620.00	\$ 17,620.00	\$ -	\$ -	\$ -	5.00	20%	\$ -	No
1920	Computer Equip. - Hardware (Post Mar. 22/04)	\$ 7,199.05		\$ 7,199.05	\$ -	\$ 7,199.05	5.00	20%	\$ 1,439.81	No
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 5,308.77		\$ 5,308.77	\$ 1,049.93	\$ 5,833.74	5.00	20%	\$ 1,166.75	No
1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/11)	\$ -		\$ -	\$ -	\$ -	5.00	20%	\$ -	No
1925	Computer Software	\$ 70,023.28	\$ 27,491.00	\$ 42,532.28	\$ 2,045.47	\$ 43,555.02	5.00	20%	\$ 8,711.00	No
1930	Transportation Equipment			\$ -		\$ -				
1935	Stores Equipment			\$ -		\$ -				
1940	Tools, Shop & Garage Equipment			\$ -		\$ -				
1945	Measurement & Testing Equipment			\$ -		\$ -				
1950	Power Operated Equipment			\$ -		\$ -				
1955	Communications Equipment			\$ -		\$ -				
1955	Communication Equipment (Smart Meters)			\$ -		\$ -				
1960	Miscellaneous Equipment			\$ -		\$ -				
1975	Load Management Controls Utility Premises			\$ -		\$ -				
1980	System Supervisor Equipment			\$ -		\$ -				
1985	Miscellaneous Fixed Assets			\$ -		\$ -				
1995	Contributions & Grants	-\$ 110,995.05		-\$ 110,995.05	-\$ 29,759.21	\$ 125,874.66	25.00	4%	-\$ 5,034.99	No
etc.				\$ -		\$ -				
				\$ -		\$ -				
	Total	\$ 733,583.07	-\$ 310,142.00	\$ 1,043,725.07	\$ 79,526.98	\$ 1,083,488.56			\$ 52,466.11	

Notes:

¹ This adjusts for assets still on the books but which have been fully amortized or depreciated.

² Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

³ Applicants must indicate YES or NO as to whether the "Depreciation Rate" for the asset in column "g" has changed from the last rebasing year approved by the Board. Changes may arise due to the adoption of International Financial Reporting Standards (IFRS) requirements or other reasons.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

File Number: EB-2012-0xxx
Exhibit: 4
Tab: 7
Schedule: 1
Page: 3

Date: Sept 30 2011

Appendix 2-M Depreciation and Amortization Expense

Year: 2010

Account	Description	Opening Balance	Less Fully Depreciated ¹	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	Depreciation Expense	Did Depreciation Rate in "g" Change (Yes/No)? ³
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + ½ x (d) ²	(f)	(g) = 1 / (f)	(h) = (e) / (f)	
1805	Land			\$ -		\$ -				
1808	Buildings			\$ -		\$ -				
1810	Leasehold Improvements			\$ -		\$ -				
1815	Transformer Station Equipment >50 kV			\$ -		\$ -				
1820	Distribution Station Equipment <50 kV			\$ -		\$ -				
1825	Storage Battery Equipment			\$ -		\$ -				
1830	Poles, Towers & Fixtures	\$ 262,611.18	\$ 123,753.00	\$ 386,364.18	\$ 8,839.25	\$ 390,783.81	25.00	4%	\$ 15,631.35	No
1835	Overhead Conductors & Devices	\$ 259,038.49	\$ 123,784.00	\$ 382,822.49	\$ 25,886.17	\$ 395,765.58	25.00	4%	\$ 15,830.62	No
1840	Underground Conduit	\$ 13,404.71		\$ 13,404.71	\$ -	\$ 13,404.71	25.00	4%	\$ 536.19	No
1845	Underground Conductors & Devices	\$ 93,128.16	\$ 30,024.00	\$ 123,152.16	\$ 220.00	\$ 123,262.16	25.00	4%	\$ 4,930.49	No
1850	Line Transformers	\$ 98,118.40	\$ 39,807.00	\$ 137,925.40	\$ 6,428.00	\$ 141,139.40	25.00	4%	\$ 5,645.58	No
1855	Services (Overhead and Underground)	\$ 66,474.31		\$ 66,474.31	\$ 3,235.00	\$ 68,091.81	25.00	4%	\$ 2,723.67	No
1860	Meters	\$ 53,684.37	\$ 40,686.00	\$ 94,370.37	\$ 2,148.26	\$ 95,444.50	25.00	4%	\$ 3,817.78	No
1860	Meters (Smart Meters)			\$ -		\$ -				
1905	Land			\$ -		\$ -				
1906	Land Rights			\$ -		\$ -				
1908	Buildings & Fixtures			\$ -		\$ -				
1910	Leasehold Improvements			\$ -		\$ -				
1915	Office Furniture & Equipment (10 Years)	\$ 4,158.19	\$ 3,031.00	\$ 1,127.19	\$ 461.70	\$ 1,358.04	10.00	10%	\$ 135.80	No
1915	Office Furniture & Equipment (5 Years)			\$ -		\$ -				
1920	Computer Equipment - Hardware	\$ 17,620.00	\$ 17,620.00	\$ -	\$ -	\$ -	5.00	20%	\$ -	No
1920	Computer Equip. - Hardware (Post Mar. 22/04)	\$ 7,199.05	\$ 1,499.00	\$ 5,700.05	\$ -	\$ 5,700.05	5.00	20%	\$ 1,140.01	No
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 6,358.70		\$ 6,358.70	\$ -	\$ 6,358.70	5.00	20%	\$ 1,271.74	No
1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/11)	\$ -		\$ -	\$ 7,133.01	\$ 3,566.51	5.00	20%	\$ 713.30	No
1925	Computer Software	\$ 72,068.75	\$ 36,289.00	\$ 35,779.75	\$ 15,865.94	\$ 43,712.72	5.00	20%	\$ 8,742.54	No
1930	Transportation Equipment			\$ -		\$ -				
1935	Stores Equipment			\$ -		\$ -				
1940	Tools, Shop & Garage Equipment			\$ -		\$ -				
1945	Measurement & Testing Equipment			\$ -		\$ -				
1950	Power Operated Equipment			\$ -		\$ -				
1955	Communications Equipment			\$ -		\$ -				
1955	Communication Equipment (Smart Meters)			\$ -		\$ -				
1960	Miscellaneous Equipment			\$ -		\$ -				
1975	Load Management Controls Utility Premises			\$ -		\$ -				
1980	System Supervisor Equipment			\$ -		\$ -				
1985	Miscellaneous Fixed Assets			\$ -		\$ -				
1995	Contributions & Grants	\$ 140,754.26		\$ 140,754.26	\$ 7,508.19	\$ 144,508.36	25.00	4%	\$ 5,780.33	No
etc.				\$ -		\$ -				
				\$ -		\$ -				
	Total	\$ 813,110.05	\$ 299,615.00	\$ 1,112,725.05	\$ 62,709.14	\$ 1,144,079.62			\$ 55,338.74	

Notes:

¹ This adjusts for assets still on the books but which have been fully amortized or depreciated.

² Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

³ Applicants must indicate YES or NO as to whether the "Depreciation Rate" for the asset in column "g" has changed from the last rebasing year approved by the Board. Changes may arise due to the adoption of International Financial Reporting Standards (IFRS) requirements or other reasons.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

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Appendix 2-M Depreciation and Amortization Expense

Year: 2011

Account	Description	Opening Balance	Less Fully Depreciated ¹	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	Depreciation Expense	Did Depreciation Rate in "g" Change (Yes/No)? ³
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + ½ x (d) ²	(f)	(g) = 1 / (f)	(h) = (e) / (f)	
1805	Land			\$ -		\$ -				
1808	Buildings			\$ -		\$ -				
1810	Leasehold Improvements	\$ -		\$ -	\$ 16,028.00	\$ 8,014.00	5.00	20%	\$ 1,602.80	No
1815	Transformer Station Equipment >50 kV			\$ -		\$ -				
1820	Distribution Station Equipment <50 kV			\$ -		\$ -				
1825	Storage Battery Equipment			\$ -		\$ -				
1830	Poles, Towers & Fixtures	\$ 271,450.43	\$ 123,753.00	\$ 395,203.43	\$ 14,424.00	\$ 402,415.43	25.00	4%	\$ 16,096.62	No
1835	Overhead Conductors & Devices	\$ 284,924.66	\$ 123,784.00	\$ 408,708.66	\$ 19,840.00	\$ 418,628.66	25.00	4%	\$ 16,745.15	No
1840	Underground Conduit	\$ 13,404.71		\$ 13,404.71	\$ -	\$ 13,404.71	25.00	4%	\$ 536.19	No
1845	Underground Conductors & Devices	\$ 93,348.16	\$ 30,024.00	\$ 123,372.16	\$ -	\$ 123,372.16	25.00	4%	\$ 4,934.89	No
1850	Line Transformers	\$ 104,546.40	\$ 39,807.00	\$ 144,353.40	\$ 5,000.00	\$ 146,853.40	25.00	4%	\$ 5,874.14	No
1855	Services (Overhead and Underground)	\$ 69,709.31		\$ 69,709.31	\$ 273.00	\$ 69,845.81	25.00	4%	\$ 2,793.83	No
1860	Meters	\$ 55,832.63	\$ 53,684.37	\$ 2,148.26	\$ 221.00	\$ 2,258.76	25.00	4%	\$ 90.35	No
1860	Meters (Smart Meters)			\$ -		\$ -				
1905	Land			\$ -		\$ -				
1906	Land Rights			\$ -		\$ -				
1908	Buildings & Fixtures			\$ -		\$ -				
1910	Leasehold Improvements			\$ -		\$ -				
1915	Office Furniture & Equipment (10 Years)	\$ 4,619.89	\$ 2,730.00	\$ 1,889.89	\$ 6,011.00	\$ 4,895.39	10.00	10%	\$ 489.54	No
1915	Office Furniture & Equipment (5 Years)			\$ -		\$ -				
1920	Computer Equipment - Hardware	\$ 17,620.00	\$ 17,620.00	\$ -	\$ -	\$ -	5.00	20%	\$ -	No
1920	Computer Equip. - Hardware (Post Mar. 22/04)	\$ 7,199.05	\$ 7,199.05	\$ -	\$ -	\$ -	5.00	20%	\$ -	No
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 6,358.70		\$ 6,358.70	\$ 3,734.00	\$ 8,225.70	5.00	20%	\$ 1,645.14	No
1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/11)	\$ 7,133.01		\$ 7,133.01	\$ -	\$ 7,133.01	5.00	20%	\$ 1,426.60	No
1925	Computer Software	\$ 87,934.69	\$ 23,400.00	\$ 64,534.69	\$ 15,401.00	\$ 72,235.19	5.00	20%	\$ 14,447.04	No
1930	Transportation Equipment			\$ -		\$ -				
1935	Stores Equipment			\$ -		\$ -				
1940	Tools, Shop & Garage Equipment			\$ -		\$ -				
1945	Measurement & Testing Equipment			\$ -		\$ -				
1950	Power Operated Equipment			\$ -		\$ -				
1955	Communications Equipment			\$ -		\$ -				
1955	Communication Equipment (Smart Meters)			\$ -		\$ -				
1960	Miscellaneous Equipment			\$ -		\$ -				
1975	Load Management Controls Utility Premises			\$ -		\$ -				
1980	System Supervisor Equipment			\$ -		\$ -				
1985	Miscellaneous Fixed Assets			\$ -		\$ -				
1995	Contributions & Grants	\$ 148,262.45		\$ 148,262.45	\$ -	\$ 148,262.45	25.00	4%	\$ 5,930.50	No
etc.				\$ -		\$ -				
				\$ -		\$ -				
	Total	\$ 875,819.19	\$ 212,734.58	\$ 1,088,553.77	\$ 80,932.00	\$ 1,129,019.77			\$ 60,751.78	

Notes:

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² Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

³ Applicants must indicate YES or NO as to whether the "Depreciation Rate" for the asset in column "g" has changed from the last rebasing year approved by the Board. Changes may arise due to the adoption of International Financial Reporting Standards (IFRS) requirements or other reasons.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

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Appendix 2-M Depreciation and Amortization Expense

Year: 2012

Account	Description	Opening Balance	Less Fully Depreciated ¹	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	Depreciation Expense	Did Depreciation Rate in "g" Change (Yes/No)? ³
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + ½ x (d) ²	(f)	(g) = 1 / (f)	(h) = (e) / (f)	
1805	Land			\$ -		\$ -				
1808	Buildings			\$ -		\$ -				
1810	Leasehold Improvements			\$ -		\$ -				
1815	Transformer Station Equipment >50 kV			\$ -		\$ -				
1820	Distribution Station Equipment <50 kV			\$ -		\$ -				
1825	Storage Battery Equipment			\$ -		\$ -				
1830	Poles, Towers & Fixtures	\$ 285,874.43	\$ 123,753.00	\$ 409,627.43	\$ 15,000.00	\$ 417,127.43	25.00	\$ 0.04	\$ 16,685.10	No
1835	Overhead Conductors & Devices	\$ 304,764.66	\$ 123,784.00	\$ 428,548.66	\$ 23,000.00	\$ 440,048.66	25.00	\$ 0.04	\$ 17,601.95	No
1840	Underground Conduit	\$ 13,404.71		\$ 13,404.71	\$ -	\$ 13,404.71	25.00	\$ 0.04	\$ 536.19	No
1845	Underground Conductors & Devices	\$ 93,348.16	\$ 30,024.00	\$ 123,372.16	\$ -	\$ 123,372.16	25.00	\$ 0.04	\$ 4,934.89	No
1850	Line Transformers	\$ 109,546.40	\$ 39,807.00	\$ 149,353.40	\$ 5,000.00	\$ 151,853.40	25.00	\$ 0.04	\$ 6,074.14	No
1855	Services (Overhead and Underground)	\$ 69,982.31		\$ 69,982.31	\$ -	\$ 69,982.31	25.00	\$ 0.04	\$ 2,799.29	No
1860	Meters	\$ 2,369.26		\$ 2,369.26	\$ -	\$ 2,369.26	25.00	\$ 0.04	\$ 94.77	No
1860	Meters (Smart Meters)			\$ -	\$ 193,297.00	\$ 96,648.50	15.00	\$ 0.07	\$ 6,443.23	No
1905	Land			\$ -		\$ -				
1906	Land Rights			\$ -		\$ -				
1908	Buildings & Fixtures			\$ -		\$ -				
1910	Leasehold Improvements	\$ 16,028.00		\$ 16,028.00	\$ -	\$ 16,028.00	5.00	\$ 0.20	\$ 3,205.60	No
1915	Office Furniture & Equipment (10 Years)	\$ 10,630.89	\$ 2,930.00	\$ 7,700.89	\$ 1,000.00	\$ 8,200.89	10.00	\$ 0.10	\$ 820.09	No
1915	Office Furniture & Equipment (5 Years)			\$ -		\$ -				
1920	Computer Equipment - Hardware	\$ 17,620.00	\$ 17,620.00	\$ -	\$ -	\$ -	5.00	\$ 0.20	\$ -	No
1920	Computer Equip. - Hardware (Post Mar. 22/04)	\$ 7,199.05	\$ 7,199.05	\$ -	\$ -	\$ -	5.00	\$ 0.20	\$ -	No
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 10,092.70	\$ 298.00	\$ 9,794.70	\$ 3,000.00	\$ 11,294.70	5.00	\$ 0.20	\$ 2,258.94	No
1920	Computer Equip.-Hardware(Jan 28/10 - Jan 31/11)	\$ 7,133.01		\$ 7,133.01	\$ -	\$ 7,133.01	5.00	\$ 0.20	\$ 1,426.60	No
1925	Computer Software	\$ 103,335.69	\$ 23,956.00	\$ 79,379.69	\$ 38,761.00	\$ 98,760.19	5.00	\$ 0.20	\$ 19,752.04	No
1930	Transportation Equipment			\$ -		\$ -				
1935	Stores Equipment			\$ -		\$ -				
1940	Tools, Shop & Garage Equipment			\$ -		\$ -				
1945	Measurement & Testing Equipment			\$ -		\$ -				
1950	Power Operated Equipment			\$ -		\$ -				
1955	Communications Equipment			\$ -		\$ -				
1955	Communication Equipment (Smart Meters)			\$ -		\$ -				
1960	Miscellaneous Equipment			\$ -		\$ -				
1975	Load Management Controls Utility Premises			\$ -		\$ -				
1980	System Supervisor Equipment			\$ -		\$ -				
1985	Miscellaneous Fixed Assets			\$ -		\$ -				
1995	Contributions & Grants	-\$ 148,262.45		-\$ 148,262.45	\$ -	-\$ 148,262.45	25.00	\$ 0.04	-\$ 5,930.50	No
etc.				\$ -		\$ -				
				\$ -		\$ -				
	Total	\$ 903,066.82	\$ 265,364.95	\$ 1,168,431.77	\$ 279,058.00	\$ 1,307,960.77			\$ 76,702.32	

Notes:

¹ This adjusts for assets still on the books but which have been fully amortized or depreciated.

² Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

³ Applicants must indicate YES or NO as to whether the "Depreciation Rate" for the asset in column "g" has changed from the last rebasing year approved by the Board. Changes may arise due to the adoption of International Financial Reporting Standards (IFRS) requirements or other reasons.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

Depreciation Rates and Methodology

Hydro 2000's depreciation policy is described in Exhibit 2, Tab 2, Schedule 3.

Table 4.7.1 at the previous schedule shows the calculation of annual depreciation expense with the half-year rule applied for rate-setting purposes, in accordance with the form prescribed in the Board' filing requirements.¹ These expense amounts were used throughout Exhibit 2, in determining the net fixed asset values included in the rate base.

¹ Ontario Energy Board, Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, June 22, 2011

Exhibit 4: Operating Costs

Tab 8 (of 8): Income & Capital Taxes

1 ***Overview of Provision in Lieu of Taxes (PILs)***

2
3 Hydro 2000 is subject to the PILs regime, and therefore remits payments in lieu of
4 corporate taxes to the Ontario Energy Financial Corporation.

5
6 Hydro 2000 files Federal and Provincial tax returns annually. There have been no
7 special circumstances that would require specific tax planning measures to minimize
8 taxes payable.

9
10 There are no non-utility activities included in Hydro 2000's financial results, therefore the
11 entire amount of PILs payable is considered in the proposed allowance to be included in
12 the revenue requirement.

13
14 There are no outstanding audits, reassessments or disputes relating the tax returns filed
15 by Hydro 2000.

16
17 Schedule 2 of this tab addresses the PILs allowance previously approved by the Board
18 and the actual expenses for PILs. Schedule 3 presents the allowance for PILs to be
19 included in the proposed revenue requirement for the 2012 test year.

20
21 Hydro 2000 is requesting disposition of deferral account 1562 in this application.
22 Specifics on the request are presented at Exhibit 9, Tab 2, Schedule 3.

23

Historical PILs

1

2

3 Attachment 1 presents the model used to derive the allowance for the Provision In Lieu
4 of Taxes ("PILs") included in Hydro 2000's 2008 Board-approved revenue requirement.

5 Attachments 2 and 3 show returns filed in 2008, 2009 and 2010 by the utility for Federal
6 and Ontario income taxes, respectively.

7

FTY REVENUE REQUIREMENT: PROVISION IN LIEU OF TAXES**BRIDGE YEAR****Tax Rates**

Edit the income thresholds, tax rates and exemption amounts.

**Capital
Accounts**

Edit the asset class mappings and disposals, allowance rates and tax cost schedules

**Reserves and
Loss Carry-Forwards**

Edit the balance changes for tax/book reserves and tax loss carry-forwards

**Taxable Income
and PILs Provision**

Calculate Taxable Income, the Provision for PILs and the PILs amount to be included in rates

**Save and
Continue**

*Save this workbook and
open the Test Year PILs file*

Close

*Close this workbook and return
to the ReturnOnCapital file*

	<i>Income Range</i>			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	13.120%	13.120%	22.120%	22.120%
Ontario Income Tax	5.500%	5.500%	5.500%	14.000%
Combined Income Tax	18.620%	18.620%	27.620%	36.120%
Ontario SBD Clawback	0.000%	0.000%	4.667%	0.000%

Total Rate Base	730,958
OCT exemption	15,000,000
LCT exemption	50,000,000
OCT rate	0.000%
LCT rate	0.000%
LCT surtax	0.000%

USAacct	AcctDesc	CCAcct	Additions	Disposals
1606	1606-Organization	ECP	0	
1608	1608-Franchises and Consents	14	0	
1610	1610-Miscellaneous Intangible Plant	ECP	0	
1805	1805-Land	LAND	0	
1806	1806-Land Rights	ECP	0	
1808	1808-Buildings and Fixtures	1	0	
1810	1810-Leasehold Improvements	13 3	0	
1815	1815-Transformer Station Equipment - Normally Primary above 50 kV	47	0	
1820	1820-Distribution Station Equipment - Normally Primary below 50 kV	47	0	
1825	1825-Storage Battery Equipment	47	0	
1830	1830-Poles, Towers and Fixtures	47	0	
1835	1835-Overhead Conductors and Devices	47	0	
1840	1840-Underground Conduit	47	0	
1845	1845-Underground Conductors and Devices	47	62,981	
1850	1850-Line Transformers	47	16,199	
1855	1855-Services	47	0	
1860	1860-Meters	47	0	
1865	1865-Other Installations on Customer's Premises	47	0	
1870	1870-Leased Property on Customer Premises	1	0	
1875	1875-Street Lighting and Signal Systems	8	0	
1905	1905-Land	LAND	0	
1906	1906-Land Rights	ECP	0	
1908	1908-Buildings and Fixtures	47	0	
1910	1910-Leasehold Improvements	13 4	0	
1915	1915-Office Furniture and Equipment	8	0	
1920	1920-Computer Equipment - Hardware	45	0	
1925	1925-Computer Software	12	0	
1930	1930-Transportation Equipment	10	0	
1935	1935-Stores Equipment	8	0	
1940	1940-Tools, Shop and Garage Equipment	8	0	
1945	1945-Measurement and Testing Equipment	8	0	
1950	1950-Power Operated Equipment	8	0	
1955	1955-Communication Equipment	8	0	
1960	1960-Miscellaneous Equipment	8	0	
1965	1965-Water Heater Rental Units	8	0	

USAacct	AcctDesc	CCAcclass	Additions	Disposals
1970	1970-Load Management Controls - Customer Premises	8	0	
1975	1975-Load Management Controls - Utility Premises	8	0	
1980	1980-System Supervisory Equipment	8	0	
1985	1985-Sentinel Lighting Rental Units	8	0	
1990	1990-Other Tangible Property	8	0	
1995	1995-Contributions and Grants - Credit	47	(42,382)	
2005	2005-Property Under Capital Leases	CL	0	
2010	2010-Electric Plant Purchased or Sold	47	0	
2020	2020-Experimental Electric Plant Unclassified	47	0	
2030	2030-Electric Plant and Equipment Leased to Others	47	0	
2040	2040-Electric Plant Held for Future Use	47	0	
2050	2050-Completed Construction Not Classified--Electric	47	0	
2055	2055-Construction Work in Progress--Electric	WIP	0	
2060	2060-Electric Plant Acquisition Adjustment	ECP	0	
2065	2065-Other Electric Plant Adjustment	ECP	0	
2070	2070-Other Utility Plant	47	0	
2075	2075-Non-Utility Property Owned or Under Capital Leases	CL	0	

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance
1	Distribution System - 1988 to 22-Feb-2005	206,530	0	0	206,530
2	Distribution System - pre 1988	225,621	0	0	225,621
8	General Office/Stores Equip	2,104	0	0	2,104
10	Computer Hardware/ Vehicles	3,627	0	0	3,627
10.1	Certain Automobiles	0	0	0	0
12	Computer Software	4,793	0	0	4,793
13 ₁	Lease # 1	0	0	0	0
13 ₂	Lease #2	0	0	0	0
13 ₃	Lease # 3	0	0	0	0
13 ₄	Lease # 4	0	0	0	0
14	Franchise	0	0	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0
45	Computers & Systems Software acq'd post Mar 22/04	5,054	0	0	5,054
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0
47	Distribution System - post 22-Feb-2005				0
98	No CCA	0	0	0	0

Class	Class Description	UCC Prior Year Ending Balance	Less: Non- Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance
		0	0	0	0
		0	0	0	0
	SUB-TOTAL - UCC	447,729	0	0	447,729
CEC	Goodwill	0	0	0	0
CEC	Land Rights	0	0	0	0
CEC	FMV Bump-up	0	0	0	0
CEC	incorporation cost	2,378	0	0	2,378
CEC		0	0	0	0
	SUB-TOTAL - CEC	2,378	0	0	2,378

Class	Class Description	UCC 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	206,530	0	0	206,530	0	206,530	4%	8,261	198,269
2	Distribution System - pre 1988	225,621	0	0	225,621	0	225,621	6%	13,537	212,084
8	General Office/Stores Equip	2,104	0	0	2,104	0	2,104	20%	421	1,683
10	Computer Hardware/ Vehicles	3,627	0	0	3,627	0	3,627	30%	1,088	2,539
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	4,793	0	0	4,793	0	4,793	100%	4,793	0
13 1	Lease # 1	0	0	0	0	0	0		0	0
13 2	Lease #2	0	0	0	0	0	0		0	0
13 3	Lease # 3	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	5,054	0	0	5,054	0	5,054	45%	2,274	2,780
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0

Class	Class Description	UCC 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
47	Distribution System - post 22-Feb-2005	0	36,798	0	36,798	18,399	18,399	8%	1,472	35,326
98	No CCA	0	0	0	0	0	0		0	0
			0	0		0	0		0	0
			0	0			0		0	0
	TOTAL	447,729	36,798	0	484,527	18,399	466,128		31,847	452,680

	Cumulative Eligible Capital			<u>2,378</u>
<u>Additions</u>				
Cost of Eligible Capital Property Acquired during the year	0			
Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
			<u>0</u>	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				<u>2,378</u>

Deductions

Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year

Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	0

Cumulative Eligible Capital Balance	2,378
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CEC Deduction	2,378	x 7% =	166
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Cumulative Eligible Capital - Closing Balance	2,212
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Description	Prior Year Ending Balance	Non-Distribution Eliminations Sign Convention: Increase (+) Decrease (-)	Utility Only Opening Balance	Eliminate Amounts Not Relevant for Test Year Sign Convention: Increase (+) Decrease (-)	Bridge Year Adjusted Opening Balance	Add (+)	Deduct (-)	Ending Balance	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)			0		0			0	0	
Tax Reserves Not Deducted for accounting purposes										
Reserve for doubtful accounts ss. 20(1)(l)			0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)			0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)			0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)			0		0			0	0	
Other tax reserves			0		0			0	0	
			0		0			0	0	
			0		0			0	0	
Total Tax Reserves	0	0	0	0	0	0	0	0	0	0
Accounting Reserves (not deductible for Tax Purposes)										
General Reserve for Inventory Obsolescence (non-specific)			0		0			0	0	
General reserve for bad debts			0		0			0	0	
Accrued Employee Future Benefits:	0		0		0	0		0	0	
- Medical and Life Insurance			0		0			0	0	
- Short & Long-term Disability			0		0			0	0	
- Accumulated Sick Leave			0		0			0	0	
- Termination Cost			0		0			0	0	
- Other Post-Employment Benefits			0		0			0	0	
Provision for Environmental Costs			0		0			0	0	
Restructuring Costs			0		0			0	0	
Accrued Contingent Litigation Costs			0		0			0	0	
Accrued Self-Insurance Costs			0		0			0	0	
Other Contingent Liabilities			0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0		0			0	0	
Other Accounting Reserves			0		0			0	0	
			0		0			0	0	
			0		0			0	0	
Total Accounting Reserves	0	0	0	0	0	0	0	0	0	0

Sign Convention:
Increase (+) Decrease (-)

	Total Legal Entity	Non- Distribution Portion ¹	Bridge Year Utility Balance
Non-Capital Loss Carry Forward Deduction			
Opening Balance	0		0
Application of Loss Carry Forward to reduce taxable income			0
Other Adjustments Add (+) Deduct (-) ¹			0
Non-Capital Losses Balance available	0	0	0

	Total Legal Entity	Non- Distribution Portion ¹	Bridge Year Utility Balance
Net Capital Loss Carry Forward Deduction			
Opening Balance	0		0
Application of Loss Carry Forward to reduce taxable capital gains			0
Other Adjustments +ADD -(DEDUCT) ¹			0
Net Capital Losses Balance available	0	0	0

¹ Explanations for any amounts relating to non-distribution activities or other adjustments:

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	-22,958	0	-22,958
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	44,634	0	44,634
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	0	0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294	0	0	0
Other Additions (see OtherAdditions sheet)	295	20,333	0	20,333
Total Additions		64,967	0	64,967
Deductions:				

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	31,847	0	31,847
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	166	0	166
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions (see OtherDeductions sheet)	394	26,753	0	26,753
Total Deductions		58,766	0	58,766
Net Income for Tax Purposes		-16,756	0	-16,756

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		-16,756	0	-16,756

Line Item	Amount		
Actual Interest Expense	20,333		
ARO Accretion Expenses	-		
Capital Contributions Under S.12(1)(k)	-		
Recovery Reg. Ass.	-		

Line Item	Amount		
Deemed Interest Expense	20,333		
Financing Fees for Tax Under S.20(1)(-		
Capital Tax Adjust to Actual	-		
ARO Payments - Deductible for Tax	-		
S.13(7.4) Election	-		
Bad Debt Recovery - Pre. October 1, 2	-		
ITC Booked in Accounting Income	-		
Regulatory assets	0		
Ores contract	6420		

Deemed Interest Expense	21,127
Actual Interest Expense	20,333
6040-Allowance for Borrowed Funds Used During Construction--Credit	0
6042-Allowance For Other Funds Used During Construction	0
Actual Interest Cost	20,333
Adjustments (attach explanations)	0
Total Interest	20,333
Excess Interest Expense	0

	OCT	LCT
Total Rate Base	730,958	730,958
Exemption	(15,000,000)	(50,000,000)
Deemed Taxable Capital	0	0
Rate	0.000%	0.000%
Gross Tax Payable	0	0
Surtax		0
Net Tax Payable	0	0

	Source or Input	Tax Payable	Inclusion in Revenue Req.
Regulatory Taxable Income	TxbllIncome	(16,756)	
Combined Income Tax Rate	TaxRates	<u>0.000%</u>	
Total Income Taxes		-	
Investment Tax Credits	-		
Miscellaneous Tax Credits	-		
Total Tax Credits		-	
Income Tax Provision		-	- grossed-up for income taxes
Ontario Capital Tax	CapitalTaxes	-	- not grossed-up
Large Corporations Tax	CapitalTaxes	-	- grossed-up for income taxes
Total PILs		-	- amount for Output

Total PILs Amount

0

FTY REVENUE REQUIREMENT: PROVISION IN LIEU OF TAXES**TEST YEAR****Tax Rates**

Edit the income thresholds, tax rates and exemption amounts.

**Capital
Accounts**

Edit the asset class mappings and disposals, allowance rates and tax cost schedules

**Reserves and
Loss Carry-Forwards**

Edit the balance changes for tax/book reserves and tax loss carry-forwards

**Taxable Income
and PILs Provision**

Calculate Taxable Income, the Provision for PILs and the PILs amount to be included in rates

**Save and
Continue**

*Save this workbook and
open the Revenue Requirement file*

Close

*Close this workbook and return
to the Bridge Year PILs file*

	<i>Income Range</i>			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	11.000%	11.000%	19.500%	19.500%
Ontario Income Tax	5.500%	5.500%	5.500%	14.000%
Combined Income Tax	16.500%	16.500%	25.000%	33.500%
Ontario SBD Clawback	0.000%	0.000%	4.667%	0.000%

Total Rate Base	730,958
OCT exemption	15,000,000
LCT exemption	50,000,000
OCT rate	0.000%
LCT rate	0.000%
LCT surtax	0.000%

USAacct	AcctDesc	CCAcct	Additions	Disposals
1606	1606-Organization	ECP	0	
1608	1608-Franchises and Consents	14	0	
1610	1610-Miscellaneous Intangible Plant	ECP	0	
1805	1805-Land	LAND	0	
1806	1806-Land Rights	ECP	0	
1808	1808-Buildings and Fixtures	1	0	
1810	1810-Leasehold Improvements	13 3	0	
1815	1815-Transformer Station Equipment - Normally Primary above 50 kV	47	0	
1820	1820-Distribution Station Equipment - Normally Primary below 50 kV	47	0	
1825	1825-Storage Battery Equipment	47	0	
1830	1830-Poles, Towers and Fixtures	47	0	
1835	1835-Overhead Conductors and Devices	47	40,000	
1840	1840-Underground Conduit	47	0	
1845	1845-Underground Conductors and Devices	47	0	
1850	1850-Line Transformers	47	0	
1855	1855-Services	47	0	
1860	1860-Meters	47	0	
1865	1865-Other Installations on Customer's Premises	47	0	
1870	1870-Leased Property on Customer Premises	1	0	
1875	1875-Street Lighting and Signal Systems	8	0	
1905	1905-Land	LAND	0	
1906	1906-Land Rights	ECP	0	
1908	1908-Buildings and Fixtures	47	0	
1910	1910-Leasehold Improvements	13 4	0	
1915	1915-Office Furniture and Equipment	8	0	
1920	1920-Computer Equipment - Hardware	45	0	
1925	1925-Computer Software	12	57,200	
1930	1930-Transportation Equipment	10	0	
1935	1935-Stores Equipment	8	0	
1940	1940-Tools, Shop and Garage Equipment	8	0	
1945	1945-Measurement and Testing Equipment	8	0	
1950	1950-Power Operated Equipment	8	0	
1955	1955-Communication Equipment	8	0	
1960	1960-Miscellaneous Equipment	8	0	
1965	1965-Water Heater Rental Units	8	0	

USAacct	AcctDesc	CCAcct	Additions	Disposals
1970	1970-Load Management Controls - Customer Premises	8	0	
1975	1975-Load Management Controls - Utility Premises	8	0	
1980	1980-System Supervisory Equipment	8	0	
1985	1985-Sentinel Lighting Rental Units	8	0	
1990	1990-Other Tangible Property	8	0	
1995	1995-Contributions and Grants - Credit	47	0	
2005	2005-Property Under Capital Leases	CL	0	
2010	2010-Electric Plant Purchased or Sold	47	0	
2020	2020-Experimental Electric Plant Unclassified	47	0	
2030	2030-Electric Plant and Equipment Leased to Others	47	0	
2040	2040-Electric Plant Held for Future Use	47	0	
2050	2050-Completed Construction Not Classified--Electric	47	0	
2055	2055-Construction Work in Progress--Electric	WIP	0	
2060	2060-Electric Plant Acquisition Adjustment	ECP	0	
2065	2065-Other Electric Plant Adjustment	ECP	0	
2070	2070-Other Utility Plant	47	0	
2075	2075-Non-Utility Property Owned or Under Capital Leases	CL	0	

Class	Class Description				UCC Test Year Opening Balance
1	Distribution System - 1988 to 22-Feb-2005				198,269
2	Distribution System - pre 1988				212,084
8	General Office/Stores Equip				1,683
10	Computer Hardware/ Vehicles				2,539
10.1	Certain Automobiles				0
12	Computer Software				0
13 ₁	Lease # 1				0
13 ₂	Lease #2				0
13 ₃	Lease # 3				0
13 ₄	Lease # 4				0
14	Franchise				0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				0
43.1	Certain Energy-Efficient Electrical Generating Equipment				0
45	Computers & Systems Software acq'd post Mar 22/04				2,780
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				0
47	Distribution System - post 22-Feb-2005				35,326
98	No CCA				0

Class	Class Description				UCC Test Year Opening Balance
					0
					0
	SUB-TOTAL - UCC				452,680
	SUB-TOTAL - CEC				2,212

Class	Class Description	UCC 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	198,269	0	0	198,269	0	198,269	4%	7,931	190,338
2	Distribution System - pre 1988	212,084	0	0	212,084	0	212,084	6%	12,725	199,359
8	General Office/Stores Equip	1,683	0	0	1,683	0	1,683	20%	337	1,347
10	Computer Hardware/ Vehicles	2,539	0	0	2,539	0	2,539	30%	762	1,777
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	57,200	0	57,200	28,600	28,600	100%	28,600	28,600
13 1	Lease # 1	0	0	0	0	0	0		0	0
13 2	Lease #2	0	0	0	0	0	0		0	0
13 3	Lease # 3	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	2,780	0	0	2,780	0	2,780	45%	1,251	1,529
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0

Class	Class Description	UCC 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
47	Distribution System - post 22-Feb-2005	35,326	40,000	0	75,326	20,000	55,326	8%	4,426	70,900
98	No CCA	0	0	0	0	0	0		0	0
			0	0		0	0		0	0
			0	0			0		0	0
	TOTAL	452,680	97,200	0	549,880	48,600	501,280		56,031	493,849

	Cumulative Eligible Capital			<u>2,212</u>
<u>Additions</u>				
Cost of Eligible Capital Property Acquired during the year	0			
Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
			<u>0</u>	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				<u>2,212</u>

Deductions

Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year

Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	0

Cumulative Eligible Capital Balance	2,212
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CEC Deduction	2,212	x 7% =	155
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Cumulative Eligible Capital - Closing Balance	2,057
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Description	Test Year Adjusted Opening Balance	Add (+)	Deduct (-)	Ending Balance	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for						
Reserve for doubtful accounts ss. 20(1)(l)	0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
	0			0	0	
	0			0	0	
Total Tax Reserves	0	0	0	0	0	0
Accounting Reserves (not deductible)						
General Reserve for Inventory Obsolescence (non-specific)	0			0	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	0			0	0	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	0			0	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other Accounting Reserves	0			0	0	
	0			0	0	
	0			0	0	
Total Accounting Reserves	0	0	0	0	0	0

Sign Convention:
Increase (+) Decrease (-)

	Total Legal Entity	Non- Distribution Portion ¹	Test Year Utility Balance
Non-Capital Loss Carry Forward Deduction			
Opening Balance	0		0
Application of Loss Carry Forward to reduce taxable income			0
Other Adjustments Add (+) Deduct (-) ¹			0
Non-Capital Losses Balance available	0	0	0

	Total Legal Entity	Non- Distribution Portion ¹	Test Year Utility Balance
Net Capital Loss Carry Forward Deduction			
Opening Balance	0		0
Application of Loss Carry Forward to reduce taxable capital gains			0
Other Adjustments +ADD -(DEDUCT) ¹			0
Net Capital Losses Balance available	0	0	0

¹ Explanations for any amounts relating to non-distribution activities or other adjustments:

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	29,254	0	29,254
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	51,889	0	51,889
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	0	0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294	0	0	0
Other Additions (see OtherAdditions sheet)	295	20,333	0	20,333
Total Additions		72,222	0	72,222
Deductions:				

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	56,031	0	56,031
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	155	0	155
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions (see OtherDeductions sheet)	394	20,333	0	20,333
Total Deductions		76,519	0	76,519
Net Income for Tax Purposes		24,958	0	24,958

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		24,958	0	24,958

Line Item	Amount		
Actual Interest Expense	20,333		
ARO Accretion Expenses	-		
Capital Contributions Under S.12(1)(k)	-		
Recovery Reg. Assets	-		

Line Item	Amount		
Deemed Interest Expense	20,333		
Financing Fees for Tax Under S.20(1)(-		
Capital Tax Adjust to Actual	-		
ARO Payments - Deductible for Tax	-		
S.13(7.4) Election	-		
Bad Debt Recovery - Pre. October 1, 2	-		
ITC Booked in Accounting Income	-		
Regulatory Asset	0		

Deemed Interest Expense	21,127
Actual Interest Expense	20,333
6040-Allowance for Borrowed Funds Used During Construction--Credit	0
6042-Allowance For Other Funds Used During Construction	0
Actual Interest Cost	20,333
Adjustments (attach explanations)	
Total Interest	20,333
Excess Interest Expense	0

	OCT	LCT
Total Rate Base	730,958	730,958
Exemption	(15,000,000)	(50,000,000)
Deemed Taxable Capital	0	0
Rate	<u>0.000%</u>	<u>0.000%</u>
Gross Tax Payable	0	0
Surtax		0
Net Tax Payable	0	0

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxbllIncome	24,958		
Combined Income Tax Rate	TaxRates	<u>16.500%</u>		
Total Income Taxes		4,118		
Investment Tax Credits	-			
Miscellaneous Tax Credits	-			
Total Tax Credits		-		
Income Tax Provision		4,118	4,932	<i>grossed-up for income taxes</i>
Ontario Capital Tax	CapitalTaxes	-	-	<i>not grossed-up</i>
Large Corporations Tax	CapitalTaxes	-	-	<i>grossed-up for income taxes</i>
Total PILs		4,118	4,932	<i>amount for Output</i>

Total PILs Amount with gross-up:

4,932

Canada Revenue
Agency Agence du revenu
du Canada

Business Consent form

Complete this form to consent to the release of confidential information about your program account(s) to the representative named below, or to cancel consent for an existing representative. **Send this completed form to your tax centre (see Instructions).** Make sure you complete this form correctly, since we cannot change the information that you provided. You can also give or cancel consent by providing the requested information online through My Business Account at www.cra.gc.ca/mybusinessaccount.

Note: Read all the instructions before completing this form.

Part 1 – Business information

Complete this part to identify your business (all fields have to be completed)

Business name: HYDRO 2000 INC.

BN: 865955397 Telephone Number: (613) 679-4093

Part 2 – Authorize a representative

Complete either part a) or b)

a) Authorize access by telephone, fax, mail or in person by appointment

If you are giving consent for an individual, enter that person's full name. If you are giving consent to a firm, enter the name and BN of the firm. If you want us to deal with a specific individual in that firm, enter **both** the individual's name and the firm's name and BN. If you do not identify an individual of the firm, then you are giving us consent to deal with anyone from that firm.

Note: If you are authorizing a representative (individual or firm) who is not registered with the Represent a client service, the phone number is required.

Name of Individual: _____

Name of Firm: _____

Telephone number: _____ Extension: _____ **BN:**

OR

b) Authorize online access (includes access by telephone, fax, mail or by appointment)

You can authorize your representative to deal with us through our online service for representatives. The Business Number must be registered with the "Represent a Client" service to be an online representative. **Our online service does not have a year-specific option, so your representative will have access to all years.** Please enter the name and RepID of the individual or GroupID and name of the group or name and BN of the firm.

Name of Individual: _____ and **RepID:**

OR

Name of Group: _____ and **GroupID:** G

OR

Name of Firm: DELOITTE. and **BN:** 133245290

Telephone Number: (613) 632-4178

Part 3 – Select the program accounts, years and authorization level

a) Program Accounts – Select the program accounts the above individual or firm is authorized to access (tick only box A or B).

A. ☒ This authorization applies to all program accounts and all years.

Expiry date:

AND

Authorization Level (tick level 1 or 2)

☐ Level 1 lets CRA disclose information only on your program account(s) or

☒ Level 2 lets CRA disclose information and accept changes to your program account(s).

OR

B. ☐ This authorization applies only to program accounts and periods listed in Part 3b). If you ticked this option, you must complete 3b).

Business Consent form (RC59 continued)**Part 3 – Select the program accounts, years and authorization level (continued)**

b) Details of program accounts and fiscal periods — Complete this area only if you ticked box B in Part 3a) on page 1.

If you ticked box B in part 3a), you have to provide at least one program identifier (see Instructions on page 1). You can then tick the "All program accounts" box for that program identifier **or** enter a reference number. Provide the authorization level (tick **either** box 1 to disclose information or box 2 to disclose information **and** accept changes to your program account).

You can also tick the "All years" box to allow unlimited tax year access **or** enter a specific fiscal period (specific period authorization **is not available** for online access). You can also enter an expiry date to automatically cancel authorization. If more authorizations or more than four program identifiers are needed, complete another Form RC59.

Program identifier	All program accounts	Reference number	Authorization level	All years	or	Specific fiscal period (not available for online access)	Expiry date
			1 2			Year-end	
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>		<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>		<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>		<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>		<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>

Part 4 – Cancel one or more authorizations

Complete this part **only** to cancel authorization(s)

- ☐ **A.** Cancel **all** authorizations.
- ☐ **B.** Cancel authorization for the individual, group, or firm identified below.
- ☐ **C.** Cancel authorization for specific program account(s) _____

Name of Individual: _____ and RepID:

OR

Name of Group: _____ and GroupID:


OR

Name of Firm: _____ and BN:

Part 5 – Certification

This form has to be signed by an authorized person of the business such as an owner, a partner of a partnership, a director of a corporation, an officer of a non-profit organization or a trustee of an estate. By signing and dating this form, you authorize the CRA to deal with the individual, group, or firm listed in Part 2 of this form or cancel the authorizations listed in Part 4.

First name: RENÉ Last name: BEAULNE

Sign here  Date 2011-07-26

We will not process this form unless it is **signed** and **dated** by an authorized person of the business.

The *Privacy Act* protects information given on this form, which is kept in personal information bank numbers CRA PPU-175 and 223.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2009-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with **the appropriate remittance voucher to the following address:**

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2009-01-31	429			429
2009-02-28	429			429
2009-03-31	429			429
2009-04-30	429			429
2009-05-31	429			429
2009-06-30	429			429
2009-07-31	429			429
2009-08-31	429			429
2009-09-30	429			429
2009-10-31	429			429
2009-11-30	429			429
2009-12-31	423			423
Total	5,142			5,142

Quarterly instalment workchart

Date	Quarterly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2009-03-31				
2009-06-30				
2009-09-30				
2009-12-31				
Total				

Instalment method

Indicate instalment method chosen [1-3] 1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.).

1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account

☐

Quarterly instalments calculation

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

- 1 – Is the corporation a Canadian-controlled private corporation (CCPC)? ☒ Yes ☐ No
- 2 – Did the corporation claim any deduction under the section 125, during either the current or previous year? ☒ Yes ☐ No
- 3 – Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to \$500,000? ☐ Yes ☐ No
- 4 – Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to \$10,000,000? ☐ Yes ☐ No
- 5 – Does the corporation have a perfect compliance history in the last 12 months? ☐ Yes ☐ No
- If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐

*Consult the Help (F1) for information on the changes relating to years subsequent to 2008.

1 – 1st Instalment base method

1st Instalment base amount (amount N below)	<u>5,142</u> ÷ 12 =	<u>429</u>
	Monthly instalments required	429
Quarterly tax instalments required	<u>5,142</u> ÷ 4 =	

2 – Combined 1st and 2nd instalment base methodSelect this box if you want the first 2 payments* to be calculated without taking the applicable threshold into account? ☐**2nd Monthly instalment base amount**

Indicate:	Part I tax	<u>20,515</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>8,601</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>20,515</u> ÷ 12 = <u>1,710</u> A
1/12 of estimated current year credits (M below /12)			<u>1,710</u> B
	Each of the first two instalment payments	=	<u>1,710</u> B
Total tax from N below	<u>5,142</u>		
Amount B above x 2	– <u>3,420</u>		
	=	<u>1,722</u> ÷ 10 =	<u>173</u>
	Each of the remaining ten instalment payments	=	<u>173</u>

2nd Quarterly instalment base amount

Indicate:	Part I tax	<u>20,515</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>8,601</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>20,515</u> ÷ 4 = <u>5,129</u> A
1/4 of estimated current year credits (M below /4)			<u>5,129</u> B
	The first instalment payment	=	<u>5,129</u> B
Total tax from N below	<u>5,142</u>		
Amount B above	–		
	=	<u>5,142</u> ÷ 3 =	<u>1,714</u>
	Each of the remaining three instalment payments	=	

* It is the first payment if the quarterly instalments are applicable.

** Use this line only to calculate instalments payable with regard to taxation years ending in 2009 and after.

3 – Estimated tax method

Instalment base amount (amount N below)	<u> </u> ÷ 12 =	<u> </u>
	Monthly instalments required	<u> </u>
Quarterly tax instalments required	<u> </u> ÷ 4 =	<u> </u>

Instalment base calculation**Federal tax**

	1st instalment base method	Estimated tax method	
Taxable income	<u>46,748</u>		
Calculation of tax payable			
Federal part I tax	17,764		
Recapture of investment tax credit	+	+	
Refundable tax on a CCPC's investment income	+	+	
Subtotal	<u>= 17,764</u>	<u>=</u>	A
Deduction			
Small business deduction	7,947		
Investment corporation deduction	+	+	
Federal tax abatement	4,675	+	
Manufacturing and processing profits deduction	+	+	
Non-business foreign tax credit	+	+	
Business foreign tax credit	+	+	
Tax reduction, general and accelerated	+	+	
Logging tax credit	+	+	
Investment tax credit per Schedule 31	+	+	
Qualifying environmental trust tax credit	+	+	
Subtotal	<u>= 12,622</u>	<u>=</u>	B
Federal tax summary			
Total part I tax payable (A minus B)	5,142		C
Part VI tax	+	+	D
Part VI.1 tax	+	+	E1
Part XIII.1 tax	+	+	E2
Parts I, VI, VI.1 and XIII.1	Total = 5,142	<u>=</u>	F
Federal adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 5,142</u>	<u>=</u>	
Federal adjustment for amalgamation, winding up or transfer	+	+	N/A
Total federal tax after adjustments	<u>= 5,142</u>	<u>=</u>	G

Provincial tax

Provincial/territorial tax, other than Alberta, Québec and Ontario	+	+	H
Ontario tax			
Use this section only to calculate instalments payable with regard to taxation years ending in 2009 and after (for other tax years, see the <i>Ontario Tax Instalments</i> schedule (Jump Code: ION)):			
Income tax	2,571		
Capital tax	+		
Corporate minimum tax paid (credited)	+		
Special additional tax on life insurance corporations	+		
Total Ontario tax*	<u>= 2,571</u>	<u>+ 2,571</u>	I
Harmonized provincial tax (H + I)	Total harmonized provincial tax = 2,571	<u>=</u>	J
Provincial adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 2,571</u>	<u>=</u>	
Provincial adjustment for amalgamation, winding up or transfer	+	+	N/A
Total provincial tax after adjustments	<u>= 2,571</u>	<u>=</u>	K
Total of tax before refundable credits** (G + K)	<u>= 5,142</u>	<u>=</u>	L

Instalment base calculation (continued)

Estimated current year credits

Investment tax credit refund				
Dividend refund	+		+	
Federal capital gains refund	+		+	
Provincial and territorial capital gains refund	+		+	
NRO allowable refund per Schedule 26	+		+	
Tax withheld at source	+		+	
Other estimated credits	+		+	
Total estimated current year credits	=		=	M
Instalment base amount (L – M)		5,142		N

* Ontario tax corresponds to the amount before the application of specified Ontario tax credits.

** For instalments payable the amount on line G is not added to line L unless it exceeds \$3,000. The same rule applies to line K.

T2 CORPORATION INCOME TAX RETURN

200

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

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

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

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

055 Do not use this area

Identification

Business Number (BN) 001 86595 5397 RC0001

Corporation's name

002 HYDRO 2000 INC.

Address of head office

Has this address changed since the last time you filed your T2 return? 010 1 Yes 2 No X

(If yes, complete lines 011 to 018.)

011 265, RUE ST-PHILIPPE

012

City Province, territory, or state

015 ALFRED

016 ON

Country (other than Canada) Postal code/Zip code

017 018 K0B 1A0

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 X

(If yes, complete lines 021 to 028.)

021 c/o

022

023

City Province, territory, or state

025 ALFRED

026 ON

Country (other than Canada) Postal code/Zip code

027 028 K0B 1A0

Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes 2 No X

(If yes, complete lines 031 to 038.)

031

032 265, RUE ST-PHILIPPE

City Province, territory, or state

035 ALFRED

036 ON

Country (other than Canada) Postal code/Zip code

037 038 K0B 1A0

040 Type of corporation at the end of the tax year

1 X Canadian-controlled private corporation (CCPC) 4 Corporation controlled by a public corporation

2 Other private corporation 5 Other corporation (specify, below)

3 Public corporation

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

043

YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year-end
060 2008-01-01 061 2008-12-31
YYYY MM DD YYYY MM DD

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

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

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

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

Is this the first year of filing after:
Incorporation? 070 1 Yes 2 No X
Amalgamation? 071 1 Yes 2 No X

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes 2 No X

If yes, complete and attach Schedule 24.

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

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

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

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

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes 2 No X

If yes, complete and attach Schedule 91.

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

085 1 Exempt under paragraph 149(1)(e) or (l)
2 Exempt under paragraph 149(1)(j)
3 Exempt under paragraph 149(1)(t)
4 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?	<input type="checkbox"/>	9
Is the corporation an associated CCPC?	<input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	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	<input type="checkbox"/>	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?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	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?	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	3
Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input type="checkbox"/>	
Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	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?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	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?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments – continued from page 2

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

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if yes was entered at line 281)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input checked="" type="checkbox"/>
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	DISTRIBUTION D'ÉLECT	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
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 <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	46,748	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
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			B
Subtotal (amount A minus amount B) (if negative, enter "0")		46,748	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	46,748	
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)		46,748	Z

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

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the tax year**

Income from active business carried on in Canada from Schedule 7	400	46,748	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 1/ (.38 minus X**) 3 times the amount on line 636***, and minus any amount that, because of federal law, is exempt from Part I tax	405	46,748	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	366	=	400,000	1
		Number of days in the tax year	366			
500,000	x	Number of days in the tax year after 2008		=		2
		Number of days in the tax year	366			
Add amounts at lines 1 and 2						400,000 4

Business limit (see notes 1 and 2 below) 410 400,000 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 400,000 x 415 **** D = 11,250 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 400,000 F**Small business deduction**

Amount A, B, C, or F whichever is the least 46,748 x 17 % = 7,947 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. This 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 the previous tax years, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **prior year** minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **current year** minus \$10,000,000) x 0.225%
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

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

Taxable income from line 360									46,748	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								46,748		E
Aggregate investment income from line 440*										F
Total of amounts B to F								46,748	▶	46,748 G
Amount A minus amount G (if negative, enter "0")										H
Amount H	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009	366	x	8.5 %	=				I
		Number of days in the tax year	366							
Amount H	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	=				J
		Number of days in the tax year	366							
Amount H	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				K
		Number of days in the tax year	366							
Amount H	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=				L
		Number of days in the tax year	366							
Amount H	x	Number of days in the tax year after 2011		x	13 %	=				L.1
		Number of days in the tax year	366							

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

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, 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	366	x	8.5 %	=				T
		Number of days in the tax year	366							
Amount S	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	=				U
		Number of days in the tax year	366							
Amount S	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				V
		Number of days in the tax year	366							
Amount S	x	Number of days in the tax year after December 31, 2010, and before January 2012		x	11.5 %	=				W
		Number of days in the tax year	366							
Amount S	x	Number of days in the tax year after 2011		x	13 %	=				W.1
		Number of days in the tax year	366							

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

Enter amount X on line 639.

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the tax year**

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

Foreign non-business income tax credit from line 632

Deduct:

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

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

Taxable income from line 360 46,748

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least 46,748

Foreign non-business
income tax credit

from line 632 x 25 / 9 =

Foreign business
income tax credit

from line 636 x 1(.38 - X*)
3 = 46,748

46,748

x 26 2 / 3 % = D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780) 5,142 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. This has to be pro-rated.

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous tax year **465**
..... G

Add the total of:

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

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

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

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

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

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

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

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

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) multiplied by 38.00 %	550	17,764	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	46,748		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least	46,748		
Net amount		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)			17,764 D
Deduct:			
Small business deduction from line 430		7,947 1	
Federal tax abatement	608	4,675	
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		
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		
Subtotal			12,622 E
Part I tax payable – Line D minus line E		5,142	F
Enter amount F on line 700.			

Summary of tax and credits**Federal tax**

Part I tax payable	700	5,142
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 5,142**Add provincial or territorial tax:**

Provincial or territorial jurisdiction . . . **750** ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)
Net provincial or territorial tax payable (except Ontario [for tax years ending
before 2009], Quebec, and Alberta) . . . **760**
Provincial tax on large corporations (New Brunswick* and Nova Scotia) . . . **765**

Total tax payable **770** 5,142 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
Total credits	890

Total credits **890** 5,142 BRefund code **894** Overpayment Balance (line A minus line B) 5,142**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 **918**
Institution number 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.

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 5,142Enclosed payment **898** **Certification**I, **950** BEAULNE**951** RENÉ**954** GÉRANT

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 2011-07-26

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (613) 679-4093

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 correspondanceIndicate 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** 2

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets				
	Total current assets	1599 +	1,273,540	1,281,583
	Total tangible capital assets	2008 +	733,583	649,026
	Total accumulated amortization of tangible capital assets	2009 –	321,680	274,136
	Total intangible capital assets	2178 +	4,639	4,639
	Total accumulated amortization of intangible capital assets	2179 –	3,761	3,298
	Total long-term assets	2589 +	289,997	354,014
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	1,976,318	2,011,828

Liabilities				
	Total current liabilities	3139 +	852,061	817,642
	Total long-term liabilities	3450 +	396,468	478,670
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	1,248,529	1,296,312

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	727,789	715,516

	Total liabilities and shareholder equity	3640 =	1,976,318	2,011,828
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Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	419,054	406,781

* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

Income statement information

Description	GIFI
Operating name	0001 _____
Description of the operation . .	0002 _____
Sequence Number	0003 <u>01</u>

Account	Description	GIFI	Current year	Prior year
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Income statement information

Total sales of goods and services	8089 +	2,270,988	2,310,546
Cost of sales	8518 -	1,996,170	2,069,093
Gross profit/loss	8519 =	274,818	241,453
Cost of sales	8518 +	1,996,170	2,069,093
Total operating expenses	9367 +	310,406	294,980
Total expenses (mandatory field)	9368 =	2,306,576	2,364,073
Total revenue (mandatory field)	8299 +	2,304,332	2,355,832
Total expenses (mandatory field)	9368 -	2,306,576	2,364,073
Net non-farming income	9369 =	-2,244	-8,241

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 = -2,244 -8,241

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 -	7,713	29,116
Deferred income tax provision	9995 -	-22,230	-30,629
Total – Other comprehensive income	9998 +	_____	_____
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	12,273	-6,728

NOTES CHECKLIST

Corporation's name HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year-end Year Month Day 2008-12-31
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- 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	<input checked="" type="checkbox"/>
Completed a review engagement report	2	<input type="checkbox"/>
Conducted a compilation engagement	3	<input type="checkbox"/>

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement 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:

Prepared the tax return (financial statements prepared by client) **110** 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 ☐

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

Assets – lines 1000 to 2599

1002	596,347	1062	199,699	1063	-8,669
1122	18,276	1480	400,038	1483	16,287
1484	51,562	1599	1,273,540	1774	100,151
1775	-41,327	1783	740,566	1784	-287,645
1787	3,861	1788	-3,077	1900	-110,995
1901	10,369	2008	733,583	2009	-321,680
2018	4,639	2019	-3,761	2178	4,639
2179	-3,761	2424	289,997	2589	289,997
2599	1,976,318				

Liabilities – lines 2600 to 3499

2621	552,363	2920	103,005	2960	196,693
3139	852,061	3240	53,423	3262	273,050
3320	69,995	3450	396,468	3499	1,248,529

Shareholder equity – lines 3500 to 3640

3500	308,735	3600	419,054	3620	727,789
3640	1,976,318				

Retained earnings – lines 3660 to 3849

3660	406,781	3680	12,273	3849	419,054
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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

Revenue – lines 8000 to 8299

8000	2,270,988	8089	2,270,988	8230	33,344
8299	2,304,332				

Cost of sales – lines 8300 to 8519

8320	1,996,170	8518	1,996,170	8519	274,818
-------------	-----------	-------------	-----------	-------------	---------

Operating expenses – lines 8520 to 9369

8570	463	8670	51,895	9270	-4,351
9284	262,399	9367	310,406	9368	2,306,576
9369	-2,244				

Farming revenue – lines 9370 to 9659

9659	0
-------------	---

Farming expenses – lines 9660 to 9899

9898	0
-------------	---

Extraordinary items and taxes – lines 9970 to 9999

9970	-2,244	9990	7,713	9995	-22,230
9999	12,273				

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

- 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			12,273	A
Add:				
Provision for income taxes – current	101	7,713		
Provision for income taxes – deferred	102	-22,230		
Amortization of tangible assets	104	51,895		
Amortization of intangible assets	106	463		
Subtotal of additions		37,841	▶	37,841
Other additions:				
Miscellaneous other additions:				
600 Recouvrements inclus contre autres actifs	290	107,015		
604				
Subtotal of other additions	199	107,015	▶	107,015
Total additions	500	144,856	▶	144,856
Deduct:				
Capital cost allowance from Schedule 8	403	31,402		
Cumulative eligible capital deduction from Schedule 10	405	155		
Subtotal of deductions		31,557	▶	31,557
Other deductions:				
Miscellaneous other deductions:				
700 Frais de transitions deductible	390	73,268		
701 Intérêts sur autres actifs	391	1,205		
703 Amortissement apports pour immobilisations corporelles	393	4,351		
704				
Total	394			
Subtotal of other deductions	499	78,824	▶	78,824
Total deductions	510	110,381	▶	110,381
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				46,748

* For reference purposes only

Canada Revenue
AgencyAgence du revenu
du Canada**SCHEDULE 8****CAPITAL COST ALLOWANCE (CCA)**

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

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)?

1011 Yes ☐2 No ☒

1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1.	1	Équip distr. > 1987	198,269		0		198,269	4	0	0	7,931	190,338
2.	2	Équip Distr < 1988	212,084		0		212,084	6	0	0	12,725	199,359
3.	8	Équip de bureau	1,945	324	0	162	2,107	20	0	0	421	1,848
4.	10	Ordinateur	2,539		0		2,539	30	0	0	762	1,777
5.	12	Logiciels	558	2,610	0	1,305	1,863	100	0	0	1,863	1,305
6.	45	Équipements informatique	2,780		0		2,780	45	0	0	1,251	1,529
7.	50	Équipements informatiques > 18	438	4,704	0	2,352	2,790	55	0	0	1,535	3,607
8.	47	Équipement distribution	44,414	34,019	0	17,010	61,423	8	0	0	4,914	73,519
9.	12	Logiciels - Construction en cours		42,900	0	21,450	21,450	0	0	0		42,900
Total		463,027	84,557			42,279	505,305				31,402	516,182

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.

Canada

Fixed Assets Reconciliation

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

Tax return		
Additions for tax purposes – Schedule 8 regular classes		84,557
Additions for tax purposes – Schedule 8 leasehold improvements	+	
Operating leases capitalized for book purposes	+	
Capital gain deferred	+	
Recapture deferred	+	
Deductible expenses capitalized for book purposes – Schedule 1	+	
Amortissement apports	+	4,351
Total additions per books	=	88,908 ► 88,908
Proceeds up to original cost – Schedule 8 regular classes		
Proceeds up to original cost – Schedule 8 leasehold improvements	+	
Proceeds in excess of original cost – capital gain	+	
Recapture deferred – as above	+	
Capital gain deferred – as above	+	
Pre V-day appreciation	+	
Total proceeds per books	=	►
Depreciation and amortization per accounts – Schedule 1	–	51,895
Loss on disposal of fixed assets per accounts	–	
Gain on disposal of fixed assets per accounts	+	
Net change per tax return	=	37,013

Financial statements		
Fixed assets (excluding land) per financial statements		
Closing net book value		411,903
Opening net book value	–	374,890
Net change per financial statements	=	37,013
If the amounts from the tax return and the financial statements differ, explain why below.		

Canada Revenue
AgencyAgence du revenu
du Canada

SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2008-12-31

- 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	2,212	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	2,212	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 =	J
Cumulative eligible capital balance (amount F minus amount J)		2,212	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		2,212	
less amount from line 249			
Current year deduction		2,212 x 7.00 % =	155 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		155	155 L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	2,057	M

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

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

Page 2 of 2



SHAREHOLDER INFORMATION

Name of corporation HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year end Year Month Day 2008-12-31
--	--	--

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

		Provide only one number per shareholder				
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	MUNICIPALITÉ DU CANTON D'ALFRED ET PLANTAGENI	89244 4779 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						



Ministry of Revenue
Corporations Tax
33 King St. West
PO Box 622
Oshawa ON L1H 8H6

Authorizing or Cancelling a Representative

Complete this form to:

- **authorize** the release of confidential information about the Corporations Tax, Mining Tax or Electricity Act account(s) to the representative named below.
- **cancel** an existing authorization.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

Part 1 Client Information

Legal Name	Phone number	This authorization applies to the following statute(s) and account number(s). <input checked="" type="checkbox"/> Corporations Tax Act 1800109 <input type="checkbox"/> Mining Tax Act <input type="checkbox"/> Electricity Act
HYDRO 2000 INC.	(613) 679-4093	
Mailing address		
Apt./Suite/Unit no. Street number and name / PO Box, RR		
265, RUE ST-PHILIPPE		
City	Province/Territory	Postal code
ALFRED	ON	K0B 1A0

Part 2 Authorize the release of information to a representative

Name of representative (If a firm, name of firm.)	Phone number	Fax number
Last	First	
Mailing address		
Apt./Suite/Unit no. Street number and name / PO Box, RR		
300 MCGILL		
City	Province/Territory	Postal code
HAWKESBURY	ON	K6A 1P8

If your representative is a firm, and you want a specific person in the firm to represent you, state their name and title.

If you do not identify a specific individual in the firm, you are authorizing the Ministry of Finance to deal with anyone from that firm.

Name of person in firm	Title
Last	First

Part 3 Authorization scope and applicable years

<input checked="" type="checkbox"/> Representative to deal fully on your behalf with the Ministry of Finance.	<input checked="" type="checkbox"/> Representative to act for all years , including all previous and future years.
<input type="checkbox"/> Representative to deal in a limited manner on your behalf, for matters specified here. (e.g., account inquiry, applications, annual returns, payments, etc.) ▼	<input type="checkbox"/> Representative to act for specific year or years (describe). ▼

Part 4 Cancel the release of information to a representative

Name of representative (If a firm, name of firm.)	
Last	First
If your representative is an individual within a firm, state their name and title.	
Name of person in firm	Title
Last	First

Part 5 Signature *This form will not be accepted unless it is completed fully, signed and dated.*

I authorize the Ministry of Finance to:

- release confidential information about the tax accounts specified in Part 1 and to deal with the representative named in Part 2 in the manner described in Part 3; and/or
- cancel an existing authorization as described in Part 4.

Name	Title / Relationship to Corporation	Phone number
Last	First	
BEAULNE RENÉ	GÉRANT	(613) 679-4093
Signature		Date
		2011-07-26

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


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

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

☒ Yes

☐ No

Page 1 of 20

Corporation's Legal Name (including punctuation) HYDRO 2000 INC.		Ministry Use Ontario Corporations Tax Account No. (MOF) 1800109													
Mailing Address 265, RUE ST-PHILIPPE ALFRED ON CA K0B 1A0		This Return covers the Taxation Year Start <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3">2008-01-01</td></tr></table> End <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3">2008-12-31</td></tr></table>		year	month	day	2008-01-01			year	month	day	2008-12-31		
year	month	day													
2008-01-01															
year	month	day													
2008-12-31															
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes		Date of Incorporation or Amalgamation <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3">2000-09-29</td></tr></table>		year	month	day	2000-09-29								
year	month	day													
2000-09-29															
Registered/Head Office Address 265, RUE ST-PHILIPPE ALFRED ON CA K0B 1A0		Ontario Corporation No. (MGS) <table border="1" style="display: inline-table;"><tr><td>1427551</td></tr></table>		1427551											
1427551															
Location of Books and Records 265, RUE ST-PHILIPPE ALFRED ON CA K0B 1A0		Canada Revenue Agency Business No. If applicable, enter <table border="1" style="display: inline-table;"><tr><td>86595 5397 RC0001</td></tr></table>		86595 5397 RC0001											
86595 5397 RC0001															
Name of person to contact regarding this CT23 Return RENÉ BEAULNE	Telephone No. (613) 679-4093	Fax No. 													
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS) Ontario Canada		If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3"></td></tr></table> Ceased <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3"></td></tr></table>		year	month	day				year	month	day			
year	month	day													
year	month	day													
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MGS)		Jurisdiction Incorporated <table border="1" style="display: inline-table;"><tr><td>Ontario</td></tr></table>		Ontario											
Ontario															
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). No. of Schedule(s) <table border="1" style="display: inline-table;"><tr><td></td></tr></table>			Preferred Language / Langue de préférence <input type="checkbox"/> English anglais <input checked="" type="checkbox"/> French français												
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). <input checked="" type="checkbox"/> No Change		Ministry Use 													

Certification (MGS)

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

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

RENÉ BEAULNE
Title ☒ **D** Director ☐ **O** Officer ☐ **P** Other individuals having knowledge of the Corporation's business activities

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

HYDRO 2000 INC.

1800109

2008-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of corporation

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify) ▼

Share Capital with full voting rights
owned by Canadian Residents 100 (nearest percent) %

- 2**
- 1 ☐ Family Farm corporation s.1(2)
- 2 ☐ Family Fishing corporation s.1(2)
- 3 ☐ Mortgage Investment corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage subsidiary s.61(4)
- 6 ☐ Bank s.1(2)
- 7 ☐ Loan and Trust corporation s.61(4)
- 8 ☐ Non-resident corporation s.2(2)(a) or (b)
- 9 ☐ Non-resident corporation s.2(2)(c)
- 10 ☐ Mutual Fund corporation s.48
- 11 ☐ Non-resident owned Investment corporation s.49
- 12 ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- 14 ☐ Bare Trustee corporation
- 15 ☐ Branch of Non-resident s.63(1)
- 16 ☐ Financial institution prescribed by Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- 19 ☒ Hydro successor, municipal electrical utility or subsidiary of either
- 20 ☐ Producer and seller of steam for uses other than for the generation of electricity
- 21 ☐ Insurance Exchange s.74.4
- 22 ☐ Farm Feeder Finance Co-operative corporation
- 23 ☐ Professional corporation (incorporated professionals only)

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

☐ Amended Return

☐ Taxation year end change – Canada Revenue Agency approval required

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

☐ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

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

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

If checked, date control was acquired

year month day

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

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

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

Yes No

☐ ☒ Was the corporation inactive throughout the taxation year?

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

Are you requesting a refund due to:

☐ ☒ the Carry-back of a Loss?

☒ ☐ an Overpayment?

☐ ☒ a Specified Refundable Tax Credit?

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

Complete if applicable

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

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

Specify major business activity

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	- - - - -	±	From	690	46,748	.
Subtract: Charitable donations	- - - - -	-		1		.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (<i>Attach schedule 2</i>)	- - - - -	-		2		.
Subtract: Taxable dividends deductible, per federal Schedule 3	- - - - -	-		3		.
Subtract: Ontario political contributions (<i>Attach Schedule 2A</i>) (Int.B. 3002R)	- - - - -	-		4		.
Subtract: Federal Part VI.1 tax	_____ x 3	-		5		.
Subtract: Prior years' losses applied – Non-capital losses	- - - - -	-	From	704		.
	From 715					
Net capital losses (page 16)	_____ x inclusion rate			50.000000	% =	- 714 .
Farm losses	- - - - -	-	From	724		.
Restricted farm losses	- - - - -	-	From	734		.
Limited partnership losses	- - - - -	-	From	754		.
Taxable Income (Non-capital loss)	- - - - -	=		10	46,748	.

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

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) - - - - - = 20 46,748 .

Taxable Income

From 10 (or 20 if applicable) 46,748 . x 30 100.0000 % x 12.5 % x 33 73 366 = + 29 .

Ontario Allocation

From 10 (or 20 if applicable) 46,748 . x 30 100.0000 % x 14 % x 34 366 73 366 = + 32 6,545 .

Ontario Allocation

Income Tax Payable (before deduction of tax credits) 29 + 32 - - - - - = 40 6,545 .

Number of Days in Taxation Year

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

Days after Dec. 31, 2003 Total Days

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) - - - - 50 46,748 .

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) + 51 46,748 .

Add: Losses of other years deducted for federal purposes (fed.s.111) + 52 .

Subtract: Losses of other years deducted for Ontario purposes (s.34) - 53 .

= 46,748 . ▶ 54 46,748 .

Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) - - - - - 55 400,000 .

Ontario Business Limit Calculation

320,000 x 31 366 = + 46 .

400,000 x 34 366 = + 47 .

Business Limit for Ontario purposes 46 + 47 = 44 500,000 . x 48 100.0000 % = 45 500,000 .

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

Income eligible for the IDSBC - - - - - From 30 100.0000 % x 56 46,748 . = 60 46,748 .

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

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

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

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

continued on Page 5

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

- - - - - 110 .

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

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

The whole of the active business income qualifies as Eligible Canadian Profits if: **a)** your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and **b)** the total active business income is \$250,000 or less.**Eligible Canadian Profits**- - - - - + 120 .
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 46,748 .

Add: Adjustment for Surtax on Canadian-controlled private corporations

$$\frac{\text{From } 100}{\text{From } 30} \div \frac{100.0000\%}{\text{From } 78} \div 8.5000\% = 121 .$$

*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122 .

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

Taxable Income - - - - - + From 10 46,748 .

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 46,748 .

Add: Adjustments for Surtax on Canadian-controlled private corporations - - - - - + From 122 .

Subtract: Taxable Income 10 46,748 X Allocation % to jurisdictions outside Canada - - - - - 140 .

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

10 - 56 + 122 - 140 - 141 - - - - - = 142 .

Claim**Number of Days in Taxation Year**Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \frac{\text{From } 30}{100.0000\%} \times 1.5\% \times \frac{33}{73} \div 366 = + 154 .$$

Ontario Allocation

Days after Dec. 31, 2003

Total Days

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \frac{\text{From } 30}{100.0000\%} \times 2\% \times \frac{34}{73} \div 366 = + 156 .$$

Ontario Allocation

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

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

= 161 .

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

= 162 .

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule)

- 170 .

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

Eligible Credit 175 .

Credit Claimed 180 .

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 2,571 .

continued on Page 7

Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.Eligible Credit From OITC Claim Form *(Attach original Claim Form)* - - - - - + .**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From CT23 Schedule 113 *(Attach Schedule 113)* - - - - - + .**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of ProductionEligible Credit From of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + .**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005. No. of Graduates From Eligible Credit From CT23 Schedule 115 *(Attach Schedule 115)* - - - - - + .**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit From OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - + .**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + .**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From OBRITC Claim Form *(Attach original Claim Form)* - - - - - + .**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit From of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + .**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + .**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From OSRTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - + .**Apprenticeship Training Tax Credit (ATTC) (s.43.13)***Applies* to employment of eligible apprentices. No. of Apprentices From Eligible Credit From CT23 Schedule 114 *(Attach Schedule 114)* - - - - - + .Other (specify) _____ - - - - - + .**Total Specified Tax Credits** + + + + + + + + + + + = .**Specified Tax Credits** *Applied to reduce Income Tax* - - - - - = .**Income Tax** - **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* - - - - = 2,571 .To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in to Income Tax in **Summary** section on **Page 17**.**OR**If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

Total Assets of the corporation	- - - - -	+ [240]	1,976,318 ●
Total Revenue of the corporation	- - - - -	+ [241]	2,304,332 ●

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

If you are a member of an associated group (X) ☐ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)		Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets		Total Revenue	
				+	243	+	244
				+	245	+	246
				+	247	+	248
Aggregate Total Assets	240 + 243 + 245 + 247, etc.	- - - - -	- - - - -	=	249	1,976,318	
Aggregate Total Revenue	241 + 244 + 246 + 248, etc.	- - - - -	- - - - -	=	250	2,304,332	

Determination of Applicability

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

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

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

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

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable	- -	CMT Base	From Schedule 101	2136		X From	30	100.0000 % X	4 % =	276	
				If negative, enter zero				Ontario Allocation			
Subtract: Foreign Tax Credit for CMT purposes (<i>Attach Schedule</i>)	- - - - -									277	
Subtract: Income Tax	- - - - -								- From	190	2,571

Net CMT Payable	(If negative, enter Nil on Page 17.)	- - - - - =	280
------------------------	--------------------------------------	-------------	-----

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

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

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

CMT Credit Carryover available From Schedule 101 - - - - - From 2333

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	+ From [190]	2,571 .	
	Gross CMT Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	+ From [276]	.	
	Subtract: Foreign Tax Credit for CMT purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- From [277]	.	
	If [276] – [277] is negative, enter NIL in [290]	=																=	[290]	.
	Income Tax eligible for CMT Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	=	[300]	2,571 .

B.	Income Tax (after deduction of specified credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	+	From	230	2,571 ●
	Subtract: CMT credit used to reduce income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		310	●	
	Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	=		320	2,571 ●	

Transfer to page 17

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

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

HYDRO 2000 INC.

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DOLLARS ONLY

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+	350	308,735
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	419,054
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	.
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	.
Bank loans (Int.B. 3013R)	- - - - -	+	354	.
Bankers acceptances (Int.B. 3013R)	- - - - -	+	355	.
Bonds and debentures payable (Int.B. 3013R)	- - - - -	+	356	.
Mortgages payable (Int.B. 3013R)	- - - - -	+	357	.
Lien notes payable (Int.B. 3013R)	- - - - -	+	358	.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	- - - - -	+	359	.
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+	360	.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+	361	.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+	362	.
Subtotal	- - - - -	=	370	727,789
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371	.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	-	372	.
Total Paid-up Capital	- - - - -	=	380	727,789
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	-	381	.
Electrical Generating Corporations Only – All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	- - - - -	-	382	.
Net Paid-up Capital	- - - - -	=	390	727,789

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+	402	.
Mortgages due from other corporations	- - - - -	+	403	.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	404	.
Loans and advances to unrelated corporations	- - - - -	+	405	.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	406	.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407	.
Total Eligible Investments	- - - - -	=	410	.

continued on Page 10

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

Total Assets per balance sheet	- - - - -	+	420	1,976,318	.
Mortgages or other liabilities deducted from assets	- - - - -	+	421		.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+	422		.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	423		.
Total Assets as adjusted	- - - - -	=	430	1,976,318	.
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+	440		.
Subtract: Amounts in 371, 372 and 381	- - - - -	-	441		.
Subtract: Appraisal surplus if booked	- - - - -	-	442		.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	443		.
Total Assets	- - - - -	=	450	1,976,318	.

Investment Allowance (410 ÷ 450) × 390	- - - - -	Not to exceed 410	=	460	.
Taxable Capital 390 - 460	- - - - -		=	470	727,789

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	2,304,332	.
Total Assets (as adjusted)	- - - - -	From 430	1,976,318	.

Calculation of Capital Tax for all Corporations except Financial Institutions**Note:** This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.

Financial Institutions use calculations on page 13.

Important:

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

- OR** If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C on page 11, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.
- OR** If the corporation **is** a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B**B1.** Calculation of Taxable Capital Deduction (TCD)

		Number of Days in Taxation Year			
		Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days		
7,500,000	×	36	÷ 73 366	= +	501
		Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000	×	37	÷ 73 366	= +	502
		Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days		
12,500,000	×	38	÷ 73 366	= +	504
		Days after Dec. 31, 2007	Total Days		
15,000,000	×	39 366	÷ 73 366	= +	505 15,000,000
Taxable Capital Deduction (TCD) 501 + 502 + 504 + 505				=	503 15,000,000

B2. This section applies to corporations to calculate the prorated capital tax rate.

Calculation of Capital Tax Rate

		Number of Days in Taxation Year			
		Days before Jan. 1, 2007	Total Days		
0.3 %	×	556	÷ 73 366	= +	511 %
		Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days		
0.225 %	×	557 366	÷ 73 366	= +	512 0.2250 %
Capital Tax Rate 511 + 512				=	516 0.2250 %

continued on Page 11

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D2. Calculation Do not complete this calculation if ss.69(2.1) election is filed

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

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

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada
(if insufficient space, attach schedule)

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

Taxation Year End

Taxable Capital

			+ 531	.
			+ 532	.
			+ 533	.
Aggregate Taxable Capital	470 + 531 + 532 + 533 , etc.	- - - - -	= 540	.

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in 523 in section E below, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E below.

From \div From \times From $=$

Transfer to **542** in Section E below

Ss.69(2.1) Election Filed

☐ **591** (X if applicable) **Election filed.** Attach a copy of Schedule 591 with this CT23 Return. Proceed to **Section F** below.

SECTION E

This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate Taxable Capital 540 above, exceeds the TCD 503 on page 10.

Complete the following calculation and transfer the amount from to , and complete the return from that point.

$$\begin{array}{rcl}
 + & \text{From } 470 & \bullet \\
 - & 542 & \bullet \\
 = & 471 & \bullet
 \end{array}
 \times
 \begin{array}{rcl}
 \text{From } 30 & 100.0000\% & \\
 & \text{Ontario Allocation} &
 \end{array}
 \times
 \begin{array}{rcl}
 \text{From } 516 & 0.2250\% & \\
 & \text{Capital Tax Rate} &
 \end{array}
 \times
 \begin{array}{rcl}
 \text{Days in taxation year} & 555 & 366 \\
 & 366 & (366 \text{ if leap year})
 \end{array}
 = + 523 \bullet$$

Total Capital Tax for the taxation year
Transfer to 543 and complete the return from that point

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election.

+	From 470	x	From 30	x	From 516	- - - - -	= +	561
			Ontario Allocation		Capital Tax Rate			
-	Capital tax deduction from 995		relating to your corporation's Capital Tax deduction, on Schedule 591			- -	-	From 995
							=	562

$$\text{Capital Tax} = 562 \times \frac{555 \times 366}{366 \times 366} = 563$$

Transfer to 543 and complete the return from that point

* If floating taxation year, refer to Guide.

Capital Tax	before application of specified credits	- - - - -	=	543	.
	Subtract: Specified Tax Credits applied to reduce capital tax payable (<i>Refer to Guide</i>)	- - - - -	-	546	.
Capital Tax	543 - 546 (<i>amount cannot be negative</i>)	- - - - -	=	550	.

Transfer to Page 17

continued on Page 13

Capital Tax continued from Page 12

Calculation of Capital Tax for Financial Institutions

1.1 Credit Unions only

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

1.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

x

567

Capital Tax Rate (1)
(Refer to Guide)

%

x

From 30

100.0000

%

x

555

Days in taxation year
366
(366 if leap year)

- - - -

=

+

569

570

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

x

571

Capital Tax Rate (2)
(Refer to Guide)

%

x

From 30

100.0000

%

x

555

Days in taxation year
366
(366 if leap year)

- - - -

=

+

574

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2)

569 + 574 - - = 575

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments - - - - -

-

585

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

Capital Tax - Financial Institutions

575 - 585 - - - - -

=

586

Transfer to 543 on Page 12

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

(1) Uninsured Benefits Arrangements - - - - -

587

x

2 %

- -

=

588

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - - - - -

-

589

Premium Tax

588 - 589 - - - - -

=

590

Transfer to page 17

HYDRO 2000 INC.

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DOLLARS ONLY

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1 - - - - - From \pm 600 46,748 .

Total of Additions on page 14 - - - - - From $=$ 640 31,557 .

Sub Total of deductions on page 14 - - - - - From $=$ 681 31,557 .

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

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

ONTTI Gross-up deduction calculation:

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

Ontario Allocation

Workplace Child Care Tax Incentive (WCCT)

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

$$\begin{array}{rcl} \text{Qualifying expenditures: } 665 \cdot \times 30\% \times \frac{100}{\text{From } 30 \cdot 100.0000} & = & 666 \cdot \end{array}$$

Ontario allocation

Workplace Accessibility Tax Incentive (WATI)

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

$$\begin{array}{rcl} \text{Qualifying expenditures: } 667 \cdot \times 100\% \times \frac{100}{\text{From } 30 \cdot 100.0000} & = & 668 \cdot \end{array}$$

Ontario allocation

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

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

$$\begin{array}{rcl} \text{Qualifying expenditures: } 670 \cdot \times 30\% \times \frac{100}{\text{From } 30 \cdot 100.0000} & = & 671 \cdot \end{array}$$

Ontario allocation

Educational Technology Tax Incentive (ETTI)

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

$$\begin{array}{rcl} \text{Qualifying expenditures: } 672 \cdot \times 15\% \times \frac{100}{\text{From } 30 \cdot 100.0000} & = & 673 \cdot \end{array}$$

Ontario allocation

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

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 31,557 . 680 31,557 .

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 46,748 .

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

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

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 2000-12-31	817 (9)	860 (9)		850	870
801 8th preceding taxation year 2001-09-30	818 (9)	861 (9)		851	871
802 7th preceding taxation year 2001-12-31	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2002-12-31	820	830	840	853	873
804 5th preceding taxation year 2003-12-31	821	831	841	854	874
805 4th preceding taxation year 2004-12-31	822	832	842	855	875
806 3rd preceding taxation year 2005-12-31	823	833	843	856	876
807 2nd preceding taxation year 2006-12-31	824	834	844	857	877
808 1st preceding taxation year 2007-12-31	825	835	845	858	878
809 Current taxation year 2008-12-31	826	836	846	859	879
Total	829	839	849	869	889

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.

- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

HYDRO 2000 INC.

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2008-12-31

DOLLARS ONLY

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)	911	921	931	941
Taxation Year Ending year month day				
i) 3 rd preceding	912	922	932	942
ii) 2 nd preceding	913	923	933	943
iii) 1 st preceding	914	924	934	944
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	- - - - - +	From 230 or 320	2,571	•
Corporate Minimum Tax	- - - - - +	From 280		•
Capital Tax	- - - - - +	From 550		•
Premium Tax	- - - - - +	From 590		•
Total Tax Payable	- - - - - =	950	2,571	•
Subtract: Payments	- - - - - -	960	24,000	•
Capital Gains Refund (s.48)	- - - - - -	965		•
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985		•
Specified Tax Credits (Refer to Guide)	- - - - - -	955		•
Other, specify	- - - - - -			•
Balance	- - - - - =	970	-21,429	•
If payment due	- - - - - Enclosed *	990		•
If overpayment: Refund (Refer to Guide)	- - - - - =	975	21,429	•
Apply to	year month day	980		•
(Includes credit interest)				

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

Certification

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

Name (please print)

RENÉ BEAULNE

Title

GÉRANT

Full Residence Address

Signature

Date

2011-07-26

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

Part 1: Calculation of CMT Base

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

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 12,273.

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

Provision for recovery of income taxes / benefit of current income taxes	..... +	2101	
Provision for deferred income taxes (credits) / benefit of future income taxes	..... +	2102	22,230.
Equity income from corporations	..... +	2103	
Share of partnership(s)/joint venture(s) income	..... +	2104	
Dividends received/receivable deductible under fed.s.112	..... +	2105	
Dividends received/receivable deductible under fed.s.113	..... +	2106	
Dividends received/receivable deductible under fed.s.83(2)	..... +	2107	
Dividends received/receivable deductible under fed.s.138(6)	..... +	2108	

Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1)

..... x 3 + 2109

Subtotal = 22,230. ▶ - 2110 22,230.

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

Provision for current taxes / cost of current income taxes	..... +	2111	7,713.
Provision for deferred income taxes (debits) / cost of future income taxes	..... +	2112	
Equity losses from corporations	..... +	2113	
Share of partnership(s)/joint venture(s) losses	..... +	2114	
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	..... +	2115	

Subtotal = 7,713. ▶ + 2116 7,713.

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property, occurring before March 22, 2007, for current/prior years

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

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

..... - 2150

Capital gains on eligible donations of publicly-listed securities and ecologically sensitive land made after May 1, 2006 (to the extent reflected in net income/loss)

..... - 2155

Subtotal (Additions) = ▶ + 2129

Subtotal (Subtractions) = ▶ - 2130

** Other adjustments ± 2131

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 = 2132 -2,244.

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

Adjusted net income (loss) (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) = 2134 -2,244.

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

* CMT losses: other eligible losses + 2211

= ▶ - 2135

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

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

CMT Base = 2136

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

CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2)	.....	+	2201	14,381
Add: Current year's losses	.....	+	2202	2,244
Losses from predecessor corporations on amalgamation that occurred before March 22, 2007 NOTE (3)	.....	+	2203	
Losses from predecessor corporations on wind-up completed before March 22, 2007 NOTE (3)	.....	+	2204	
Amalgamation (X) <input type="checkbox"/> Yes Wind-up (X) <input type="checkbox"/> Yes				
Subtotal	=		2,244	+
Adjustments (attach schedule)	.....	±	2208	
CMT losses available	2201 + 2207 ± 2208	=	2209	16,625
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	.....	+	2211	
Losses expired during the year	.....	+	2212	
Subtotal	=			-
Balances at End of Year NOTE (5)	2209 - 2213	=	2214	16,625

Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation that occurred before March 22, 2007, to which fed.s.87 applies and/or a wind-up completed before March 22, 2007, to which fed.s.88(1) applies (see s.57.5(8) and s.57.5(9)). The continuation of CMT losses no longer applies for amalgamations and wind-ups that occur after March 21, 2007.
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.
- (6) Include the lesser of the total investment losses of a predecessor corporation from an investment in another predecessor corporation that is controlled by the first predecessor corporation, and the total unused CMT losses of the other predecessor corporation.
- (7) Include the lesser of the total investment losses of the parent corporation from its investment in the subsidiary corporation, and the total unused CMT losses of the subsidiary corporation.

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 2000-12-31	2260	2280
2241	8th preceding taxation year 2001-09-30	2261	2281
2242	7th preceding taxation year 2001-12-31	2262	2282
2243	6th preceding taxation year 2002-12-31	2263	2283
2244	5th preceding taxation year 2003-12-31	2264	2284
2245	4th preceding taxation year 2004-12-31	2265	2285
2246	3rd preceding taxation year 2005-12-31	2266	2286
		6,140	
2247	2nd preceding taxation year 2006-12-31	2267	2287
2248	1st preceding taxation year 2007-12-31	2268	2288
		8,241	
2249	Current taxation year 2008-12-31	2269	2289
		2,244	
Totals		2270	2290
		16,625	

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

Corporate Minimum Tax (CMT) CT23 Schedule 101

Corporation's Legal Name HYDRO 2000 INC.	Ontario Corporations Tax Account No. (MOR) 1800109	Taxation Year End 2008-12-31
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Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301

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

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

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

Subtotal (If negative, enter NIL) = 2305

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

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

Amalgamation (X) 2315 ☐ Yes Wind-up (X) 2320 ☐ Yes

Subtotal 2301 + 2310 + 2325 = 2330

Adjustments (Attach schedule) ± 2332

CMT Credit Carryover available 2330 ± 2332 = 2333

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

Subtract: CMT Credit utilized during the year to reduce income tax

(310 on page 8 of the CT23 or 351 on page 6 of the CT8.) + From 310 or 351
CMT Credit expired during the year + 2334

Subtotal = 2335

Balance at End of Year NOTE (4) 2333 - 2335 = 2336

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted. (see s.43.1(3)(b))
- (3) Include and indicate whether CMT credits are a result of an amalgamation that occurred before March 22, 2007 to which fed.s.87 applies and/or a wind-up completed before March 22, 2007, to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal sum of 2370 + 2390 .

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 2000-12-31	2360	2380
2341	8th preceding taxation year 2001-09-30	2361	2381
2342	7th preceding taxation year 2001-12-31	2362	2382
2343	6th preceding taxation year 2002-12-31	2363	2383
2344	5th preceding taxation year 2003-12-31	2364	2384
2345	4th preceding taxation year 2004-12-31	2365	2385
2346	3rd preceding taxation year 2005-12-31	2366	2386
2347	2nd preceding taxation year 2006-12-31	2367	2387
2348	1st preceding taxation year 2007-12-31	2368	2388
2349	Current taxation year 2008-12-31	2369	2389
Totals		2370	2390

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

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

Corporation's Legal Name HYDRO 2000 INC.	Ontario Corporations Tax Account No. (MOR) 1800109	Taxation Year End 2008-12-31
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CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

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

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

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	2000-09-28					
9th Prior Year	2000-12-31					
8th Prior Year	2001-09-30					
7th Prior Year	2001-12-31					
6th Prior Year	2002-12-31					
5th Prior Year	2003-12-31					
4th Prior Year	2004-12-31					
3rd Prior Year	2005-12-31	6,140				6,140
2nd Prior Year	2006-12-31					
1st Prior Year	2007-12-31	8,241				8,241
	Total	14,381				14,381

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
2000-09-28						
2000-12-31						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
2007-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
2000-09-28						
2000-12-31						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
2007-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

CMT Credit Carryovers Workchart

Filing Corporation

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	2000-09-28					
9th Prior Year	2000-12-31					
8th Prior Year	2001-09-30					
7th Prior Year	2001-12-31					
6th Prior Year	2002-12-31					
5th Prior Year	2003-12-31					
4th Prior Year	2004-12-31					
3rd Prior Year	2005-12-31					
2nd Prior Year	2006-12-31					
1st Prior Year	2007-12-31					
	Total					

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
2000-09-28						
2000-12-31						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
2007-12-31						
	Total					

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
2000-09-28						
2000-12-31						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
2007-12-31						
	Total					

Corporation's Legal Name HYDRO 2000 INC.	Ontario Corporations Tax Account No. (MOF) 1800109	Taxation Year End 2008-12-31
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Is the corporation electing under regulation 1101(5q)? 1 ☐ Yes 2 ☒ No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	198,269			0	198,269		198,269	4	0	0	7,931	190,338
2	212,084			0	212,084		212,084	6	0	0	12,725	199,359
8	1,945	324		0	2,269	162	2,107	20	0	0	421	1,848
10	2,539			0	2,539		2,539	30	0	0	762	1,777
12	558	2,610		0	3,168	1,305	1,863	100	0	0	1,863	1,305
45	2,780			0	2,780		2,780	45	0	0	1,251	1,529
50	438	4,704		0	5,142	2,352	2,790	55	0	0	1,535	3,607
47	44,414	34,019		0	78,433	17,010	61,423	8	0	0	4,914	73,519
12		42,900		0	42,900	21,450	21,450	0	0	0		42,900
Totals	463,027	84,557			547,584	42,279	505,305				31,402	516,182

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

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

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

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

Enter in boxes on the CT23.



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

Ontario Cumulative Eligible Capital Deduction Schedule 10 Page 1 of 2

For taxation years 2002 and later

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

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

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) = + 2,212 **A**

Add: Cost of eligible capital property acquired during the taxation year + **B**
Other adjustments + **C**
B + C = x 3 / 4 = **D**

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 x 1 / 2 = - **E**

D minus E (if negative, enter zero) = **F**

Amount transferred on amalgamation or wind-up of subsidiary + **G**

Subtotal A + F + G = 2,212 **H**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + **I**

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **J**

Other adjustments + **K**

I + J + K = x 3 / 4 = - **L**

Ontario cumulative eligible capital balance H minus L = 2,212 **M**

If **M** is negative, enter zero at line **Q** and proceed to **Part 2**, page 2.

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business **N**

From **M** 2,212

From **N** -

Current year deduction M minus N = 2,212 x 7 % = + 155 **O**

N + O = 155 **P**

Note: The maximum current year deduction is 7%. Any amount up to the maximum deduction of 7% may be claimed.
For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.
Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance M minus P (if negative, enter zero) = 2,057 **Q**

See page 2 - Part 2

**Ontario Cumulative Eligible Capital Deduction
Schedule 10 Page 2 of 2**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HYDRO 2000 INC.	1800109	2008-12-31

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

Complete this part only if the amount at line M is negative.

Amount from line M above. <i>Show this as a positive amount; not negative.</i>	_____	R
Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	+ _____	1
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA	+ _____	2
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	+ _____	3
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	– _____	4
Deduct line 4 from line 3 (if negative, enter zero)	= _____	5
Total lines 1 + 2 + 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 1	_____	7
Amounts at Line Z from Ontario Schedule 10 of previous taxation years ending after February 27, 2000 (This will be Line T in earlier versions of this schedule.)	+ _____	8
Total lines 7 + 8	= _____	9
Deduct line 9 from line 6 (if negative, enter zero)	= _____	S
R minus S (if negative, enter zero)	= _____	T
From Line 5 $\times 1 / 2$	= – _____	U
T minus U (if negative, enter zero)	= _____	V
From V $\times 2 / 3$	= _____	W
Lesser of R and S	= + _____	Z
Amount to be included in income W + Z	= _____	

Corporate Taxpayer Summary

Corporate information

Corporation's name	HYDRO 2000 INC.														
Taxation Year	2008-01-01 to 2008-12-31														
Jurisdiction	Ontario														
BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporation is associated	N														
Corporation is related	N														
Number of associated corporations	.														
Type of corporation	Canadian-Controlled Private Corporation														
Total amount due (refund) federal and provincial*	-16,287														
* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.															

Summary of federal information

Net income	46,748														
Taxable income	46,748														
Donations															
Calculation of income from an active business carried on in Canada	46,748														
Dividends paid															
Balance of the low rate income pool at the end of the previous year															
Balance of the low rate income pool at the end of the year															
Balance of the general rate income pool at the end of the previous year															
Balance of the general rate income pool at the end of the year															
Part I tax (base amount)	17,764														
Credits against part I tax	Summary of tax														
Small business deduction	7,947	Part I	5,142	Refunds/credits											
M&P deduction		Part IV		ITC refund											
Foreign tax credit		Part III.1		Dividends refund											
Investment tax credits		Other*		Instalments											
Abatement/Other*	4,675	Provincial or territorial tax		Surtax credit											
				Other*											
				Balance due/refund (-)											
				5,142											
* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.															

Summary of federal carryforward/carryback information

Carryback amounts															
Investment tax credits															
Non-capital losses															
Capital losses															
Farm losses															
Restricted farm losses															
Part I tax credit (Schedule 42)															
Federal foreign non-business income tax credit															
Carryforward balances															
RDTOH															
Charitable donations															
Gifts to Canada, a province or a territory															

Summary of federal carryforward/carryback information (continued)

Gifts of certified cultural property	
Gifts of certified ecologically sensitive land	
Gifts of medicine	
Investment tax credits	
Non-capital losses that can be carried forward over 7 years	
Non-capital losses that can be carried forward over 10 years	
Non-capital losses that can be carried forward over 20 years	
Capital losses/L.P.P.	
Farm losses that can be carried forward over 10 years	
Farm losses that can be carried forward over 20 years	
Restricted farm losses that can be carried forward over 10 years	
Restricted farm losses that can be carried forward over 20 years	
Current year's balance of SR&ED expenditures (T661)	
Foreign business tax credit	
Unused surtax credit (Schedule 37)	3,606
Capital dividend amount	
Part I tax credit (Schedule 42)	
Cumulative eligible capital	2,057
Capital gains reserves	
Financial statement reserve	
Other reserves	
Balance of patronage dividends	
Continuity of exemption of accumulated income	

Summary of provincial information – provincial income tax payable

	Ontario (CT-23)	Québec (CO-17)	Alberta (AT1)
Net income	46,748		
Taxable income	46,748		
% Allocation	100.00		
Attributed taxable income	46,748		
Surtax		N/A	N/A
Tax payable before deduction*	6,545		
Deductions and credits	3,974		
Net tax payable	2,571		
Attributed taxable capital	727,789		N/A
Capital tax payable**			N/A
Total tax payable***	2,571		
Instalments and refundable credits	24,000		
Balance due/Refund (-)	-21,429		

* For Québec, this includes special taxes and logging operations.

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

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

Summary of provincial information – provincial income tax payable (continued)

	British Columbia	Saskatchewan	Manitoba
% Allocation			
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital			
Capital tax payable**			
Instalments and refundable credits			
Balance due/Refund (-)			
* For British Columbia, this includes the Logging Tax Payable.			
** For Manitoba, this includes the Outstanding Balance Excluding Instalments.			
	Newfoundland and Labrador	Prince Edward Island	Nova Scotia
% Allocation			
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital			
Capital tax payable			
Instalments and refundable credits			
Balance due/Refund (-)*			
* Only applies in the case of bank, a loan corporation or a trust corporation.			
	Yukon	Northwest Territories	Nunavut
% Allocation			
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			

Summary of provincial carryforward amounts

	Ontario	Québec	Alberta
Non-capital losses that can be carried forward over 7 years			
Non-capital losses that can be carried forward over 10 years	N/A		
Non-capital losses that can be carried forward over 20 years	N/A		
Net capital losses/Listed personal property losses			
Farm losses that can be carried forward over 10 years			
Farm losses that can be carried forward over 20 years	N/A		
Restricted farm losses that can be carried forward over 10 years			
Restricted farm losses that can be carried forward over 20 years	N/A		
Donations			
Capital gains reserves			
Financial statement reserves			
Other reserves			
Eligible capital	2,057		
Other carryforward amounts			
Ontario			
Continuity of other eligible CMT losses – Filling Corporation – OCMT101			14,381
Predecessor corporations only – Amalgamation – OCMT101			
Predecessor corporations only – Wind-up – OCMT101			
CMT credit carryovers workchart – Filling Corporation – OCMT101			
CMT credit carryovers workchart – Predecessor corporations only – Amalgamation			
CMT credit carryovers workchart – Wind-up – OCMT101			
Ontario current taxation year closing balance in pool of deductible SR&ED expenditures – O161			
Continuity Schedule for Federal ITC relating to SR&ED Expenditures for the Preceding Taxation Year – O161			
Continuity Schedule for the Amount of Federal ITC from SR&ED Expenditures relating to QORD for the Preceding Taxation Year – O161			
Québec			
R&D expenditures not deducted at the end of the year – RD-222			
Tax credit for fees and dues paid to a research consortium – RD-1029.8.9.03			
Foreign non-business income tax credits – CO-17S.39			
Non-refundable tax credit for resources – 1029.8.36.EM			
Investment Tax Credit – CO-1029.8.36.IN			
Development work expenses – FM220.3			
Excess development work expenses – FM220.3			
Balance of patronage dividends – CO-786			
Alberta			
Unclaimed SR&ED expenditure pool deduction balance – A16			
British Columbia			
Scientific research and experimental development – Schedule 425			
Manufacturing and processing – Schedule 426			
Manitoba			
Research and development – Schedule 380			
Manufacturing investment – Schedule 381			
Co-op education and apprenticeship – Schedule 384			
Odour control – Schedule 385			
Community enterprise investment – Schedule 387			
Saskatchewan			
Royalty tax rebate – Schedule 400			
Manufacturing and processing investment – Schedule 402			
Research and development – Schedule 403			

Summary of provincial carryforward amounts (continued)

Newfoundland and Labrador

Direct equity tax – Schedule 303

Prince Edward Island

Investment – Schedule 321

Nova Scotia

Energy efficiency tax credit – Schedule 342

Manufacturing and processing investment – Schedule 344

New Brunswick

Research and development – Schedule 360

Nunavut

Investment – Schedule 480

Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information (T2)					
Taxation year end	2008-12-31	2007-12-31	2006-12-31	2005-12-31	2004-12-31
Net income	46,748	156,368	141,919	42,651	-240,491
Taxable income	46,748	156,368	54,846		
Active business income	46,748	156,368	141,919	42,651	
Dividends paid					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	5,142	20,515	7,195		

Federal taxes					
Part I before surtax	5,142	59,420	6,581		
Surtax		1,751	614		
Part I.3					
Part IV					
Part I & Surtax	5,142	20,515	7,195		
Part III.1					
Other*					

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

Credits against part I tax					
Small business deduction	7,947	25,019	8,775		
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*	4,675	15,637	5,485		

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

Refunds/credits					
ITC refund					
Dividend refund					
Instalments					
Surtax credit					
Other*					

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

Ontario

<u>Taxation year end</u>	<u>2008-12-31</u>	<u>2007-12-31</u>	<u>2006-12-31</u>	<u>2005-12-31</u>	<u>2004-12-31</u>
Net income	46,748				
Taxable income	46,748				
% Allocation	100.00				
Attributed taxable income	46,748	156,368	54,846		
Surtax					
Income tax payable before deduction	6,545	21,892	7,678		
Income tax deductions /credits	3,974	13,291	4,662		
Net income tax payable	2,571	8,601	3,016		
Taxable capital	727,789	1,169,256	722,244	1,113,215	777,630
Capital tax payable					
Total tax payable*	2,571	8,601	3,016		
Instalments and refundable credits	24,000	26,003			
Balance due/refund**	-21,429	-17,402	3,016	-18,000	-24,000

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Canada Revenue
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Business Consent form

Complete this form to consent to the release of confidential information about your program account(s) to the representative named below, or to cancel consent for an existing representative. **Send this completed form to your tax centre (see Instructions).** Make sure you complete this form correctly, since we cannot change the information that you provided. You can also give or cancel consent by providing the requested information online through My Business Account at www.cra.gc.ca/mybusinessaccount.

Note: Read all the instructions before completing this form.

Part 1 – Business information

Complete this part to identify your business (all fields have to be completed)

Business name: HYDRO 2000 INC.

BN: 865955397 Telephone number: (613) 679-4093

Part 2 – Authorize a representative – Complete either part a) or b)

a) Authorize access by telephone, fax, mail or in person by appointment

If you are giving consent for an individual, enter that person's full name. If you are giving consent to a firm, enter the name and BN of the firm. If you want us to deal with a specific individual in that firm, enter **both** the individual's name and the firm's name and BN. If you do not identify an individual of the firm, then you are giving us consent to deal with anyone from that firm.

Note: If you are authorizing a representative (individual or firm) who is not registered with the Represent a client service, the phone number is required.

Name of Individual: _____

Name of Firm: _____

Telephone number: _____ Extension: _____ **BN:**

OR

b) Authorize online access (includes access by telephone, fax, mail or by appointment)

You can authorize your representative to deal with us through our online service for representatives. The Business Number must be registered with the "Represent a Client" service to be an online representative. **Our online service does not have a year-specific option, so your representative will have access to all years.** Please enter the name and RepID of the individual **or** GroupID and name of the group **or** name and BN of the firm.

Name of individual: _____ **and RepID:**

OR

Name of group: _____ **and GroupID:** G

OR

Name of firm: DELOITTE. **and BN:** 133245290

Telephone number: (613) 632-4178 Extension: _____

Part 3 – Select the program accounts, years and authorization level

a) Program Accounts – Select the program accounts the above individual or firm is authorized to access (tick only box A **or** B).

A. ☒ This authorization applies to all program accounts and all years.

Expiry date:

AND

Authorization level (tick level 1 or 2)

☐ Level 1 lets CRA disclose information only on your program account(s); **or**

☒ Level 2 lets CRA disclose information **and** accept changes to your program account(s).

OR

B. ☐ This authorization applies only to program accounts and periods listed in Part 3b). If you ticked this option, you must complete 3b).

Business Consent form (RC59 continued)**Part 3 – Select the program accounts, years and authorization level (continued)**

b) Details of program accounts and fiscal periods — Complete this area only if you ticked box B in Part 3a) on page 1.

If you ticked box B in part 3a), you have to provide at least one program identifier. You can then tick the "All program accounts" box for that program identifier **or** enter a reference number. Provide the authorization level (tick **either** box 1 to disclose information or box 2 to disclose information **and** accept changes to your program account).

You can also tick the "All years" box to allow unlimited tax year access **or** enter a specific fiscal period (specific period authorization **is not available** for online access). You can also enter an expiry date to automatically cancel authorization. If more authorizations or more than four program identifiers are needed, complete another Form RC59.

Program identifier	All program accounts	Reference number	Authorization level	All years	or	Specific fiscal period (not available for online access)	Expiry date
			1 2			Year-end	
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>	<input type="text"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>	<input type="text"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>	<input type="text"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/> or <input type="text"/>	<input type="text"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/>	or	<input type="text"/>	<input type="text"/>

Part 4 – Cancel one or more authorizations

Complete this part **only** to cancel authorization(s)

- ☐ **A.** Cancel **all** authorizations.
- ☐ **B.** Cancel authorization for the individual, group, or firm identified below.
- ☐ **C.** Cancel authorization for specific program account(s) _____.

Name of Individual: _____ and RepID:

OR

Name of Group: _____ and GroupID:


OR

Name of Firm: _____ and BN:

Part 5 – Certification

This form has to be signed by an authorized person of the business such as an owner, a partner of a partnership, a director of a corporation, an officer of a non-profit organization or a trustee of an estate. By signing and dating this form, you authorize the CRA to deal with the individual, group, or firm listed in Part 2 of this form or cancel the authorizations listed in Part 4.

First name: RENÉ Last name: BEAULNE

Sign here  _____ Date 2011-07-26

We will not process this form unless it is **signed** and **dated** by an authorized person of the business.

The *Privacy Act* protects information given on this form, which is kept in personal information bank numbers CRA PPU-175 and 223.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2010-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with **the appropriate remittance voucher to the following address:**

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2010-01-31				
2010-02-28				
2010-03-31				
2010-04-30				
2010-05-31				
2010-06-30				
2010-07-31				
2010-08-31				
2010-09-30				
2010-10-31				
2010-11-30				
2010-12-31				
Total				

Quarterly instalment workchart

Date	Quarterly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2010-03-31	2,556			2,556
2010-06-30	2,556			2,556
2010-09-30	2,556			2,556
2010-12-31	2,553			2,553
Total	10,221			10,221

Instalment method

Indicate instalment method chosen [1-3] 1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.).

1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account

☐

Quarterly instalments calculation

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

- 1 – Is the corporation a Canadian-controlled private corporation (CCPC)? ☒ Yes ☐ No
- 2 – Did the corporation claim any deduction under the section 125, during either the current or previous year? ☒ Yes ☐ No
- 3 – Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to \$500,000? ☒ Yes ☐ No
- 4 – Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to \$10,000,000? ☒ Yes ☐ No
- 5 – Does the corporation have a perfect compliance history in the last 12 months? ☒ Yes ☐ No

If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐

*Consult the Help (F1) for information on the changes relating to years subsequent to 2008.

1 – 1st Instalment base method

1st Instalment base amount (amount N below)	<u>10,221</u> ÷ 12 =	<u>852</u>
	Monthly instalments required	<u>852</u>
Quarterly tax instalments required	<u>10,221</u> ÷ 4 =	<u>2,556</u>

2 – Combined 1st and 2nd instalment base methodSelect this box if you want the first 2 payments* to be calculated without taking the applicable threshold into account? ☐**2nd Monthly instalment base amount**

Indicate:	Part I tax	<u>5,142</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>2,571</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>7,713</u> ÷ 12 = <u>643</u> A
1/12 of estimated current year credits (M below /12)		-	
	Each of the first two instalment payments	=	<u>643</u> B
Total tax from N below	<u>10,221</u>		
Amount B above x 2	- <u>1,286</u>		
	=	<u>8,935</u> ÷ 10 =	<u>894</u>
	Each of the remaining ten instalment payments	=	<u>894</u>

2nd Quarterly instalment base amount

Indicate:	Part I tax	<u>5,142</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>2,571</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>7,713</u> ÷ 4 = <u>1,929</u> A
1/4 of estimated current year credits (M below /4)		-	
	The first instalment payment	=	
Total tax from N below	<u>10,221</u>		
Amount B above	-		
	=	<u>10,221</u> ÷ 3 =	<u>3,407</u>
	Each of the remaining three instalment payments	=	

* It is the first payment if the quarterly instalments are applicable.

** Use this line only to calculate instalments payable with regard to taxation years ending in 2009 and after.

3 – Estimated tax method

Instalment base amount (amount N below)	<u> </u> ÷ 12 =	<u> </u>
	Monthly instalments required	<u> </u>
Quarterly tax instalments required	<u> </u> ÷ 4 =	<u> </u>

Instalment base calculation**Federal tax**

	1st instalment base method	Estimated tax method	
Taxable income	<u>61,951</u>		
Calculation of tax payable			
Federal part I tax	23,541		
Recapture of investment tax credit	+	+	
Refundable tax on a CCPC's investment income	+	+	
Subtotal	<u>= 23,541</u>	<u>=</u>	A
Deduction			
Small business deduction	10,532		
Investment corporation deduction	+	+	
Federal tax abatement	6,195	+	
Manufacturing and processing profits deduction	+	+	
Non-business foreign tax credit	+	+	
Business foreign tax credit	+	+	
Tax reduction, general and accelerated	+	+	
Logging tax credit	+	+	
Investment tax credit per Schedule 31	+	+	
Qualifying environmental trust tax credit	+	+	
Subtotal	<u>= 16,727</u>	<u>=</u>	B
Federal tax summary			
Total part I tax payable (A minus B)	6,814		C
Part VI tax	+	+	D
Part VI.1 tax	+	+	E1
Part XIII.1 tax	+	+	E2
Parts I, VI, VI.1 and XIII.1	Total = 6,814	<u>=</u>	F
Federal adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 6,814</u>	<u>=</u>	
Federal adjustment for amalgamation, winding up or transfer	+	+	N/A
Total federal tax after adjustments	<u>= 6,814</u>	<u>=</u>	G

Provincial tax

Provincial/territorial tax, other than Alberta, Québec and Ontario	+	+	H
Ontario tax			
Use this section only to calculate instalments payable with regard to taxation years ending in 2009 and after (for other tax years, see the <i>Ontario Tax Instalments</i> schedule (Jump Code: ION)):			
Income tax	3,407		
Capital tax	+		
Corporate minimum tax paid (credited)	+		
Special additional tax on life insurance corporations	+		
Total Ontario tax*	<u>= 3,407</u>	<u>+</u>	I
Harmonized provincial tax (H + I)	Total harmonized provincial tax = 3,407	<u>=</u>	J
Provincial adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 3,407</u>	<u>=</u>	
Provincial adjustment for amalgamation, winding up or transfer	+	+	N/A
Total provincial tax after adjustments	<u>= 3,407</u>	<u>=</u>	K
Total of tax before refundable credits** (G + K)	<u>= 10,221</u>	<u>=</u>	L

Instalment base calculation (continued)

Estimated current year credits

Investment tax credit refund				
Dividend refund	+		+	
Federal capital gains refund	+		+	
Provincial and territorial capital gains refund	+		+	
NRO allowable refund per Schedule 26	+		+	
Tax withheld at source	+		+	
Other estimated credits	+		+	
Total estimated current year credits	=		=	M
Instalment base amount (L – M)		10,221		N

* Ontario tax corresponds to the amount before the application of specified Ontario tax credits.

** For instalments payable the amount on line G is not added to line L unless it exceeds \$3,000. The same rule applies to line K.

Canada Revenue
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T2 CORPORATION INCOME TAX RETURN

200

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*.

055 Do not use this area

Identification

Business Number (BN) **001** 86595 5397 RC0001**Corporation's name****002** HYDRO 2000 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** 265, RUE ST-PHILIPPE**012** City Province, territory, or state**015** ALFRED **016** ON

Country (other than Canada) Postal code/Zip code

017 **018** K0B 1A0**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 Province, territory, or state

025 **026**

Country (other than Canada) Postal code/Zip code

027 **028****Location of books and records**Has the location of books and records changed since the last time you filed your T2 return? **030** 1 Yes ☐ 2 No ☒(If **yes**, complete lines 031 to 038.)**031****032** 265, RUE ST-PHILIPPE

City Province, territory, or state

035 ALFRED **036** ON

Country (other than Canada) Postal code/Zip code

037 **038** K0B 1A0**040** Type of corporation at the end of the tax year

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

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

YYYY MM DD

To which tax year does this return apply?Tax year start Tax year-end
060 2009-01-01 **061** 2009-12-31
YYYY MM DD YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the previous tax year? **063** 1 Yes ☐ 2 No ☒If **yes**, provide the date control was acquired **065** YYYY MM DDIs the 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 GIF1 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 <input type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	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 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
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 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255 <input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	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?	<input type="checkbox"/>	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?	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (only complete if yes was entered at line 281)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input checked="" type="checkbox"/>
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	DISTRIBUTION D'ÉLECT	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input checked="" type="checkbox"/>	2 No <input type="checkbox"/>
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 <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	61,951	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
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			B
Subtotal (amount A minus amount B) (if negative, enter "0")		61,951	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	61,951	
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)		61,951	Z

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

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the tax year**

Income from active business carried on in Canada from Schedule 7	400	61,951	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 1/(0.38 - X**) 3			
times the amount on line 636***, and minus any amount that, because of federal law, is exempt from Part I tax	405	61,951	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	=	1
		Number of days in the tax year	365	
500,000	x	Number of days in the tax year after 2008	365	500,000 2
		Number of days in the tax year	365	
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 **** D = 11,250 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 500,000 F**Small business deduction**

Amount A, B, C, or F, whichever is the least 61,951 x 17 % = 430 10,532 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									61,951	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								61,951		E
Aggregate investment income from line 440*										F
Total of amounts B to F								61,951	▶	61,951 G
Amount A minus amount G (if negative, enter "0")										H
Amount H	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009		x	8.5 %	=				I
		Number of days in the tax year	365							
Amount H	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010	365	x	9 %	=				J
		Number of days in the tax year	365							
Amount H	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				K
		Number of days in the tax year	365							
Amount H	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=				L
		Number of days in the tax year	365							
Amount H	x	Number of days in the tax year after 2011		x	13 %	=				L.1
		Number of days in the tax year	365							

General tax reduction for Canadian-controlled private corporations – Total of amounts I to L.1 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		x	8.5 %	=				T
		Number of days in the tax year	365							
Amount S	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010	365	x	9 %	=				U
		Number of days in the tax year	365							
Amount S	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				V
		Number of days in the tax year	365							
Amount S	x	Number of days in the tax year after December 31, 2010, and before January 2012		x	11.5 %	=				W
		Number of days in the tax year	365							
Amount S	x	Number of days in the tax year after 2011		x	13 %	=				W.1
		Number of days in the tax year	365							

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 **440** x 26 2 / 3 % = A
from Schedule 7

Foreign non-business income tax credit from line 632

Deduct:

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

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

Taxable income from line 360 **61,951**

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least **61,951**

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 =

61,951 **61,951**

x 26 2 / 3 % = D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780) **6,814** 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**

Deduct: Dividend refund for the previous tax year **465**
..... G

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from Schedule 3

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

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

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

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

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

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

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) multiplied by 38 %	550	23,541	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	61,951		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least	61,951		
Net amount		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)		23,541	D
Deduct:			
Small business deduction from line 430		10,532	1
Federal tax abatement	608	6,195	
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		
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		
Subtotal		16,727	E
Part I tax payable – Line D minus line E		6,814	F
Enter amount F on line 700.			

Summary of tax and credits**Federal tax**

Part I tax payable	700	6,814
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 6,814**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** 3,407Provincial tax on large corporations (New Brunswick* and Nova Scotia) . . . **765** 3,407Total tax payable **770** 10,221 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** 24,000Total credits **890** 24,000 BRefund code **894** 1 Overpayment 13,779 ← Balance (line A minus line B) -13,779**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?

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

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****896** 1 Yes ☒ 2 No ☐**Certification**I, **950** BEAULNE**951** RENÉ**954** GÉRANT

Last name in block letters

First name in block letters

Position, office, or rank

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

955 2011-07-26

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 (613) 679-4093

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** 2

Schedule of Instalment Remittances

Name of corporation contact _____

Telephone number _____

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
		24,000
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		24,000 A
Total instalments credited to the taxation year per T9		24,000 B

Transfer

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

Canada Revenue
AgencyAgence du revenu
du Canada**SCHEDULE 100**

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

Balance sheet information

Account	Description	GIF1	Current year	Prior year
Assets				
	Total current assets	1599 +	595,567	1,273,540
	Total tangible capital assets	2008 +	813,111	733,583
	Total accumulated amortization of tangible capital assets	2009 –	374,065	321,680
	Total intangible capital assets	2178 +	4,639	4,639
	Total accumulated amortization of intangible capital assets	2179 –	4,639	3,761
	Total long-term assets	2589 +	411,568	289,997
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	<u>1,446,181</u>	<u>1,976,318</u>

Liabilities				
	Total current liabilities	3139 +	329,965	852,061
	Total long-term liabilities	3450 +	383,636	396,468
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	<u>713,601</u>	<u>1,248,529</u>

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	732,580	727,789

	Total liabilities and shareholder equity	3640 =	<u>1,446,181</u>	<u>1,976,318</u>
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Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	<u>423,845</u>	<u>419,054</u>

* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

Income statement information

Description	GIFI
Operating name	0001 _____
Description of the operation	0002 _____
Sequence Number	0003 <u>01</u>

Account	Description	GIFI	Current year	Prior year
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Income statement information

Total sales of goods and services	8089 +	2,418,649	2,270,988
Cost of sales	8518 -	2,089,909	1,996,170
Gross profit/loss	8519 =	328,740	274,818
Cost of sales	8518 +	2,089,909	1,996,170
Total operating expenses	9367 +	347,773	310,406
Total expenses (mandatory field)	9368 =	2,437,682	2,306,576
Total revenue (mandatory field)	8299 +	2,455,072	2,304,332
Total expenses (mandatory field)	9368 -	2,437,682	2,306,576
Net non-farming income	9369 =	17,390	-2,244

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 =	17,390	-2,244
---	---------------	--------	--------

Total other comprehensive income	9998 =	_____	_____
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Extraordinary items and income (linked to Schedule 140)

Extraordinary item(s)	9975 -	_____	_____
Legal settlements	9976 -	_____	_____
Unrealized gains/losses	9980 +	_____	_____
Unusual items	9985 -	_____	_____
Current income taxes	9990 -	10,221	7,713
Deferred income tax provision	9995 -	-7,410	-22,230
Total – Other comprehensive income	9998 +	_____	_____
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	14,579	12,273

Canada Revenue
AgencyAgence du revenu
du Canada**SCHEDULE 141****NOTES CHECKLIST**

Corporation's name HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year-end Year Month Day 2009-12-31
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- 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	<input checked="" type="checkbox"/>
Completed a review engagement report	2	<input type="checkbox"/>
Conducted a compilation engagement	3	<input type="checkbox"/>

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement 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	<input type="checkbox"/>
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	<input type="checkbox"/>

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

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

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

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

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

Are you filing financial statements of the joint venture(s) or partnership(s)?	109	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
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SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

Assets – lines 1000 to 2599

1002	314,786	1062	233,927	1063	-6,910
1483	13,779	1484	39,985	1599	595,567
1774	103,247	1775	-52,563	1783	846,460
1784	-333,709	1787	4,158	1788	-3,198
1900	-140,754	1901	15,405	2008	813,111
2009	-374,065	2018	4,639	2019	-4,639
2178	4,639	2179	-4,639	2424	411,568
2589	411,568	2599	1,446,181		

Liabilities – lines 2600 to 3499

2621	75,402	2920	74,261	2960	180,302
3139	329,965	3240	6,686	3262	184,244
3320	192,706	3450	383,636	3499	713,601

Shareholder equity – lines 3500 to 3640

3500	308,735	3600	423,845	3620	732,580
3640	1,446,181				

Retained earnings – lines 3660 to 3849

3660	419,054	3680	14,579	3740	-9,788
3849	423,845				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

Revenue – lines 8000 to 8299

8000	2,418,649	8089	2,418,649	8230	36,423
8299	2,455,072				

Cost of sales – lines 8300 to 8519

8320	2,089,909	8518	2,089,909	8519	328,740
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Operating expenses – lines 8520 to 9369

8570	878	8670	52,385	9284	294,510
9367	347,773	9368	2,437,682	9369	17,390

Farming revenue – lines 9370 to 9659

9659	0
-------------	---

Farming expenses – lines 9660 to 9899

9898	0
-------------	---

Extraordinary items and taxes – lines 9970 to 9999

9970	17,390	9990	10,221	9995	-7,410
9999	14,579				

Canada Revenue
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du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

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

Amount calculated on line 9999 from Schedule 125 14,579 A

Add:

Provision for income taxes – current	101	10,221	
Provision for income taxes – deferred	102	-7,410	
Amortization of tangible assets	104	52,385	
Amortization of intangible assets	106	878	
Subtotal of additions		56,074	56,074

Other additions:**Miscellaneous other additions:**

600 Recouvrements, variations et dépenses dans autres actifs	290	73,216	
601 Intérêts sur autres actifs	291	976	
602 Caisse @ exercice Déc 2008	292	74,660	
604			
Total	294		
Subtotal of other additions	199	148,852	148,852
Total additions	500	204,926	204,926

Deduct:

Capital cost allowance from Schedule 8	403	85,978	
Cumulative eligible capital deduction from Schedule 10	405	144	
Subtotal of deductions		86,122	86,122

Other deductions:**Miscellaneous other deductions:**

702 Caisse @ exercice Déc 2009	392	71,432	
704			
Total	394		
Subtotal of other deductions	499	71,432	71,432
Total deductions	510	157,554	157,554

Net income (loss) for income tax purposes – enter on line 300 of the T2 return **61,951**

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SCHEDULE 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year-end Year Month Day 2009-12-31
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- 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 <input type="checkbox"/>	103		143		
Newfoundland and Labrador offshore	004 1 Yes <input type="checkbox"/>	104		144		
Prince Edward Island	005 1 Yes <input type="checkbox"/>	105		145		
Nova Scotia	007 1 Yes <input type="checkbox"/>	107		147		
Nova Scotia offshore	008 1 Yes <input type="checkbox"/>	108		148		
New Brunswick	009 1 Yes <input type="checkbox"/>	109		149		
Quebec	011 1 Yes <input type="checkbox"/>	111		151		
Ontario	013 1 Yes <input type="checkbox"/>	113		153		
Manitoba	015 1 Yes <input type="checkbox"/>	115		155		
Saskatchewan	017 1 Yes <input type="checkbox"/>	117		157		
Alberta	019 1 Yes <input type="checkbox"/>	119		159		
British Columbia	021 1 Yes <input type="checkbox"/>	121		161		
Yukon	023 1 Yes <input type="checkbox"/>	123		163		
Northwest Territories	025 1 Yes <input type="checkbox"/>	125		165		
Nunavut	026 1 Yes <input type="checkbox"/>	126		166		
Outside Canada	027 1 Yes <input type="checkbox"/>	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
61,951	61,951	61,951	3,407

Ontario basic income tax (from Schedule 500) **270** 8,673**Deduct:** Ontario small business deduction (from schedule 500) **402** 5,266Subtotal (if negative, enter "0") **3,407** ▶ 3,407 A6**Add:**Surtax re Ontario small business deduction (from Schedule 500) **272**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 ▶ B6

Subtotal (amount A6 **plus** amount B6) **3,407** 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**Ontario political contributions tax credit (from Schedule 525) **415**

Subtotal ▶ D6

Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") **3,407** E6**Deduct:** Ontario research and development tax credit (from Schedule 508) **416**Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416)
(if negative, enter "0") **3,407** 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") **3,407** 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**

Subtotal ▶ H6

Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) **3,407** I6**Deduct:**Ontario qualifying environmental trust tax credit **450**Ontario co-operative education tax credit (from Schedule 550) **452**Ontario apprenticeship training tax credit (from Schedule 552) **454**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 **470**

Subtotal ▶ J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) **290** **3,407** K6

(if a credit, enter a negative amount) Include this amount on line 255.

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	<u>3,407</u>
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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.

Canada Revenue
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du Canada**SCHEDULE 8****CAPITAL COST ALLOWANCE (CCA)**

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

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

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

1011 Yes ☐2 No ☒

1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1. 1	Équip distr. > 1987	190,338			0		190,338	4	0	0	7,614	182,724
2. 2	Équip Distr < 1988	199,359			0		199,359	6	0	0	11,962	187,397
3. 8	Équip de bureau	1,848	297		0	149	1,996	20	0	0	399	1,746
4. 10	Ordinateur	1,777			0		1,777	30	0	0	533	1,244
5. 12	Logiciels	1,305	2,046	42,900	0	1,023	45,228	100	0	0	45,228	1,023
6. 45	Équipements informatique	1,529			0		1,529	45	0	0	688	841
7. 50	Équipements informatiques > 18	3,607			0		3,607	55	0	0	1,984	1,623
8. 47	Équipement distribution	73,519	265,969		0	132,985	206,503	8	0	0	16,520	322,968
9. 12	Logiciels - Construction en cours	42,900		-42,900	0			100	0	0		
10. 52	Ordinateurs		1,050		0		1,050	100	0	0	1,050	
Total		516,182	269,362			134,157	651,387				85,978	699,566

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 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	2,057	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	2,057	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 =	J
Cumulative eligible capital balance (amount F minus amount J)		2,057	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		2,057	
less amount from line 249			
Current year deduction		2,057 x 7.00 % =	144 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		144	144 L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,913	M

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

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

Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1) **410**



SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

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

		Provide only one number per shareholder				
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	MUNICIPALITÉ DU CANTON D'ALFRED ET PLANTAGENI	89244 4779 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

ONTARIO CORPORATION TAX CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- References to subsections and paragraphs are from the federal *Income Tax Act*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010	365	x	14.00 %	=	14.00000 %	A1
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2010, and before July 1, 2011		x	12.00 %	=	%	A2
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2011, and before July 1, 2012		x	11.50 %	=	%	A3
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2012, and before July 1, 2013		x	11.00 %	=	%	A4
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2013		x	10.00 %	=	%	A5
Number of days in the tax year	365					

Ontario basic rate of tax for the year (total of rates A1 to A5) 14.00000 ► 14.00000 % A6

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * 61,951 B

Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A6 from Part 1) 8,673 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.

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)	61,951	1
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Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	61,951	2
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Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	<u>500,000</u>	×	<u>500,000</u> <u>500,000</u>	=	<u>500,000</u> 3
line 4 on page 4 of the T2 return					

Enter the least of amounts 1, 2, and 3 61,951 D

Ontario domestic factor:	$\frac{\text{Ontario taxable income}^*}{\text{taxable income earned in all provinces and territories}^{**}}$	$\frac{61,951.00}{61.951}$	=	$\frac{1.00000}{1.00000}$	E
--------------------------	--	----------------------------	---	-------	---------------------------	---

Ontario small business income (amount D multiplied by amount E)	61,951	F
--	--------	---

$$\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}} = \frac{365}{365} \times 8.50\% = 8.50000\% \text{ G1}$$
$$\frac{\text{Number of days in the tax year after June 30, 2010, and before July 1, 2011}}{\text{Number of days in the tax year}} \times 7.50\% = \frac{\quad}{365} \% \text{ G2}$$
$$\frac{\text{Number of days in the tax year after June 30, 2011, and before July 1, 2012}}{\text{Number of days in the tax year}} \times 7.00 \% = \frac{\quad}{365} \% \text{ G3}$$
$$\frac{\text{Number of days in the tax year after June 30, 2012, and before July 1, 2013}}{\text{Number of days in the tax year}} \times 6.50 \% = \frac{\quad}{365} \% \text{ G4}$$
$$\frac{\text{Number of days in the tax year after June 30, 2013}}{\text{Number of days in the tax year}} \times 5.50 \% = \frac{\quad}{365} \% \text{ G5}$$

OSBD rate for the year (total of rates G1 to G5)	8.50000 %	G6
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Ontario small business deduction: amount F multiplied by OSBD rate for the year (rate G6)	5,266	H
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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 * 61,951 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) 61,951 ► 61,951 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) L

Small business surtax rate for the year:

$$\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}} = \frac{365}{365} \times 4.25 \% = \underline{\underline{4.25 \%}} \text{ M}$$

Amount L x % on line M = N

Amount N x $\frac{\text{Ontario small business income (amount F from Part 3)}}{500,000} = \frac{61,951}{500,000} = \dots \dots \dots$ O

Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3) 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 61,951 Q

$$\frac{\text{Surtax payable (amount P from Part 4)}}{\text{Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3)}} = \frac{\text{ }}{8.50000 \% \times 0.08500} = \text{ }$$
 R

Note: Enter "0" on line R for tax years beginning after June 30, 2010.

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0") 61,951 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) 8.50000 %

Amount V **multiplied** by the OSBD rate for the year W

Ontario domestic factor (amount E from Part 3) 1.00000 X

Ontario credit union tax reduction (amount W **multiplied** by amount X) Y

Enter amount Y on line 410 of Schedule 5.



ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), 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	1,446,181
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	
Total assets (total of lines 112 to 116)		1,446,181
Total revenue of the corporation for the tax year **	142	2,455,072
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	
Total revenue (total of lines 142 to 146)		2,455,072

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	14,579
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220	10,221	
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	10,221	10,221 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	7,410	
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	7,410	7,410 B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)		490	17,390

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** _____

Deduct:

CMT loss available (amount R from Part 7) 16,625

Minus: Adjustment for an acquisition of control * **518** _____

Adjusted CMT loss available 16,625 ▶ 16,625 C

Net income subject to CMT calculation (if negative, enter "0") **520** _____

Amount from line 520	x	Number of days in the tax year before July 1, 2010	<u>365</u>	x	4 % =	<u>1</u>
		Number of days in the tax year	<u>365</u>			

Amount from line 520	x	Number of days in the tax year after June 30, 2010	<u>365</u>	x	2.7 % =	<u>2</u>
		Number of days in the tax year	<u>365</u>			

Subtotal (amount 1 **plus** amount 2) 3

Gross CMT: amount on line 3 above x OAF ** **540** _____

Deduct:

Foreign tax credit for CMT purposes *** **550** _____

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") D _____

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 3,407

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)	..... 3,407 1	
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	..... 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:	6
	Subtotal (if negative, enter "0")	3,407 N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	..... 3,407	
Deduct:		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	.....
	Subtotal (if negative, enter "0")	3,407 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) 16,625 ▶ **720** 16,625**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) 16,625 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) 16,625
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 6,140	826
3rd previous tax year	817	827
2nd previous tax year	818	828 8,241
1st previous tax year		829 2,244
Total ***	6,140	10,485

* 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.

Canada Revenue
AgencyAgence du revenu
du Canada**SCHEDULE 524****ONTARIO SPECIALTY TYPES**

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

- Use this schedule to identify the specialty type of a corporation carrying on business in the province of Ontario through a permanent establishment if:
 - its tax year includes January 1, 2009;
 - the tax year is the first year after incorporation or an amalgamation; or
 - there is a change to the specialty type.
- If none of the listed specialty types applies, tick box 99 "Other."
- Unless otherwise noted, references to sections, subsections, and clauses are from the *Taxation Act, 2007* (Ontario).

Specialty types**100** Identify the specialty type that applies to your corporation:

- ☐ 01 Family farm corporation – See subsection 64(3).
- ☐ 02 Family fishing corporation – See subsection 64(3).
- ☐ 03 Mortgage investment corporation – See subsection 130.1(6) of the federal *Income Tax Act*.
- ☐ 04 Credit union – See subsection 137(6) of the federal Act.
- ☐ 06 Bank – See subsection 248(1) of the federal Act.
- ☐ 08 Financial institution prescribed by regulation only – See clause 66(2)(f).
- ☐ 09 Registered securities dealer – See subsection 248(1) of the federal Act.
- ☐ 10 Farm feeder finance co-operative corporation
- ☐ 11 Insurance corporation – See subsection 248(1) of the federal Act.
- ☐ 12 Mutual insurance – See subsection 27(2) of the *Taxation Act, 2007* (Ontario) and paragraph 149(1)(m) of the federal Act.
- ☐ 13 Specialty mutual insurance
- ☐ 14 Mutual fund corporation – See subsection 131(8) of the federal Act.
- ☐ 15 Bare trustee corporation
- ☐ 16 Professional corporation (incorporated professional only) – See subsection 248(1) of the federal Act.
- ☐ 17 Limited liability corporation
- ☐ 18 Generator of electrical energy for sale, or producer of steam for use in the generation of electrical energy for sale – See subsection 33(7).
- ☒ 19 Hydro successor, municipal electrical utility, or subsidiary of either – See subsection 91.1(1) and section 88 of the *Electricity Act, 1998* (Ontario).
- ☐ 20 Producer and seller of steam for uses other than for the generation of electricity – See subsection 33(7).
- ☐ 21 Mining corporation
- ☐ 22 Non-resident corporation
- ☐ 99 Other (if none of the previous descriptions apply)

Canada Revenue
AgencyAgence 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
HYDRO 2000 INC.	86595 5397 RC0001	2009-12-31

- 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)			
HYDRO 2000 INC.			
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	110 Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	120 Ontario Corporation No.
Ontario		2000-09-29	1427551

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200	Care of (if applicable)						
210	Street number 265	220	Street name/Rural route/Lot and Concession number rue St-Philippe	230	Suite number		
240	Additional address information if applicable (line 220 must be completed first)						
250	Municipality (e.g., city, town) Alfred	260	Province/state ON	270	Country CA	280	Postal/zip code K0B 1A0

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 BEAULNE **451** RENÉ
Last name First name
454 _____
Middle name(s)

- 460** ☒ 1 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	<input type="text" value="2"/>	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	<input type="text" value="2"/>	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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Corporate Taxpayer Summary

Corporate information

Corporation's name	HYDRO 2000 INC.														
Taxation Year	2009-01-01 to 2009-12-31														
Jurisdiction	Ontario														
BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporation is associated	N														
Corporation is related	N														
Number of associated corporations															
Type of corporation	Canadian-Controlled Private Corporation														
Total amount due (refund) federal and provincial*	-13,779														
* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.															

Summary of federal information

Net income	61,951														
Taxable income	61,951														
Donations															
Calculation of income from an active business carried on in Canada	61,951														
Dividends paid															
Dividends paid – Regular															
Dividends paid – Eligible															
Balance of the low rate income pool at the end of the previous year															
Balance of the low rate income pool at the end of the year															
Balance of the general rate income pool at the end of the previous year															
Balance of the general rate income pool at the end of the year															
Part I tax (base amount)	23,541														
Credits against part I tax	Summary of tax														
Small business deduction	10,532	Part I	6,814	Refunds/credits											
M&P deduction		Part IV		ITC refund											
Foreign tax credit		Part III.1		Dividends refund											
Investment tax credits		Other*		Instalments											
Abatement/Other*	6,195	Provincial or territorial tax	3,407	Surtax credit											
				Other*											
				Balance due/refund (–)											
				-13,779											
* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.															

Summary of federal carryforward/carryback information

Carryforward balances	
Unused surtax credit (Schedule 37)	3,606
Cumulative eligible capital	1,913

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	61,951		
Taxable income	61,951		
% Allocation	100.00		
Attributed taxable income	61,951		
Surtax		N/A	N/A
Tax payable before deduction*	8,673		
Deductions and credits	5,266		
Net tax payable	3,407		
Attributed taxable capital	948,046		N/A
Capital tax payable**			N/A
Total tax payable***	3,407		
Instalments and refundable credits			
Balance due/Refund (-)	3,407		

* For Québec, this includes special taxes and logging operations.

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

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital**Federal**

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
HYDRO 2000 INC.	727,789	727,789	948,046	948,046
Total	727,789	727,789	948,046	948,046

Québec

Corporate name	Paid-up capital used to calculate the deduction relating to income-averaging for forest producers (CO-726.30)	Paid-up capital used to calculate the exemption for small and medium-sized manufacturing businesses (CO-737.18.18)	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total					

Ontario

Corporate name	Taxable capital used to calculate the capital deduction – Ontario capital tax on financial institutions (Schedule 514)	Taxable capital used to calculate the capital deduction – Ontario capital tax on other than financial institutions (Schedule 515)	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
HYDRO 2000 INC.		948,046	
Total		948,046	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Taxable capital used to calculate the Nova Scotia capital deduction on large corporations (Schedule 343)	Net paid up capital – BC capital tax on financial institutions (FIN 689)	BC paid up capital – BC capital tax on financial institutions (FIN 689)
Total				

Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information (T2)					
Taxation year end	2009-12-31	2008-12-31	2007-12-31	2006-12-31	2005-12-31
Net income	61,951	46,748	156,368	141,919	42,651
Taxable income	61,951	46,748	156,368	54,846	
Active business income	61,951	46,748	156,368	141,919	42,651
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	-13,779	5,142	20,515	7,195	

Federal taxes					
Part I before surtax	6,814	5,142	59,420	6,581	
Surtax			1,751	614	
Part I.3					
Part IV					
Part I & Surtax	6,814	5,142	20,515	7,195	
Part III.1					
Other*					

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

Credits against part I tax					
Small business deduction	10,532	7,947	25,019	8,775	
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*	6,195	4,675	15,637	5,485	

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

Refunds/credits					
ITC refund					
Dividend refund					
Instalments	24,000				
Surtax credit					
Other*					

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

Ontario

Taxation year end	2009-12-31	2008-12-31	2007-12-31	2006-12-31	2005-12-31
Net income	61,951	46,748			
Taxable income	61,951	46,748			
% Allocation	100.00	100.00			
Attributed taxable income	61,951	46,748	156,368	54,846	
Surtax					
Income tax payable before deduction	8,673	6,545	21,892	7,678	
Income tax deductions /credits	5,266	3,974	13,291	4,662	
Net income tax payable	3,407	2,571	8,601	3,016	
Taxable capital	948,046	727,789	1,169,256	722,244	1,113,215
Capital tax payable					
Total tax payable*	3,407	2,571	8,601	3,016	
Instalments and refundable credits		24,000	26,003		
Balance due/refund**	3,407	-21,429	-17,402	3,016	-18,000

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2011-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with **the appropriate remittance voucher to the following address:**

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2011-01-31				
2011-02-28				
2011-03-31				
2011-04-30				
2011-05-31				
2011-06-30				
2011-07-31				
2011-08-31				
2011-09-30				
2011-10-31				
2011-11-30				
2011-12-31				
Total				

Quarterly instalment workchart

Date	Quarterly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2011-03-31	3,606			3,606
2011-06-30	3,606			3,606
2011-09-30	3,606			3,606
2011-12-31	3,606			3,606
Total	14,424			14,424

Instalment method

Indicate instalment method chosen [1-3] 1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.).

1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account

☐

Quarterly instalments calculation

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

- 1 – Is the corporation a Canadian-controlled private corporation (CCPC)? ☒ Yes ☐ No
- 2 – Did the corporation claim any deduction under the section 125, during either the current or previous year? ☒ Yes ☐ No
- 3 – Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to \$500,000? ☒ Yes ☐ No
- 4 – Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to \$10,000,000? ☒ Yes ☐ No
- 5 – Does the corporation have a perfect compliance history in the last 12 months? ☒ Yes ☐ No

If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐

*Consult the Help (F1) for information on the changes relating to years subsequent to 2008.

1 – 1st Instalment base method

1st Instalment base amount (amount N below)	<u>14,424</u> ÷ 12 =	<u>1,202</u>
	Monthly instalments required	<u>1,202</u>
Quarterly tax instalments required	<u>14,424</u> ÷ 4 =	<u>3,606</u>

2 – Combined 1st and 2nd instalment base methodSelect this box if you want the first 2 payments* to be calculated without taking the applicable threshold into account? ☐**2nd Monthly instalment base amount**

Indicate:	Part I tax	<u>6,814</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>3,407</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>10,221</u> ÷ 12 = <u>852</u> A
1/12 of estimated current year credits (M below /12)			<u>852</u> B
	Each of the first two instalment payments	=	<u>852</u> B
Total tax from N below	<u>14,424</u>		
Amount B above x 2	– <u>1,704</u>		
	=	<u>12,720</u> ÷ 10 =	<u>1,272</u>
	Each of the remaining ten instalment payments	=	<u>1,272</u>

2nd Quarterly instalment base amount

Indicate:	Part I tax	<u>6,814</u>	
	Part VI, VI.1 and XIII.1 tax	+	
	Federal adjustment for amalgamation, winding up or transfer	+	
	Provincial tax, other than Alberta, Québec and Ontario	+	
	Ontario tax**	+	<u>3,407</u>
	Provincial adjustment for amalgamation, winding up or transfer	+	
	Total	=	<u>10,221</u> ÷ 4 = <u>2,556</u> A
1/4 of estimated current year credits (M below /4)			<u>2,556</u> B
	The first instalment payment	=	<u>2,556</u> B
Total tax from N below	<u>14,424</u>		
Amount B above	–		
	=	<u>14,424</u> ÷ 3 =	<u>4,808</u>
	Each of the remaining three instalment payments	=	<u>4,808</u>

* It is the first payment if the quarterly instalments are applicable.

** Use this line only to calculate instalments payable with regard to taxation years ending in 2009 and after.

3 – Estimated tax method

Instalment base amount (amount N below)	<u> </u> ÷ 12 =	<u> </u>
	Monthly instalments required	<u> </u>
Quarterly tax instalments required	<u> </u> ÷ 4 =	<u> </u>

Instalment base calculation**Federal tax**

	1st instalment base method	Estimated tax method	
Taxable income	<u>90,174</u>		
Calculation of tax payable			
Federal part I tax	34,266		
Recapture of investment tax credit	+	+	
Refundable tax on a CCPC's investment income	+	+	
Subtotal	<u>= 34,266</u>	<u>=</u>	A
Deduction			
Small business deduction	15,330		
Investment corporation deduction	+	+	
Federal tax abatement	9,017	+	
Manufacturing and processing profits deduction	+	+	
Non-business foreign tax credit	+	+	
Business foreign tax credit	+	+	
Tax reduction, general and accelerated	+	+	
Logging tax credit	+	+	
Investment tax credit per Schedule 31	+	+	
Qualifying environmental trust tax credit	+	+	
Subtotal	<u>= 24,347</u>	<u>=</u>	B
Federal tax summary			
Total part I tax payable (A minus B)	9,919		C
Part VI tax	+	+	D
Part VI.1 tax	+	+	E1
Part XIII.1 tax	+	+	E2
Parts I, VI, VI.1 and XIII.1	Total = 9,919	<u>=</u>	F
Federal adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 9,919</u>	<u>=</u>	
Federal adjustment for amalgamation, winding up or transfer	+	+	N/A
Total federal tax after adjustments	<u>= 9,919</u>	<u>=</u>	G

Provincial tax

Provincial/territorial tax, other than Alberta, Québec and Ontario	+	+	H
Ontario tax			
Use this section only to calculate instalments payable with regard to taxation years ending in 2009 and after (for other tax years, see the <i>Ontario Tax Instalments</i> schedule (Jump Code: ION)):			
Income tax	4,505		
Capital tax	+		
Corporate minimum tax paid (credited)	+		
Special additional tax on life insurance corporations	+		
Total Ontario tax*	<u>= 4,505</u>	<u>+ 4,505</u>	I
Harmonized provincial tax (H + I)	Total harmonized provincial tax	<u>= 4,505</u>	J
Provincial adjustments			
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x <u>365 / 365</u>	x <u>365 / 365</u>	
Subtotal	<u>= 4,505</u>	<u>=</u>	
Provincial adjustment for amalgamation, winding up or transfer	+	+	N/A
Total provincial tax after adjustments	<u>= 4,505</u>	<u>=</u>	K
Total of tax before refundable credits** (G + K)	<u>= 14,424</u>	<u>=</u>	L

Instalment base calculation (continued)

Estimated current year credits

Investment tax credit refund				
Dividend refund	+		+	
Federal capital gains refund	+		+	
Provincial and territorial capital gains refund	+		+	
NRO allowable refund per Schedule 26	+		+	
Tax withheld at source	+		+	
Other estimated credits	+		+	
Total estimated current year credits	=		=	M
Instalment base amount (L – M)		14,424		N

* Ontario tax corresponds to the amount before the application of specified Ontario tax credits.


** For instalments payable the amount on line G is not added to line L unless it exceeds \$3,000. The same rule applies to line K.

INFORMATION RETURN FOR CORPORATIONS FILING ELECTRONICALLY

- You have to complete this return to allow your transmitter to electronically file your corporation income tax return to us at the Canada Revenue Agency. You have to complete this return for each tax year.
- By completing part B and signing part C, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part D must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy for yourself. Under the Act, you have to keep your copy for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

This return is for your records. Do not send it to us unless we ask for it.

Part A – Identification

Name of corporation HYDRO 2000 INC.			
Business Number 86595 5397 RC0001	Tax year 	From Y M D 2010-01-01	To Y M D 2010-12-31

Part B – Declaration

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:	
Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIF1 (line 300)	90,174
Part I tax payable (line 700)	9,919
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	4,505
Provincial tax on large corporations (line 765)	

Part C – Certification and authorization

I, <u>BEAULNE</u>	<u>RENÉ</u>	<u>GÉRANT</u>
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 the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part D to electronically file the corporation income tax return identified in Part A. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

<u>2011-07-26</u>		<u>(613) 679-4093</u>
Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number

Part D – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part A.	
Name of person or firm <u>DELOITTE.</u>	Electronic filer number

T2 CORPORATION INCOME TAX RETURN

200

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*.

055 Do not use this area

Identification

Business Number (BN) 001 86595 5397 RC0001

Corporation's name

002 HYDRO 2000 INC.

Address of head office

Has this address changed since the last time you filed your T2 return? 010 1 Yes 2 No X

(If yes, complete lines 011 to 018.)

011 265, RUE ST-PHILIPPE

012 City Province, territory, or state

015 ALFRED 016 ON

Country (other than Canada) Postal code/Zip code

017 018 K0B 1A0

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 X

(If yes, complete lines 021 to 028.)

021 c/o

022 City Province, territory, or state

025 ALFRED 026 ON

Country (other than Canada) Postal code/Zip code

027 028 K0B 1A0

Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes 2 No X

(If yes, complete lines 031 to 038.)

031 032 265, RUE ST-PHILIPPE

City Province, territory, or state

035 ALFRED 036 ON

Country (other than Canada) Postal code/Zip code

037 038 K0B 1A0

040 Type of corporation at the end of the tax year

1 X Canadian-controlled private corporation (CCPC) 4 Corporation controlled by a public corporation

2 Other private corporation 5 Other corporation (specify, below)

3 Public corporation

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

043 YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year-end
060 2010-01-01 061 2010-12-31
YYYY MM DD YYYY MM DD

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

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

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

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

Is this the first year of filing after:
Incorporation? 070 1 Yes 2 No X
Amalgamation? 071 1 Yes 2 No X

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

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes 2 No X

If yes, complete and attach Schedule 24.

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

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

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

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

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes 2 No X

If yes, complete and attach Schedule 91.

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

085 1 Exempt under paragraph 149(1)(e) or (l)
2 Exempt under paragraph 149(1)(j)
3 Exempt under paragraph 149(1)(t)
4 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 <input type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	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 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
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 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input type="checkbox"/>	
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255 <input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	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?	<input type="checkbox"/>	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?	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (only complete if yes was entered at line 281)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input checked="" type="checkbox"/>
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	DISTRIBUTION D'ÉLECT	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input checked="" type="checkbox"/>	2 No <input type="checkbox"/>
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 <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	90,174	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
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			B
Subtotal (amount A minus amount B) (if negative, enter "0")		90,174	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	90,174	
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)		90,174	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	90,174	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 from Part I tax	405	90,174	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	=	1
		Number of days in the tax year	365	
500,000	x	Number of days in the tax year after 2008	365	500,000 2
		Number of days in the tax year	365	
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 **** 11,250 D = E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 500,000 F**Small business deduction**

Amount A, B, C, or F, whichever is the least 90,174 x 17 % = 430 15,330 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							90,174	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						90,174	E	
Aggregate investment income from line 440*								F
Total of amounts B to F						90,174	90,174	G
Amount A minus amount G (if negative, enter "0")								H
Amount H	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009		x	8.5 %	=		I
		Number of days in the tax year	365					
Amount H	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	=		J
		Number of days in the tax year	365					
Amount H	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011	365	x	10 %	=		K
		Number of days in the tax year	365					
Amount H	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=		L
		Number of days in the tax year	365					
Amount H	x	Number of days in the tax year after 2011		x	13 %	=		L.1
		Number of days in the tax year	365					

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

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

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

Enter amount X on line 639.

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the tax year**

Aggregate investment income **440** x 26 2 / 3 % = A

from Schedule 7

Foreign non-business income tax credit from line 632

Deduct:

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

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

Taxable income from line 360 90,174

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least 90,174

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 =

90,174 ▶ 90,174

x 26 2 / 3 % = D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780) 9,919 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**

Deduct: Dividend refund for the previous tax year **465**
..... G

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from Schedule 3

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

..... H

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

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

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

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

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

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) multiplied by 38 %	550	34,266	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	90,174		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least	90,174		
Net amount		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)		34,266	D
Deduct:			
Small business deduction from line 430		15,330	1
Federal tax abatement	608	9,017	
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		
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		
Subtotal		24,347	E
Part I tax payable – Line D minus line E		9,919	F
Enter amount F on line 700.			

Summary of tax and credits

Federal tax

Part I tax payable

Part II surtax payable from Schedule 46

Part III.1 tax payable from Schedule 55

Part IV tax payable from Schedule 3

Part IV.1 tax payable from Schedule 43

Part VI tax payable from Schedule 38

Part VI.1 tax payable from Schedule 43

Part XIII.1 tax payable from Schedule 92

Part XIV tax payable from Schedule 20

700

708

710

712

716

720

724

727

728

9,919

Total federal tax

9,919

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 4,505

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

765

4,505

4,505

Total tax payable

770 14,424 A

Deduct other credits:

Investment tax credit refund from Schedule 31

Dividend refund

Federal capital gains refund from Schedule 18

Federal qualifying environmental trust tax credit refund

Canadian film or video production tax credit refund (Form T1131)

Film or video production services tax credit refund (Form T1177)

Tax withheld at source

Total payments on which tax has been withheld

801

Provincial and territorial capital gains refund from Schedule 18

Provincial and territorial refundable tax credits from Schedule 5

Tax instalments paid

808

812

840 24,000

890 24,000

Total credits

890 24,000 B

Refund code

894 1

Overpayment

9,576

Balance (line A minus line B)

-9,576

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 X 2 No

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

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

Certification

I, 950 BEAULNE

951 RENÉ

954 GÉRANT

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 2011-07-26

Signature of the authorized signing officer of the corporation

956 (613) 679-4093

Date (yyyy/mm/dd)

Telephone number

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

957 1 Yes X 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 2

CORPORATE TAXPREP / TAXPREP DES SOCIÉTÉS - EP15 VERSION 2011 V1.0

Page 8 of 8

Schedule of Instalment Remittances

Name of corporation contact _____

Telephone number _____

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
		24,000
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		24,000 A
Total instalments credited to the taxation year per T9		24,000 B

Transfer

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

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2010-12-31

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets				
	Total current assets	1599 +	653,707	595,567
	Total tangible capital assets	2008 +	875,819	813,111
	Total accumulated amortization of tangible capital assets	2009 –	429,406	374,065
	Total intangible capital assets	2178 +	4,639	4,639
	Total accumulated amortization of intangible capital assets	2179 –	4,639	4,639
	Total long-term assets	2589 +	315,738	411,568
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	1,415,858	1,446,181

Liabilities				
	Total current liabilities	3139 +	417,616	329,965
	Total long-term liabilities	3450 +	292,830	383,636
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	710,446	713,601

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	705,412	732,580

	Total liabilities and shareholder equity	3640 =	1,415,858	1,446,181
--	---	--------	-----------	-----------

Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	396,677	423,845

* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 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 +	1,935,728	2,418,649
Cost of sales	8518 -	1,628,541	2,089,909
Gross profit/loss	8519 =	307,187	328,740
Cost of sales	8518 +	1,628,541	2,089,909
Total operating expenses	9367 +	372,199	347,773
Total expenses (mandatory field)	9368 =	2,000,740	2,437,682
Total revenue (mandatory field)	8299 +	1,968,638	2,455,072
Total expenses (mandatory field)	9368 -	2,000,740	2,437,682
Net non-farming income	9369 =	-32,102	17,390

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 =	-32,102	17,390
---	---------------	----------------	---------------

Total other comprehensive income	9998 =		
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Extraordinary items and income (linked to Schedule 140)

Extraordinary item(s)	9975 -		
Legal settlements	9976 -		
Unrealized gains/losses	9980 +		
Unusual items	9985 -		
Current income taxes	9990 -	14,424	10,221
Deferred income tax provision	9995 -	-19,358	-7,410
Total – Other comprehensive income	9998 +		
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	-27,168	14,579

Canada Revenue Agency
Agence du revenu
du Canada

SCHEDULE 141

NOTES CHECKLIST

Corporation's name HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year-end Year Month Day 2010-12-31
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- 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	<input checked="" type="checkbox"/>
Completed a review engagement report	2	<input type="checkbox"/>
Conducted a compilation engagement	3	<input type="checkbox"/>

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement 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	<input type="checkbox"/>
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	<input type="checkbox"/>

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

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

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

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

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

Are you filing financial statements of the joint venture(s) or partnership(s)?	109	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
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SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2010-12-31

Assets – lines 1000 to 2599

1002	375,082	1062	251,920	1063	-9,130
1483	9,576	1484	26,259	1599	653,707
1774	126,245	1775	-64,430	1783	893,216
1784	-382,826	1787	4,620	1788	-3,334
1900	-148,262	1901	21,184	2008	875,819
2009	-429,406	2018	4,639	2019	-4,639
2178	4,639	2179	-4,639	2421	12,672
2424	303,066	2589	315,738	2599	1,415,858

Liabilities – lines 2600 to 3499

2621	144,283	2920	57,779	2960	215,554
3139	417,616	3262	151,282	3320	141,548
3450	292,830	3499	710,446		

Shareholder equity – lines 3500 to 3640

3500	308,735	3600	396,677	3620	705,412
3640	1,415,858				

Retained earnings – lines 3660 to 3849

3660	423,845	3680	-27,168	3849	396,677
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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 RC0001	2010-12-31

Revenue – lines 8000 to 8299

8000	<u>1,935,728</u>	8089	<u>1,935,728</u>	8230	<u>32,910</u>
8299	<u>1,968,638</u>				

Cost of sales – lines 8300 to 8519

8320	<u>1,628,541</u>	8518	<u>1,628,541</u>	8519	<u>307,187</u>
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Operating expenses – lines 8520 to 9369

8670	<u>55,341</u>	9284	<u>316,858</u>	9367	<u>372,199</u>
9368	<u>2,000,740</u>	9369	<u>-32,102</u>		

Farming revenue – lines 9370 to 9659

9659	<u>0</u>
-------------	----------

Farming expenses – lines 9660 to 9899

9898	<u>0</u>
-------------	----------

Extraordinary items and taxes – lines 9970 to 9999

9970	<u>-32,102</u>	9990	<u>14,424</u>	9995	<u>-19,358</u>
9999	<u>-27,168</u>				

Canada Revenue
AgencyAgence du revenu
du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 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 -27,168 A

Add:

Provision for income taxes – current	101	14,424	
Provision for income taxes – deferred	102	-19,358	
Amortization of tangible assets	104	55,341	
Subtotal of additions		50,407	50,407

Other additions:**Miscellaneous other additions:**

600 Recouvrements, variations et dépenses dans autres actifs/pa	290	149,381	
602 Caisse @ exercice déc 2009	292	71,432	
604			
Total	294		
Subtotal of other additions	199	220,813	220,813
Total additions	500	271,220	271,220

Deduct:

Capital cost allowance from Schedule 8	403	75,501	
Cumulative eligible capital deduction from Schedule 10	405	134	
Subtotal of deductions		75,635	75,635

Other deductions:**Miscellaneous other deductions:**

700 Intérêts sur autres actifs/passifs	390	1,041	
701 Caisse @ exercice déc 2010	391	77,202	
704			
Total	394		
Subtotal of other deductions	499	78,243	78,243
Total deductions	510	153,878	153,878

Net income (loss) for income tax purposes – enter on line 300 of the T2 return **90,174**

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 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 <input type="checkbox"/>	103	143		
Newfoundland and Labrador offshore	004 1 Yes <input type="checkbox"/>	104	144		
Prince Edward Island	005 1 Yes <input type="checkbox"/>	105	145		
Nova Scotia	007 1 Yes <input type="checkbox"/>	107	147		
Nova Scotia offshore	008 1 Yes <input type="checkbox"/>	108	148		
New Brunswick	009 1 Yes <input type="checkbox"/>	109	149		
Quebec	011 1 Yes <input type="checkbox"/>	111	151		
Ontario	013 1 Yes <input type="checkbox"/>	113	153		
Manitoba	015 1 Yes <input type="checkbox"/>	115	155		
Saskatchewan	017 1 Yes <input type="checkbox"/>	117	157		
Alberta	019 1 Yes <input type="checkbox"/>	119	159		
British Columbia	021 1 Yes <input type="checkbox"/>	121	161		
Yukon	023 1 Yes <input type="checkbox"/>	123	163		
Northwest Territories	025 1 Yes <input type="checkbox"/>	125	165		
Nunavut	026 1 Yes <input type="checkbox"/>	126	166		
Outside Canada	027 1 Yes <input type="checkbox"/>	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
90,174	90,174	90,174	4,505

Ontario basic income tax (from Schedule 500) **270** 11,715**Deduct:** Ontario small business deduction (from schedule 500) **402** 7,210Subtotal (if negative, enter "0") 4,505 ▶ 4,505 A6**Add:**Surtax re Ontario small business deduction (from Schedule 500) **272**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 ▶ B6

Subtotal (amount A6 **plus** amount B6) 4,505 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**Ontario political contributions tax credit (from Schedule 525) **415**

Subtotal ▶ D6

Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") 4,505 E6**Deduct:** Ontario research and development tax credit (from Schedule 508) **416**Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416)
(if negative, enter "0") 4,505 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") 4,505 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**

Subtotal ▶ H6

Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) 4,505 I6**Deduct:**Ontario qualifying environmental trust tax credit **450**Ontario co-operative education tax credit (from Schedule 550) **452**Ontario apprenticeship training tax credit (from Schedule 552) **454**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 **470**

Subtotal ▶ J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) **290** 4,505 K6

(if a credit, enter a negative amount) Include this amount on line 255.

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	4,505
--	-----	-------

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.

Canada Revenue
AgencyAgence du revenu
du Canada**SCHEDULE 8****CAPITAL COST ALLOWANCE (CCA)**

Name of corporation HYDRO 2000 INC.	Business Number 86595 5397 RC0001	Tax year end Year Month Day 2010-12-31
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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)?

1011 Yes ☐2 No ☒

1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1. 1	Équip distr. > 1987	182,724			0		182,724	4	0	0	7,309	175,415
2. 2	Équip Distr < 1988	187,397			0		187,397	6	0	0	11,244	176,153
3. 8	Équip de bureau	1,746	462		0	231	1,977	20	0	0	395	1,813
4. 10	Ordinateur	1,244			0		1,244	30	0	0	373	871
5. 12	Logiciels	1,023	18,986		0		20,009	100	0	0	20,009	
6. 45	Équipements informatique	841			0		841	45	0	0	378	463
7. 50	Équipements informatiques > 18	1,623			0		1,623	55	0	0	893	730
8. 47	Équipement distribution	322,968	48,248		0	24,124	347,092	8	0	0	27,767	343,449
9. 52			7,133		0		7,133	100	0	0	7,133	
Total		699,566	74,829			24,355	750,040				75,501	698,894

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 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 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	1,913	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	1,913	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 =	J
Cumulative eligible capital balance (amount F minus amount J)		1,913	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K		1,913	
less amount from line 249			
Current year deduction		1,913 x 7.00 % =	134 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		134	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,779	M

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

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

Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1) **410**

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO 2000 INC.	86595 5397 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)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	MUNICIPALITÉ DU CANTON D'ALFRED ET PLANTAGENI	89244 4779 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

ONTARIO CORPORATION TAX CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 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	181	x	14.00 %	=	6.94247 %	A1
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2010, and before July 1, 2011	184	x	12.00 %	=	6.04932 %	A2
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2011, and before July 1, 2012		x	11.50 %	=	%	A3
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2012, and before July 1, 2013		x	11.00 %	=	%	A4
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2013		x	10.00 %	=	%	A5
Number of days in the tax year	365					
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 *	90,174	B
Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A6 from Part 1)	11,715	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)						90,174	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)						90,174	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		3
			500,000				
			line 4 on page 4 of the T2 return				
Enter the least of amounts 1, 2, and 3						90,174	D
Ontario domestic factor:	Ontario taxable income *		90,174.00	=		1.00000	E
	taxable income earned in all provinces and territories **		90,174				
Ontario small business income (amount D multiplied by amount E)						90,174	F

Number of days in the tax year before July 1, 2010	181	x	8.50 %	=	4.21507 %	G1
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2010, and before July 1, 2011	184	x	7.50 %	=	3.78082 %	G2
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2011, and before July 1, 2012		x	7.00 %	=	%	G3
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2012, and before July 1, 2013		x	6.50 %	=	%	G4
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2013		x	5.50 %	=	%	G5
Number of days in the tax year	365					

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) 7,210 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 * 90,174 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) 90,174 ► 90,174 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) L

Small business surtax rate for the year:

$$\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}} = \frac{181}{365} \times 4.25 \% = \underline{\underline{2.10753 \%}} \text{ M}$$

Amount L x % on line M = N

Amount N x $\frac{\text{Ontario small business income (amount F from Part 3)}}{500,000} = \frac{90,174}{500,000} = \dots\dots$ O

Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3) 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 90,174 Q

$$\frac{\text{Surtax payable (amount P from Part 4)}}{\text{Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3)}} = \frac{\text{ }}{7.99589 \% \times 0.07996} = \text{ }$$
 R

Note: Enter "0" on line R for tax years beginning after June 30, 2010.

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0") 90,174 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.



ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO 2000 INC.	86595 5397 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	1,415,858
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	
Total assets (total of lines 112 to 116)		1,415,858
Total revenue of the corporation for the tax year **	142	1,968,638
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	
Total revenue (total of lines 142 to 146)		1,968,638

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	-27,168
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220	14,424	
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	14,424	14,424 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	19,358	
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	19,358	19,358 B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)		490	-32,102

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** _____

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** _____

Amount from
line 520

x

Number of days in the tax
year before July 1, 2010

181

x

4 % =

1

Number of days
in the tax year

365

Amount from
line 520

x

Number of days in the tax
year after June 30, 2010

184

x

2.7 % =

2

Number of days
in the tax year

365

Subtotal (amount 1 **plus** amount 2) **3** _____

Gross CMT: amount on line 3 above x OAF ** **540** _____

Deduct:

Foreign tax credit for CMT purposes *** **550** _____

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") **D** _____

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) **4,505** _____

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)	4,505	1
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	_____	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:	6
	Subtotal (if negative, enter "0")	4,505
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	4,505	N
Deduct:		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	_____	
	Subtotal (if negative, enter "0")	4,505
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** 32,102CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) **770** 32,102 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.

Canada Revenue
AgencyAgence 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
HYDRO 2000 INC.	86595 5397 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)			
HYDRO 2000 INC.			
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	110 Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	120 Ontario Corporation No.
Ontario		2000-09-29	1427551

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200	Care of (if applicable)						
210	Street number 265	220	Street name/Rural route/Lot and Concession number rue St-Philippe	230	Suite number		
240	Additional address information if applicable (line 220 must be completed first)						
250	Municipality (e.g., city, town) Alfred	260	Province/state ON	270	Country CA	280	Postal/zip code K0B 1A0

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 BEAULNE **451** RENÉ
Last name First name
454 _____,
Middle name(s)

460 ☒ 1 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	<input type="checkbox"/>	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	<input type="checkbox"/>	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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Corporate Taxpayer Summary

Corporate information

Corporation's nameHYDRO 2000 INC.

Taxation Year2010-01-01 to 2010-12-31

JurisdictionOntario

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

Corporation is associatedN

Corporation is relatedN

Number of associated corporations

Type of corporationCanadian-Controlled Private Corporation

Total amount due (refund) federal and provincial*-9,576

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

Summary of federal information

Net income90,174

Taxable income90,174

Donations

Calculation of income from an active business carried on in Canada90,174

Dividends paid

Dividends paid – Regular

Dividends paid – Eligible

Balance of the low rate income pool at the end of the previous year

Balance of the low rate income pool at the end of the year

Balance of the general rate income pool at the end of the previous year

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

Part I tax (base amount)34,266

Credits against part I tax	Summary of tax	Refunds/credits
Small business deduction15,330	Part I9,919	ITC refund
M&P deduction	Part IV	Dividends refund
Foreign tax credit	Part III.1	Instalments24,000
Investment tax credits	Other*	Surtax credit
Abatement/Other*9,017	Provincial or territorial tax4,505	Other*
		Balance due/refund (–)-9,576

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

Summary of federal carryforward/carryback information

Carryforward balances

Unused surtax credit (Schedule 37)3,606

Cumulative eligible capital1,779

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	90,174		
Taxable income	90,174		
% Allocation	100.00		
Attributed taxable income	90,174		
Surtax		N/A	N/A
Tax payable before deduction*	11,715		
Deductions and credits	7,210		
Net tax payable	4,505		
Attributed taxable capital	705,412		N/A
Capital tax payable**			N/A
Total tax payable***	4,505		
Instalments and refundable credits			
Balance due/Refund (-)	4,505		

- * For Québec, this includes special taxes and logging operations.
- ** For Québec, this includes compensation tax and registration fee.
- *** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

Other carryforward amounts

Ontario	
Corporate minimum tax loss that can be carried forward over 20 years – Schedule 510	32,102

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
HYDRO 2000 INC.	948,046	948,046	705,412	705,412
Total	948,046	948,046	705,412	705,412

Québec

Corporate name	Paid-up capital used to calculate the deduction relating to income-averaging for forest producers (CO-726.30)	Paid-up capital used to calculate the exemption for small and medium-sized manufacturing businesses (CO-737.18.18)	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total					

Ontario

Corporate name	Taxable capital used to calculate the capital deduction – Ontario capital tax on financial institutions (Schedule 514)	Taxable capital used to calculate the capital deduction – Ontario capital tax on other than financial institutions (Schedule 515)	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
HYDRO 2000 INC.		705,412	
Total		705,412	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Taxable capital used to calculate the Nova Scotia capital deduction on large corporations (Schedule 343)	Net paid up capital – BC capital tax on financial institutions (FIN 689)	BC paid up capital – BC capital tax on financial institutions (FIN 689)
Total				

Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information (T2)					
Taxation year end	2010-12-31	2009-12-31	2008-12-31	2007-12-31	2006-12-31
Net income	90,174	61,951	46,748	156,368	141,919
Taxable income	90,174	61,951	46,748	156,368	54,846
Active business income	90,174	61,951	46,748	156,368	141,919
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	-9,576	-13,779	5,142	20,515	7,195

Federal taxes					
Part I before surtax	9,919	6,814	5,142	59,420	6,581
Surtax				1,751	614
Part I.3					
Part IV					
Part I & Surtax	9,919	6,814	5,142	20,515	7,195
Part III.1					
Other*					

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

Credits against part I tax					
Small business deduction	15,330	10,532	7,947	25,019	8,775
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*	9,017	6,195	4,675	15,637	5,485

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

Refunds/credits					
ITC refund					
Dividend refund					
Instalments	24,000	24,000			
Surtax credit					
Other*					

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

Ontario

<u>Taxation year end</u>	<u>2010-12-31</u>	<u>2009-12-31</u>	<u>2008-12-31</u>	<u>2007-12-31</u>	<u>2006-12-31</u>
Net income	90,174		46,748		
Taxable income	90,174		46,748		
% Allocation	100.00	100.00	100.00		
Attributed taxable income	90,174		46,748	156,368	54,846
Surtax					
Income tax payable before deduction	11,715	8,673	6,545	21,892	7,678
Income tax deductions /credits	7,210	5,266	3,974	13,291	4,662
Net income tax payable	4,505	3,407	2,571	8,601	3,016
Taxable capital	705,412	948,046	727,789	1,169,256	722,244
Capital tax payable					
Total tax payable*	4,505	3,407	2,571	8,601	3,016
Instalments and refundable credits			24,000	26,003	
Balance due/refund**	4,505	3,407	-21,429	-17,402	3,016

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

Allowance for PILs

Attachment 1 shows the OEB's PILs model used to calculate the PILs amount 2012 at proposed rates.

The proposed Allowance for PILs for the 2012 test year is based on the proposed Return on Equity (ROE) amount – see Exhibit 5, Tab 1, Schedule 1. The resulting income taxes payable amount is grossed-up based on the applicable income tax rate, so the revenue requirement will generate the proposed ROE amount on an after-tax basis.

Taxable income is based on pre-tax (accounting) income, plus depreciation expense, less deductions for Capital Cost Allowance and Cumulative Eligible Capital.

The utility's Taxable Capital is less than the exempt amount for the Ontario Capital Tax; accordingly no capital tax is payable.

Hydro 2000's proposed PILs for 2012 test year is in the amount of; \$5328



2012 REBASING YEAR

Data Input Sheet - Applicant's Rate Base

\$	963,468
----	---------

$$\begin{aligned} W &= S^* T \\ X &= S^* U \\ Y &= S^* V \end{aligned}$$
$$AC = W * Z$$
$$AD = X^* AA$$
$$AE = Y * AB$$
$$AF = AC + AD + AE$$

Test Year

- [illegible]



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Hydro 2000 Inc.

Tax Rates & Exemptions

Tax Rates

**Federal & Provincial
As of March 22, 2011**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

**Effective
January-01-11 Effective
January-01-12 Effective
January-01-13 Effective
January-01-14**

38.00%	38.00%	38.00%	38.00%
-10.00%	-10.00%	-10.00%	-10.00%
28.00%	28.00%	28.00%	28.00%

Rate reduction

-11.50%	-13.00%	-13.00%	-13.00%
16.50%	15.00%	15.00%	15.00%

(refer to Note 1)

Ontario income tax

11.75%	11.25%	10.50%	10.00%
--------	--------	--------	--------

Combined federal and Ontario

28.25%	26.25%	25.50%	25.00%
--------	--------	--------	--------

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

500,000	500,000	500,000	500,000
500,000	500,000	500,000	500,000

Federal small business rate

11.00%	11.00%	11.00%	11.00%
--------	--------	--------	--------

Ontario small business rate

4.50%	4.50%	4.50%	4.50%
-------	-------	-------	-------

NOTES:

1. Federal Budgets of March 22, 2011 and June 6, 2011 reaffirmed the corporate tax rate reductions to 16.5% in 2011 and 15% in 2012.



2012 REBASING YEAR

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historic per tax returns	Less: Non- Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	175,415		175,415
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0
2	Distribution System - pre 1988	176,153		176,153
8	General Office/Stores Equip	1,813		1,813
10	Computer Hardware/ Vehicles	871		871
10.1	Certain Automobiles			0
12	Computer Software			0
13₁	Lease # 1			0
13₂	Lease #2			0
13₃	Lease # 3			0
13₄	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	463		463
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	343,449		343,449
50	Data Network Infrastructure Equipment - post Mar 2007	730		730
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	698,894	0	698,894



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Hydro 2000 Inc.

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

1,913

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

x 3/4 = 0

x 1/2 = 0

0

0

1,913

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 =

0

Cumulative Eligible Capital Balance

1,913

Current Year Deduction

1,913

x 7% =

134

Cumulative Eligible Capital - Closing Balance

1,779



Ontario Energy

**PILS / INCOME
WORK FOI**

Hydro 2000 Inc.

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
- Short & Long-term Disability			0
- Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	0	0	0



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Hydro 2000 Inc.

Schedule 7-1 Loss Carry Forward - Histroic Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Hydro 2000 Inc.

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	-32,102		-32,102
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	55,341		55,341
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
		149,381		149,381

		71,432		71,432
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		276,154	0	276,154
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	75,501		75,501
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	134		134
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	0		0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390	1,041		1,041
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
		77,202		77,202
				0
				0
				0
				0
				0
				0
Total Deductions		153,878	0	153,878
Net Income for Tax Purposes		90,174	0	90,174
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		90,174	0	90,174



Ontario Energy Board

**PILS / INCOME TAXES WORK
FORM**

2012 REBASING YEAR

Hydro 2000 Inc.

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only

Regulatory Taxable Income

\$ 90,174 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

13.00% B

\$ 11,723 C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction (negative)

\$ 90,174 D

-8.00% E

-\$ 7,214 F = D * E

Ontario Income tax

\$ 4,509 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate

5.00%

K = J / A

Federal tax rate

11.00%

L

Combined tax rate

16.00% M = L + L

Total Income Taxes

\$ 14,428 N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Bridge Year

\$ 14,428 R = N - Q



2012 REBASING YEAR

Schedule 8 CCA - Bridge Year

Class	Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}
1	Distribution System - post 1987	\$ 175,415			\$ 175,415	\$ -
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				\$ -	\$ -
2	Distribution System - pre 1988	\$ 176,153			\$ 176,153	\$ -
8	General Office/Stores Equip	\$ 1,813	\$ 6,011		\$ 7,824	\$ 3,006
10	Computer Hardware/ Vehicles	\$ 871			\$ 871	\$ -
10.1	Certain Automobiles				\$ -	\$ -
12	Computer Software		\$ 15,401		\$ 15,401	\$ 7,701
13 1	Lease # 1		\$ 16,028		\$ 16,028	\$ 8,014
13 2	Lease #2				\$ -	\$ -
13 3	Lease # 3				\$ -	\$ -
13 4	Lease # 4				\$ -	\$ -
14	Franchise				\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				\$ -	\$ -
42	Fibre Optic Cable				\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment				\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 463			\$ 463	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				\$ -	\$ -
47	Distribution System - post February 2005	\$ 343,449	\$ 39,758		\$ 383,207	\$ 19,879
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 730	\$ 3,734		\$ 4,464	\$ 1,867
52	Computer Hardware and system software				\$ -	\$ -
95	CWIP				\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
	TOTAL	\$ 698,894	\$ 80,932	\$ -	\$ 779,826	\$ 40,466

Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
\$ 175,415	4%	\$ 7,017	\$ 168,398
\$ -	6%	\$ -	\$ -
\$ 176,153	6%	\$ 10,569	\$ 165,584
\$ 4,819	20%	\$ 964	\$ 6,860
\$ 871	30%	\$ 261	\$ 610
\$ -	30%	\$ -	\$ -
\$ 7,701	100%	\$ 7,701	\$ 7,701
\$ 8,014	0.2	\$ 1,603	\$ 14,425
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 463	45%	\$ 208	\$ 255
\$ -	30%	\$ -	\$ -
\$ 363,328	8%	\$ 29,066	\$ 354,141
\$ 2,597	55%	\$ 1,428	\$ 3,036
\$ -	100%	\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ 739,360		\$ 58,817	\$ 721,009



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Hydro 2000 Inc.

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

1,779

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

x 3/4 = 0

x 1/2 = 0

0

0

1,779

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

Cumulative Eligible Capital Balance

1,779

Current Year Deduction

1,779 x 7% = 125

Cumulative Eligible Capital - Closing Balance

1,655



Schedule 13 Tax Reserves - Bridge Year

[illegible]



Ontario Energy

**PILS / INCOME TAX
FORM**

Hydro 2000 Inc.

Schedule 7-1 Loss Carry Forward - Bridge Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

Hydro 2000 Inc.

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	-75,813
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	60,752
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

Hydro 2000 Inc.

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Interest on long term debt		9,686
Total Additions		70,438
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	58,817
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	125
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		

**PILS / INCOME TAXES
WORK FORM**

Hydro 2000 Inc.

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Deemed interest on long term debt		26,235
Total Deductions		85,177
Net Income for Tax Purposes		-90,552
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		-90,552



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

2012 REBASING YEAR

Hydro 2000 Inc.

PILs Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income

-\$ 90,552 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

-

C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$ -
-7.25%

D

E

\$

-

F = D * E

Ontario Income tax

\$ - J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate

0.00%

K = J / A

Federal tax rate

0.00%

L

Combined tax rate

0.00% M = L + L

Total Income Taxes

\$ - N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Bridge Year

\$ - R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}
1	Distribution System - post 1987	\$ 168,398			\$ 168,398	\$ -
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ -			\$ -	\$ -
2	Distribution System - pre 1988	\$ 165,584			\$ 165,584	\$ -
8	General Office/Stores Equip	\$ 6,860	1,000		\$ 7,860	\$ 500
10	Computer Hardware/ Vehicles	\$ 610			\$ 610	\$ -
10.1	Certain Automobiles	\$ -			\$ -	\$ -
12	Computer Software	\$ 7,701	9,000		\$ 16,701	\$ 4,500
13 1	Lease # 1	\$ 14,425			\$ 14,425	\$ -
13 2	Lease #2	\$ -			\$ -	\$ -
13 3	Lease # 3	\$ -			\$ -	\$ -
13 4	Lease # 4	\$ -			\$ -	\$ -
14	Franchise	\$ -			\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	\$ -			\$ -	\$ -
42	Fibre Optic Cable	\$ -			\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -			\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment	\$ -			\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 255			\$ 255	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -			\$ -	\$ -
47	Distribution System - post February 2005	\$ 354,141	43,000		\$ 397,141	\$ 21,500
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 3,036	3,000		\$ 6,036	\$ 1,500
52	Computer Hardware and system software	\$ -			\$ -	\$ -
95	CWIP	\$ -			\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
	TOTAL	\$ 721,009	\$ 56,000	\$ -	\$ 777,009	\$ 28,000

Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
\$ 168,398	4%	\$ 6,736	\$ 161,662
\$ -	6%	\$ -	\$ -
\$ 165,584	6%	\$ 9,935	\$ 155,649
\$ 7,360	20%	\$ 1,472	\$ 6,388
\$ 610	30%	\$ 183	\$ 427
\$ -	30%	\$ -	\$ -
\$ 12,201	100%	\$ 12,201	\$ 4,500
\$ 14,425	0.2	\$ 2,885	\$ 11,540
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 255	45%	\$ 115	\$ 140
\$ -	30%	\$ -	\$ -
\$ 375,641	8%	\$ 30,051	\$ 367,089
\$ 4,536	55%	\$ 2,495	\$ 3,541
\$ -	100%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ 749,009		\$ 66,072	\$ 710,937



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

2012 REBASING YEAR

Hydro 2000 Inc.
Schedule 10 CEC - Test Year

Cumulative Eligible Capital

1,655

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

1,655

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Cumulative Eligible Capital Balance

1,655

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

1,655 x 7% = 116

Cumulative Eligible Capital - Closing Balance

1,539



2012 REBASING YEAR

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

[illegible]



Ontario Energy Board

**PILS / INCOME TAXES
WORK FORM**

2012 REBASING YEAR

Hydro 2000 Inc.

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

2012 REBASING YEAR

Hydro 2000 Inc.

Taxable Income - Test Year

	Test Year Taxable Income
Net Income Before Taxes	36,920

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	76,703
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Interest on long term debt		7,849
Total Additions		84,552
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	66,072
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	116
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Deemed interest on long term debt		26,236
Total Deductions		92,424
NET INCOME FOR TAX PURPOSES		29,048
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		29,048



Ontario Energy Board

PILS / INCOME TAXES WORK FORM

2012 REBASING YEAR

Hydro 2000 Inc.

PILs Tax Provision - Test Year

Wires Only

Regulatory Taxable Income

\$ 29,048 A

Ontario Income Taxes

Income tax payable

Ontario Income Tax

4.50%

B

\$

1,307 C = A * B

Small business credit

Ontario Small Business Threshold
Rate reduction

\$ -
-6.75%

D
E

\$

- F = D * E

Ontario Income tax

\$ 1,307 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

4.50%
11.00%

K = J / A
L

15.50% M = L + L

Total Income Taxes

\$ 4,502 N = A * M

Investment Tax Credits

O

Miscellaneous Tax Credits

P

Total Tax Credits

\$ - Q = O + P

Corporate PILs/Income Tax Provision for Test Year

\$ 4,502 R = N - Q

Corporate PILs/Income Tax Provision Gross Up ¹

84.50%

S = 1 - M

\$ 826 T = R / S - N

Income Tax (grossed-up)

\$ 5,328 U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Exhibit 5:

Cost of Capital and Rate of Return

Exhibit 5: Cost Of Capital And Rate Of Return

Tab 1 (of 1): Cost of Capital and Rate of Return



Ontario Energy Board

**REVENUE REQUIREMENT
WORK FORM**

Version 2.20

Hydro 2000 Inc.
Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$539,543	5.32%	\$28,704
2	Short-term Debt	4.00%	\$38,539	2.46%	\$948
3	Total Debt	60.00%	\$578,081	5.13%	\$29,652
	Equity				
4	Common Equity	40.00%	\$385,388	9.58%	\$36,920
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$385,388	9.58%	\$36,920
7	Total	100.00%	\$963,469	6.91%	\$66,572
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$963,469	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	5.32%	\$ -
9	Short-term Debt	0.00%	\$ -	2.46%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.58%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$963,469	0.00%	\$ -

Notes
(1)

4.0% unless an Applicant has proposed or been approved for another amount.

Capital Structure

The purpose of this evidence is to summarize the method and cost of financing Hydro 2000's capital requirements for the 2012 test year.

Hydro 2000 has a deemed capital structure of 60% debt and 40% equity, as approved by the OEB in its 2008 cost of service application and a return on equity of 8.68% as also approved by the OEB in the 2008 Cost of Service file (EB-2007-0704).

Hydro 2000 is seeking approval to maintain its capital structure of 60% debt and 40% equity, including a return on equity of 9.58% as indicated in the Report of the Board on Cost of Capital Parameters¹. The table below show the proposed 2012 structure in comparison to the utility's last cost of service

Table 1: Deemed Capital Structure 2012 vs 2008

	<i>Current Application</i>				<i>2008 EDR Approved</i>		
	<i>Deemed Portion</i>	<i>Effective Rate ¹</i>	<i>Return Amount</i>		<i>Deemed Portion</i>	<i>Effective Rate</i>	<i>Return Amount</i>
Short-Term Debt	4.00%	2.46%			49.33%	4.77%	
Long-Term Debt	56.00%	5.32%			4.00%	5.80%	
Total Equity	40.00%	9.58%			46.67%	8.68%	
Regulated Rate of Return	100.00%	6.91%			100.00%	6.64%	
Rate Base ²			963,469				735,075
Regulated Return on Capital			66,572				48,780
<i>Deemed Interest Expense</i>			29,652				19,002
<i>Deemed Return on Equity</i>			36,920				29,778

¹ Cost of Capital Parameter Updates for 2011 Cost of Service Applications for Rates Effective May 1, 2011, issued March 3, 2011

- 1 The proposed capital structure for 2012 also reflects a short-term debt component of 4%
- 2 directed by the Board.
- 3

Cost of Capital

The proposed cost rates for cost of capital in 2012 are presented on the last page of Exhibit 5, Tab 1, Schedule 2, Attachment 1. The rates shown for short-term debt and return on equity are those set out in the Board's letter of March 3, 2011, *Cost of Capital Parameter Updates for 2011 Cost of Service Application*. The parameters are reproduced in the table below.

Cost of Capital parameters for rates effective May 1, 2011

Based on the methodologies set out in the Report and January 2011 data from the Bank of Canada, *Consensus Forecasts* and Bloomberg LLP, the Board has determined that the updated Cost of Capital parameters for 2011 cost of service rate applications for rates effective May 1, 2011 are:

Cost of Capital Parameter	Value for 2011 Cost of Service Applications for May 1, 2011 rate changes
ROE	9.58%
Deemed LT Debt rate	5.32%
Deemed ST Debt rate	2.46%

The calculation of the proposed rate for long-term debt is set out in Attachment 1 to this schedule, based on the weighted average cost of debt in 2012. There is a single debt instruments outstanding in the year, comprised of a Promissory Note (the "Note") payable to the utility's shareholders.

The terms of the Note is embedded in an agreement between Hydro 2000 and its shareholders (the "Agreement"), which appears in Attachment 2 to this schedule. Since market opening in May 2002, Hydro 2000 has paid interest on the Notes at a fixed rate of 5.50%. The actual 5.50% interest rate is slightly higher than the Board's deemed debt rate. As such, the deemed interest rate has been used for rate-setting purposes, in accordance with the Board's policy.

The Weighted Average Cost of Debt and the Promissory Note is presented at the next two attachment.

Enter details of debt outstanding in 2012 and projected interest in 2011

[illegible]

DEBT OUTSTANDING IN 2012							
Description	Effective Rate	Days o/s in 2012	Average Balance	2012 Cost	2012 Ending Balance	Debt o/s USA #	Int. Expense USA #
Long Term Debt	5.50%	366	431,805	23,749	431,805		
TOTAL	5.50%		431,805	23,749	431,805		

(b) If actual interest rate applies, enter annual charges other than interest (e.g. commitment fees, amortization of issuance costs, etc.)

[illegible]

TOTAL:

THE TOWNSHIP OF ALFRED AND PLANTAGENET

BY-LAW NUMBER 2003-11

BEING A BY-LAW TO AFFIRM THE STATUS OF HYDRO 2000 INC.

WHEREAS the former Township of Alfred, the Township of North Plantagenet, the Village of Alfred and the Village of Plantagenet were amalgamated on January 1st, 1997 and is now part of the Corporation of the Township of Alfred and Plantagenet;

AND WHEREAS the Hydro Commissions of the Village of Alfred (Ward 3) and the Village of Plantagenet (Ward 4) were dissolved and formed a new hydro commission called the Hydro-Electric Commission of The Corporation of the Township of Alfred and Plantagenet as of January 1st, 1997;

AND WHEREAS Hydro 2000 Inc was incorporated on the 29th day of September 2000 for the purposes of distribution of electricity in Ward 3 and 4 of the Corporation of the Township of Alfred and Plantagenet, and is a corporation licenced to distribute electricity pursuant to the Ontario Energy Board Act;

AND WHEREAS the Corporation of the Township of Alfred and Plantagenet has an interest, as the sole shareholder in Hydro 2000 Inc. in holding the 100% shares in the said company;

AND WHEREAS Hydro 2000 Inc. owes the Corporation of the Township of Alfred and Plantagenet the sum of \$ 431,805 secured by a Promissory Note from the Corporation of the Township;

AND WHEREAS the Ontario Legislature has passed Bill 210 requiring municipalities who have shares in electric utilities to pass a resolution within ninety (90) days of the passing of the Bill, under section 159.1, affirming that the Corporation should continue to be incorporated as provided for pursuant to subsection 142 (1) of the Electricity Act thereby confirming their status as "for profit" corporations;

AND WHEREAS the said legislation was passed on the 9th day of December 2002;

AND WHEREAS section 159.1 of the Electricity Act provides that if the Minister of Energy does not receive a certificate certifying the passing of the resolution to continue to be incorporated that the consequences will be as laid out in subsections 159.1(5), (6) and (7) of the Electricity Act;

AND WHEREAS in the event the municipality fails to pass such resolution within ninety (90) days of December 9th, 2002, the Corporation status of Hydro 2000 Inc. will be converted to a "non-profit status" with no return on equity to the Township and only a return of interest on the debt portion of the monies owed by Hydro 2000 Inc. to the Township;

AND WHEREAS at the present time the maximum return available on equity for the municipality is 6.59 % and the return on interest on the Promissory Note is 5.5%, providing a return of equity and debt that is available in the amount of 5.98% per annum using a weighted average;


AND WHEREAS in the event an affirming By-Law is not passed affirming the corporation status and the Hydro 2000 Inc. was effectively converted to "non-profit status", then this would not allow for the said Hydro 2000 Inc. to manage its finances so as to continue to provide reliable service and in particular, provide a rate of return sufficient to finance maintenance and upgrading of infrastructure;

AND WHEREAS the Province of Ontario has decided to maintain Hydro One and their utilities as "for profit" companies and to affirm its current status;

NOW THEREFORE the Corporation of the Township of Alfred and Plantagenet enacts as follows:

1. That the Corporation of the Township of Alfred and Plantagenet hereby affirms that Hydro 2000 Inc. shall continue to be incorporated, as provided for in subsection 142 (1) of the Electricity Act, 1998, as a "for profit corporation" pursuant to its initially intended purpose and that a certificate, as prescribed, certifying the passing of this by-law be sent to the Minister of Energy.
2. That this by-law shall come into force after its third reading and final adoption.

READ A FIRST, SECOND AND THIRD TIME and finally passed this 17th day of February 2002.


JEAN-CLAUDE TROTTIER, Mayor


DIANE THAUVETTE, Clerk-Treasurer

Exhibit 6:

REVENUE DEFICIENCY OR SUFFICIENCY

Exhibit 6: Revenue Deficiency Or Sufficiency

Tab 1 (of 2): Utility Revenue

Revenue from Existing Rates

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Projected revenues in 2012 based on existing rates, which are used in calculating utility income, are comprised of distribution revenue and other revenues.

Distribution revenue at existing rates is presented in Exhibit 3, Tab 2. Other revenue is presented in Exhibit 3, Tab 3.

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 6.1.2 Distribution Revenue Requirement

Enter adjustments for non-recurring items in 2012

	2012 Projection	Non-recurring items (Total)	2012 Normalized	Comment
OM&A Expenses <i>from sheet D1</i>	434,834		434,834	
3850-Amortization Expense <i>from sheet E2</i>	76,703		76,703	
Total Distribution Expenses	511,537		511,537	
Regulated Return On Capital <i>from sheet D3</i>	66,572		66,572	
PILs (with gross-up) <i>from sheet E4</i>	5,328		5,328	
Service Revenue Requirement	583,437		583,437	
Less: Revenue Offsets <i>from sheet C9</i>	20,303		20,303	
Base Revenue Requirement	563,134		563,134	

Distribution Revenue Requirement

Table 6.1.2 presented at the previous schedule shows the proposed revenue requirement for the 2012 test year.

The total Service Revenue Requirement is comprised of the following:

- Projected distribution expenses in 2012:
- OM&A (Operations, Maintenance and Administration) expenses, as described in Exhibit 4, Tab 1, Schedule 2; and
- Amortization expense, as shown in Exhibit 4, Tab 7, Schedule 1, Attachment 1;
- Regulated Return on Capital, as shown in Exhibit 5, Tab 1, Schedule 1, Attachment 1; and
- The proposed Allowance for PILs in 2012, as described in Exhibit 4, Tab 8, Schedule 3.

The proposed Base Revenue Requirement, representing the revenue to be recovered from base distribution rates, is equal to the total Service Revenue Requirement, less Revenue Offsets derived from other revenue sources in 2012. The Revenue Offsets are shown in Exhibit 3, Tab 3, Schedule 4, Attachment 1.

Exhibit 6: Revenue Deficiency Or Sufficiency

Tab 2 (of 2): Deficiency or Surplus

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 6.2.1 Table of Revenue Deficiency and Statement of Rate Base*Review highlighted variances (no input on this sheet)*

		2012 Projection	2011 Projection		Var #	Var %
Utility Income	(see below)	-176,933	-75,813		-101,120	(133.4%)
Utility Rate Base	from sheet G6	963,469	840,495		122,974	14.6%
Indicated Rate of Return		(18.36%)	(9.02%)		(9.34%)	(103.6%)
Requested / Approved Rate of Return	from sheet D3	6.91%	6.91%		0.00%	0.0%
Sufficiency / (Deficiency) in Return		(25.27%)	(15.93%)		(9.34%)	(58.7%)
Net Revenue Sufficiency / (Deficiency)		-243,504	-133,888		-109,617	(81.9%)
Provision for PILs/Taxes *		-5,328	0		-5,328	0.0%
Gross Revenue Sufficiency / (Deficiency)		-248,832	-133,888		-114,945	(85.9%)
Deemed Overall Debt Rate	from sheet D3	5.13%	4.85%		0.28%	5.8%
Deemed Cost of Debt	from sheet D3	29,652	21,727		7,925	36.5%
Utility Income less Deemed Cost of Debt		-206,584	-97,540		-109,044	(111.8%)
Return On Deemed Equity		(53.60%)	(29.01%)		(24.59%)	(84.8%)
UTILITY INCOME	from sheets E1 & E2 (except PILS / Income Taxes)					
Total Net Revenues		334,604	333,405		1,200	0.4%
OM&A Expenses		434,834	348,467		86,367	24.8%
Depreciation & Amortization		76,703	60,751		15,952	26.3%
Taxes other than PILs / Income Taxes		0	0		0	0.0%
Total Costs & Expenses		511,537	409,218		102,319	25.0%
Utility Income before Income Taxes / PILs		-176,933	-75,813		-101,120	(133.4%)
PILs / Income Taxes	from sheet E4	0	0		0	0.0%
Utility Income		-176,933	-75,813		-101,120	(133.4%)

* In 2012: difference between amounts on sheet E4 for 2012 at existing rates vs. 2012 at new revenue requirement;
in 2011: Net Sufficiency / (Deficiency) multiplied by grossed-up effective tax rate on Utility Income.

Calculation of Revenue Deficiency or Surplus

Table 6.2.1 presents the calculation of the revenue deficiency for the 2012 test year.

Utility Income represents Total Net Revenues, less expenses for OM&A, Depreciation & Amortization, and PILs. Total Net Revenues is comprised of projected distribution revenues at existing rates (see Exhibit 3, Tab 2, Schedule 1) and revenue offsets. The following table indicates the references within the application for these amounts:

Table 1: Utility Income References

Total Net Revenues:	
Distribution Revenues	Exhibit 3, Tab 2, Schedule 1, Attachment 1
Revenue Offsets	Exhibit 3, Tab 3, Schedule 3
Expenses:	
OM&A	Exhibit 4, Tab 1, Schedule 2
Depreciation & Amortization	Exhibit 4, Tab 7, Schedule 1
PILs	Exhibit 4, Tab 8, Schedule 3, Attachment 1

The Indicated Rate of Return is equal to Utility Income divided by the Rate Base amount. Attachment 2 presents the statement of rate base, consistent with the information in Schedule 2, Tab 1. The Requested / Approved Rate of Return for 2012 appears on the last page of Exhibit 5, Tab 1, Schedule 1, Attachment 1. The Indicated Rate of Return is less than the Requested / Approved Rate of Return, therefore there is a Deficiency in Return. The Net Revenue Deficiency is the Deficiency in Return, multiplied by the Rate Base amount.

The Provision for PILs/Taxes is the difference between the PILs amount appearing in the calculation of Utility Income, and the proposed Allowance for PILs as shown in Exhibit 6,

1 Tab 1, Schedule 2, Attachment 1. The sum of the Net Revenue Deficiency and the
2 Provision for PIL/Taxes yields the Gross Revenue Deficiency.

3
4 The Deemed Overall Debt Rate and Deemed Cost of Debt appear on the last page of
5 Exhibit 5, Tab 1, Schedule 1, Attachment 1. The Return on Deemed Equity is derived by
6 taking Utility Income, less the Deemed Cost of Debt, divided by the equity capitalization
7 amount (which also appears on the last page of Exhibit 5, Tab 1, Schedule 1,
8 Attachment 1).

9
10

Causes of Revenue Deficiency or Surplus

Hydro 2000's existing rates are based on the Board-approved rates in 2008 following a cost of service rate application, and adjustments to its base distribution rates in 2009-2011 under the Board's Incentive Regulation Mechanism ("IRM"). Price cap adjustments of 1.38%, 1.3% and 1.3% were applied in 2009, 2010 and 2011, respectively, in the IRM rate applications approved by the Board. As a result, current base distribution rates reflect an aggregate price cap of adjustment of 4.08% relative to the 2008 Board-approved rates.

As shown in Attachment 1 to the previous schedule, the Net Revenue Deficiency (excluding PILs) for 2012 is \$243,504.

The deficiency is due primarily to increased expenses for Operations, Maintenance and Administration (OM&A). Projected OM&A for 2012 is \$172,183K higher than the 2008 Board-approved amount, an increase of 66%. The cost drivers underlying this increase are presented in Exhibit 4, Tab 2, Schedule 1, Attachment 3.

The increase in the rate base is another cause of the revenue deficiency. The proposed rate base for 2012 is \$228K higher than the 2008 Board-approved amount, an increase of 31%. The factors contributing to the change in the rate base are discussed in Exhibit 2, Tab 1, Schedule 2.

Exhibit 7:

COST ALLOCATION

Exhibit 7: Cost Allocation

Tab 1 (of 2): Cost Allocation Model

Overview of Cost Allocation

Hydro 2000 engaged Elenchus Research Associates (“Elenchus”) to complete its cost allocation models for this application. The proposed 2012 test year data was prepared in accordance with the latest Board Directions, Instructions, and section 2.8 of the Board’s Filing Requirements for Distribution and Transmission Applications. The Elenchus report is included as Attachment 1 to this schedule, and the model files referenced therein have been submitted to the Board in electronic form. This report addresses Cost Allocation based on previously approved rates.

Hydro 2000’s proposed revenue allocation and the resulting Revenue-to-Cost ratios are discussed in Schedule 2 of this Exhibit/Tab.

**Hydro 2000 Inc.
2012 Cost Allocation Study**

**A Report Prepared by
Elenchus Research Associates Inc.**

**On Behalf of
Hydro 2000 Inc.**

September 2011



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1 INTRODUCTION

Hydro 2000 Inc. (“Hydro 2000”) has prepared its 2012 EDR Application as a cost of service rate application based on a forward test year. The relevant filing requirements for this Application are set out in Chapter 2 of the June 22, 2011 update to the document entitled *Ontario Energy Board, Filing Requirements for Transmission and Distribution Applications* (“Filing Requirements”).

Section 2.10 of the Filing Requirements sets out the expectations of the Board with respect to Exhibit 7: Cost Allocation. The Filing Requirements state:

A completed cost allocation study using the Board approved methodology must be filed. This filing must reflect future loads and costs and be supported by appropriate explanations and live Excel spreadsheets. If available when this Exhibit is being prepared, the 2011 update of the model issued by the board may be used.

Hydro 2000 asked Elenchus Research Associated (Elenchus)¹ to assist it by preparing an appropriate cost allocation study for its 2012 cost of service rate application. In addressing this issue, Elenchus was guided by the Filing Requirements and the November 28, 2007 *Report of the Board, Application of Cost Allocation for Electricity Distributors* (EB-2007-0667) (“CA Application Report”) which “sets out the Board’s policies in relation to specific cost allocation matters for electricity distributors”.²

The CA Application Report observes at page 2 that:

The Board is cognizant of factors that currently limit or otherwise affect the ability or desirability of moving immediately to a cost allocation framework that might, from a theoretical perspective, be considered the ideal. These influencing factors include data quality issues and limited modelling experience, and are discussed in greater detail in section 2.3 of this Report.

The “influencing factors” discussed in section 2.3 of the report are:

¹ John Todd, President of Elenchus Research Associates, was the lead consultant for the development and implementation of the methodology used by Hydro 2000 and documented in this report. John Todd’s curriculum vitae is available at www.elenchus.ca.

² Ontario Energy Board, *Report of the Board, Application of Cost Allocation for Electricity Distributors* (EB-2007-0667), November 28, 2007, page 2.

- 1 • **Quality of the data:** The Board notes “that accounting and load data can be
2 improved.” (p. 5)
- 3 • **Limited modelling experience:** The Board observed that “the cost allocation
4 model is complex, and the data required for the model was not always readily
5 available for modelling.” (p. 6)
- 6 • **Status of current rate classes:** The Board points out that “Any changes in
7 customer classification or load data could have a significant impact on future cost
8 allocation studies” (p. 6).
- 9 • **Managing the movement of rates closer to allocated costs:** The Board notes:

10 *The Board considers it appropriate to avoid premature movement of rates in*
11 *circumstances where subsequent applications of the model or changes in*
12 *circumstances could lead to a directionally different movement. Rate*
13 *instability of this nature is confusing to consumers, frustrates their energy cost*
14 *planning and undermines their confidence in the rate making process. (p. 6)*

15 In utilizing the Board’s cost allocation model for Hydro 2000’s 2012 cost allocation
16 study, Elenchus has been cognizant of these “influencing factors” as they apply to
17 Hydro 2000.

18 **1.1 PURPOSE OF THE COST ALLOCATION STUDY**

19 In the context of a cost of service rate application based on a 2012 forward test year,
20 the primary purpose of the cost allocation study (“CA Study”) is to determine the
21 proportions of a distributor’s total revenue requirement that are the “responsibility” of
22 each rate class.

23 In addition, cost allocation studies provide revenue to cost ratios for each customer
24 class that can be examined to ensure that they generally fall within the Board-specified
25 ranges (or move toward those ranges where appropriate to mitigate rate impacts) and
26 generally are not moving away from 100%.

27 Conceptually, the desired results can be achieved in either of two ways.

- 28 • **Prospective Year CA Study:** A cost allocation study for the 2012 test year can
29 be based on an allocation of the 2012 test year costs (i.e., the 2012 forecast

revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc. By definition, this approach will result in a total revenue to cost ratio at proposed rates of 100%. Assuming there is a revenue deficiency for the test year, the total revenue to cost ratio at current rates will be somewhat below 100%.

- **Historic Year CA Study:** As an alternative, an historic year cost allocation study can be prepared that determines the proportion of costs allocated to each class for the most recent historic year. In this case, the CA Study will rely on actual costs, weather adjusted loads, customer counts, etc. that are not affected by forecast errors. Assuming the costs and loads are relatively stable so that the proportionate cost responsibility of each rate class in the historic year is a reasonable proxy for the 2012 test year cost responsibility, the resulting proportionate cost responsibilities can be used to allocate the 2012 revenue requirement to the various classes.

The Hydro 2000 CA Study uses the first of these methods in order to ensure compliance with the Board's direction in the Filing Requirements that the CA Study should "reflect future loads and cost". Relying on a Prospective Year CA Study is also appropriate at this time since the Ontario economy has suffered over the past three years and, as a result, many distributors have experienced significant changes in the load profiles of their customer classes. These changes could have a significant impact on the allocation of costs to the classes and the resulting revenue to cost ratios. This approach implicitly assumes that the economic recovery will be slow and, as a result, the relative loads of customer classes are more likely to reflect 2012 loads than 2010 loads during the next IRM cycle.

1.2 HYDRO 2000's 2008 COST ALLOCATION INFORMATION FILING

Hydro 2000 has not filed a prior cost allocation, and asked Elenchus to prepare its 2012 cost allocation from scratch. This model was performed in accordance with the internal documentation in the v 2.1 Cost Allocation Model (CA Model). Hydro 2000's 2008 Cost Allocation Information Filing ("CAIF") relied on the Board's 2006 Cost Allocation

1 Model ("CA Model") and was prepared in accordance with the September 29, 2006
2 Board report entitled *Cost Allocation: Board Directions on Cost Allocation Methodology*
3 *for Electricity Distributors* ("the Directions"), the subsequent (November 15, 2006) *Cost*
4 *Allocation Informational Filing Guidelines for Electricity Distributors* ("the Guidelines"),
5 and the *Cost Allocation Review: User Instruction for the Cost Allocation Model for*
6 *Electricity Distributors* ("the Instructions").

7 **1.3 STRUCTURE OF THE REPORT**

8 The remainder of this report is divided into three additional sections. Section 2 provides
9 an overview of the Hydro 2000 CA Study, explaining the model run (or version of the
10 CA model) included in the study, as well as the load and cost information used. Section
11 3 explains the methodology used to develop the 2012 Hydro 2000 model by
12 documenting each step taken in completing the model. Section 4 summarizes the
13 results of the Hydro 2000 CA Study, showing the class revenue requirements and
14 revenue to cost ratios generated by the CA model.

2 OVERVIEW OF THE HYDRO 2000 2012 CA STUDY

2.1 MODELS RUNS INCLUDED IN THE HYDRO 2000 COST ALLOCATION STUDY

Section 2.10.3 of the updated Filing Requirements specifies that the following information should be provided :

- “The previously-approved ratios most recently implemented by the distributor”;
- “The ratios that would result from the most recent approved distribution rates and the distributor’s forecast of billing quantities in the test year, prorated upwards or downwards (as applicable) to match the revenue requirement, together with the updated cost allocation model; and “The ratios that are proposed for the Test Year, which are the proposed class revenues, together with the updated cost allocation model” which is the appropriate 2012 model.
- Hence, the cost allocation study prepared for purposes of all 2012 cost of service filings has been designated: **H2000-2012: Hydro 2000 2012 Model**: The version 2.1 CA Model with 2012 loads, costs, and revenues.

2.2 LOAD AND CUSTOMER INFORMATION

The updated Filing Requirements specify that “If updated load profiles are not available, the load profiles of the classes may be the same as those provided by Hydro One for use in the Informational Filing, scaled to match the load forecast as it relates to the respective rate classes (see section 2.6.2 above). In particular, if a rate class has experienced a decline in customers or disappeared, or will disappear in the Test Year, the model must be consistent with the updated load forecast, and include an explanation of the changed load forecast of the rate class.” (Section 2.10.1, pp. 37-38)

The Hydro 2000 2012 model has been prepared using the following load and load profile information:

- **Annual Loads (kW and kWh, as appropriate) and customer counts:** The 2012 load forecast and customer counts by class being used by Hydro 2000 in its

application were also used for the 2012 CA model. Hydro 2000's load forecast was prepared by Elenchus.

- **Hourly load profile:** The hourly load profiles prepared by Hydro One for the 2006 CAIF was used for all classes.

The hourly load profiles provided by Hydro One for all of the classes for the 2006 model were considered to be appropriate for use in the 2012 model for the following reasons.

1. Elenchus explored alternatives for updating the hourly load profiles by rate class comparable to the estimated load profiles that Hydro One prepared for the LDCs for their 2006 CA Models. Hydro One advised that they no longer have the capacity to produce a significant number of LDC-specific hourly load profiles. As far as Elenchus is aware, no other entity has the necessary information and models to produce comparable quality hourly load profiles for Ontario LDCs. It therefore was not practical for distributors to update their hourly load profiles by class except in exceptional circumstances.
2. There would be little point in investing in updated load profiles without also investing in updated saturation surveys for the residential class in each service area. These are expensive and time consuming to undertake as they involve a survey of a statistically significant sample of customers.
3. With the widespread rollout of smart meters and the collection of smart meter data, Ontario distributors will have better hourly load profile by class data than the Hydro One estimates. Unless there is evidence of a significant change in circumstances, investing in new hourly load profile by class estimates would be a questionable use of ratepayer funds when superior hourly load profile information will be available in the next few years at minimal incremental cost.
4. Both time-of-use commodity pricing and changes to the design of distribution rates can be expected to alter the hourly load profiles of the affected classes.
5. The 2006 hourly load profiles were based on 2004 actual loads and updated hourly load profiles would be based on 2010 actual loads. An update of the hourly load profiles after 6 years (2004 to 2010) can be expected to produce changes in cost

responsibility that are small relative to the tolerances that are necessary given the imprecision of the allocated costs based on the 2006 CA Model methodology. (The revenue-to-cost ratio bands set out in the CA Application Report appear to recognize the lack of precision in cost allocation studies at this time.)

6. There are no remaining Intermediate or Large User customers in the Hydro 2000 service area.

2.3 COST INFORMATION

As noted earlier, Elenchus' preferred methodology for preparing 2012 cost allocation models is to use the prospective 2012 test year as the basis for the CA Study, assuming appropriate expense and asset information is available for the 2012 test year. In the case of Hydro 2000, the financial information for the forecast year has been prepared at the USoA level consistent with the level of detail embedded in the OEB's cost allocation model.³

³ Some information (i.e., meter counts and some amortization detail) that is used in the Board's CA Model is not explicitly forecasted for the test year. These values were estimated using scaling factors based on prior year ratios. For example, the ratio of meters to customers was assumed to be constant. The portion of the total costs accounted for in this manner was too small for any plausible estimation errors to have a significant impact on the test year revenue to cost ratios.

3 HYDRO 2000 COST ALLOCATION STUDY METHODOLOGY

This section documents Elenchus' methodology for the Hydro 2000 Cost Allocation Study, the 2012 CA Model.

3.1 2012 HYDRO 2000 CA MODEL

3.1.1 HOURLY LOAD PROFILE (HONI FILE)

For the Hydro 2000 CAIF, HONI provided data files with three worksheets that were to be used as input to the 2008 CAIF:

- **Data Summary:** actual and weather normalized monthly kWh by class, disaggregated by weather sensitive and non-weather sensitive load for relevant classes.
- **Hourly Load Shape by Class:** GWh by class for each hour in 2004.
- **Input to Cost Allocation Model:** The 1CP, 4CP, 12CP, 1NCP, 4NCP, 12NCP allocators are derived from the hourly load profiles.

The Hydro 2000 hourly load shapes derived by Hydro One for the 2006 CAIF were not updated. However, the demand allocators derived by Hydro One for the 2006 CAIF were revised to reflect changes in the relative loads for the classes from 2004 to 2012. This was done by scaling the hourly load profiles of each class on the Hourly Load Shape by Class worksheet of the HONI file to levels consistent with the 2012 load forecast while maintaining the hourly load shapes.

3.1.2 DEMAND ALLOCATORS (HONI FILE)

The demand allocators used in the H2000-2012 CA model were derived using the same methodology as Hydro One used for the 2006 file; however, they were re-determined using the forecast 2012 hourly load profiles resulting from the preceding step. Using the 2012 hourly load profiles by class, the 12 monthly coincident and non-coincident peaks for the rate classes were determined on the Hourly Load Shape by Rate Class worksheet. The allocators were then derived as follows.

- The 1, 4 and 12 NCP values for each class were calculated by selecting the peak in the year (1 NCP), summing the four highest monthly peaks (4 NCP) and summing the 12 monthly peaks for each class (12 NCP), respectively.
- The total 1, 4 and 12 NCP values are the totals of the corresponding class NCP values.
- The 1, 4 and 12 CP values for each class were derived by identifying the hour in each month when the coincident peak occurred and then selecting the peak in the year (1 CP), adding the demands during the four highest coincident peak hours (4 CP) and summing the demand for each class during the 12 monthly coincident peak hours (12 CP), respectively.
- The total 1, 4 and 12 CP values are the totals of the corresponding class CP values, which are the values used to identify the relevant coincident peak hours.

3.1.3 2012 DEMAND DATA (H2000-2012 MODEL)

The demand allocators derived in the updated Hydro One file as described in the preceding section were input at the appropriate cells at sheet I8 Demand Data of the 2012 Hydro 2000 CA Model. . The Line Transformer and Secondary 1NCP, 4NCP and 12NCP values were determined from the full load data NCP values using the ratio of values in the 2006 CA Model.

3.1.4 2012 CUSTOMER DATA (H2000-2012 MODEL)

The 30 year weather normalized kWh by rate class which was an input from the Hydro One file at Sheet I6 Customer Data row 27 in the 2006 CA model was replaced with the 2012 load forecast in the 2012 CA Model.

In addition, the demand data (kW and kWh) in rows 25, 26, 29, and 50 of Sheet I6.1 Revenue were replaced with the forecasted values.

The 2012 Distribution Revenue in row 39 was derived using the forecast demand (kW and kWh) and customer counts by rate class and the existing 2011 rates.

3.1.5 2012 REVENUE TO COST RATIOS

Since Hydro 2000 is proposing to set rates that recover its full revenue requirement, the total revenue to cost ratio at proposed rates will be 100% in 2012. The 2012 total revenue to cost ratio at current rates is less than 100% by the amount of the required rate increase. The revenue to cost ratios of the classes reflect the costs allocated to the classes based on the OEB CA Model methodology and the revenues that would be generated at current rates given the forecast demand (kW and kWh) and customer counts by rate class for 2012.

4 SUMMARY OF REVENUE TO COST RATIOS

The class revenue-to-cost ratios as determined in the Hydro 2000 cost allocation models are shown in Table 7, below.

Table 7: Revenue to Cost Ratios

Customer Class	H2000-2008	H2000-2012 Status Quo Rates	Board Target Range
Residential	104.2	79.55	85-115
GS < 50 kW	100.0	189.11	80-120
GS > 50 kW	100.0	192.12	80-120
Street Lighting	71.8	101.21	70-120
USL	27.9	103.11	80-120
Total	100.00	100.00	

The H2000-2012 ratios (at current rates) reflect the impact of changes in throughput by class as well as changes in costs from 2006 through the 2012 forecast test year.

Table 8 presents the revenue responsibility (i.e., allocation of the total revenue requirement to the rate classes) in each of the models. This revenue responsibility is presented in both dollar and percentage terms.

1

Table 8: Revenue Responsibility by Rate Class

Customer Class	H2000-2006		H2000-2012	
	\$	%	\$	%
Residential	303,952	60.70	462,687	79.30
GS < 50 kW	115,577	23.08	77,266	13.24
GS > 50 kW	48,518	9.59	27,704	4.75
Street Lighting	24,902	4.97	13,941	2.39
USL	7,779	1.55	1,839	0.32
Total	500,727	100.00	583,437	100.00

2

5 FIXED CHARGE RATES

The H2000-2012 cost allocation model produced the following customer unit cost per month values:

Table 9: 2012 Customer Unit Cost per Month

Customer Class	Avoided Cost	Directly Related	Minimum System with PLCC ⁴ Adjustment
Residential	9.44	25.03	30.39
GS < 50 kW	11.26	29.20	33.29
GS > 50 kW	22.70	53.23	56.19
Street Lighting	0.02	0.07	3.14
USL	8.30	22.50	25.51

In accordance with Board policy,⁵ the following boundary values would apply for the fixed monthly service charge:

Table 10: 2012 Fixed Charge Boundary Values

Customer Class	Cost Allocation		Existing Rate	Boundary Values	
	Low	High		Minimum	Maximum
Residential	9.44	30.39	8.53	8.53	30.39
GS < 50 kW	11.26	33.29	24.61	11.26	33.29
GS > 50 kW	22.70	56.19	120.73	22.70	120.73
Street Lighting	0.02	3.14	0.05	0.02	3.14
USL	8.30	25.51	12.31	8.30	25.51

⁴ PLCC: 'Peak Load Carrying Capacity'

⁵ Ontario Energy Board, *Report of the Board, Application of Cost Allocation for Electricity Distributors* (EB-2007-0667), November 28, 2007, pages 12-13

Exhibit 7: Cost Allocation

**Tab 2 (of 2): Revenue Allocation and Revenue-to-
Cost Ratios**

Overview of Revenue Allocation and Revenue to Cost Ratios

The following table shows the Revenue to Cost ratios by rate class from the 2008 Cost of Service Cost Allocation model, Hydro 2000's proposed target ratios and the Board-prescribed ranges and associated bill impacts for these ratios:

Table 1: Proposed Target Revenue to Cost Ratios

	2008 EDR (at current rates)	Proposed Ratios	Prescribed Range	Bill impact
Residential	0.80	0.85	0.85-1.20	7.00%
GS<50kW	1.89	1.6	0.80-1.20	3.80%
GS>50-4999kW	1.92	1.8	0.80-1.20	5.60%
USL	1.03	1.03	0.80-1.20	26.20%
Street Lights	1.01	1.1	0.70-1.20	3.80%

Hydro 2000 proposes to move the Revenue to Cost ratio for the Residential class from the existing 0.80 to the prescribed floor of 0.85. The resulting ratio of 0.85 complies with all OEB requirements:

- ratio moves towards 1.00
- ratio does not cross unity
- ratio is within the prescribed range

2008 Revenue to Cost ratios at current rates indicate that both General Service classes results greater than the applicable prescribed range. Hydro 2000 proposes to move these ratios to the applicable boundary over a period of four years to achieve the target range ceiling of 1.20 in 2015. The changes would be phased in over the Incentive Regulation periods as proposed in the table below:

Table 2: Proposed Changes to Revenue to Cost Ratios

	2008	2012	2013	2014	2015
GS<50kW	1.89	1.60	1.40	1.30	1.20
GS>50-4999kW	1.92	1.80	1.60	1.40	1.20

Revenue to Cost ratios for Unmetered Scattered Load (USL) and Street Lighting were within the applicable prescribed range and therefore Hydro 2000 proposes to leave their ratios at their existing levels of 1.03 (USL) and 1.01 (Street Lights)

The following table demonstrates the effect of this proposed approach and the resulting total bill impacts in the test year if Hydro 2000 was to move all classes to the applicable prescribed ranges over a single year.

	2008 EDR (at current rates)	Prescribed Target	Prescribed Range	Bill impact
Residential	0.8	0.85	0.85-1.20	9.60%
GS<50kW	1.89	1.20	0.80-1.20	-1.20%
GS>50-4999kW	1.92	1.20	0.80-1.20	2.30%
USL	1.03	1.03	0.80-1.20	26.20%
Street Lights	1.01	1.1	0.70-1.20	3.80%

The following tables provide further details and analysis of cost allocation results and revenue to cost ratios

- Attachment 1: Sheet O1 from the cost allocation model
- Attachment 2: Sheet O2 from the cost allocation model
- Attachment 3: Table of Allocation Results
- Attachment 4: Revenue to Cost Ratios
- Attachment 5: Test Year Revenue Impacts



2012 COST ALLOCATION
Hydro 2000
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Sheet 01 Revenue to Cost Summary Worksheet - 2012 EDR Application

Instructions:

Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1	2	3	7	9
			Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
crev	Distribution Revenue at Existing Rates	\$314,301	\$196,826	\$80,104	\$29,192	\$7,144	\$1,036
	Miscellaneous Revenue (mi)	\$20,303	\$15,436	\$2,596	\$922	\$1,310	\$40
		Miscellaneous Revenue Input equals Output					
Total Revenue at Existing Rates		\$334,604	\$212,262	\$82,699	\$30,113	\$8,454	\$1,076
Factor required to recover deficiency (1 + D)		1.7917					
Distribution Revenue at Status Quo Rates		\$563,134	\$352,653	\$143,522	\$52,303	\$12,799	\$1,856
Miscellaneous Revenue (mi)		\$20,303	\$15,436	\$2,596	\$922	\$1,310	\$40
Total Revenue at Status Quo Rates		\$583,437	\$368,089	\$146,118	\$53,225	\$14,110	\$1,896
Expenses							
di	Distribution Costs (di)	\$14,825	\$9,601	\$2,273	\$1,885	\$1,050	\$17
cu	Customer Related Costs (cu)	\$144,502	\$123,827	\$17,753	\$2,224	\$100	\$598
ad	General and Administration (ad)	\$275,507	\$230,011	\$34,734	\$7,444	\$2,266	\$1,052
dep	Depreciation and Amortization (dep)	\$76,703	\$50,985	\$11,677	\$8,655	\$5,298	\$87
INPUT	PILs (INPUT)	\$5,328	\$3,576	\$802	\$555	\$387	\$6
INT	Interest	\$29,652	\$19,904	\$4,466	\$3,091	\$2,156	\$35
Total Expenses		\$546,517	\$437,905	\$71,705	\$23,855	\$11,257	\$1,795
Direct Allocation		\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$36,920	\$24,782	\$5,561	\$3,849	\$2,684	\$44
	Revenue Requirement (includes NI)	\$583,437	\$462,687	\$77,266	\$27,704	\$13,941	\$1,839
		Revenue Requirement Input equals Output					
Rate Base Calculation							
Net Assets							
dp	Distribution Plant - Gross	\$1,013,467	\$669,792	\$152,874	\$114,341	\$75,231	\$1,229
gp	General Plant - Gross	\$177,392	\$118,704	\$26,725	\$18,799	\$12,951	\$212
accum dep	Accumulated Depreciation	(\$523,141)	(\$341,683)	(\$79,003)	(\$62,377)	(\$39,433)	(\$644)
co	Capital Contribution	(\$118,182)	(\$78,105)	(\$17,827)	(\$13,333)	(\$8,773)	(\$143)
Total Net Plant		\$549,536	\$368,708	\$82,769	\$57,429	\$39,976	\$654
Directly Allocated Net Fixed Assets		\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$2,324,713	\$1,397,846	\$447,972	\$444,176	\$32,961	\$1,757
	OM&A Expenses	\$434,834	\$363,439	\$54,760	\$11,553	\$3,416	\$1,666
Directly Allocated Expenses		\$0	\$0	\$0	\$0	\$0	\$0
Subtotal		\$2,759,547	\$1,761,285	\$502,732	\$455,729	\$36,376	\$3,424
Working Capital		\$413,932	\$264,193	\$75,410	\$68,359	\$5,456	\$514
Total Rate Base		\$963,468	\$632,901	\$158,179	\$125,789	\$45,432	\$1,168
		Rate Base Input equals Output					
Equity Component of Rate Base		\$481,734	\$316,450	\$79,090	\$62,894	\$22,716	\$584
Net Income on Allocated Assets		\$36,920	(\$69,816)	\$74,412	\$29,370	\$2,853	\$101
Net Income on Direct Allocation Assets		\$0	\$0	\$0	\$0	\$0	\$0
Net Income		\$36,920	(\$69,816)	\$74,412	\$29,370	\$2,853	\$101
RATIOS ANALYSIS							
REVENUE TO EXPENSES STATUS QUO%		100.00%	79.55%	189.11%	192.12%	101.21%	103.11%
EXISTING REVENUE MINUS ALLOCATED COSTS		(\$248,833)	(\$250,425)	\$5,433	\$2,409	(\$5,487)	(\$763)
		Deficiency Input equals Output					
STATUS QUO REVENUE MINUS ALLOCATED COSTS		(\$0)	(\$94,598)	\$68,852	\$25,520	\$169	\$57
RETURN ON EQUITY COMPONENT OF RATE BASE		7.66%	-22.06%	94.09%	46.70%	12.56%	17.31%



2012 COST ALLOCATION
Hydro 2000
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Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - 2012 EDR Application

Output sheet showing minimum and maximum level for
Monthly Fixed Charge

Summary

Customer Unit Cost per month - Avoided Cost
Customer Unit Cost per month - Directly Related
Customer Unit Cost per month - Minimum System
with PLCC Adjustment
Existing Approved Fixed Charge

1	2	3	7	9
Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
\$9.44	\$11.26	\$22.70	\$0.02	\$8.30
\$25.03	\$29.20	\$53.23	\$0.07	\$22.50
\$30.39	\$33.29	\$56.19	\$3.14	\$25.51
\$8.53	\$24.61	\$120.73	\$0.05	\$12.31

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 7.2.1.3 Table of Cost Allocation Results*Enter selected amounts from sheets 'O1' and 'O2' of Cost Allocation model*

Customer Class Name	REVENUE ALLOCATION (sheet O1)						
	Service Revenue Requirement	%	Miscellaneous Revenue (mi)	%	Base Revenue Requirement *	%	Revenue to Expenses %
Residential	462,687	79.30%	15,436	76.03%	447,251	79.42%	79.55%
General Service < 50 kW	77,266	13.24%	2,596	12.79%	74,670	13.26%	189.11%
General Service > 50 to 4999 kW	27,704	4.75%	922	4.54%	26,782	4.76%	192.12%
Unmetered Scattered Load	1,839	0.32%	40	0.20%	1,799	0.32%	103.11%
Street Lighting	13,941	2.39%	1,310	6.45%	12,631	2.24%	101.21%
TOTAL (from Column C of sheet O1)	583,437	100.00%	20,303	100.00%	563,134	100.00%	100.00%
	OK	OK	OK	OK	OK	OK	

* Service Revenue Requirement less Miscellaneous Revenue

CUSTOMER UNIT COST PER MONTH (sheet O2)					
Customer Class Name	Avoided Costs (Minimum Charge)	Directly Related	Minimum System with PLCC * adjustment	Existing Fixed Rate	Maximum Charge **
Residential	\$9.44	\$25.03	\$30.39	\$8.53	\$30.39
General Service < 50 kW	\$11.26	\$29.20	\$33.29	\$24.61	\$33.29
General Service > 50 to 4999 kW	\$22.70	\$53.23	\$56.19	\$120.73	\$120.73
Unmetered Scattered Load	\$8.30	\$22.50	\$25.51	\$12.31	\$25.51
Street Lighting	\$0.02	\$0.07	\$3.14	\$0.05	\$3.14

* PLCC = 'Peak Load Carrying Capability'

** Greater of 'Directly Related', 'Minimum System with PLCC adjustment', and Existing Fixed Rate

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Table 7.2.1.4 Revenue Allocation and Revenue to Cost Ratios*Enter allocation of Base Revenue Requirement and RC ratio ranges by customer class*

Customer Class Name	Base Revenue Requirement %			Base Revenue Requirement \$ ³		
	Cost Allocation ¹	Existing Rates ²	Rate Application	Cost Allocation	Existing Rates	Rate Application
Residential	79.42%	62.62%	67.22%	447,251	352,653	378,522
General Service < 50 kW	13.26%	25.49%	21.49%	74,670	143,522	121,030
General Service > 50 to 4999 kW	4.76%	9.29%	8.69%	26,782	52,303	48,945
Unmetered Scattered Load	0.32%	0.33%	0.33%	1,799	1,856	1,854
Street Lighting	2.24%	2.27%	2.27%	12,631	12,799	12,783
TOTAL	100.00%	100.00%	100.00%	563,133	563,134	563,134
			OK			OK

¹ from sheet F2² from sheet C3³ Base Revenue Requirement (from sheet F1) multiplied by Base Revenue Requirement %

Customer Class Name	Revenue Offsets ⁴		Base Revenue Requirement \$			Service Revenue Requirement \$ ⁵		
	%	\$	Cost Allocation	Existing Rates	Rate Application	Cost Allocation	Existing Rates	Rate Application
Residential	76.03%	15,436	447,251	352,653	378,522	462,687	368,089	393,958
General Service < 50 kW	12.79%	2,596	74,670	143,522	121,030	77,266	146,118	123,626
General Service > 50 to 4999 kW	4.54%	922	26,782	52,303	48,945	27,704	53,225	49,867
Unmetered Scattered Load	0.20%	40	1,799	1,856	1,854	1,839	1,896	1,894
Street Lighting	6.45%	1,310	12,631	12,799	12,783	13,941	14,109	14,093
TOTAL	100.00%	20,304	563,133	563,134	563,134	583,437	583,438	583,438

⁴ %s from sheet F2; total \$ from sheet F1⁵ Revenue Offsets plus Base Revenue Requirement

Customer Class Name	Service Revenue Requirement			Cost Allocation	Variance	Target Range	
	Rate Application	Cost Allocation	Revenue to Cost Ratio ⁶	Revenue to Cost Ratio ⁷		Floor	Ceiling
Residential	393,958	462,687	0.85	0.80	0.06	0.85	1.15
General Service < 50 kW	123,626	77,266	1.60	1.89	-0.29	0.80	1.20
General Service > 50 to 4999 kW	49,867	27,704	1.80	1.92	-0.12	0.80	1.20
Unmetered Scattered Load	1,894	1,839	1.03	1.03	-0.00	0.70	1.20
Street Lighting	14,093	13,941	1.00	1.01	-0.01	0.70	1.20
TOTAL	583,438	583,437	1.00	1.00	0.00		

⁶ Rate Application value divided by Cost Allocation value⁷ from sheet F2

Exhibit 8:

Rate Design

Exhibit 8: Rate Design

Tab 1 (of 4): Existing Rates

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2010-0089

DATED: April 21, 2011

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively by residential customers residing in detached, semi-detached or townhouse dwelling units. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	8.53
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.69
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.20
Distribution Volumetric Rate	\$/kWh	0.0060
Low Voltage Service Rate	\$/kWh	0.0055
Rate Rider for Global Adjustment Sub-Account (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0017)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose average monthly average peak demand is less than, or is forecast to be less than, 50 kW. This section shall include small apartment buildings, stacked townhouses, and smaller commercial, industrial and institutional developments. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	24.61
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.69
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0081
Low Voltage Service Rate	\$/kWh	0.0051
Rate Rider for Global Adjustment Sub-Account (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kWh	0.0008
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0017)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	120.73
Smart Meter Funding Adder – effective until April 30, 2012	\$	1.69
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	2.54
Distribution Volumetric Rate	\$/kW	0.9881
Low Voltage Service Rate	\$/kW	1.9755
Rate Rider for Global Adjustment Sub-Account (2011) – effective until April 30, 2012		
Applicable only for Non-RPP Customers	\$/kW	0.3390
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(0.7285)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1334
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7937

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2010-0089

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/ documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	12.31
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.17
Distribution Volumetric Rate	\$/kWh	0.0081
Low Voltage Service Rate	\$/kWh	0.0050
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0017)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	0.05
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.03
Distribution Volumetric Rate	\$/kW	7.1591
Low Voltage Service Rate	\$/kW	1.5279
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(0.6253)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6088
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3866

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post dated cheques	\$	9.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income Tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	25.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	20.00
Collection of account charge – no disconnection – after regular hours	\$	50.00
Disconnect/Reconnect at meter – during regular hours	\$	25.00
Disconnect/Reconnect at meter – after regular hours	\$	50.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	25.00
Install/Remove load control device – after regular hours	\$	50.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

Hydro 2000 Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2011

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2010-0089

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0660
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0553
Total Loss Factor – Primary Metered Customer > 5,000 KW	N/A

FIXED / VARIABLE REVENUE SPLITS

(Excluding Low Voltage rate adder and Transformer Allowance recoveries)

2012 Projected Revenue at Existing Rates	Net Distribution Revenue (A)	Fixed Charge Revenue (B)	Fixed % (C)	Variable % (D)	Total % (E)
Residential	88,222	108,604	123.10%	-23.10%	60.73%
General Service Less Than 50 kW	38,168	41,935	109.87%	-9.87%	26.27%
General Service 50 to 4,999 kW	11,807	17,385	147.25%	-47.25%	8.13%
Unmetered Scattered Load	150	886	591.92%	-491.92%	0.10%
Street Lighting	6,923	221	3.19%	96.81%	4.77%
TOTAL	145,270	169,032	116.36%	-16.36%	100.00%

(A) per sheet "Net Distribution Revenue"

(B) per sheet C4

(C) = (B) / (A)

(D) = 1 - (C)

(E) Class Revenue from column (A) divided by Total from column (A)

2012 Projected Revenue at Proposed Rates	Net Distribution Revenue (E)	Fixed Charge Revenue (F)	Fixed % (G)	Variable % (H)	Total % (I)
Residential	214,661	163,861	76.33%	23.67%	65.96%
General Service Less Than 50 kW	70,762	50,268	71.04%	28.96%	21.74%
General Service 50 to 4,999 kW	31,560	17,385	55.09%	44.91%	9.70%
Unmetered Scattered Load	792	1,062	134.06%	-34.06%	0.24%
Street Lighting	7,661	5,123	66.87%	33.13%	2.35%
TOTAL	325,435	237,699	73.04%	26.96%	100.00%

(E) Sheet F4; "Total Base Revenue Requirement"

(F) Sheet F6; "Fixed Charge Revenue"

(G) = (F) / (E)

(H) = 1 - (G)

(I) Class Revenue from column (E) divided by Total from column (E)

Overview of Existing Rates

Exhibit 8, Tab 1, Schedule 1 presents the schedule of existing approved rates which came into effect May 1, 2011

The existing rates for Specific Service Charges, Retail Services Charges and Loss Factors were approved by the Board in 2008 as part of the utility's cost of service application.

The class-specific rates for the monthly service charge and distribution volumetric result from the cost of service approval in 2008 and annual adjustments in 2009, 2010 and 2011 under the Board's 3rd Generation Incentive Regulation Mechanism ("3GIRM"). These adjustments included factors for the price cap factor and the transition towards a 40% deemed equity component in the utility's capital structure, The monthly service charge levels for metered classes include a \$1.69 funding adder for Smart Meters.

Table 2 below shows the list of approved rate riders.

Table 1: Approved Rate Riders

	Billing Determinant	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Street Lighting
Rate Rider for Global Adjustment Sub-Account	Volumetric	\$0.0008	\$0.0008	\$0.3390		
Rate Rider for Deferral/Variance Account Disposition	Volumetric	(\$0.0017)	(\$0.0017)	(\$0.7285)	(\$0.0017)	(\$0.6253)
Rate Rider for Late Payment Penalty Litigation Costs	Monthly	\$0.2000	\$0.5700	\$2.5400	\$0.1700	\$0.0300
LV Charges	Volumetric	\$0.0055	\$0.0051	\$1.9755	\$0.0055	\$1.5279
Smart Meter Rate Adder	Monthly	\$1.6900	\$1.6900	\$1.6900		

1 Projected base revenue at existing rates in 2012, excluding the adders listed at the
 2 previous table.

3

4 The following table summarizes these revenue projections, showing the proportions
 5 attributable to fixed (monthly service) charges and variable (distribution volumetric)
 6 charges:

7 **Table 3: 2010 Fixed and Variable Charge Revenues at Existing Rates**

8

FIXED / VARIABLE REVENUE SPLITS

(Excluding Low Voltage rate adder recoveries)

2012 Projected Revenue at Existing Rates	Net Distribution Revenue	Fixed Charge Revenue	Fixed %	Variable %	Total %
	<i>(A)</i>	<i>(B)</i>	<i>(C)</i>	<i>(D)</i>	<i>(E)</i>
Residential	88,222	108,604	123.10%	-23.10%	60.73%
General Service Less Than 50 kW	38,168	41,935	109.87%	-9.87%	26.27%
General Service 50 to 4,999 kW	11,807	17,385	147.25%	-47.25%	8.13%
Unmetered Scattered Load	150	886	591.92%	-491.92%	0.10%
Street Lighting	6,923	221	3.19%	96.81%	4.77%
TOTAL	145,270	169,032	116.36%	-16.36%	100.00%

9

10

Exhibit 8: Rate Design

**Tab 2 (of 4): Proposed Changes to Distribution
Rates**

Hydro 2000 (ED-2002-0542)

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Table 8.2.1 Fixed to Variable Split*Enter the proposed fixed monthly rate for each customer class*

Customer Class Name	Existing Rates (a)			Cost Allocation - Minimum Fixed Rate (b)			Cost Allocation - Maximum Fixed Rate (b)		
	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$8.53	55.18%	44.82%	\$9.44	31.75%	68.25%	\$30.39	102.22%	-2.22%
General Service < 50 kW	\$24.61	52.35%	47.65%	\$11.26	15.85%	84.15%	\$33.29	46.87%	53.13%
General Service > 50 to 4999 kW	\$120.73	59.55%	40.45%	\$22.70	6.68%	93.32%	\$120.73	35.52%	64.48%
Unmetered Scattered Load	\$12.31	85.55%	14.45%	\$8.30	32.23%	67.77%	\$25.51	99.06%	0.94%
Street Lighting	\$0.05	3.09%	96.91%	\$0.02	0.69%	99.31%	\$3.14	108.47%	-8.47%

(a) per sheet C3

(b) Rates per sheet F2; %s based on # customers/connections (sheet C2) and Base Revenue Requirement allocated to class (sheet F3)

Customer Class Name	Existing Fixed/Variable Split (c)			Rate Application			Base Revenue Requirement \$		
	Rate	Fixed %	Variable %	Fixed Rate	Fixed %	Variable %	Total (d)	Fixed (e)	Variable (f)
Residential	\$16.40	55.18%	44.82%	\$12.87	43.29%	56.71%	378,522	163,861	214,661
General Service < 50 kW	\$37.18	52.35%	47.65%	\$29.50	41.53%	58.47%	121,030	50,268	70,762
General Service > 50 to 4999 kW	\$202.42	59.55%	40.45%	\$120.73	35.52%	64.48%	48,945	17,385	31,560
Unmetered Scattered Load	\$22.03	85.55%	14.45%	\$14.75	57.28%	42.72%	1,854	1,062	792
Street Lighting	\$0.09	3.09%	96.91%	\$1.16	40.07%	59.93%	12,783	5,123	7,661

(c) %s per Existing Rates, Rate based on Fixed % of Total Base Revenue allocated to class (4) and # (e) Based on Rate Application Fixed Rate and # customers/connections (sheet C2)

(d) per sheet F3

(f) Total amount (d) less Fixed amount (e)

Customer Class Name	Transf. Allowance (\$/kW):			Gross \$ Variable (h)	Resulting Variable		Existing Var. Rate (j)	Base Revenue \$	
	kW	Rate	Total \$ (g)		Rate (i)	per		Fixed (k)	Gross (l)
Residential				214,661	\$0.0146	kWh	\$0.0060	163,861	378,522
General Service < 50 kW				70,762	\$0.0150	kWh	\$0.0081	50,268	121,030
General Service > 50 to 4999 kW				31,560	\$2.6412	kW	\$0.9881	17,385	48,945
Unmetered Scattered Load				792	\$0.0429	kWh	\$0.0081	1,062	1,854
Street Lighting				7,661	\$7.9220	kW	\$7.1591	5,123	12,783

(g) kW volume multiplied by Rate

(k) per (e) above

(h) Variable Base Revenue Requirement (f), plus total Transformer Allowances (g)

(l) Gross Variable amount (h), plus Fixed Base Revenue (k)

(i) Gross Variable amount \$ (h), divided by test year volume (sheet C2)

Overview of Fixed to Variable Split

Table 8.2.1 at the previous page shows the proposed monthly service charge for each customer class, the resulting splits of base revenue from fixed and variable charges, and the ensuing usage rates.

For consistency with the Board's findings in other cost of service applications filed in previous proceedings, an additional calculation was prepared to show the split of base revenue from fixed and variable charges. This calculation appears on the second page of Table 8.2.1.

Unmetered Scattered Load

The fixed to variable split for Unmetered Scattered was set to minimize the impact to the Monthly Service Charge ("MSC"). Maintaining the existing fixed to variable split would have resulted in an increase of approximately \$10 in the MSC. Hydro 2000 proposes instead a 57% fixed to 43% variable split.

	Existing Fixed to Variable Split			Proposed Fixed to Variable Split		
	Rate	F	V	Rate	F	V
Unmetered Scattered Load	\$22.03	85.55%	14.45%	\$14.75	57.28%	42.72%

Street Lights

The fixed to variable split for Street Lights was set to re-balance the disproportion in the existing split. 96% of revenues from this particular class are currently being recovered from the variable rate. Instead, Hydro 2000 proposes a more equitable split of 40% fixed to 60% variable.

	Existing Fixed to Variable Split			Proposed Fixed to Variable Split		
	Rate	F	V	Rate	F	V
Street Lights	\$0.09	3.09%	96.91%	\$1.16	40.07%	59.93%

For both the General Service < 50 and the General Service > 50 – 4,999 kW rate class, maintaining the existing fixed/variable split would result in a rate that exceeded the above maximum boundary indicated in the CA model.

General Service < 50

The fixed to variable split for the General Service <50 class was set to recover rates at approximately 40 fixed to 60 variable split. Maintaining the existing fixed to variable split would have resulted in an increase of approximately \$13 in the MSC. Hydro 2000 proposes a 42% fixed to 58% variable split.

	Existing Fixed to Variable Split			Proposed Fixed to Variable Split		
	Rate	F	V	Rate	F	V
General Service < 50 kW	\$37.18	52.35%	47.65%	\$29.50	41.53%	58.47%

General Service > 50 – 4999

For the General Service >50-4999, maintaining the existing fixed/variable split would result in a fixed rate that exceeded the maximum boundary in the CA model. The maximum boundary from the CA model was therefore used for the fixed charge rate.

	Existing Fixed to Variable Split			Proposed Fixed to Variable Split		
	Rate	F	V	Rate	F	V
General Service > 50 kW	\$202.42	59.55%	40.45%	\$120.73	35.52%	64.48%

Residential

Hydro 2000 feels that maintaining the existing fixed/variable split for the Residential class would result in an MSC higher than the clients in this particular class can assume. Lowering the fixed component will allow the customers to have some control over their monthly bills as well as encourage clients to reduce their consumption thereby reducing their total bill.

	Existing Fixed to Variable Split			Proposed Fixed to Variable Split		
	Rate	F	V	Rate	F	V
Residential	\$16.40	55.18%	44.82%	\$12.87	43.29%	56.71%

The fixed to variable split of the proposed rates presented in the table below were adjusted to mitigate the bill impact for each rate class. All resulting Monthly Service Charge ("MSC") levels fall within the boundaries produced by the 2010 Cost Allocation ("CA") model.

Proposed Rates		
Customer Class Name	Fixed	Variable
Residential	\$12.87	\$0.0146
General Service < 50 kW	\$29.50	\$0.0150
General Service > 50 to 4999 kW	\$120.73	\$2.6412
Unmetered Scattered Load	\$14.75	\$0.0429
Street Lighting	\$1.16	\$7.9220

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Table 8.2.2 Reconciliation to Base Revenue Requirement*Review reconciliations (no input on this sheet)***DISTRIBUTION CHARGES**

Customer Class Name	Fixed Charge			Variable Charge			Gross Revenue from Distribution Charges		
	Rate ¹	Volume ²	Revenue ³	Rate ¹	Volume ²	Revenue ³	Calculated *	Allocated **	Difference
Residential	\$12.87	12,732	163,861	\$0.0146	14,703,667	214,674	378,534	378,522	13
General Service < 50 kW	\$29.50	1,704	50,268	\$0.0150	4,712,132	70,682	120,950	121,030	-80
General Service > 50 to 4999 kW	\$120.73	144	17,385	\$2.6412	11,949	31,560	48,945	48,945	-0
Unmetered Scattered Load	\$14.75	72	1,062	\$0.0429	18,486	793	1,855	1,854	1
Street Lighting	\$1.16	4,416	5,123	\$7.9220	967	7,661	12,783	12,783	-0
TOTAL			237,699			325,369	563,067	563,134	-66

¹ From sheet F5, rounded off to decimals displayed² Fixed Charge = # Customers (Connections) multiplied by 12 (months); Variable Charge = # kW's or kWh's, as applicable (per sheet C1)³ Rate x Volume

* Sum of 'Revenue' columns

** per sheet F4: Base Revenue -- Gross

DEFERRAL/VARIANCE ACCOUNT RECOVERY CHARGES (CREDITS)

Customer Class Name	Variable Charge (Credit)			Proceeds from Recovery Charges (Credits)		
	Rate ¹	Volume ²	Proceeds ³	Calculated *	Allocated **	Difference
Residential	(\$0.0048)	14,703,667	-70,578	-70,578	-70,975	397
General Service < 50 kW	(\$0.0048)	4,712,132	-22,618	-22,618	-22,746	127
General Service > 50 to 4999 kW	(\$1.8874)	11,949	-22,553	-22,553	-22,553	0
Unmetered Scattered Load	(\$0.0048)	18,486	-89	-89	-89	1
Street Lighting	(\$1.7307)	967	-1,674	-1,674	-1,674	-0
TOTAL			-117,511	-117,511	-118,036	526

¹ From sheet C7 ('Proposed Rate Rider'), rounded off to decimals displayed² Variable Charge = # kW's or kWh's, as applicable (per sheet C1)³ Rate x Volume

* = 'Procceds' column

** From sheet C7 ('Annual Recovery Amounts')

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Table 8.2.3 Final Rate Rider and Rate Adder*Enter proposed rates*

Rate Description	Short Name	Billing Determinant	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Street Lighting
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	Global Adj	kWh	\$0.0064	\$0.0064	\$2.4913		\$2.2844
Rate Rider for Deferral/Variance Account Disposition	DVA	kWh	(\$0.0048)	(\$0.0048)	(\$1.8874)	(\$0.0048)	(\$1.7307)
Rate Rider for Late Payment Penalty Litigation Costs	LPP	Monthly					
Stranded Meters Recovery	StdMtr	kWh	\$0.0002	\$0.0002	\$0.0002		
LRAM	LRAM	kWh	\$0.0008	\$0.0001	\$0.0527		
LV Charges	LV	kWh	\$0.0042	\$0.0042	\$1.5507	\$0.0042	\$1.1988
Smart Meter Rate Adder	SM	Monthly					

Exhibit 8: Rate Design

**Tab 3 (of 4): Transmission, Low Voltage and Line
Losses**

Hydro 2000 (ED-2002-0542)

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C5 Transmission Rates

Enter Uniform Transmission Rates (existing & Test Year)

Customer Class Name	Usage Metric	Existing Rates		2012 Rates *	
		Network	Connection	Network	Connection
Residential	kWh	\$0.0057	\$0.0045	\$0.0055	\$0.0042
General Service < 50 kW	kWh	\$0.0052	\$0.0045	\$0.0050	\$0.0042
General Service > 50 to 4999 kW	kW	\$2.1334	\$1.7937	\$2.0559	\$1.6718
Unmetered Scattered Load	kWh	\$0.0052	\$0.0045	\$0.0050	\$0.0042
Street Lighting	kW	\$1.6088	\$1.3866	\$1.5504	\$1.2924
Uniform Transmission Rates (UTRs)	kW	\$2.6500	\$2.1400	\$2.6500	\$2.1400
		<i>* Rate Adjustment Factors:</i>			
		Change in UTRs, 2012 vs Existing Historical Variance (per sheet)		3.97%	8.60%
		Total Adjustment		3.97%	8.60%

Historical Transmission Charges

Hydro One													
2009		Network				Line Connection				Line Transformation			Total Line
Month		Units Billed	Rate	Amount		Units Billed	Rate	Amount		Units Billed	Rate	Amount	Amount
January		6,080	\$ 2.01	\$ 12,221		6,156	\$0.50	\$3,078		6,156	\$1.38	\$8,495	\$11,573
February		7,008	\$ 2.01	\$ 14,086		7,008	\$0.50	\$3,504		7,008	\$1.38	\$9,671	\$13,175
March		5,941	\$ 2.01	\$ 11,941		5,941	\$0.50	\$2,971		5,941	\$1.38	\$8,199	\$11,169
April		5,588	\$ 2.01	\$ 11,232		5,588	\$0.50	\$2,794		5,588	\$1.38	\$7,711	\$10,505
May		4,814	\$ 2.01	\$ 9,676		4,814	\$0.50	\$2,407		4,814	\$1.38	\$6,643	\$9,050
June		2,896	\$ 2.02	\$ 5,862		4,130	\$0.50	\$2,065		4,130	\$1.39	\$5,741	\$7,806
July		3,126	\$ 2.24	\$ 7,002		3,126	\$0.60	\$1,876		3,126	\$1.39	\$4,345	\$6,221
August		2,935	\$ 2.24	\$ 6,574		2,935	\$0.60	\$1,761		2,935	\$1.39	\$4,080	\$5,841
September		3,288	\$ 2.24	\$ 7,365		3,288	\$0.60	\$1,973		3,288	\$1.39	\$4,570	\$6,543
October		3,109	\$ 2.24	\$ 6,964		3,247	\$0.60	\$1,948		3,247	\$1.39	\$4,513	\$6,462
November		3,760	\$ 2.24	\$ 8,422		3,774	\$0.60	\$2,264		3,774	\$1.39	\$5,246	\$7,510
December		4,393	\$ 2.24	\$ 9,840		4,393	\$0.60	\$2,636		4,393	\$1.39	\$6,106	\$8,742
Total		52,938	\$ 2.24	\$ 118,581		54,400	\$0.60	\$32,640		54,400	\$1.39	\$75,616	\$108,256

Hydro One													
2010		Network				Line Connection				Line Transformation			Total Line
Month		Units Billed	Rate	Amount		Units Billed	Rate	Amount		Units Billed	Rate	Amount	Amount
January		6,035	\$ 2.24	\$ 13,518		6,035	\$6.00	\$36,210		6,035	\$1.39	\$8,389	\$8,389
February		6,133	\$ 2.24	\$ 13,738		6,133	\$0.50	\$3,067		6,133	\$1.38	\$8,464	\$13,175
March		5,477	\$ 2.24	\$ 12,268		5,477	\$0.50	\$2,739		5,477	\$1.38	\$7,558	\$11,169
April		4,200	\$ 2.24	\$ 9,408		4,200	\$0.50	\$2,100		4,200	\$1.38	\$5,796	\$10,505
May	pro-rate new r	3,511	\$ 2.28	\$ 7,995		3,511	\$0.53	\$1,871		3,511	\$1.47	\$5,164	\$9,050
June		3,318	\$ 2.65	\$ 8,793		3,318	\$0.64	\$2,124		3,373	\$1.50	\$5,060	\$7,792
July		3,091	\$ 2.65	\$ 8,191		3,091	\$0.64	\$1,978		3,091	\$1.50	\$4,637	\$6,221
August		3,365	\$ 2.65	\$ 8,917		3,365	\$0.64	\$2,154		3,365	\$1.50	\$5,048	\$5,841
September		3,418	\$ 2.65	\$ 9,058		3,418	\$0.64	\$2,188		3,418	\$1.50	\$5,127	\$6,543
October		3,116	\$ 2.65	\$ 8,257		3,116	\$0.64	\$1,994		3,116	\$1.50	\$4,674	\$6,462
November		3,669	\$ 2.65	\$ 9,723		3,669	\$0.64	\$2,348		3,669	\$1.50	\$5,504	\$7,510
December		4,614	\$ 2.65	\$ 12,227		4,614	\$0.64	\$2,953		4,614	\$1.50	\$6,921	\$8,742
Total		49,947	\$ 2.65	\$ 132,360		49,947	\$0.64	\$31,966		50,002	\$1.50	\$75,003	\$104,584

Historical Transmission Charges

Hydro One														
2011		Network				Line Connection				Line Transformation				Total Line
Month		Units Billed	Rate	Amount		Units Billed	Rate	Amount		Units Billed	Rate	Amount		Amount
January		5536	\$ 2.65	\$ 14,670		5,536	\$0.64	\$3,543		5,536	\$1.50	\$8,304		\$11,847
February		6,368	\$ 2.65	\$ 16,875		6,368	\$0.64	\$4,076		6,368	\$1.50	\$9,552		\$13,628
March		5,306	\$ 2.65	\$ 14,061		5,306	\$0.64	\$3,396		5,306	\$1.50	\$7,959		\$11,355
April		5,032	\$ 2.65	\$ 13,335		5,032	\$0.64	\$3,220		5,032	\$1.50	\$7,548		\$10,768
May		3,940	\$ 2.65	\$ 10,441		3,940	\$0.64	\$2,522		3,940	\$1.50	\$5,910		\$8,432
June		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
July		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
August		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
September		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
October		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
November		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
December		-	\$ 2.65	\$ -		0	\$0.64	\$0		0	\$1.50	\$0		\$0
Total		26,182	\$ 2.65	\$ 69,382		26,182	\$0.64	\$16,756		26,182	\$1.50	\$39,273		\$56,029

Calculation of proposed RTSRs

HYDRO ONE

TRANS. NETWORKS				LINE CONNECTION				TRANS. CONNECTION			
MONTH	Volume	ACTUAL RATE	H1 CURRENT Network Service Charge	MONTH	Volume	ACTUAL RATE	H1 Line Connection Service Charge	MONTH	Volume	ACTUAL RATE	H1 Line Transmission Service Charge
May-09	4,814	\$ 2.65	\$ 12,757.10	May-09	4,814	\$ 0.64	\$ 3,080.96	May-09	4,814	\$ 1.50	\$ 7,221.00
Jun-09	2,896	\$ 2.65	\$ 7,674.40	Jun-09	2,896	\$ 0.64	\$ 1,853.44	Jun-09	2,896	\$ 1.50	\$ 4,344.00
Jul-09	3,126	\$ 2.65	\$ 8,283.90	Jul-09	3,126	\$ 0.64	\$ 2,000.64	Jul-09	3,126	\$ 1.50	\$ 4,689.00
Aug-09	2,935	\$ 2.65	\$ 7,777.75	Aug-09	2,935	\$ 0.64	\$ 1,878.40	Aug-09	2,935	\$ 1.50	\$ 4,402.50
Sep-09	3,288	\$ 2.65	\$ 8,713.20	Sep-09	3,288	\$ 0.64	\$ 2,104.32	Sep-09	3,288	\$ 1.50	\$ 4,932.00
Oct-09	3,109	\$ 2.65	\$ 8,238.85	Oct-09	3,109	\$ 0.64	\$ 1,989.76	Oct-09	3,109	\$ 1.50	\$ 4,663.50
Nov-09	3,760	\$ 2.65	\$ 9,964.00	Nov-09	3,760	\$ 0.64	\$ 2,406.40	Nov-09	3,760	\$ 1.50	\$ 5,640.00
Dec-09	4,393	\$ 2.65	\$ 11,641.45	Dec-09	4,393	\$ 0.64	\$ 2,811.52	Dec-09	4,393	\$ 1.50	\$ 6,589.50
Jan-10	6035	\$ 2.65	\$ 15,992.75	Jan-10	6035	\$ 0.64	\$ 3,862.40	Jan-10	6035	\$ 1.50	\$ 9,052.50
Feb-10	6,133	\$ 2.65	\$ 16,252.45	Feb-10	6,133	\$ 0.64	\$ 3,925.12	Feb-10	6,133	\$ 1.50	\$ 9,199.50
Mar-10	5,477	\$ 2.65	\$ 14,514.05	Mar-10	5,477	\$ 0.64	\$ 3,505.28	Mar-10	5,477	\$ 1.50	\$ 8,215.50
Apr-10	4,200	\$ 2.65	\$ 11,130.00	Apr-10	4,200	\$ 0.64	\$ 2,688.00	Apr-10	4,200	\$ 1.50	\$ 6,300.00
May-10	3,511	\$ 2.65	\$ 9,304.15	May-10	3,511	\$ 0.64	\$ 2,247.04	May-10	3,511	\$ 1.50	\$ 5,266.50
Jun-10	3,318	\$ 2.65	\$ 8,792.70	Jun-10	3,318	\$ 0.64	\$ 2,123.52	Jun-10	3,318	\$ 1.50	\$ 4,977.00
Jul-10	3,091	\$ 2.65	\$ 8,191.15	Jul-10	3,091	\$ 0.64	\$ 1,978.24	Jul-10	3,091	\$ 1.50	\$ 4,636.50
Aug-10	3,365	\$ 2.65	\$ 8,917.25	Aug-10	3,365	\$ 0.64	\$ 2,153.60	Aug-10	3,365	\$ 1.50	\$ 5,047.50
Sep-10	3,418	\$ 2.65	\$ 9,057.70	Sep-10	3,418	\$ 0.64	\$ 2,187.52	Sep-10	3,418	\$ 1.50	\$ 5,127.00
Oct-10	3,116	\$ 2.65	\$ 8,257.40	Oct-10	3,116	\$ 0.64	\$ 1,994.24	Oct-10	3,116	\$ 1.50	\$ 4,674.00
Nov-10	3,669	\$ 2.65	\$ 9,722.85	Nov-10	3,669	\$ 0.64	\$ 2,348.16	Nov-10	3,669	\$ 1.50	\$ 5,503.50
Dec-10	4,614	\$ 2.65	\$ 12,227.10	Dec-10	4,614	\$ 0.64	\$ 2,952.96	Dec-10	4,614	\$ 1.50	\$ 6,921.00
Jan-11	6035	\$ 2.65	\$ 15,992.75	Jan-11	6035	\$ 0.64	\$ 3,862.40	Jan-11	6035	\$ 1.50	\$ 9,052.50
Feb-11	6,133	\$ 2.65	\$ 16,252.45	Feb-11	6,133	\$ 0.64	\$ 3,925.12	Feb-11	6,133	\$ 1.50	\$ 9,199.50
Mar-11	5,477	\$ 2.65	\$ 14,514.05	Mar-11	5,477	\$ 0.64	\$ 3,505.28	Mar-11	5,477	\$ 1.50	\$ 8,215.50
Apr-11	4,200	\$ 2.65	\$ 11,130.00	Apr-11	4,200	\$ 0.64	\$ 2,688.00	Apr-11	4,200	\$ 1.50	\$ 6,300.00
May-11	3,511	\$ 2.65	\$ 9,304.15	May-11	3,511	\$ 1.50	\$ 5,266.50	May-11	3,511	\$ 1.50	\$ 5,266.50
103,624			\$ 274,603.60				\$ 69,338.82	103,624			\$ 155,436.00

BILLED TO CUSTOMERS

MONTH	total tn BILLED	total tc BILLED	Adjustements	Network	Connection
May-09	\$ 11,501.43	\$ 9,316.38			
Jun-09	\$ 11,403.61	\$ 9,452.31			
Jul-09	\$ 7,935.07	\$ 6,523.19	Supply cost	\$274,604	\$224,775
Aug-09	\$ 8,772.43	\$ 7,178.87	Billing Revenues	\$291,485	\$236,479
Sep-09	\$ 8,749.77	\$ 7,188.05	Ratio	0.942	0.951
Oct-09	\$ 9,567.71	\$ 7,806.89			
Nov-09	\$ 8,842.73	\$ 7,256.30	Current Rates	T.N.	TC
Dec-09	\$ 12,894.20	\$ 10,470.31			
Jan-10	\$ 12,741.91	\$ 10,414.11	Residential	\$0.0057	\$0.0045 kWh
Feb-10	\$ 19,631.77	\$ 15,846.72	GS < 50kW	\$0.0052	\$0.0045 kWh
Mar-10	\$ 13,167.28	\$ 10,756.43	GS 50 to 4999 kW	\$2.1334	\$1.7937 kWh
Apr-10	\$ 15,121.81	\$ 12,227.02	USL	\$0.0052	\$0.0045 kWh
May-10	\$ 9,412.80	\$ 7,679.24	Street Lights	\$1.6088	\$1.3866 KW
Jun-10	\$ 9,454.41	\$ 7,364.88			
Jul-10	\$ 8,160.81	\$ 6,229.71			
Aug-10	\$ 9,592.27	\$ 7,750.69			
Sep-10	\$ 8,513.75	\$ 6,950.13			
Oct-10	\$ 8,581.77	\$ 7,020.59			
Nov-10	\$ 8,209.92	\$ 6,735.93			
Dec-10	\$ 12,298.84	\$ 9,991.73			
Jan-11	\$ 19,045.06	\$ 15,378.81			
Feb-11	\$ 17,286.85	\$ 14,004.68			
Mar-11	\$ 15,196.41	\$ 12,296.21			
Apr-11	\$ 14,481.06	\$ 11,751.12			
May-11	\$ 10,921.21	\$ 8,888.59			
\$ 291,484.87		\$ 236,478.87			

Overview of RTSR

Board policy states that distributors should file the following material in a cost of service rate application in support of a change to RTSRs:

- A variance analysis using 2 years of actual data examining what, if any, trend is apparent in the monthly balances in the RTSR deferral accounts*
- A calculation of the proposed RTSR rates that includes the adjustment of the UTRs effective January 11, 2011 and an adjustment to eliminate ongoing trends in the balances in the RTSR deferral accounts*¹

Table 8.3.1 shows the utility's proposed 2012 RTSR. Table 8.3.2 shows the trend for the past two years of transmission revenues and costs, adjusted for consistency with both retail and supply rates that were in effect in August 2011. The trend indicates that these rates were resulting in over-collection of transmission charges for both Network Service and Connection Service. This conclusion is consistent with the accumulation of credit balances in variance accounts 1584-RSVA/NW and 1586-RSVA/CN during this two-year period.² Hydro 2000 therefore proposes to adjust its RTSRs to offset the over-collection bias in its existing retail rates.

As an embedded distributor, Hydro 2000 pays Hydro One Networks Inc. ("HONI") retail transmission service rates for the supply of transmission services, rather than the Uniform Transmission Rates ("UTRs") paid by market participants. The supply rate changes at the bottom of Attachment 1 reflect the changes in the effective blended rate

¹ Guideline G-2008-0001: Electricity Distribution Retail Transmission Rates, Revision 1.0 (July 22, 2009), pages 4-5

² see Exhibit 9, Tab 1, Schedule 2, Attachment 1

1 for the two sources of supply for Network Service, and the changes to HONI's rate for
2 Connection Service.

3
4 Hydro 2000 also proposes to apply an adjustment for changes in the applicable HONI
5 rates which came into effect May 1, 2011.

6
7 Table 8.3.3 shows the effect of the adjustments to Hydro 2000's RTSRs. As a result,
8 Hydro 2000 proposes to decrease both its RTSRs for Network Service as well as its
9 Connection Service. These proposed rate changes are reflected in Hydro 2000's
10 projected power supply expense for 2012, shown in Exhibit 3, Tab 1, Schedule 3,
11 Attachment 1.

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Table 8.3.4 Low Voltage Charges

Rates from sheet C5; Volumes from sheet C1

Enter current LV rates and total charges projected in 2012

Customer Class Name	2011 Low Voltage Rates	
	Rate	per
Residential	\$0.0055	kWh
General Service < 50 kW	\$0.0051	kWh
General Service > 50 to 4999 kW	\$1.9755	kW
Unmetered Scattered Load	\$0.0050	kWh
Street Lighting	\$1.5279	kW

Customer Class Name	2012 PROJECTED TRANSMISSION-CONNECTION REVENUE				
	Rate	per	Volume ¹	Revenue	%
Residential	\$0.0042	kWh	15,679,990	65,856	60.83%
General Service < 50 kW	\$0.0042	kWh	5,025,018	21,105	19.49%
General Service > 50 to 4999 kW	\$1.6718	kW	11,949	19,976	18.45%
Unmetered Scattered Load	\$0.0042	kWh	19,713	83	0.08%
Street Lighting	\$1.2924	kW	967	1,250	1.15%
TOTAL				108,270	100.00%

Customer Class Name	2012 PROPOSED LOW VOLTAGE CHARGES & RATES				
	% Allocation	Charges	Volume ²	Rate	per
Residential	60.83%	61,087	14,703,667	\$0.0042	kWh
General Service < 50 kW	19.49%	19,577	4,712,132	\$0.0042	kWh
General Service > 50 to 4999 kW	18.45%	18,530	11,949	\$1.5507	kW
Unmetered Scattered Load	0.08%	77	18,486	\$0.0042	kWh
Street Lighting	1.15%	1,159	967	\$1.1988	kW
TOTAL		100,429			

¹ kWh's uplifted for line losses² kWh's not uplifted for line losses

Overview of Low Voltage

Table 8.3.4 presents the derivation of proposed retail rates for Low Voltage ("LV") service.

The 2010 estimate of total LV charges was allocated to customer classes, according to each class' share of projected Transmission-Connection revenue, in accordance with Board policy.¹ The resulting allocated LV charges for each class were divided by the applicable 2012 volumes from the load forecast, as presented in Exhibit 3, Tab 1, Schedule 1, Attachment 1.

Current LV revenues are recovered through a separate rate adder and therefore are not embedded within the approved Distribution Volumetric rate. 2012 LV rates appear on a distinct line item on the proposed schedule of rates (Exhibit 8, Tab 4, Schedule 4, Attachment 1).

¹ Ontario Energy Board, 2006 Electricity Distribution Rate Handbook, May 11, 2005, Section 10.7 (page 96)

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C1 Line Loss Factors*Enter historical kWh's and Supply Facility Loss Factors*

		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual
A1	"Wholesale" kWh delivered to distributor (higher value)	26,290,207	27,134,454	26,547,550	27,028,414	25,607,753
A2	"Wholesale" kWh delivered to distributor (lower value)	25,425,732	26,242,219	25,674,613	25,946,819	24,520,511
B	Portion of "Wholesale" kWh delivered to distributor for Large User Customer(s)					
C	Net "Wholesale" kWh delivered to distributor (A2)-(B)	25,425,732	26,242,219	25,674,613	25,946,819	24,520,511
D	"Retail" kWh delivered by distributor	24,498,618	25,385,685	24,868,217	25,181,332	23,274,641
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)					
F	Net "Retail" kWh delivered by distributor (D)-(E)	24,498,618	25,385,685	24,868,217	25,181,332	23,274,641
G	Loss Factor in distributor's system [C/F]	1.0378	1.0337	1.0324	1.0304	1.0535
H	Supply Facility Loss Factor	1.0340	1.0340	1.0340	1.0443	1.0443
I	Total Loss Factor [(G)x(H)]	1.0731	1.0689	1.0675	1.0760	1.1002

Average Total Loss Factor:	1.0772
Primary Metering Adjustment:	0.99
Primary Total Loss Factor:	1.0664

Derviation of Loss Factor

Table 8.3.5 shows the calculation of Hydro 2000's proposed Total Loss Factor, based on the historical average of the last five years.

Hydro 2000 proposes a Total Loss Factor ("TLF") 1.0772, using the historical average of the last five years as presented at Table 8.3.5. The proposed TLF represents an increase from Hydro 2000's currently approved TLF of 1.0660.

Distribution System

Hydro 2000 is an embedded distributor with Hydro One Networks Inc. ("HONI") as its host distributor. Hydro 2000's main service area, Alfred and Plantagenet are non-contiguous. Both Plantagenet and Alfred are fed from the 44kV HONI owned Utility Substation located outside of the boundaries of Hydro 2000's service area. In the case of Alfred, the substation is located approximately one kilometer south of the town of Alfred. From this 44kV substation, three outgoing feeder lines run along St-Joseph Street and to power both Hydro One rural and Hydro 2000. Feeder 1 supports exclusively Hydro One customers, while Feeder 2 is shared between Hydro One rural and Hydro 2000, as indicated in the table 1 below. Loading for feeder 1 and Hydro One's portion of feeder 2 extends north of Alfred's service area on County Rd. #15.

Wholesale consumption delivered to Hydro 2000 is measured at the 44kV station which includes shared feeders running along 1 km of shared HONI lines. Hydro 2000 maintains, as it did in its 2008 cost of service application, that the main driver contributing to the increase in line loss stems from HONI's distribution system.

Exhibit 8: Rate Design

Tab 4 (of 4): Rate Schedules and Bill Impacts

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Table 8.4.1 Reconciliation to Base Revenue Requirement*Review reconciliations (no input on this sheet)***DISTRIBUTION CHARGES**

Customer Class Name	Fixed Charge			Variable Charge			Gross Revenue from Distribution Charges		
	Rate ¹	Volume ²	Revenue ³	Rate ¹	Volume ²	Revenue ³	Calculated *	Allocated **	Difference
Residential	\$12.87	12,732	163,861	\$0.0146	14,703,667	214,674	378,534	378,522	13
General Service < 50 kW	\$29.50	1,704	50,268	\$0.0150	4,712,132	70,682	120,950	121,030	-80
General Service > 50 to 4999 kW	\$120.73	144	17,385	\$2.6412	11,949	31,560	48,945	48,945	-0
Unmetered Scattered Load	\$14.75	72	1,062	\$0.0429	18,486	793	1,855	1,854	1
Street Lighting	\$1.16	4,416	5,123	\$7.9220	967	7,661	12,783	12,783	-0
TOTAL			237,699			325,369	563,067	563,134	-66

¹ From sheet F5, rounded off to decimals displayed² Fixed Charge = # Customers (Connections) multiplied by 12 (months); Variable Charge = # kW's or kWh's, as applicable (per sheet C1)³ Rate x Volume

* Sum of 'Revenue' columns

** per sheet F4: Base Revenue -- Gross

DEFERRAL/VARIANCE ACCOUNT RECOVERY CHARGES (CREDITS)

Customer Class Name	Variable Charge (Credit)			Proceeds from Recovery Charges (Credits)		
	Rate ¹	Volume ²	Proceeds ³	Calculated *	Allocated **	Difference
Residential	(\$0.0048)	14,703,667	-70,578	-70,578	-70,975	397
General Service < 50 kW	(\$0.0048)	4,712,132	-22,618	-22,618	-22,746	127
General Service > 50 to 4999 kW	(\$1.8874)	11,949	-22,553	-22,553	-22,553	0
Unmetered Scattered Load	(\$0.0048)	18,486	-89	-89	-89	1
Street Lighting	(\$1.7307)	967	-1,674	-1,674	-1,674	-0
TOTAL			-117,511	-117,511	-118,036	526

¹ From sheet C7 ('Proposed Rate Rider'), rounded off to decimals displayed² Variable Charge = # kW's or kWh's, as applicable (per sheet C1)³ Rate x Volume

* = 'Procceds' column

** From sheet C7 ('Annual Recovery Amounts')

1 ***Base Revenue Calculations and Reconciliation***

2 Table 8.4.1 shows that the sum of revenues allocated to each class corresponds to the
3 total revenue required for the base revenue requirement. The Attachment also shows
4 that the revenues calculated for each customer class correspond to the allocated
5 amount, with any differences due to rounding.

6

7

Rate Changes and Bill Impacts

Attachment 1 presented at the next schedule are the proposed rates to appear on the draft rate order. For each customer class, the following rates appear:

Table 1: Customer Class Rates

Service Charge	Includes the fixed monthly service charge in base revenue (Exhibit 8, Tab 2, Schedule 1)
Distribution Volumetric Rate	The variable charge rate (Exhibit 8, Tab 2, Schedule 1)
Low Voltage Service Rate	see Exhibit 8, Tab 3, Schedule 4, Attachment 1
Deferral Account Rate Rider	see Exhibit 9, Tab 2, Schedule 2, Attachment 2
Global Adjustment Rate Rider	see Exhibit 9, Tab 2, Schedule 2, Attachment 1
Stranded Smart Meter	see Exhibit 2, Tab 3, Schedule 5
LRAM	see Exhibit 9, Tab 3, Schedule 3, Attachment 2
Transmission- Connection	see Exhibit 8, Tab 3, Schedule 3, Attachment 1
Transmission- Network	see Exhibit 8, Tab 3, Schedule 3, Attachment 1
Wholesale Market Service	no change proposed
Rural Rate Protection Charge	no change proposed
Standard Supply Service	no change proposed

In addition to the existing customer classes, a new class has been added for microFIT Generator Service, in accordance with the Board's related rate order.¹

Hydro 2000 proposes to retain the same Specific Service Charges, with no rate changes.

The Total Loss Factors are presented in Exhibit 8, Tab 3, Schedule 5, Attachment 1.

Attachment 2 presents detailed sample bill impacts, comparing monthly customer bills under the existing (2011) rates to the proposed (2012) rates. The first page summarizes the bill impacts, while the following pages show the line item details for each sample bill.

¹ Rate Order: Distribution Rate for Embedded Generators having a nameplate capacity of 10 kW or less (EB-2009-0326), March 17, 2010

The same charge rates shown in Table 1 above also appear in each sample bill, with the following provisos:

- The Global Adjustment Rate Rider, apply solely to non-RPP, non-MUSH customers,² is only reflected in the GS>50-4999 class.
- An uplift factor for line losses applies to commodity and certain delivery charges, where the billing determinant is consumption (kWh's).

The following additional line items appear in the sample bills:

- A commodity charge, which is based on the approved rates for RPP customers,³ or using the weighted average forecast electricity price for other customers.⁴ To isolate the impact of delivery rate changes, the same commodity charge levels are used in comparing sample bills under existing and proposed rates.

Total bill impacts vary by customer class, ranging from a increase of 27% for Unmetered Scattered Load, to a slight increase of 3.9% for GS<50 and Street Lighting. While base distribution rates would generally increase to address the revenue deficiency, these increases would be offset by credit rate riders to dispose of the significant balances owed to ratepayers that have accumulated in certain variance accounts. Decreases in rates for retail transmission service, also contribute to offset the increase in base distribution rates.

Under these proposed rates, the only customer class that would face a total bill increase in excess of 10% is the Unmetered Scattered Load.

² RPP: Regulated Price Plan; MUSH: Municipalities, Universities, Schools & Hospitals

³ Regulated Price Plan Report – Price Report, April 19, 2011, page iii, values RPCMT₁ and RPCMT₂

⁴ see Exhibit 3, Tab 1, Schedule 3

1 Revenues for the USL class account for 0.33% of the utility's revenues. Total Revenues
2 from the USL are increasing from \$1,036 to \$1,855 to be recovered from a total of 6
3 customers/connections. For this reason, the bill impact may appear exaggerated. In
4 these circumstances, Hydro 2000 does not feel it necessary to propose any further
5 measures to mitigate customer bill impacts.

6

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		Effective May 1/12
Residential		
Service Charge	\$	12.87
Distribution Volumetric Rate	\$/kWh	0.0146
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	\$/kWh	0.00637
Rate Rider for Deferral/Variance Account Disposition	\$/kWh	(0.0048)
Rate Rider for Late Payment Penalty Litigation Costs	\$/kWh	
Stranded Meters Recovery	\$/kWh	0.0002
LRAM	\$/kWh	0.0008
LV Charges	\$/kWh	0.0042
Smart Meter Rate Adder	\$/kWh	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Low Voltage Service Rate	\$/kWh	0.0042
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
General Service < 50 kW		
Service Charge	\$	29.50
Distribution Volumetric Rate	\$/kWh	0.0150
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	\$/kWh	0.00637
Rate Rider for Deferral/Variance Account Disposition	\$/kWh	(0.0048)
Rate Rider for Late Payment Penalty Litigation Costs	\$/kWh	
Stranded Meters Recovery	\$/kWh	0.0002
LRAM	\$/kWh	0.0001
LV Charges	\$/kWh	0.0042
Smart Meter Rate Adder	\$/kWh	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Low Voltage Service Rate	\$/kWh	0.0042
Standard Supply Service – Administrative Charge (if applicable)	\$/kWh	0.25
General Service > 50 to 4999 kW		
Service Charge	\$	120.73
Distribution Volumetric Rate	\$/kW	2.6412
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	\$/kW	2.4913
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(1.8874)
Rate Rider for Late Payment Penalty Litigation Costs	\$/kW	
Stranded Meters Recovery	\$/kW	0.0002
LRAM	\$/kW	0.0527
LV Charges	\$/kW	1.5507
Smart Meter Rate Adder	\$/kW	

X91 Monthly Rates and Charges

		Effective May 1/12
Retail Transmission Rate – Network Service Rate	\$/kW	2.0098
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Low Voltage Service Rate	\$/kW	1.5507
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	14.75
Distribution Volumetric Rate	\$/kWh	0.0429
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	\$/kWh	
Rate Rider for Deferral/Variance Account Disposition	\$/kWh	(0.0048)
Rate Rider for Late Payment Penalty Litigation Costs	\$/kWh	
Stranded Meters Recovery	\$/kWh	
LRAM	\$/kWh	
LV Charges	\$/kWh	0.0042
Smart Meter Rate Adder	\$/kWh	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Low Voltage Service Rate	\$/kWh	0.0042
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	1.16
Distribution Volumetric Rate	\$/kW	7.9220
Rate Rider for Global Adjustment Sub-Account (Applicable only to Non-RPP customers)	\$/kW	2.28
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(1.7307)
Rate Rider for Late Payment Penalty Litigation Costs	\$/kW	
Stranded Meters Recovery	\$/kW	
LRAM	\$/kW	
LV Charges	\$/kW	1.1988
Smart Meter Rate Adder	\$/kW	
Retail Transmission Rate – Network Service Rate	\$/kW	1.5156
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3180
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Low Voltage Service Rate	\$/kW	1.1988
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

microFIT Generator Service

Service Charge	\$	5.25
----------------	----	------

Specific Service Charges

Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post-dated cheques	\$	9.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00

X91 Monthly Rates and Charges

		Effective May 1/12
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification Charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	25.00
Returned Cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge / change of occupancy charge	\$	15.00
Special Meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Late Payment - per month	%	1.50
Disconnect/Reconnect at meter – during regular hours	\$	25.00
Disconnect/Reconnect at meter – after regular hours	\$	50.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install / remove load control device – during regular hours	\$	25.00
Install / remove load control device – after regular hours	\$	50.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install and remove – overhead – no transformer	\$	500.00
Temporary service install and remove – underground – no transformer	\$	300.00
Temporary service install and remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	

LOSS FACTORS

Secondary Metered Customer	1.0772
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H4 Bill Impact Summary*Enter sample volumes and RPP status*

Customer Class Name	Volume		RPP Rate Class	Distribution Charges		Delivery Charges		Total Bill	
	kWh	kW		\$ change	% change	\$ change	% change	\$ change	% change
Residential	800		Summer	\$6.60	36.2%	\$6.22	23.1%	\$7.86	7.2%
				\$0.00		\$0.00		---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
General Service < 50 kW	2,000		Non-res.	\$9.01	18.1%	\$8.09	11.5%	\$11.19	3.9%
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
General Service > 50 to 4999 kW	68,500	190	Non-res.	\$427.95	69.7%	\$387.61	28.5%	\$508.37	5.8%
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
Unmetered Scattered Load	397		Non-res.	\$14.51	85.2%	\$14.33	67.8%	\$16.55	27.0%
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
Street Lighting	30,000	80	Non-res.	\$130.11	20.2%	\$117.17	13.2%	\$163.24	3.9%
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---
				---	---	---	---	---	---

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H5 Customer Bill Impact Analysis

RPP rates per sheet Y7

*Review detailed bill impacts (no input on this sheet)***Residential****RPP: Summer**

800 kWh's

	Metric	2011 BILL			2012 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	\$8.53	\$8.53	1	\$12.87	\$12.87	\$4.34	50.9%
Distribution	kWh	800	\$0.0060	\$4.80	800	\$0.0146	\$11.68	\$6.88	>100%
Global Adj	kWh		\$0.0008			\$0.0064			
DVA	kWh	800	(\$0.0017)	(\$1.36)	800	(\$0.0048)	(\$3.84)	(\$2.48)	>100%
LPP		1	\$0.2000	\$0.20	1			(\$0.20)	(100.0%)
StdMtr	kWh	800			800	\$0.0002	\$0.15	\$0.15	
LRAM	kWh	800			800	\$0.0008	\$0.64	\$0.64	
LV	kWh	800	\$0.0055	\$4.40	800	\$0.0042	\$3.36	(\$1.04)	(23.6%)
SM		1	\$1.6900	\$1.69	1			(\$1.69)	(100.0%)
† Distribution sub-total				\$18.26			\$24.86	\$6.60	36.2%
Electricity (Commodity)	kWh	853	RPP	\$57.96	862	RPP	\$58.63	\$0.67	1.2%
† Transmission - Network	kWh	853	\$0.0057	\$4.86	862	\$0.0054	\$4.63	(\$0.23)	(4.7%)
† Transmission - Connection	kWh	853	\$0.0045	\$3.84	862	\$0.0043	\$3.69	(\$0.15)	(3.9%)
Wholesale Market Service	kWh	853	\$0.0052	\$4.43	862	\$0.0052	\$4.48	\$0.05	1.1%
Rural Rate Protection	kWh	853	\$0.0013	\$1.11	862	\$0.0013	\$1.12	\$0.01	0.9%
Debt Retirement Charge	kWh	800	\$0.0070	\$5.60	800	\$0.0070	\$5.60		
†									
Subtotal				\$96.06			\$103.01	\$6.95	7.2%
HST				\$12.49			\$13.39	\$0.90	7.2%
TOTAL BILL				\$108.55			\$116.40	\$7.86	7.2%
† <i>Delivery Only</i>				<i>\$26.96</i>			<i>\$33.18</i>	<i>\$6.22</i>	<i>23.1%</i>

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H5 Customer Bill Impact Analysis

RPP rates per sheet Y7

*Review detailed bill impacts (no input on this sheet)***General Service < 50 kW****RPP: Non-res.**

2,000 kWh's

	Metric	2011 BILL			2012 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	\$24.61	\$24.61	1	\$29.50	\$29.50	\$4.89	19.9%
Distribution	kWh	2,000	\$0.0081	\$16.20	2,000	\$0.0150	\$30.00	\$13.80	85.2%
Global Adj	kWh		\$0.0008			\$0.0064			
DVA	kWh	2,000	(\$0.0017)	(\$3.40)	2,000	(\$0.0048)	(\$9.60)	(\$6.20)	>100%
LPP	kWh	1	\$0.5700	\$0.57	1			(\$0.57)	(100.0%)
StdMtr	kWh	2,000			2,000	\$0.0002	\$0.38	\$0.38	
LRAM	kWh	2,000			2,000	\$0.0001	\$0.20	\$0.20	
LV	kWh	2,000	\$0.0051	\$10.20	2,000	\$0.0042	\$8.40	(\$1.80)	(17.6%)
SM	kWh	1	\$1.6900	\$1.69	1			(\$1.69)	(100.0%)
† Distribution sub-total				\$49.87			\$58.88	\$9.01	18.1%
Electricity (Commodity)	kWh	2,132	RPP	\$152.40	2,154	RPP	\$154.07	\$1.67	1.1%
† Transmission - Network	kWh	2,132	\$0.0052	\$11.09	2,154	\$0.0049	\$10.55	(\$0.54)	(4.9%)
† Transmission - Connection	kWh	2,132	\$0.0045	\$9.59	2,154	\$0.0043	\$9.21	(\$0.38)	(4.0%)
Wholesale Market Service	kWh	2,132	\$0.0052	\$11.09	2,154	\$0.0052	\$11.20	\$0.11	1.0%
Rural Rate Protection	kWh	2,132	\$0.0013	\$2.77	2,154	\$0.0013	\$2.80	\$0.03	1.1%
Debt Retirement Charge	kWh	2,000	\$0.0070	\$14.00	2,000	\$0.0070	\$14.00		
†									
Subtotal				\$250.81			\$260.71	\$9.90	3.9%
HST				\$32.61			\$33.89	\$1.29	3.9%
TOTAL BILL				\$283.42			\$294.60	\$11.19	3.9%
† <i>Delivery Only</i>				\$70.55			\$78.64	\$8.09	11.5%

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H5 Customer Bill Impact Analysis

RPP rates per sheet Y7

*Review detailed bill impacts (no input on this sheet)***General Service > 50 to 4999 kW****RPP: Non-res.**

68,500 kWh's 190 kW's		2011 BILL			2012 BILL			CHANGE IMPACT	
	Metric	Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	\$120.73	\$120.73	1	\$120.73	\$120.73		
Distribution	kW	190	\$0.9881	\$187.74	190	\$2.6412	\$501.83	\$314.09	>100%
Global Adj	kW	190	\$0.3390	\$64.41	190	\$2.4913	\$473.35	\$408.94	>100%
DVA	kW	190	(\$0.7285)	(\$138.42)	190	(\$1.8874)	(\$358.61)	(\$220.19)	>100%
LPP		1	\$2.5400	\$2.54	1			(\$2.54)	(100.0%)
StdMtr	kW	190			190	\$0.0002	\$0.04	\$0.04	
LRAM	kW	190			190	\$0.0527	\$10.01	\$10.01	
LV	kW	190	\$1.9755	\$375.35	190	\$1.5507	\$294.63	(\$80.71)	(21.5%)
SM		1	\$1.6900	\$1.69	1			(\$1.69)	(100.0%)
† Distribution sub-total				\$614.04			\$1,041.99	\$427.95	69.7%
† Electricity (Commodity)	kWh	73,021	RPP	\$5,469.08	73,785	RPP	\$5,526.40	\$57.32	1.0%
† Transmission - Network	kW	190	\$2.1334	\$405.35	190	\$2.0098	\$381.87	(\$23.48)	(5.8%)
† Transmission - Connection	kW	190	\$1.7937	\$340.80	190	\$1.7049	\$323.94	(\$16.86)	(4.9%)
Wholesale Market Service	kWh	73,021	\$0.0052	\$379.71	73,785	\$0.0052	\$383.68	\$3.97	1.0%
Rural Rate Protection	kWh	73,021	\$0.0013	\$94.93	73,785	\$0.0013	\$95.92	\$0.99	1.0%
† Debt Retirement Charge	kWh	68,500	\$0.0070	\$479.50	68,500	\$0.0070	\$479.50		
† Subtotal				\$7,783.41			\$8,233.30	\$449.89	5.8%
HST				\$1,011.84			\$1,070.33	\$58.49	5.8%
TOTAL BILL				\$8,795.25			\$9,303.63	\$508.37	5.8%
† <i>Delivery Only</i>				\$1,360.19			\$1,747.80	\$387.61	28.5%

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H5 Customer Bill Impact Analysis

RPP rates per sheet Y7

*Review detailed bill impacts (no input on this sheet)***Unmetered Scattered Load****RPP: Non-res.****397 kWh's**

	Metric	2011 BILL			2012 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	\$12.31	\$12.31	1	\$14.75	\$14.75	\$2.44	19.8%
Distribution	kWh	397	\$0.0081	\$3.22	397	\$0.0429	\$17.03	\$13.82	>100%
Global Adj	kWh	397			397				
DVA	kWh	397	(\$0.0017)	(\$0.67)	397	(\$0.0048)	(\$1.91)	(\$1.23)	>100%
LPP		1			1				
StdMtr	kWh	397			397				
LRAM	kWh	397			397				
LV	kWh	397	\$0.0055	\$2.18	397	\$0.0042	\$1.67	(\$0.52)	(23.6%)
SM		1			1				
† Distribution sub-total				\$17.03			\$31.54	\$14.51	85.2%
Electricity (Commodity)	kWh	423	RPP	\$27.51	428	RPP	\$27.80	\$0.29	1.1%
† Transmission - Network	kWh	423	\$0.0052	\$2.20	428	\$0.0049	\$2.09	(\$0.11)	(5.0%)
† Transmission - Connection	kWh	423	\$0.0045	\$1.90	428	\$0.0043	\$1.83	(\$0.07)	(3.7%)
Wholesale Market Service	kWh	423	\$0.0052	\$2.20	428	\$0.0052	\$2.22	\$0.02	0.9%
Rural Rate Protection	kWh	423	\$0.0013	\$0.55	428	\$0.0013	\$0.56	\$0.01	1.8%
Debt Retirement Charge	kWh	397	\$0.0070	\$2.78	397	\$0.0070	\$2.78		
†									
Subtotal				\$54.17			\$68.82	\$14.65	27.0%
HST				\$7.04			\$8.95	\$1.90	27.0%
TOTAL BILL				\$61.22			\$77.77	\$16.55	27.0%
† <i>Delivery Only</i>				<i>\$21.13</i>			<i>\$35.46</i>	<i>\$14.33</i>	<i>67.8%</i>

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H5 Customer Bill Impact Analysis

RPP rates per sheet Y7

*Review detailed bill impacts (no input on this sheet)***Street Lighting****RPP: Non-res.**

30,000 kWh's

80 kW's

	Metric	2011 BILL			2012 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	\$0.05	\$0.05	1	\$1.16	\$1.16	\$1.11	>100%
Distribution	kW	80	\$7.1591	\$572.73	80	\$7.9220	\$633.76	\$61.03	10.7%
Global Adj	kW				80	\$2.2844	\$182.75	\$182.75	
DVA	kW	80	(\$0.6253)	(\$50.02)	80	(\$1.7307)	(\$138.46)	(\$88.43)	>100%
LPP		1	\$0.0300	\$0.03	1			(\$0.03)	(100.0%)
StdMtr	kW	80			80				
LRAM	kW	80			80				
LV	kW	80	\$1.5279	\$122.23	80	\$1.1988	\$95.90	(\$26.33)	(21.5%)
SM		1			1				
† Distribution sub-total				\$645.02			\$775.12	\$130.11	20.2%
Electricity (Commodity)	kWh	31,980	RPP	\$2,391.00	32,315	RPP	\$2,416.11	\$25.11	1.1%
† Transmission - Network	kW	80	\$1.6088	\$128.70	80	\$1.5156	\$121.25	(\$7.45)	(5.8%)
† Transmission - Connection	kW	80	\$1.3866	\$110.93	80	\$1.3180	\$105.44	(\$5.49)	(4.9%)
Wholesale Market Service	kWh	31,980	\$0.0052	\$166.30	32,315	\$0.0052	\$168.04	\$1.74	1.0%
Rural Rate Protection	kWh	31,980	\$0.0013	\$41.57	32,315	\$0.0013	\$42.01	\$0.44	1.1%
Debt Retirement Charge	kWh	30,000	\$0.0070	\$210.00	30,000	\$0.0070	\$210.00		
†									
Subtotal				\$3,693.52			\$3,837.97	\$144.46	3.9%
HST				\$480.16			\$498.94	\$18.78	3.9%
TOTAL BILL				\$4,173.67			\$4,336.91	\$163.24	3.9%
† <i>Delivery Only</i>				<i>\$884.65</i>			<i>\$1,001.81</i>	<i>\$117.17</i>	<i>13.2%</i>

PROPOSED CHANGES TO CONDITIONS OF SERVICE

Hydro 2000 has joined a Conditions of Service ("CoS") ad hoc working group facilitated by Elenchus, to develop an up-to-date, comprehensive and standardized set of CoS. The proposed approach is intended to reduce the administrative and regulatory effort required on the part of participating LDC's, share costs among the LDCs and ease the "path to comfort" of all interested parties through standardization and the adoption of 'best practices" for the LDC's Conditions of Service.

Within the next month (November 2011) Elenchus will arrange an informal meeting with Board Staff and representatives of the Working Group. The purpose of the meeting will be to brief OEB staff on the CoS and allow them to identify potential issues that may be of concern to them. Amongst the proposed revisions are the following subjects.

- Time of Use (consumption data retrieval and billing alignment with applicable regulations and directions from the Smart Meter Entity)
- Customer Service issues such as Low- Income customers and deposit policy
- Connection of renewable generation / customer owned generation and connection of renewable generation
- Review and revisions to rate classes such as MicroFIT Generator Rate Classification

Exhibit 9:

DEFERRAL AND VARIANCE ACCOUNTS

Exhibit 9: Deferral And Variance Accounts

**Tab 1 (of 3): Status of Deferral and Variance
Accounts**

Description of Deferral and Variance Accounts

As at December 31, 2010, Hydro 2000 has balances in the following Board-approved deferral and variance accounts categorized by the Board as “Group 1”, which do not require a prudence review:¹

Table 1: Group 1 Deferral and Variance Accounts

1550-LV Variance Account	The difference between amounts charged to the utility for low voltage services, and amounts charged to utility customers through its approved low voltage rates
1580-RSVA/WMS	The difference between amounts charged to the utility for wholesale market service, and amounts charged to utility customers through its approved wholesale market service rate
1584-RSVA/NW	The difference between amounts charged to the utility for transmission network services, and amounts charged to utility customers through its approved transmission network service rate
1586-RSVA/CN	The difference between amounts charged to the utility for transmission connection services, and amounts charged to utility customers through its approved transmission connection service rate
1588-RSVA/POWER	The difference between amounts charged to the utility for energy, and amounts billed to customers for energy, excluding the Global Adjustment sub-account described below.
1588-RSVA/POWER sub-account Global Adjustment	The difference between amounts charged to the utility for the global adjustment in respect of non-RPP customers, and the global adjustment amounts charged to the utility’s non-RPP customers.
1590-Recovery of Regulatory Asset Balances	The difference between the regulatory balances approved by the Board for disposition, and the amounts received from or credited to utility customers through its approved regulatory asset rate rider

¹ Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR) (EB-2008-0046), July 31, 2009, pages 6-7

As at December 31, 2010, Hydro 2000 has balances in the following Board-approved deferral and variance accounts categorized by the Board as “Group 2”, which are subject to a prudence review.² Of the account listed below, Hydro 2000 is requesting approval to dispose of account 1508, 1555, 1556 and 1562.

Table 2: Group 2 Deferral and Variance Accounts

1508-Other Regulatory Assets	Amounts of regulatory-created assets, not included in other accounts, resulting from the ratemaking actions of the Board.
1555-Smart Meters Capital Variance Account	The difference between capital costs incurred for the deployment of smart meters, and amounts charged to utility customers through its approved smart meter funding adder
1556-Smart Meters OM&A Variance Account	Incremental costs for operations, maintenance, administration and amortization directly associated with smart meters
1562-Deferred Payments in Lieu of Taxes	The amount resulting from the Board-approved PILs methodology for determining the 2001 Deferral Account Allowance and the PILs proxy amount determined for 2002 and subsequent years
1592-PILS & Tax Variance for 2006 and Subsequent years	The tax impact of any differences after May 1, 2006 arising from changes in the 2006 opening balances, and any regulatory or legislative changes to the tax rates and rules assumed in the 2006 OEB Tax Model.

Account 1562 is being disposed of in accordance with The Board issuance of a decision and order in the combined proceeding on Account 1562 deferred PILs, EB-2008-0381, on June 24, 2011. In this decision and order the Board directed distributors subject to section 93 of the Electricity Act, 1998 to apply for final disposition of the balance in account 1562 in its next general rates application (either IRM or cost of service). Further details are presented at Tab 2, Schedule 3 of this exhibit.

In accordance with the Board guidelines on Funding and Cost Recovery Mechanismsⁱ Hydro 2000 has added the net book value and accumulated depreciation of installed meters, previously recorded to 1555, to the utility’s rate base.

² *ibid.*

1 Hydro 2000 is requesting approval to dispose of the remaining balances of account 1555
2 which consist of the revenues from smart meter funding adders. The details of the
3 remaining balance can be found at Tab 3 of this Exhibit.

4

5 Hydro 2000's usage of all deferral and variance accounts is consistent with applicable
6 Board definitions and requirements,³ including the application of carrying charges using
7 approved rates where authorized.

8

ⁱ Guidance presented in the 'notes' tab of the Board's Smart Meter Model issued

³ Ontario Energy Board, Accounting Procedures Handbook for Electric Distribution Utilities, Revised July 31, 2007, Article 220, pages 14-38

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule**
Enter principal amounts and changes in account balances

Deferral / Variance Account	1-Jan-2008 to 31-Dec-2008					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Reg Assets-OEB Cost Assessments						
1521-Special Purpose Charge Assessment Variance Account						
1550-LV Variance Account	54,289		54,289		346	346
1555-Smart Meters Capital Variance Account	-7,854		-7,854		-448	-448
1556-Smart Meters OM&A Variance Account						
1562-Deferred Payments in Lieu of Taxes	-9,910		-9,910		-2,758	-2,758
1563-Account 1563 - Deferred PILs Contra Account	9,910		9,910		2,758	2,758
1565-Conservation and Demand Management Expenditures and Recoveries	2,679		2,679		258	258
1566-CDM Contra Account	-2,679		-2,679		-258	-258
1580-RSVAWMS	1,063		1,063		1,535	1,535
1584-RSVANW	-29,584		-29,584		-3,115	-3,115
1586-RSVACN	-35,555		-35,555		2,003	2,003
1588-RSVAPOWER Main Account	-78,157		-78,157		-10,505	-10,505
1589-1588 Global Adjustment sub-account	473		473		44	44
1590-Recovery of Regulatory Asset Balances	8,294		8,294		98,905	98,905
1592-2006 PILs/Taxes Variance	36,359		36,359		1,992	1,992
TOTAL	-50,672		-50,672		90,757	90,757

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule***Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-Jan-2009 to 31-Dec-2009					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Reg Assets-OEB Cost Assessments		338	338			
1521-Special Purpose Charge Assessment Variance Account						
1550-LV Variance Account	54,289	-7,619	46,670	346	616	962
1555-Smart Meters Capital Variance Account	-7,854	174,644	166,790	-448	-315	-763
1556-Smart Meters OM&A Variance Account		4,306	4,306			
1562-Deferred Payments in Lieu of Taxes	-9,910		-9,910	-2,758	-112	-2,870
1563-Account 1563 - Deferred PILs Contra Account	9,910		9,910	2,758	112	2,870
1565-Conservation and Demand Management Expenditures and Recoveries	2,679		2,679	258	30	288
1566-CDM Contra Account	-2,679		-2,679	-258	-30	-288
1580-RSVAWMS	1,063	-15,761	-14,698	1,535	-125	1,410
1584-RSVANW	-29,584	-14,769	-44,353	-3,115	-464	-3,579
1586-RSVACN	-35,555	-14,074	-49,629	2,003	-517	1,486
1588-RSVAPOWER Main Account	-78,157	272,070	193,913	-10,505	-1,961	-12,466
1589-1588 Global Adjustment sub-account	473	-252,655	-252,182	44	7	51
1590-Recovery of Regulatory Asset Balances	8,294	-1,986	6,308	98,905	87	98,992
1592-2006 PILs/Taxes Variance	36,359	-4,332	32,027	1,992	400	2,392
TOTAL	-50,672	140,162	89,490	90,757	-2,272	88,485

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule***Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-Jan-2010 to 31-Dec-2010					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Reg Assets-OEB Cost Assessments	338	321	659		5	5
1521-Special Purpose Charge Assessment Variance Account					5,999	5,999
1550-LV Variance Account	46,670	-90,664	-43,994	962	-1,196	-234
1555-Smart Meters Capital Variance Account	166,790	-10,036	156,754	-763	1,333	570
1556-Smart Meters OM&A Variance Account	4,306	16,420	20,726		27	27
1562-Deferred Payments in Lieu of Taxes	-9,910		-9,910	-2,870	-79	-2,949
1563-Account 1563 - Deferred PILs Contra Account	9,910		9,910	2,870	79	2,949
1565-Conservation and Demand Management Expenditures and Recoveries	2,679		2,679	288	21	309
1566-CDM Contra Account	-2,679		-2,679	-288	-21	-309
1580-RSVAWMS	-14,698	-26,419	-41,117	1,410	-1,762	-352
1584-RSVANW	-44,353	16,226	-28,127	-3,579	3,259	-320
1586-RSVACN	-49,629	27,446	-22,183	1,486	-1,764	-278
1588-RSVAPOWER Main Account	193,913	-217,693	-23,780	-12,466	10,933	-1,533
1589-1588 Global Adjustment sub-account	-252,182	284,442	32,260	51	718	769
1590-Recovery of Regulatory Asset Balances	6,308	-6,309	-1	98,992	-98,992	-0
1592-2006 PILs/Taxes Variance	32,027	-4,890	27,137	2,392	260	2,652
TOTAL	89,490	-11,155	78,335	88,485	-81,181	7,304

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule***Enter principal amounts and changes in account balance*

Interest Rate (from sheet Y1) = 1.47%

Deferral / Variance Account	31-Dec-2010 Balance			1-Jan-11 to 30-Apr-11		
	Principal	Interest	Total	Interest	Other	Balance
1508-Other Reg Assets-OEB Cost Assessments	659	5	664	3		667
1521-Special Purpose Charge Assessment Variance Account		5,999	5,999		-4,929	1,070
1550-LV Variance Account	-43,994	-234	-44,229	-213		-44,441
1555-Smart Meters Capital Variance Account	156,754	570	157,324	758	-4,808	153,274
1556-Smart Meters OM&A Variance Account	20,726	27	20,753	100	16,759	37,612
1562-Deferred Payments in Lieu of Taxes	-9,910	-2,949	-12,859	-48	-146	-13,053
1563-Account 1563 - Deferred PILs Contra Account	9,910	2,949	12,859	48	146	13,053
1565-Conservation and Demand Management Expenditures and Recoveries	2,679	309	2,988	13		3,001
1566-CDM Contra Account	-2,679	-309	-2,988	-13		-3,001
1580-RSVAWMS	-41,117	-352	-41,469	-199		-41,667
1584-RSVANW	-28,127	-320	-28,447	-136		-28,583
1586-RSVACN	-22,183	-278	-22,460	-107		-22,567
1588-RSVAPOWER Main Account	-23,780	-1,533	-25,313	-115		-25,428
1589-1588 Global Adjustment sub-account	32,260	769	33,029	156		33,185
1590-Recovery of Regulatory Asset Balances	-1	-0	-1	-0		-1
1592-2006 PILs/Taxes Variance	27,137	2,652	29,789	131		29,920
TOTAL	78,335	7,304	85,639	379	7,022	93,039

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule***Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-May-11 to 31-Dec-11			1-Jan-12 to 30-Apr-12		
	Interest	Other	Balance	Interest	Other	Balance
1508-Other Reg Assets-OEB Cost Assessments	7		674	3		677
1521-Special Purpose Charge Assessment Variance Account	-49		1,021	-24		998
1550-LV Variance Account	-434		-44,875	-213		-45,088
1555-Smart Meters Capital Variance Account	1,499	-206,928	-52,155	-266	-8,112	-60,533
1556-Smart Meters OM&A Variance Account	370	-37,982	0	-2		-2
1562-Deferred Payments in Lieu of Taxes	-99		-13,152	-49		-13,201
1563-Account 1563 - Deferred PILs Contra Account	99		13,152	49		13,201
1565-Conservation and Demand Management Expenditures and Recoveries	26		3,027	13		3,040
1566-CDM Contra Account	-26		-3,027	-13		-3,040
1580-RSVAWMS	-406		-42,073	-199		-42,272
1584-RSVANW	-278		-28,861	-136		-28,997
1586-RSVACN	-219		-22,786	-107		-22,893
1588-RSVAPOWER Main Account	-235		-25,663	-115		-25,778
1589-1588 Global Adjustment sub-account	318		33,503	156		33,659
1590-Recovery of Regulatory Asset Balances	-0		-1	-0		-1
1592-2006 PILs/Taxes Variance	268		30,188	131		30,319
TOTAL	842	-244,910	-151,028	-771	-8,112	-159,912

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**Table 9.1.2 Deferral and Variance Account
Continuity Schedule**
Enter principal amounts and changes in account balance

Interest Rate (from sheet Y1) = 1.47%

Deferral / Variance Account	31-Dec-10 Balance + Interest to 30-Apr-12			1-May-12 to 31-Dec-12	
	31-Dec-10	Interest	Total	Interest	Other
1508-Other Reg Assets-OEB Cost Assessments	664	13	677	6	683
1521-Special Purpose Charge Assessment Variance Account	5,999	-72	5,927	-48	949
1550-LV Variance Account	-44,229	-859	-45,088	-431	-45,519
1555-Smart Meters Capital Variance Account	157,324	1,991	159,315	-618	-61,151
1556-Smart Meters OM&A Variance Account	20,753	468	21,221	-5	-7
1562-Deferred Payments in Lieu of Taxes	-12,859	-196	-13,055	-99	-13,299
1563-Account 1563 - Deferred PILs Contra Account	12,859	196	13,055	99	13,299
1565-Conservation and Demand Management Expenditures and Recoveries	2,988	52	3,040	26	3,067
1566-CDM Contra Account	-2,988	-52	-3,040	-26	-3,067
1580-RSVAWMS	-41,469	-803	-42,272	-403	-42,675
1584-RSVANW	-28,447	-549	-28,997	-276	-29,272
1586-RSVACN	-22,460	-433	-22,893	-217	-23,111
1588-RSVAPOWER Main Account	-25,313	-464	-25,778	-233	-26,011
1589-1588 Global Adjustment sub-account	33,029	630	33,659	316	33,975
1590-Recovery of Regulatory Asset Balances	-1	-0	-1	-0	-1
1592-2006 PILs/Taxes Variance	29,789	530	30,319	266	30,585
TOTAL	85,639	450	86,088	-1,643	-161,555

Exhibit 9: Deferral And Variance Accounts

**Tab 2 (of 3): Clearance of Deferral and Variance
Accounts**

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Table 9.2.1. Proposed Deferral/Variance Account Balance Recoveries*Select balances to be recovered, effective date and recovery period (allocations on next sheet)*

Deferral / Variance Account	Recover Balance as at?	Additional Interest to 30 Apr/11?	Balance for Recovery ¹	Additional Interest for Recovery	Total Recovery Amount
1508-Other Reg Assets-OEB Cost Assessments	No Recovery	NO			
1521-Special Purpose Charge Assessment Variance Account	30-Apr-11	YES	998		998
1550-LV Variance Account	30-Apr-11	YES	-45,088		-45,088
1555-Smart Meters Capital Variance Account	30-Apr-11	NO	-60,533		-60,533
1556-Smart Meters OM&A Variance Account	30-Apr-11	NO	-2		-2
1562-Deferred Payments in Lieu of Taxes	30-Apr-11	YES	-13,201		-13,201
1563-Account 1563 - Deferred PILs Contra Account	No Recovery	NO			
1565-Conservation and Demand Management Expenditures and Recoveries	No Recovery	NO			
1566-CDM Contra Account	No Recovery	NO			
1580-RSVAWMS	31-Dec-10	YES	-41,469	-199	-41,667
1584-RSVANW	31-Dec-10	YES	-28,447	-136	-28,583
1586-RSVACN	31-Dec-10	YES	-22,460	-107	-22,567
1588-RSVAPOWER Main Account	31-Dec-10	YES	-25,313	-115	-25,428
1589-1588 Global Adjustment sub-account	No Recovery	NO			
1590-Recovery of Regulatory Asset Balances	No Recovery	NO			
1592-2006 PILs/Taxes Variance	No Recovery	NO			
Total Recoveries					-236,073
Annual Recovery Amounts	# years:	2			-118,036
Recovery Account #	1595	1595-Disposition and Recovery of Regulatory Balances			

¹ per sheet B5, except account 1590 (sheet C5)² Interest Rate = 1.47% per sheet Y1

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Table 9.2.1. Proposed Deferral/Variance*Select balances to be recovered, effective c*

Deferral / Variance Account	31 Dec/10 Projected Balance	31 Dec/11 Projected Balance	2010 Projected Interest ²	2011 Projected Interest ²
1508-Other Reg Assets-OEB Cost Assessments	674	683	10	10
1521-Special Purpose Charge Assessment Variance Account	1,021	949	-49	-72
1550-LV Variance Account	-44,875	-45,519	-647	-644
1555-Smart Meters Capital Variance Account	-52,155	-61,151	2,257	-884
1556-Smart Meters OM&A Variance Account	0	-7	470	-7
1562-Deferred Payments in Lieu of Taxes	-13,152	-13,299	-147	-147
1563-Account 1563 - Deferred PILs Contra Account	13,152	13,299	147	147
1565-Conservation and Demand Management Expenditures and Recoveries	3,027	3,067	39	39
1566-CDM Contra Account	-3,027	-3,067	-39	-39
1580-RSVAWMS	-42,073	-42,675	-604	-602
1584-RSVANW	-28,861	-29,272	-413	-412
1586-RSVACN	-22,786	-23,111	-326	-325
1588-RSVAPOWER Main Account	-25,663	-26,011	-350	-348
1589-1588 Global Adjustment sub-account	33,503	33,975	474	472
1590-Recovery of Regulatory Asset Balances	-1	-1	-0	-0
1592-2006 PILs/Taxes Variance	30,188	30,585	399	397
Total Recoveries	-151,028	-161,555	1,221	-2,414
Annual Recovery Amounts	# years:			
Recovery Account #		Interest Totals: ³	1,221	-2,414

¹ per sheet B5, except account 1590 (sheet C5)² Interest Rate = 1.47% per sheet Y1

Selection of Balances for Disposition

Table 9.2.1 presents the list of deferral and variance accounts, with the proposed selection of balances for disposition. All account balances selected for disposition are as at December 31, 2010 being the most recent date the balances were subject to audit. The exception to this rule is Account 1555 for which the disposition is at April 2012.

Additional interest to April 30, 2011 has also been included in the proposed amounts for disposition.

In Table 9.2.1, 'No Recovery' appears for the Global Adjustment sub-account of account 1588-RSVA/Power. In fact, Hydro 2000 does propose to dispose of the sub-account balance, but through a distinct rate rider as described in Exhibit 9, Tab 2, Schedule 2.

Board policy states: *at the time of rebasing, all Account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline.*¹ The following accounts with non-zero balances have been excluded from Hydro 2000's proposed dispositions:

The only account that is being excluded from the proposed disposition is account 1592.

¹ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) (EB-2008-0046), July 31, 2009, page 13

Calculation of Rate Riders

Table 9.2.2.1 at the next attachment shows the calculation of the proposed rate rider to dispose of the balance in account 1588-RSVA/Power, sub-account Global Adjustment. A distinct rate rider for this disposition would be charged only to non-RPP, non-MUSH¹ customers, whose energy billings gave rise to the balance. The disposition would take place over 12 months, the default period established by the Board.²

Table 9.2.2.2 at attachment 2 shows the calculation of the proposed rate riders to dispose of all other deferral and variance accounts selected for disposition, as explained in the previous schedule. The amounts for disposition have been allocated to individual customer classes using the allocators prescribed by the Board.³

A disposition period of two years is proposed, the primary reason being that with the recent economic downturn, Hydro 2000's customers would benefit from immediate relief as opposed to a four year disposition. A one year disposition would create too much volatility in rates once the disposition expires.

¹ RPP: Regulated Price Plan; MUSH: Municipalities, Universities, Schools & Hospitals

² Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) (EB-2008-0046), July 31, 2009, page 24

³ *ibid.*, pages 21-22

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Table 9.2.2.1 Global Adjustment Rate Rider*Allocate recoveries of deferral / variance account balances***Variance Account:**

Balance Date:

Additional Interest to 30 Apr/11?

Total for Recovery

Recovery Period (years)

Annual Recovery

1589	1589-1588 Global Adjustment sub-account
30-Apr-11	33,659 from sheet G1
YES	0
	33,659
1	
	33,659

Billing Determinant: **Volumetric**

Customer Class	non-RPP kWh's ¹	% share	Annual \$	Volume ²	Rate	per
Residential	564,448	10.7%	3,596	564,448	\$0.0064	kWh
General Service < 50 kW	62,265	1.2%	397	62,265	\$0.0064	kWh
General Service > 50 to 4999 kW	4,309,284	81.6%	27,457	11,021	\$2.4913	kW
Unmetered Scattered Load	0	0.0%	0	0	\$0.0000	kWh
Street Lighting	346,706	6.6%	2,209	967	\$2.2844	kW
TOTAL	5,282,703	100.0%	33,659			

¹ from sheet C7² if rate per kWh: non-RPP kWh's;

if rate per kW: total class kW's in 2011, multiplied by ratio of non-RPP kWh's to total class kWh's in 2009 (total class data from sheet C2)

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Table 9.2.2.2 Group 1 and 2 Rate Rider*Allocate recoveries of deferral / variance account balances*

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Street Lighting
1521-Special Purpose Charge Assessment Variance Account	998	kWh's	600	192	191	1	14
1550-LV Variance Account	-45,088	kWh's	-27,111	-8,688	-8,615	-34	-639
1555-Smart Meters Capital Variance Account	-60,533	kWh's	-36,398	-11,665	-11,566	-46	-858
1556-Smart Meters OM&A Variance Account	-2	kWh's	-1	-0	-0	-0	-0
1562-Deferred Payments in Lieu of Taxes	-13,201	kWh's	-7,938	-2,544	-2,522	-10	-187
1580-RSVAWMS	-41,667	kWh's	-25,055	-8,029	-7,961	-31	-591
1584-RSVANW	-28,583	kWh's	-17,187	-5,508	-5,461	-22	-405
1586-RSVACN	-22,567	kWh's	-13,570	-4,349	-4,312	-17	-320
1588-RSVAPOWER Main Account	-25,428	kWh's	-15,290	-4,900	-4,859	-19	-361
Total Recoveries Required (2 years)	-236,073		-141,950	-45,491	-45,106	-178	-3,347
Annual Recovery Amounts	-118,036		-70,975	-22,746	-22,553	-89	-1,674
Proposed Rate Rider							
per			(\$0.0048) kWh	(\$0.0048) kWh	(\$1.8874) kW	(\$0.0048) kWh	(\$1.7307) kW

Allocators	Data Source	2011 Projection Total	Residential	General Service < 50 kW	General Service > 50 to 4999 kW	Unmetered Scattered Load	Street Lighting
Customers / Connections	C1	1,589	1,061	142	12	6	368
kWh's	C1	24,453,194	14,703,667	4,712,132	4,672,203	18,486	346,706
Distribution Revenue (existing rates)	C4	314,301	196,826	80,104	29,192	1,036	7,144
Distribution Revenue (proposed rates)	F4	563,134	378,522	121,030	48,945	1,854	12,783

Account 1562 Deferred Payment in Lieu of Taxes

The Board issued a decision and order in the combined proceeding on Account 1562 deferred PILs, EB-2008-0381, on June 24, 2011. In this decision and order the Board directed distributors subject to section 93 of the Electricity Act, 1998 to apply for final disposition of the balance in account 1562 in its next general rates application (either IRM or cost of service).

Accordingly, Hydro 2000 Inc. ("Hydro 2000") has included the required evidence for the review and disposition of account 1562 in its IRM application. Hydro 2000 confirms the evidence filed is consistent with the level of detail found in the combined proceeding, including the findings in the Board's EB-2008-0381 decision and the settled issues found in the settlement agreement.

Hydro 2000 has provided the rate application filing models in electronic (Excel) format utilizing the Board's decisions for the 2001 to 2005 for rates and the PILs proxies, which includes revised SIMPIL models for the taxation years 2001-2005.

Hydro 2000 has provided detailed documentation supporting the rate application. Where possible, Hydro 2000 has provided this information electronically. However, in some cases the historical records available internally to Hydro 2000 may exist only in hardcopy.

The following supporting information is provided in a separate document entitled: Disposition of PILs Account 1562:

- PDF's of the associated final rate applications
- PDF's of the associated PILs proxies and SIMPIL models
- PDF's of the signed Board decisions for each year that an application was filed requesting PILs to be included in rates

- 1 ○ PDF's of the final tax returns, notices of assessment, reassessment for
2 each tax period from 2001-2005
- 3 ○ an electronic (Excel) copy of the PILs 1562 continuity schedule for the
4 period from October 1, 2001 to April 30, 2006 is being filed along with this
5 application. The model shows:
 - 6 ▪ The PILs proxy amounts allowed for the number of months in
7 each tax period.
 - 8 ▪ The amounts billed to customers during the same tax periods.
9 Collections from customers have been defined as the amounts
10 billed to customers. Hydro 2000 confirms that amounts which at
11 the time would have been included in unbilled revenue accruals
12 have now been included in collections.
 - 13 ▪ The deferral account and true-up variances that are calculated in
14 the SIMPIL workbook TAXCALC sheet for each tax period.
 - 15 ▪ Hydro 2000 confirms that it was not subject to the Large
16 Corporation Tax (LCT) and therefore not included in 2005 rates
17 and no portion relates to the period January 1, 2006 to April 30,
18 2006. LCT was repealed with effect from January 1, 2006.
 - 19 ▪ Interest carrying charges for each tax period.

20 Hydro 2000 confirms the following:

- 21 ○ Hydro 2000's revised PILs proxy model contains details of final tax data
22 and has been balanced to the source documents for each tax period.
- 23 ○ Items that should not true up to ratepayers under the methodology have
24 been isolated onto sheet "TAXCALC3" from those items that are included
25 in the true-up on sheet "TAXCALC" or "TAXCALC2" for each tax period.

- 1 ○ The income tax rate chosen for each tax year are supported by reference
2 to tax law and Board precedents.
- 3 ○ The capital tax rates and thresholds or exemptions chosen are supported
4 by reference to tax law and Board precedents.
- 5 ○ Hydro 2000 used data from its final tax returns for the tax years 2001
6 through 2005 in calculating the final balance in PILs account 1562,
7 including re-assessments as applicable.
- 8 ○ Hydro 2000 excluded regulatory assets and liabilities, when they were
9 created or collected, in the calculation of the final balance in its PILs
10 account 1562 regardless of the actual tax treatment accorded those
11 amounts.
- 12 ○ Hydro 2000 was not subject to Ontario Capital Tax (OCT). Hydro 2000 is
13 therefore not required to exclude variances associated with in the income
14 tax true-up reconciliation. Hydro 2000 understands that under the SIMPIL
15 methodology, OCT does not true up for income tax purposes, only for
16 OCT purposes in the appropriate section of SIMPIL sheet TAXCALC.
- 17 ○ Hydro 2000 confirms the proposed rate riders to dispose of the account
18 balances are appropriate to the best of its knowledge.

19 Hydro 2000 further notes the following:

20 **Model Revisions**

21 Hydro 2000 believes that is has correctly accounted for the declining
22 income tax rates and other changes in tax rules and legislation during the
23 period 2001- 2005 in its revised SIMPIL model reconciliations. Hydro
24 2000 believes that it has addressed the errors in the 2001 and 2003
25 SIMPIL models that were released for reporting to the Board by utilizing

1 the revised model used in the combined proceeding as recommended by
2 the Board.

Request for Disposition of 1562 Balance

Principal as of April 30, 2012	-9,910
Interest as of April 30, 2012	-3,143
Amount Requested for Disposition of 1562 Balance	<u>-13,053</u>

3

4

Exhibit 9: Deferral And Variance Accounts

Tab 3 (of 3): Smart Meters

Smart Meter Deployment Plan Status

Attachment 1 summarizes the number of smart meters installed and amounts recorded to the related variance accounts.

Hydro 2000 began collection smart meter seed fund in 2006 following the Board's approval to reallocate funds from another program under the Third Tranche funding for Conservation and Demand Management programs.¹ In 2009, Hydro 2000 entered into a contract with Elster Metering for the full implementation of smart meters, following participation in the London RFP Procurement Process. By the end of that year, smart meters were 99% installed in Hydro 2000's Alfred and Plantagenet service areas. In total, Hydro 2000 installed 1171 smart meters in 2009 and an additional 18 in early 2010.

That same year, Hydro 2000 joined in on a cost sharing contract with other electricity distributors in the region. Under this arrangement Renfrew Hydro, Hydro 2000, Co-operative Embrun, Hawksbury Hydro and Ottawa River Power Corporation now share many operational costs.

Over the past three months, Hydro 2000 has been working closely with the IESO on the integration of meters and systems with the provincial Meter Data Management Repository ("MDMR"). Hydro 2000 staff attended MDMR briefings and workshops in 2010 and has spent approximately 300hours working on the integration over the past three months.

Table 1 below shows Hydro 2000's Smart Meter Deployment Plan.

¹ see EB-2006-0350

Table 1: SMART METER DEPLOYMENT PLAN

Year	Smart Meters Installed			Percentage of applicable customers converted	Account 1555		Account 1556
	Residential	GS < 50 kW	Other ¹		Funding Adder Revenues Collected	Capital Expenditures	Operating Expenses
				%	\$	\$	\$
2006					\$1,870.00		
2007					\$3,737.00		
2008					\$3,908.00		
2009	1,040	131		\$99.40	\$10,718.00	\$199,259.00	\$712.00
2010	3	7	8	\$100.00	\$14,537.00	\$3,129.00	\$2,135.00
2011 and beyond (if required)				\$100.00	\$30,056.00	\$6,917.09	\$18,942.00

Funding and Cost Recovery Mechanisms

Smart Meter Related Capital Expenditures

Hydro 2000 is applying for the transfer of its Smart Meter Related Capital expenditures in the amount of \$223,059 from account 1555 to the capital asset account 1860-Meters. Details are calculated in the Board's 2012 Smart Meter Model, which is being filed in conjunction with the application. Details of the Capital and Operational Costs are presented at the Attachment 1 of this Schedule. The summary cost by category is replicated below.

Table 1: Smart Meter Capital Cost and Operational Expense Data

		2006	2007	2008	2009	2010	2011	2012 and later	Total
		Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	Forecast	
3	Aggregate Smart Meter Costs by Category								
	3.1 Capital								
3.1.1	Smart Meter	\$ -	\$ -	\$ -	\$190,259.00	\$3,038.00	\$0.00	\$0.00	\$193,297.00
3.1.2	Computer Hardware	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3.1.3	Computer Software	\$ -	\$ -	\$ -	\$0.00	\$12,121.00	\$17,641.00	\$0.00	\$29,762.00
3.1.4	Tools & Equipment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3.1.5	Other Equipment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3.1.6	Total Capital Costs	\$ -	\$ -	\$ -	\$190,259.00	\$15,159.00	\$17,641.00	\$0.00	\$223,059.00
	3.2 OM&A Costs								
3.2.1	Total OM&A Costs					\$501.00	\$5,530.00	\$21,206.00	\$11,150.00

Hydro 2000 is also seeking approval to dispose of the remaining balance in account 1555 which represents revenues collected from the smart meter funding adders from June 6 2006 to April 12, 2012. Continuity Statement for 1555 is presented at Schedule 3 of this Exhibit.

Smart Meter Related OM&A Expenditures

Hydro 2000 is also applying for the transfer of its Smart Meter Related OM&A expenditures in the amount of \$38,386 from account 1556 to OM&A account 5065-Meter Expense. Table 1 above shows the year over year breakdown of the OM&A Costs. Of the \$38,386, \$22,472 are considered "one-time" costs. Hydro 2000 proposes to recover these costs over a period of 4 years. (\$5,618/ year for 4 years). Yearly on-going costs are expected to be \$11,150. \$16,768 has therefore been added to the utility's OM&A.

Prudence Review

The Board stated in the minimum filing requirement that distributors would be expected to file for a final prudence review of the costs in the smart meter variance accounts at the earliest possible opportunity following the availability of audited costs, since the deployment of smart meters on a province-wide basis is now nearing completion.

Distributors scheduled to file 2012 cost of service applications would be expected to apply for the disposition of smart meter costs, subsequent inclusion in rate base, and for recovery of stranded costs, in that application.

Hydro will be filing for a prudence review in parallel with this application. The application will be submitted no later than November 30, 2011

Hydro 2000 Inc.

Distributors must enter all incremental costs related to their smart meter program and all revenues recovered to date in the applicable tabs except for those costs (and associated revenues) for which the Board has approved on a final basis, i.e. capital costs have been included in rate base and OM&A costs in revenue requirement.

For 2012, distributors that have completed their deployments by the end of 2011 are not expected to enter any capital costs. However, for OM&A, regardless of whether a distributor has deployments in 2012, distributors should enter the forecasted OM&A for 2012 for all smart meters in service.

	2006	2007	2008	2009	2010	2011	2012 and later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	Forecast	
Smart Meter Capital Cost and Operational Expense Data								
Smart Meter Installation Plan								
Actual/Planned number of Smart Meters installed during the Calendar Year								
Residential			0	1,027	13	6	6	1052
General Service < 50 kW				130	8			138
Actual/Planned number of Smart Meters installed (Residential and GS < 50 kW only)	0	0	0	1157	21	6	6	1190
Percentage of Residential and GS < 50 kW Smart Meter Installations Completed	0.00%	0.00%	0.00%	97.23%	98.99%	99.50%	100.00%	100.00%
Actual/Planned number of GS > 50 kW meters installed					7	0	0	7
Other (please identify)								0
Total Number of Smart Meters installed or planned to be installed	0	0	0	1157	28	6	6	1197
1 Capital Costs								
1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)								
Asset Type								
Asset type must be selected to enable calculations								
1.1.1 Smart Meters (may include new meters and modules, etc.)	Smart Meter			168,351	3,038			\$ 171,389
1.1.2 Installation Costs (may include socket kits, labour, vehicle, benefits, etc.)	Smart Meter			12,745				\$ 12,745
1.1.3a Workforce Automation Hardware (may include fieldwork handhelds, barcode hardware, etc.)								\$ -
1.1.3b Workforce Automation Software (may include fieldwork handhelds, barcode hardware, etc.)								\$ -
Total Advanced Metering Communications Devices (AMCD)				\$ 181,096	\$ 3,038	\$ -	\$ -	\$ 184,134
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)								
Asset Type								
1.2.1 Collectors	Smart Meter			9,163				\$ 9,163
1.2.2 Repeaters (may include radio licence, etc.)								\$ -
1.2.3 Installation (may include meter seals and rings, collector computer hardware, etc.)								\$ -
Total Advanced Metering Regional Collector (AMRC) (Includes LAN)				\$ 9,163		\$ -	\$ -	\$ 9,163
1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)								
Asset Type								
1.3.1 Computer Hardware								\$ -
1.3.2 Computer Software								\$ -
1.3.3 Computer Software Licences & Installation (includes hardware and software) (may include AS/400 disk space, backup and recovery computer, UPS, etc.)								\$ -
Total Advanced Metering Control Computer (AMCC)				\$ -	\$ -	\$ -	\$ -	\$ -

		Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	Forecast
1.4 WIDE AREA NETWORK (WAN)									
1.4.1	Activation Fees								\$ -
Total Wide Area Network (WAN)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	Forecast
1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY									
1.5.1	Customer Equipment <i>(including repair of damaged equipment)</i>								\$ -
1.5.2	AMI Interface to CIS								\$ -
1.5.3	Professional Fees								\$ -
1.5.4	Integration								\$ -
1.5.5	Program Management								\$ -
1.5.6	Other AMI Capital								\$ -
Total Other AMI Capital Costs Related to Minimum Functionality			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Costs Related to Minimum Functionality			\$ -	\$ -	\$ -	\$ 190,259	\$ 3,038	\$ -	\$ 193,297
		Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	Forecast
1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY									
<i>(Please provide a descriptive title and identify nature of beyond minimum functionality costs)</i>									
1.6.1	Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06								\$ -
1.6.2	Costs for deployment of smart meters to customers other than residential and small general service								\$ -
1.6.3	Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.	Computer Software					12,121	17,641	\$ 29,761
Total Capital Costs Beyond Minimum Functionality			\$ -	\$ -	\$ -	\$ -	\$ 12,121	\$ 17,641	\$ 29,761
Total Smart Meter Capital Costs			\$ -	\$ -	\$ -	\$ 190,259	\$ 15,158	\$ 17,641	\$ 223,058
2 OM&A Expenses									
2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)									
2.1.1	Maintenance <i>(may include meter reverification costs, etc.)</i>								\$ -
2.1.2	Other <i>(please specify)</i>								\$ -
Total Incremental AMCD OM&A Costs			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)									
2.2.1	Maintenance					501	5,530	21,206	\$ 38,386
2.2.2	Other <i>(please specify)</i>								\$ -
Total Incremental AMRC OM&A Costs			\$ -	\$ -	\$ -	\$ 501	\$ 5,530	\$ 21,206	\$ 38,386
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)									
2.3.1	Hardware Maintenance <i>(may include server support, etc.)</i>								\$ -
2.3.2	Software Maintenance <i>(may include maintenance support, etc.)</i>								\$ -

2.3.2 Other (please specify)								\$ -
Total Incremental AMCC OM&A Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.4 WIDE AREA NETWORK (WAN)								
2.4.1 WAN Maintenance								\$ -
2.4.2 Other (please specify)								\$ -
Total Incremental AMRC OM&A Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY								
2.5.1 Business Process Redesign								\$ -
2.5.2 Customer Communication (may include project communication, etc.)								\$ -
2.5.3 Program Management								\$ -
2.5.4 Change Management (may include training, etc.)								\$ -
2.5.5 Administration Costs								\$ -
2.5.6 Other AMI Expenses (please specify)								\$ -
Total Other AMI OM&A Costs Related to Minimum Functionality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY	\$ -	\$ -	\$ -	\$ 501	\$ 5,530	\$ 21,206	\$ 11,150	\$ 38,386
2.6 OM&A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY (Please provide a descriptive title and identify nature of beyond minimum functionality costs)	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast		
2.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06								\$ -
2.6.2 Costs for deployment of smart meters to customers other than residential and small general service								\$ -
2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.								\$ -
Total OM&A Costs Beyond Minimum Functionality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Smart Meter OM&A Costs	\$ -	\$ -	\$ -	\$ 501	\$ 5,530	\$ 21,206	\$ 11,150	\$ 38,386

Clearance of Smart Meter Variance Accounts

Hydro 2000 is requesting disposition of its remaining balance in account 1555. The balance represents revenues collected from funding adders. At April 30, 2012 revenues collected will total \$64,826. This amount is consistent with the calculations presented in the Board's Smart Meter Model.¹

The table below explains adjustment made in 2011. The adjustment of \$211,402 in 2011 representing the transfer of Smart Meter Capital Costs is further broken down in the table below.

Account 1555	Amount
Audited Closing Balance at December 3, 2010	\$190,722
Opening Balance at Jan 1, 2011	\$190,722
2011 expenses (MDMR)	\$20,679
Removal of Smart Meter Capital Costs: <ul style="list-style-type: none">• Capital Costs: \$223,059• Amortization: \$12,688• Adjustment: \$1031	\$-211,402
TOTAL	\$1

*The utility has made an adjustment to account for the split of capital costs. Meters costs transferred into 1860-Meters are depreciated over 25 years and software related cost into account 1525-Software are depreciated over a period of 5 years.

¹ Tab 8. Funding_Adder_Rev of The Board's Smart Meter Model.

1 The balances of account 1555 in the amount of \$60,533² include the carrying charges.
 2 Calculations of the carrying charges are presented in the continuity statement
 3 (Attachment 1 of this Schedule) and summarized below.

4

Balances at April 30, 2011	Amount
1555 - Captial	\$4,828.80
1555 – Recoveries	\$-449.21
TOTAL	\$4,379.59

5

6 Reconciliation of the balance proposed for disposition and revenues collected from
 7 smart meter funding adders is shown in the table below

Account 1555	Amount
Revenue Collected from funding adders	\$64,826
Carrying Charges	\$-4,379
Proposed Account Balance Recoveries	\$-60,533
Difference (due to slight difference between how Deloitte and Touch calculated the interest vs RateMaker).	\$86

8

9

² Exhibit 9, Tab 2, Schedule 2

Continuity Statement of Account 1555

	2008									
Account Descriptions	Opening Principal Amounts as of Jan-1-08	Transactions Debit / (Credit) during 2008 excluding interest and adjustments ⁶	Board-Approved Disposition during 2008	Adjustments during 2008 - other ³	Closing Principal Balance as of Dec-31-08	Opening Interest Amounts as of Jan-1-08	Interest Jan-1 to Dec-31-08	Board-Approved Disposition during 2008	Adjustments during 2008 - other ³	Closing Interest Amounts as of Dec-31-08
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	\$0.00			\$1,185.86	\$1,185.86	\$0.00			\$62.52	\$62.52
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	\$0.00			-\$9,040.02	-\$9,040.02	\$0.00			-\$510.55	-\$510.55
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	\$0.00				\$0.00	\$0.00				\$0.00

Continuity Statement of Account 1556

[illegible]

Continuity Statement of Account 1555

Account Descriptions	2009									
	Opening Principal Amounts as of Jan-1-09	Transactions Debit / (Credit) during 2009 excluding interest and adjustments ⁶	Board- Approved Disposition during 2009	Adjustments during 2009 - other ³	Closing Principal Balance as of Dec-31-09	Opening Interest Amounts as of Jan-1-09	Interest Jan-1 to Dec-31-09	Board- Approved Disposition during 2009	Adjustments during 2009 - other ³	Closing Interest Amounts as of Dec-31-09
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	\$1,185.86	\$185,268.00			\$186,453.86	\$62.52	\$44.30			\$106.82
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	-\$9,040.02	-\$10,623.56			-\$19,663.58	-\$510.55	-\$359.20			-\$869.75
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	\$0.00				\$0.00	\$0.00				\$0.00

Continuity Statement of Account 1556

Account Descriptions	2009									
	Opening Principal Amounts as of Jan-1-09	Transactions Debit / (Credit) during 2009 excluding interest and adjustments ⁶	Board- Approved Disposition during 2009	Adjustments during 2009 - other ³	Closing Principal Balance as of Dec-31-09	Opening Interest Amounts as of Jan-1-09	Interest Jan-1 to Dec-31-09	Board- Approved Disposition during 2009	Adjustments during 2009 - other ³	Closing Interest Amounts as of Dec-31-09
Smart Meter OM&A Variance		\$4,306.00			\$4,306.00		\$0.00			\$0.00

Continuity Statement of Account 1555

Account Descriptions	2010									
	Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 excluding interest and adjustments ⁶	Board- Approved Disposition during 2010	Other ³ Adjustments during Q1 - Q4 2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board- Approved Disposition during 2010	Adjustments during 2010 - other ³	Closing Interest Amounts as of Dec-31-10
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	\$186,453.86	\$4,268.00			\$190,721.86	\$106.82	\$1,550.98			\$1,657.80
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	-\$19,663.58	-\$14,304.17			-\$33,967.75	-\$869.75	-\$218.46			-\$1,088.21
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	\$0.00				\$0.00	\$0.00				\$0.00

Continuity Statement of Account 1556

Account Descriptions	2010									
	Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 excluding interest and adjustments ⁶	Board- Approved Disposition during 2010	Other ³ Adjustments during Q1 - Q4 2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board- Approved Disposition during 2010	Adjustments during 2010 - other ³	Closing Interest Amounts as of Dec-31-10
Smart Meter OM&A Variance	\$4,306.00	\$16,420.00			\$20,726.00	\$0.00	\$27.00			\$28.00

Continuity Statement of Account 1555

Account Descriptions	2011									
	Opening Principal Amounts as of Jan-1-11	Transactions Debit / (Credit) during 2011 excluding interest and adjustments ⁶	Board-Approved Disposition during 2011	Other ³ Adjustments during Q1 -Q4 2011	Closing Principal Balance as of Dec-31-11	Opening Interest Amounts as of Jan-1-11	Interest Jan-1 to Dec-31-11	Board-Approved Disposition during 2011	Adjustments during 2011 - other ³	Closing Interest Amounts as of Dec-31-11
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	\$190,721.86	\$20,679.00		-\$211,402.00	-\$1.14	\$1,657.80	\$3,171.00			\$4,828.80
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	-\$33,967.75	-\$21,013.00			-\$54,980.75	-\$1,088.21	\$639.00			-\$449.21
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	\$0.00				\$0.00	\$0.00				\$0.00

Continuity Statement of Account 1556

Account Descriptions	2011									
	Opening Principal Amounts as of Jan-1-11	Transactions Debit / (Credit) during 2011 excluding interest and adjustments ⁶	Board-Approved Disposition during 2011	Other ³ Adjustments during Q1 -Q4 2011	Closing Principal Balance as of Dec-31-11	Opening Interest Amounts as of Jan-1-11	Interest Jan-1 to Dec-31-11	Board-Approved Disposition during 2011	Adjustments during 2011 - other ³	Closing Interest Amounts as of Dec-31-11
Smart Meter OM&A Variance	\$20,726.00	\$16,759.00		-\$38,386.00	\$901.00	\$28.00	\$470.00			\$470.00

Continuity Statement of Account 1555

Account Descriptions	2012									
	Opening Principal Amounts as of Jan-1-12	Transactions Debit / (Credit) during 2012 excluding interest and adjustments ⁶	Board- Approved Disposition during 2012	Other ³ Adjustments during Q1-Q4 2012	Closing Principal Balance as of Dec-31-12	Opening Interest Amounts as of Jan-1-12	Interest Jan-1 to Dec-31-12	Board- Approved Disposition during 2012	Adjustments during 2012 - other ³	Closing Interest Amounts as of Dec-31-12
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	-\$1.14				-\$1.14	\$4,828.80				\$4,828.80
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	-\$54,980.75	-\$8,112.00			-\$63,092.75	-\$449.21	\$291.90			-\$157.31
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	\$0.00				\$0.00	\$0.00				\$0.00

Continuity Statement of Account 1556

Account Descriptions	2012									
	Opening Principal Amounts as of Jan-1-12	Transactions Debit / (Credit) during 2012 excluding interest and adjustments ⁶	Board- Approved Disposition during 2012	Other ³ Adjustments during Q1-Q4 2012	Closing Principal Balance as of Dec-31-12	Opening Interest Amounts as of Jan-1-12	Interest Jan-1 to Dec-31-12	Board- Approved Disposition during 2012	Adjustments during 2012 - other ³	Closing Interest Amounts as of Dec-31-12
Smart Meter OM&A Variance	\$901.00				\$901.00	\$470.00				\$470.00

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Martin Benum
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September 28, 2011

Rene Beaulne
Manager/CEO
Hydro 2000 Inc.
265 St. Philippe Street, P.O. Box 370
Alfred, ON
K0B 1A0

Re: 2006 to 2012 LRAM Report

Dear Rene:

Elenchus is pleased to attach the 2006 to 2012 LRAM Report For Hydro 2000 Inc. for inclusion in your 2012 IRM3 Rate Application.

Elenchus concludes that Hydro 2000 Inc.'s electricity rates should be adjusted to reflect an LRAM claim of \$13,512.26

Thank you for allowing Elenchus to be of service. Please contact me should you have any questions about this report.

Yours Truly,

A handwritten signature in black ink, appearing to read "M Benum", written in a cursive style.

Martin Benum
Senior Consultant



2006 to 2012 LRAM REPORT

Prepared on: September 28, 2011

Prepared for:

**Hydro 2000 Inc.
265 St. Philippe Street, P.O. Box 370
Alfred, ON
K0B 1A0**

This document was prepared for Hydro 2000 Inc.

by Elenchus Research Associates Inc.

For additional information regarding this document please contact:

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September 28, 2011



Exhibit 1

LRAM REPORT



Exhibit 1

Tab 1 of 3

Report

Report Contents

Title	Exhibit	Tab	Schedule	Attachment	Number
Cover Letter					
Cover Sheet					
LRAM REPORT	1				
Report	1	1			
Table of Contents	1	1	1		
Executive Review	1	1	2		
Introduction	1	1	3		
Assumptions	1	1	4		
LRAM Recommendations	1	1	5		
Works Sited and Referenced	1	1	6		
Tables	1	2			
Input Tables OPA Results	1	2	1		
OPA Results	1	2	1	1	
OPA Results Net kWh	1	2	1	1	1
OPA Results kWh Net Adjusted for April 30, 2012	1	2	1	1	2
OPA Results Net kW	1	2	1	1	3
OPA Results Net kW Adjusted for April 30, 2012	1	2	1	1	4
Output Tables LRAM Calculations	1	2	2		
LRAM Calculations	1	2	2	1	
Residential	1	2	2	1	1
General Service Less Than 50 kW	1	2	2	1	2
General Service Greater than 50 kW	1	2	2	1	3
Elenchus Personnel	1	3			
Elenchus Regulatory Solutions Consultants	1	3	1		

Executive Review

The Ontario Energy Board (OEB) Guidelines for Electricity Distributor Conservation and Demand Management (EB-2008-0037) permit Hydro 2000 Inc. to make application for recovery of lost revenue that results from the successful operation of CDM initiatives within its boundaries. A third-party review of that recovery claim is required and is the subject of this report.

Elenchus Research Associates Inc. (Elenchus) acted as the third party reviewer. Personnel details can be found in Tab 3 Schedule 1.

The third party review included Hydro 2000 Inc.'s CDM activities from 2006 through 2010, consisting of programs initiated by the Ontario Power Authority (OPA) only. There is no claim for activity related to 2005 to 2009 Third Tranche of Market Adjustment Revenue Requirement (MARR) funding or post-Third Tranche funding.

The LRAM claim, correspondingly, includes energy and demand savings that result from those 2006 – 2010 programs, some of which continue through to the end of the filing period, which is April 30, 2012.

There has been no previous LRAM application by Hydro 2000 Inc.

Total net energy savings for which LRAM is being claimed amount to over 1.5 GWh in the residential rate class and 0.1 GWh in the GS < 50 kW rate class. Summer peak demand savings in the GS 50 to 4,999 kW rate class totaled approximately 0.3 MW.

Elenchus concludes that Hydro 2000 Inc.'s electricity rates should be adjusted to reflect an LRAM claim of \$13,512.26

1 Introduction

3 The Lost Revenue Adjustment Mechanism (LRAM) is designed to ensure that Local
4 Distribution Companies (LDC) “remain whole” despite the lower consumption levels that
5 are, by design, the result of successful conservation and demand management initiatives.
6 There should not be a disincentive for LDC’s to encourage energy efficiency and energy
7 conservation efforts. Therefore, an LDC is compensated for these lost revenues.

9 This claim for lost revenue (LRAM) respects the process outlined in the March 28, 2008
10 OEB Guidelines for Electricity Distributor Conservation and Demand Management EB-
11 2008-0037) (“CDM Guidelines”) for rate-based applications to recover revenues lost to
12 customer energy conservation.

14 The LRAM calculation is based on the sum of the electricity savings over the period of the
15 claim, which are then valued at the appropriate distribution rate depending on the timing
16 (year) of the savings and to which rate class they belonged.

18 The savings themselves are the product of an energy program evaluation process, often
19 referred to as Evaluation, Measurement and Verification (EM&V). Fortunately, in the case
20 of this claim, all savings estimates are for OPA programs and are provided by the OPA.

22 These savings estimates include persistence—the installation of energy conservation
23 measures whose savings that last past the initial year that they are installed. A four-year
24 program that installed 10 widgets per year with a savings of 1,000 kWh each would result
25 in the following savings profile if the widgets lasted 4 or more years (which is common):

27 **Example Savings Profile Showing Effect of Persistence**

Year	In-Year Savings (kWh)	Cumulative Savings (kWh)
1	10,000	10,000
2	20,000	30,000
3	30,000	60,000
4	40,000	100,000

28
29 The OPA designed and delivered some initial programs in 2006 and 2007, but then set-out
30 to build a portfolio of programs to address a broad cross-section of customer types that

1 would run from 2008 to 2010. This latter time frame corresponds to an Ontario goal of
2 shaving 1,350 MW from the electricity system in the province. Savings from these
3 programs typically follow a pattern similar to the one illustrated in the table above. Energy
4 program evaluations determine the energy and demand savings estimates to a reasonable
5 degree of accuracy and also determine the persistence including patterns, or effective
6 useful life (EUL) of new measures being installed and the remaining useful life (RUL) of
7 measures being replaced. It is assumed that the tables provided to each LDC, Hydro 2000
8 Inc., by the OPA contain accurate interpretations and transcriptions of the results from
9 those evaluations (available on the OPA Website).

10
11 There are “gross” savings and “net” savings for energy efficiency programs. OPA
12 documentation details the differences between these two, and both are provided to LDC's
13 by the OPA, but for the purposes of this LRAM claim only “net” savings are utilized. Net
14 savings are determined to be those savings that would not have occurred unless the energy
15 efficiency program was running. They are not natural conservation or savings that
16 someone could claim would have occurred anyway. They do not include savings from “free
17 riders.”

18
19 Some energy efficiency programs are operated at a province-wide scale. These include
20 some behavioural-based programs and some residential/consumer-orientated initiatives
21 like discount coupons. In certain of these cases, savings are apportioned to LDC's by the
22 OPA rather than an attempt made to track individual transactions (which is sometimes
23 impossible).

24
25 The savings claimed by Hydro 2000 Inc. are therefore the net energy and demand savings
26 that can be attributed to the programs and initiatives that operated in Hydro 2000 Inc.
27 territory during the 2006-2010 period and as apportioned to Hydro 2000 Inc. by the OPA
28 according to its established formulae.
29

Assumptions

This report for Hydro 2000 Inc. was created with the following assumptions that are often peculiar to the 2006-2010 period:

- “Consumer” kWh classified as the Residential rate class
- “Business” and/or “Industrial” kWh classified as General Service <50 kW because larger industrial projects were not yet part of the program mix by the end of 2010
- “Consumer” kW savings were omitted because they are immaterial
- Designated “business and industrial” kW classified as General Service >50 kW because it consists primarily of Demand Response initiatives utilized by large industrial participants

LRAM Recommendations

During the period of the LRAM claim, total net energy savings for which LRAM is being claimed amount to over 1.5 GWh in the residential rate class and 0.1 GWh in the GS < 50 kW rate class. Summer peak demand savings in the GS 50 to 4,999 kW rate class totaled approximately 0.3 MW.

Elenchus has concluded that Hydro 2000 Inc. can justifiably claim \$13,512.26 in LRAM, allocated by rate class as shown in the table below.

Customer Class	Savings	LRAM
Residential	1,5 GWh	\$12,474.91
General Service Less Than 50 kW	0.1 GWH	\$407.50
General Service 50 to 4,999 kW	0.3 MW	\$629.85
Total		\$13,512.26

Works Sited and Referenced

1. OPA Estimated allocation of 2006-2009 provincial conservation results to Local Distribution Company service territories - update to December 2010 report January 24, 2011
 - 2006-2009 Final OPA CDM Results-Update Hydro 2000 Inc..xls
2. OPA Final 2010 CDM Summary Results September 16, 2011
 - 2010 Final CDM Results Summary_Hydro 2000 Inc..xlsx
3. OEB Conservation and Demand Management Code for Electricity Distributors Issued: September 16, 2010

Exhibit 1

Tab 2 of 3

Tables

Input Tables OPA Results

- | | |
|----------------|--|
| 1. Table One | OPA Results Net kWh |
| 2. Table Two | OPA Results Net kWh Adjusted to April 30, 2012 |
| 3. Table Three | OPA Results Net kW |
| 4. Table Four | OPA Results Net kW Adjusted to April 30, 2012 |

Table One - OPA Results Net kWh

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	2,113	2,113	2,113	2,113	2,113	2,113	-	12,677
2	Cool & Hot Savings Rebate	Consumer	2006	Final	5,216	5,216	5,216	5,216	5,216	5,216	5,216	36,510
3	Every Kilowatt Counts	Consumer	2006	Final	135,335	135,335	135,335	135,335	17,449	17,449	17,449	593,688
6	Great Refrigerator Roundup	Consumer	2007	Final	-	2,278	2,278	2,278	2,278	2,278	2,278	13,671
7	Cool & Hot Savings Rebate	Consumer	2007	Final	-	7,986	7,986	7,986	7,986	7,986	7,607	47,535
8	Every Kilowatt Counts	Consumer	2007	Final	-	47,869	47,283	47,283	47,283	47,283	45,669	282,671
10	Summer Savings	Consumer	2007	Final	-	38,544	6,497	2,459	2,459	2,459	2,459	54,876
13	Social Housing Pilot	Consumer Low-Income	2007	Final	-	4,351	4,351	4,351	4,351	4,351	4,351	26,104
20	Great Refrigerator Roundup	Consumer	2008	Final	-	-	5,517	5,517	5,517	5,517	5,446	27,516
21	Cool Savings Rebate	Consumer	2008	Final	-	-	8,809	8,809	8,809	8,809	8,809	44,047
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	-	-	44,719	44,524	44,524	44,524	37,791	216,081
27	High Performance New Construction	Business	2008	Final	-	-	36	36	36	36	36	180
35	Great Refrigerator Roundup	Consumer	2009	Final	-	-	-	1,765	1,765	1,765	1,765	7,058
36	Cool Savings Rebate	Consumer	2009	Final	-	-	-	11,586	11,586	11,586	11,544	46,302
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	-	-	-	20,146	19,310	19,310	19,309	78,074
41	High Performance New Construction	Business	2009	Final	-	-	-	1,136	1,136	1,136	1,136	4,545
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	989	-	-	-	989
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	9,411	-	-	-	9,411
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	180	-	-	-	180
101	Cool Savings Rebate	Consumer	2010	Final	-	-	-	-	876	876	876	2,628
102	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	-	-	-	-	7,015	7,015	7,015	21,045
107	High Performance New Construction*	Business	2010	Final	-	-	-	-	3,568	3,568	3,568	10,704
109	Multifamily Energy Efficiency Rebates	Business	2010	Final	-	-	-	-	1,105	1,105	1,105	3,316
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	598	-	-	598
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	16,862	-	-	16,862
					142,664	243,691	270,140	311,120	211,841	194,382	183,429	1,557,266

Table Two - OPA Results Net kWh Adjusted to April 30, 2012

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	2,113	2,113	2,113	2,113	2,113	2,113	-	12,677
2	Cool & Hot Savings Rebate	Consumer	2006	Final	5,216	5,216	5,216	5,216	5,216	5,216	1,739	36,510
3	Every Kilowatt Counts	Consumer	2006	Final	135,335	135,335	135,335	135,335	17,449	17,449	5,816	593,688
6	Great Refrigerator Roundup	Consumer	2007	Final	-	2,278	2,278	2,278	2,278	2,278	759	13,671
7	Cool & Hot Savings Rebate	Consumer	2007	Final	-	7,986	7,986	7,986	7,986	7,986	2,536	47,535
8	Every Kilowatt Counts	Consumer	2007	Final	-	47,869	47,283	47,283	47,283	47,283	15,223	282,671
10	Summer Savings	Consumer	2007	Final	-	38,544	6,497	2,459	2,459	2,459	820	54,876
13	Social Housing Pilot	Consumer Low-Income	2007	Final	-	4,351	4,351	4,351	4,351	4,351	1,450	26,104
20	Great Refrigerator Roundup	Consumer	2008	Final	-	-	5,517	5,517	5,517	5,517	1,815	27,516
21	Cool Savings Rebate	Consumer	2008	Final	-	-	8,809	8,809	8,809	8,809	2,936	44,047
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	-	-	44,719	44,524	44,524	44,524	12,597	216,081
27	High Performance New Construction	Business	2008	Final	-	-	36	36	36	36	12	180
35	Great Refrigerator Roundup	Consumer	2009	Final	-	-	-	1,765	1,765	1,765	588	7,058
36	Cool Savings Rebate	Consumer	2009	Final	-	-	-	11,586	11,586	11,586	3,848	46,302
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	-	-	-	20,146	19,310	19,310	6,436	78,074
41	High Performance New Construction	Business	2009	Final	-	-	-	1,136	1,136	1,136	379	4,545
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	989	-	-	-	989
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	9,411	-	-	-	9,411
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	180	-	-	-	180
101	Cool Savings Rebate	Consumer	2010	Final	-	-	-	-	876	876	292	2,628
102	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	-	-	-	-	7,015	7,015	2,338	21,045
107	High Performance New Construction*	Business	2010	Final	-	-	-	-	3,568	3,568	1,189	10,704
109	Multifamily Energy Efficiency Rebates	Business	2010	Final	-	-	-	-	1,105	1,105	368	3,316
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	598	-	-	598
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	16,862	-	-	16,862
					142,664	243,691	270,140	311,120	211,841	194,382	61,143	1,557,266

Table Three - OPA Results Net kW

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
1	Secondary Refrigeration	Consumer	2006	Final	0	0	0	0	0	0	-	3
2	Cool & Hot Savings	F Consumer	2006	Final	5	5	5	5	5	5	5	34
3	Every Kilowatt Count	Consumer	2006	Final	2	2	2	2	2	2	2	11
4	Demand Response 1	Business, Industrial	2006	Final	35	-	-	-	-	-	-	35
5	Loblaw & York Region	Business, Industrial	2006	Final	2	-	-	-	-	-	-	2
6	Great Refrigerator	R Consumer	2007	Final	-	0	0	0	0	0	0	2
7	Cool & Hot Savings	F Consumer	2007	Final	-	5	5	5	5	5	5	32
8	Every Kilowatt Count	Consumer	2007	Final	-	2	2	2	2	2	2	10
10	Summer Savings	Consumer	2007	Final	-	22	6	3	3	3	3	40
13	Social Housing Pilot	Consumer Low-Income	2007	Final	-	1	1	1	1	1	1	3
17	Demand Response 1	Business, Industrial	2007	Final	-	38	-	-	-	-	-	38
18	Loblaw & York Region	Business, Industrial	2007	Final	-	3	-	-	-	-	-	3
20	Great Refrigerator	R Consumer	2008	Final	-	-	1	1	1	1	1	3
21	Cool Savings Rebate	Consumer	2008	Final	-	-	6	6	6	6	6	28
22	Every Kilowatt Count	Consumer	2008	Final	-	-	2	2	2	2	2	12
27	High Performance	N Business	2008	Final	-	-	0	0	0	0	0	0
29	Demand Response 1	Business, Industrial	2008	Final	-	-	55	-	-	-	-	55
30	Demand Response 3	Business, Industrial	2008	Final	-	-	11	-	-	-	-	11
31	Loblaw & York Region	Business, Industrial	2008	Final	-	-	4	-	-	-	-	4
35	Great Refrigerator	R Consumer	2009	Final	-	-	-	0	0	0	0	1
36	Cool Savings Rebate	Consumer	2009	Final	-	-	-	8	8	8	8	30
37	Every Kilowatt Count	Consumer	2009	Final	-	-	-	2	2	2	2	8
41	High Performance	N Business	2009	Final	-	-	-	0	0	0	0	2
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	23	-	-	-	23
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	15	-	-	-	15
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	22	-	-	-	22
47	Loblaw & York Region	Business, Industrial	2009	Final	-	-	-	4	-	-	-	4
107	High Performance	N Business	2010	Final	-	-	-	-	2	2	2	5
109	Multifamily Energy	E Business	2010	Final	-	-	-	-	0	0	0	0
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	31	-	-	31
113	Loblaw & York Region	Business, Industrial	2010	Final	-	-	-	-	4	-	-	4
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	14	-	-	14
					44	78	99	100	87	38	37	483

Table Four - OPA Results Net kW Adjusted to April 30, 2012

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
1	Secondary Refrigeration	Consumer	2006	Final	0	0	0	0	0	0	-	3
2	Cool & Hot Savings	F Consumer	2006	Final	5	5	5	5	5	5	2	34
3	Every Kilowatt Count	Consumer	2006	Final	2	2	2	2	2	2	1	11
4	Demand Response 1	Business, Industrial	2006	Final	35	-	-	-	-	-	-	35
5	Loblaw & York Region	Business, Industrial	2006	Final	2	-	-	-	-	-	-	2
6	Great Refrigerator	R Consumer	2007	Final	-	0	0	0	0	0	0	2
7	Cool & Hot Savings	F Consumer	2007	Final	-	5	5	5	5	5	2	32
8	Every Kilowatt Count	Consumer	2007	Final	-	2	2	2	2	2	1	10
10	Summer Savings	Consumer	2007	Final	-	22	6	3	3	3	1	40
13	Social Housing Pilot	Consumer Low-Income	2007	Final	-	1	1	1	1	1	0	3
17	Demand Response 1	Business, Industrial	2007	Final	-	38	-	-	-	-	-	38
18	Loblaw & York Region	Business, Industrial	2007	Final	-	3	-	-	-	-	-	3
20	Great Refrigerator	R Consumer	2008	Final	-	-	1	1	1	1	0	3
21	Cool Savings Rebate	Consumer	2008	Final	-	-	6	6	6	6	2	28
22	Every Kilowatt Count	Consumer	2008	Final	-	-	2	2	2	2	1	12
27	High Performance	N Business	2008	Final	-	-	0	0	0	0	0	0
29	Demand Response 1	Business, Industrial	2008	Final	-	-	55	-	-	-	-	55
30	Demand Response 3	Business, Industrial	2008	Final	-	-	11	-	-	-	-	11
31	Loblaw & York Region	Business, Industrial	2008	Final	-	-	4	-	-	-	-	4
35	Great Refrigerator	R Consumer	2009	Final	-	-	-	0	0	0	0	1
36	Cool Savings Rebate	Consumer	2009	Final	-	-	-	8	8	8	3	30
37	Every Kilowatt Count	Consumer	2009	Final	-	-	-	2	2	2	1	8
41	High Performance	N Business	2009	Final	-	-	-	0	0	0	0	2
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	23	-	-	-	23
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	15	-	-	-	15
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	22	-	-	-	22
47	Loblaw & York Region	Business, Industrial	2009	Final	-	-	-	4	-	-	-	4
107	High Performance	N Business	2010	Final	-	-	-	-	2	2	1	5
109	Multifamily Energy	E Business	2010	Final	-	-	-	-	0	0	0	0
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	31	-	-	31
113	Loblaw & York Region	Business, Industrial	2010	Final	-	-	-	-	4	-	-	4
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	14	-	-	14
					44	78	99	100	87	38	12	483

Output Tables LRAM Calculations

1. Table Five Residential LRAM Calculation
2. Table Six GS Less Than 50 kW LRAM Calculation
3. Table Seven GS 50 to 4,999 kW LRAM Calculation

Table Five - Residential LRAM Calculation

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	2,113	2,113	2,113	2,113	2,113	2,113	-	12,677
2	Cool & Hot Savings Rebate	Consumer	2006	Final	5,216	5,216	5,216	5,216	5,216	5,216	1,739	36,510
3	Every Kilowatt Counts	Consumer	2006	Final	135,335	135,335	135,335	135,335	17,449	17,449	5,816	593,688
6	Great Refrigerator Roundup	Consumer	2007	Final	-	2,278	2,278	2,278	2,278	2,278	759	13,671
7	Cool & Hot Savings Rebate	Consumer	2007	Final	-	7,986	7,986	7,986	7,986	7,986	2,536	47,535
8	Every Kilowatt Counts	Consumer	2007	Final	-	47,869	47,283	47,283	47,283	47,283	15,223	282,671
10	Summer Savings	Consumer	2007	Final	-	38,544	6,497	2,459	2,459	2,459	820	54,876
13	Social Housing Pilot	Consumer Low-Income	2007	Final	-	4,351	4,351	4,351	4,351	4,351	1,450	26,104
20	Great Refrigerator Roundup	Consumer	2008	Final	-	-	5,517	5,517	5,517	5,517	1,815	27,516
21	Cool Savings Rebate	Consumer	2008	Final	-	-	8,809	8,809	8,809	8,809	2,936	44,047
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	-	-	44,719	44,524	44,524	44,524	12,597	216,081
35	Great Refrigerator Roundup	Consumer	2009	Final	-	-	-	1,765	1,765	1,765	588	7,058
36	Cool Savings Rebate	Consumer	2009	Final	-	-	-	11,586	11,586	11,586	3,848	46,302
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	-	-	-	20,146	19,310	19,310	6,436	78,074
101	Cool Savings Rebate	Consumer	2010	Final	-	-	-	-	876	876	292	2,628
102	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	-	-	-	-	7,015	7,015	2,338	21,045
					142,664	243,691	270,104	299,368	188,536	188,536	59,194	1,510,482
Residential Distribution Volumetric Rate					\$/kWh	0.0085	0.0086	0.0115	0.0115	0.006	0.006	0.006
LRAM					\$ 1,212.64	\$ 2,095.74	\$ 3,106.19	\$ 3,442.73	\$ 1,131.22	\$ 1,131.22	\$ 355.17	\$ 12,474.91

Table Six - GS Less Than 50 kW LRAM Calculation

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
27	High Performance New Construction	Business	2008	Final	-	-	36	36	36	36	12	180
41	High Performance New Construction	Business	2009	Final	-	-	-	1,136	1,136	1,136	379	4,545
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	989	-	-	-	989
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	9,411	-	-	-	9,411
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	180	-	-	-	180
107	High Performance New Construction*	Business	2010	Final	-	-	-	-	3,568	3,568	1,189	10,704
109	Multifamily Energy Efficiency Rebates	Business	2010	Final	-	-	-	-	1,105	1,105	368	3,316
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	598	-	-	598
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	16,862	-	-	16,862
					-	-	36	11,752	23,305	5,846	1,949	46,784
GSLT50 Distribution Volumetric Rate					\$/kWh	0.0097	0.0098	0.0132	0.0132	0.0081	0.0081	0.0081
LRAM					\$ -	\$ -	\$ 0.47	\$ 155.13	\$ 188.77	\$ 47.35	\$ 15.78	\$ 407.50

Table Seven - GS 50 to 4,999 kW LRAM Calculation

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	Total
4	Demand Response 1	Business, Industrial	2006	Final	35	-	-	-	-	-	-	35
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	2	-	-	-	-	-	-	2
17	Demand Response 1	Business, Industrial	2007	Final	-	38	-	-	-	-	-	38
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	-	3	-	-	-	-	-	3
27	High Performance New Construction	Business	2008	Final	-	-	0	0	0	0	0	0
29	Demand Response 1	Business, Industrial	2008	Final	-	-	55	-	-	-	-	55
30	Demand Response 3	Business, Industrial	2008	Final	-	-	11	-	-	-	-	11
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	-	-	4	-	-	-	-	4
41	High Performance New Construction	Business	2009	Final	-	-	-	0	0	0	0	2
44	Demand Response 1	Business, Industrial	2009	Final	-	-	-	23	-	-	-	23
45	Demand Response 2	Business, Industrial	2009	Final	-	-	-	15	-	-	-	15
46	Demand Response 3	Business, Industrial	2009	Final	-	-	-	22	-	-	-	22
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	-	-	-	4	-	-	-	4
107	High Performance New Construction*	Business	2010	Final	-	-	-	-	2	2	1	5
109	Multifamily Energy Efficiency Rebates	Business	2010	Final	-	-	-	-	0	0	0	0
112	Demand Response 3	Business, Industrial	2010	Final	-	-	-	-	31	-	-	31
113	Loblaw & York Region Demand Response*	Business, Industrial	2010	Final	-	-	-	-	4	-	-	4
114	Demand Response 2	Business, Industrial	2010	Final	-	-	-	-	14	-	-	14
					37	41	69	64	51	2	1	266
GSGT50 Distribution Volumetric Rate					\$/kWh	2.3345	2.3555	2.9631	2.9584	0.9844	0.9881	0.9881
LRAM					\$ 85.50	\$ 96.86	\$ 205.67	\$ 189.04	\$ 49.89	\$ 2.17	\$ 0.72	\$ 629.85

Exhibit 1

Tab 3 of 3

Elenchus Personnel

Elenchus Regulatory Solutions Consultants

John Todd, President (Lead Consultant)

John Todd is President of Elenchus Research Associates Inc. He has specialized in the theory and practice of regulation and de-regulation for over 25 years and has actively participated in regulatory hearings and reform initiatives in several sectors of the Canadian economy, including natural gas, electricity and telecommunications.

John has served as an expert advisor or witness in 200 proceedings before the energy Boards in Ontario, Manitoba, British Columbia, Quebec, and Newfoundland and other tribunals including the Canadian Radio-television and Telecommunications Commission (CRTC) and the Ontario Securities Commission. His clients have included regulated utilities, regulatory agencies, generators and producers, and a variety of customer groups.

Martin Benum, Senior Consultant (Rate Applications)

Martin has over twenty years progressive experience in the Ontario electrical industry with regulatory, LDC and Retail electricity exposure. Prior to joining Elenchus, he was an advisor in electricity rate applications with the Ontario Energy Board. He has a strong working knowledge and application experience with OEB handbook rules, regulations, and guidelines.

Marc Collins – Director, Elenchus Energy Conservation

Energy Program Evaluation and Conservation and Demand-Side Management (CDM) professional with a very diverse career history. Founding Director of the Evaluation, Measurement and Verification (EM&V) department at the Ontario Power Authority in 2007. Marc led that function for the OPA from inception to maturity, leaving sophisticated evaluation protocols (new for 2011-14), world-class measures and assumptions lists and a portfolio of high-quality evaluations to show for the effort.

Specialties:

Energy program evaluation (EM&V)

- Planning and management

- 1 - Protocols and standards
- 2 - Impact evaluation
- 3 - Process evaluation
- 4 - Market effects evaluation
- 5 - Cost effectiveness testing
- 6 Demand-side management programs
- 7 Demand response programs
- 8 Use of advanced IT for energy-related applications
- 9 Regulatory aspects of EM&V and DSM tracking and reporting for utilities and central agencies
- 10 Potential studies
- 11

Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10

October 10, 2011

Calculation of LRAM Rate Rider

	Total	Residential	General Service < 50 kW	General Service > 50 to 4999 kW
Lost Revenue Amount	13,509.50	12,475.00	404.50	630.00
Carrying Charges	-	-	-	-
Total	13,509.50	12,475.00	404.50	630.00
Recovery Period (Years)	1.00			
Annualized Amount		12,475	405	630
Annual Volume		14,703,667	4,712,132	11,949
Charge Parameter		kWh	kWh	kW
Rate Rider		\$0.0008	\$0.0001	\$0.0527

<i>Rate Rider proceeds</i>	11,762.93	471.21	629.71
<i>Amount to be disposed of in a future period</i>	(712.07)	66.71	(0.29)