

Appendix 10

2005 Approved PILS Model

SECTION 93 PILs TAX GROSS-UP

PROXY CALCULATION FOR 2005

PILS2005.V1.1

REGULATORY INFORMATION (REGINFO)

Utility Name:

Welland Hydro-Electric System Corp.

File Number:

RP-2005-0013

EB-2005-0089

Reporting period:

January 1, 2005 to December 31, 2005

Days in reporting period:

365

Total days in the calendar year:

365

BACKGROUND

1. Are the Capital Tax & Large Corporations Tax Exemptions shared among the corporate group? (Yes or No)

No

2. Please identify the percentage used to allocate the exemption.

100.00%

3. Please explain the basis of the allocation if the percentage is other than 100%.

4. Accounting Year End

Dec-31

MARR NO TAX CALCULATIONS
FROM SHEET #7 FINAL 2001 RUD MODEL DATA
(FROM 1999 FINANCIAL STATEMENTS)

Rate base (wires-only)

\$24,269,439.70

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity (%)

6.60%

Debt rate

4.84%

Market Adjusted Revenue Requirement

\$1,388,212

1999 return from RUD Sheet #7

Total Incremental revenue

\$1,388,212

Amount allowed in 2001, Year 1

Amount allowed in 2002, Year 2

Amount allowed in 2003, Year 3

\$694,106

\$694,106

Permanent Changes to Base Rate (e.g. LPP 5% to 1.5%)

C&DM Capital Portion from "C&DM TAX FORECAST" worksheet

50%

Total Regulatory Income

\$1,388,212

Regulatory Income

\$0

\$0

\$694,106

\$694,106

\$0

Equity

\$12,134,720

Return at target ROE

\$800,892

Debt

\$12,134,720

Deemed interest amount in EBIT

\$587,320

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 TAX CALCULATIONS (TAXCALC)		ITEM	Proxy Calculation	Comments
Utility Name: Welland Hydro-Electric System Corp. Reporting Period: January 1, 2005 to December 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 365			\$	
<u>I) CORPORATE INCOME TAXES</u>				
Regulatory Net Income		1	\$1,388,212	
BOOK TO TAX ADJUSTMENTS				
Additions:				
Depreciation & Amortization		2	\$1,042,595	
Employee Benefit Plans - Accrued, Not Paid		3	\$0	
Tax reserves deducted in prior year		4	\$0	
Reserves from financial statements-end of year		4	\$0	
Regulatory Adjustments		5	\$0	
Other Additions				
"Material" Items		6	\$0	
Other Additions		6	\$0	
"Material" Items		6	\$0	
Other Additions		6	\$0	
Deductions:				
Capital Cost Allowance and CEC		7	\$769,408	
Employee Benefit Plans - Paid Amounts		8	\$0	
Items Capitalized for Regulatory Purposes		9	\$0	
Regulatory Adjustments		10	\$0	
Interest Expense Deemed		11	\$587,320	
Tax reserves claimed in current year		4	\$0	
Reserves from F/S beginning of year		4	\$0	
Contributions to deferred income plans		3	\$0	
Contributions to pension plans		3	\$0	
Interest capitalized for accounting but deducted for tax		11	\$0	
Other Deductions				
"Material" Items		12	\$0	
C&DM 2005 Incremental OM&A expenses per C&DM Plan		12	\$115,684	
Material Items		12	\$0	
Other Deductions		12	\$0	
<u>REGULATORY TAXABLE INCOME</u>			\$958,394	
<u>CORPORATE INCOME TAX RATE</u>				
Deemed %		13	27.50%	
<u>REGULATORY INCOME TAX</u>			\$263,558	
Taxable Income x Rate				
Miscellaneous Tax Credits		14	\$0	
Total Regulatory Income Tax			\$263,558	

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 TAX CALCULATIONS (TAXCALC)		ITEM	Proxy Calculation	Comments
Utility Name: Welland Hydro-Electric System Corp. Reporting Period: January 1, 2005 to December 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 365			\$	
Percentage used to determine the exemptions for capital tax and large corporations tax			100%	
II) CAPITAL TAXES				
Ontario				
Rate Base		15	\$24,269,440	
Less: Exemption		16	\$7,500,000	
Deemed Taxable Capital			\$16,769,440	
Rate (.3%)		17	0.3000%	
Net Amount (Taxable Capital x Rate)			\$50,308	
Federal (LCT)				
Base		18	\$24,269,440	
Less: Exemption		19	\$50,000,000	
Deemed Taxable Capital			\$0	
Rate (.175%)		20	0.1750%	
Gross Amount (Taxable Capital x Rate)			\$0	
Less: Federal Surtax		21	\$0	
Net LCT			\$0	
III) INCLUSION IN RATES				
Income Tax Rate used for gross- up			27.50%	
Income Tax (grossed-up)		22	\$363,529	
LCT (grossed-up)		23	\$0	
Ontario Capital Tax		24	\$50,308	
Total S. 93 PILs Rate Adjustment (Enter this amount in the 2005 RAM, Sheet #4, cell G14)		25	\$413,837	

SECTION 93 PILs TAX GROSS-UP "SIMPIL"

Corporate Tax Rates for 2005

Income Range	\$0 to \$400,000	\$400,001 to \$1,128,000	> \$1,128,000
<i>Income Tax Rate</i>	18.62%	27.50%	36.12%
Capital Tax Rate	0.300%		
LCT Rate	0.175%		
Surtax	1.12%		
Ontario Capital Tax Exemption	\$7,500,000		
Federal Large Corporations Tax Exemption	\$50,000,000		

Conservation and Demand Management Tax Forecast

Utility Name: Welland Hydro-Electric System Corp.
 File Number: RP-2005-0013
 EB-2005-0089

	Jan - Dec 2005		Jan - Dec 2006		Jan - Sept 30 th 2007		Total	
	\$	%	\$	%	\$	%	\$	%
Capital	\$115,684	50%	\$115,684	50%	\$115,684	50%	\$347,053	50%
Tax Deductible Expense	\$115,684	50%	\$115,684	50%	\$115,684	50%	\$347,053	50%
Total	\$231,369	100%	\$231,369	100%	\$231,369	100%	\$694,106	100%

Notes:

1. Capital that will be recognized for tax purposes (i.e. UCC addition), not from a capital budget or commitment perspective.
2. Expenses to be recognized in the period shown that will be used as a tax deduction for the same period. The 2005 tax deduction amount will be entered automatically into the TAXCALC worksheet, cell C44.
3. The amounts shown in the "Total" column should agree with the C&DM plan filed with or approved by the Board. The amount of the third tranche of MARR is the maximum amount unless the utility has applied for a lower amount.

Appendix 11

2005 Signed Decision

Ontario Energy
Board
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2300 Yonge Street
Toronto ON M4P 1E4
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Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie
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2300, rue Yonge
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March 23, 2005

Ross Peever
President & CEO
Welland Hydro-Electric System Corp.
P.O. Box 280
950 East Main Street
Welland ON
L3B 5P6

Dear Mr. Peever:

Re: 2005 Electricity Distribution Rates
Board Decision and Order
Board File No. RP-2005-0013\EB-2005-0089

The Board has now issued its Decision and Order for the above referenced proceeding and a copy is enclosed.

Yours truly,

A handwritten signature in black ink, appearing to read "P. O'Dell", written over a horizontal line.

Peter H. O'Dell
Assistant Board Secretary



RP-2005-0013
EB-2005-0089

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

AND IN THE MATTER OF an Application by
Welland Hydro-Electric System Corp. for an order
or orders approving or fixing just and reasonable
rates.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

Paul Vlahos
Member

Pamela Nowina
Member

DECISION AND ORDER

Background and Application

In November 2003 the Ontario government announced that it would permit local distribution companies to apply to the Board for the next installment of their allowable return on equity beginning March 1, 2005. The Government also indicated that the Board's approval would be conditional on a financial commitment to reinvest in conservation and demand management initiatives, an amount equal to one year's incremental returns.

Also in November 2003, the Government announced, in conjunction with the introduction of Bill 4, the *Ontario Energy Board Amendment Act, (Electricity Pricing)*, 2003, that electricity distributors could start recovering Regulatory Assets in their rates, beginning March 1, 2004, over a four year period.

In February and March, 2004, the Board approved the applications of distributors to recover 25% of their December 31, 2002 Regulatory Asset balances (or additional amounts for rate stability) in their distribution rates on an interim basis effective March 1, 2004 and implemented on April 1, 2004.

On December 20, 2004 the Board issued filing guidelines to all electricity distribution utilities for the April 1, 2005 distribution rate adjustments. The guidelines allowed the applicants to recover three types of costs. These costs concern (i) the rate recovery of the third tranche of the allowable return on equity (Market Adjusted Revenue Requirement or "MARR"), (ii) the 2005 proxy allowance for payments in lieu of taxes ("PILs") and (iii) a second installment of the recovery of Regulatory Assets.

A generic Notice of the proceedings was published on January 25, 2005 in major newspapers in the province, which provided a 14 day period for submissions from interested parties. On February 4, 2005, the Board issued Procedural Order No. 1, providing for an extension for submissions until February 16, 2005 and also providing for reply submissions from applicants and other parties.

The Applicant filed an application for adjustments to their rates for the following amounts:

MARR: \$ 694,106

2005 PILs Proxy: \$ 413,837

Regulatory Assets Second Tranche: \$ 826,725

Submissions

The Board received one submission which addressed the 2005 rate setting process in general. This submission was made by School Energy Coalition (SEC). SEC objected to the guideline which caused the recovery of the 2005 PILs proxy to be reflected only on the variable charge. SEC was also concerned that monthly service charges and overall distribution charges varied significantly between utilities across the province. SEC also raised concerns regarding the consistency of, and access to, information on the applications as filed by the utilities.

Reply submissions to SEC's general submissions were received from the Coalition of Large Distributors, the Electricity Distributors Association, Hydro One Networks, and the LDC Coalition (a group of 7 distributors). These parties generally argued against the recommendations put forward by SEC, by and large indicating that the Board's existing processes for 2006 and 2007 have been planned to address these issues going forward and that these issues should not be added to the 2005 rates adjustment process.

Board Findings

The Board first addresses the general submission of SEC. While SEC raises important issues regarding electricity distribution rates, the Board has put in place a process which will address most of the issues raised by SEC on a comprehensive basis with coordinated cost of service, cost allocation and cost of capital studies for all distributors in 2006, 2007 and 2008. The Board does agree that unless there are compelling reasons to diverge from the Board's original filing guidelines for the 2005 distribution rate adjustment process, distributors should follow the guidelines in their applications.

The Board finds that the application conforms with earlier decisions of the Board (including approval for the Applicant's Conservation and Demand Management plan), directives and guidelines.

The Board will issue a separate decision on cost awards.

THE BOARD ORDERS THAT:

- 1) The rate schedule attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.
- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 23, 2005

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2005-0013
EB-2005-0089

March 23, 2005

ONTARIO ENERGY BOARD

Welland Hydro-Electric System Corp.
Schedule of Changed Distribution Rates and Charges

Effective Date: March 1, 2005
Implementation Date: April 1, 2005

RP-2005-0013

EB-2005-0089

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.51
Distribution Volumetric Rate	(per kWh)	\$0.0123

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$15.61
Distribution Volumetric Rate	(per kWh)	\$0.0072

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$157.53
Distribution Volumetric Rate	(per kW)	\$1.2701

LARGE USE

Monthly Service Charge	(per month)	\$8,641.82
Distribution Volumetric Rate	(per kW)	\$1.2675

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.30
Distribution Volumetric Rate	(per kW)	\$1.5140

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.15
Distribution Volumetric Rate	(per kW)	\$1.2539

The rates on this schedule include an interim recovery of Regulatory Assets.

Appendix 12

2001 SIMPILS True-Up Model

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				Version 2004.2
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: Welland Hydro - Electric System Corp.				
4	Reporting period: Dec. 31, 2001				
5					
6	Days in reporting period:	92	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	yes	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	no	
16					
17	Is the utility a non-profit corporation?		Y/N	no	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	yes	
20	shared among the corporate group?	LCT	Y/N	no	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		99%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,269,440	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.60%	
38					
39	Debt rate			4.84%	
40					
41	Market Adjusted Revenue Requirement			1,388,212	
42					
43	1999 return from RUD Sheet #7			0	0
44					
45	Total Incremental revenue			1,388,212	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001				0
48	Amount allowed in 2002			694,106	694,106
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				694,106
54					
55	Equity			12,134,720	
56					
57	Return at target ROE			800,892	
58					
59	Debt			12,134,720	
60					
61	Deemed interest amount in 100% of MARR			587,320	
62					
63	Phase-in of interest - Year 1 (2001)			0	
64	((D43+D47)/D41)*D61				
65	Phase-in of interest - Year 2 (2002)			293,660	
66	((D43+D47+D48)/D41)*D61				
67	Phase-in of interest - Year 3 (2003) and forward			293,660	
68	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
69					
70					
71					

A	B	C	D	E	F	G	H	I	J	K
1 SECTION 93 PIL's TAX GROSS-UP "SIMPL"	ITEM	Initial						M of F	M of F	M of F
2 DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing
3 TAX CALCULATIONS (TAXCALC)								Variance	Variance	Variance
4 "Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)
5 RRR # 2.1.6										Version 2004.2
6		\$								\$
7 Utility Name: Welland Hydro - Electric System Corp.								\$		
8 Reporting period: Dec. 31, 2001										Column
9 Days in reporting period:	92	days								Brought
10 Total days in the calendar year:	365	days								From
11										TAXREC
12										
13 II. CORPORATE INCOME TAXES										
14										
15 Regulatory Net Income REGINFO E53 (25% of 1999 return from RUD)	1	0						-1,136,236		-1,136,236
16										
17 BOOK TO TAX ADJUSTMENTS										
18										
19 Additions:										
20 Depreciation & Amortization	2							438,297		438,297
21 Employee Benefit Plans - Accrued, Not Paid	3							0		0
22 Tax reserves - beginning of year	4							0		0
23 Reserves from financial statements - end of year	4							0		0
24 Regulatory Adjustments - increase in income	5	0						0		0
25 Other Additions (See Tab entitled "TAXREC")	6							0		0
26 "Material" Items from "TAXREC" worksheet	6							0		0
27 Other Additions (not "Material") "TAXREC"	6							0		0
28 "Material" Items from "TAXREC 2" worksheet	6							37,855		37,855
29 Other Additions (not "Material") "TAXREC 2"	6							2,500		2,500
30										
31 Deductions: Input positive numbers										
32 Capital Cost Allowance and CEC	7							365,670		365,670
33 Employee Benefit Plans - Paid Amounts	8							12,899		12,899
34 Items Capitalized for Regulatory Purposes	9	0						0		0
35 Regulatory Adjustments - deduction for tax purposes in Item 5	10	0						0		0
36 Interest Expense Deemed/ Incurred (25% of 2001 phase-in of interest)	11	0						4,168		4,168
37 Tax reserves - end of year	4							0		0
38 Reserves from financial statements - beginning of year	4							0		0
39 Contributions to deferred income plans	3							0		0
40 Contributions to pension plans	3							0		0
41 Interest capitalized for accounting but deducted for tax	11							0		0
42 Other Deductions (See Tab entitled "TAXREC")										
43 "Material" Items from "TAXREC" worksheet	12							0		0
44 Other Deductions (not "Material") "TAXREC"	12							0		0
45 Material Items from "TAXREC 2" worksheet	12							0		0
46 Other Deductions (not "Material") "TAXREC 2"	12							0		0
47										
48 TAXABLE INCOME/ (LOSS)		0						-274,847	Before loss CIF	-1,040,321
49										
50 BLENDED INCOME TAX RATE										
51 Tab Tax Rates	13	19.12%						-19.1200%		0.00%
52										
53 REGULATORY INCOME TAX		0						0	Actual	0
54										
55										
56 Miscellaneous Tax Credits	14							0	Actual	0
57										
58 Total Regulatory Income Tax		0						0	Actual	0
59										
60										
61 III. CAPITAL TAXES										
62										
63 Ontario										
64 Base	15	24,269,440						4,686,584		28,956,024
65 Less: Exemption	16	5,000,000						-2		4,999,998
66 Taxable Capital		19,269,440						4,686,582		23,956,026
67										
68 Rate - Tax Rates	17	0.3000%						0.0000%		0.3000%
69										
70 Ontario Capital Tax		14,452						3,663		18,115
71										
72 Federal Large Corporations Tax										
73 Base	18	24,269,440						4,614,037		28,883,477
74 Less: Exemption - Tax Rates - Regulatory, Table 1: Actual, Table 3	19	10,000,000						0		10,000,000
75 Taxable Capital		14,269,440						4,614,037		18,883,477
76										
77 Rate - Tax Rates - Regulatory, Table 1: Actual, Table 3	20	0.2250%						0.0000%		0.2250%
78										
79 Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		32,106						-21,397		10,709
80 Less: Federal Surtax 1.12% x Taxable Income	21	0						0		0
81										
82 Net LCT		32,106						-21,397		10,709
83										
84 III. INCLUSION IN RATES										
85										
86 Income Tax Rate used for gross-up (exclude surtax)		18.00%								
87										
88 Income Tax (gross tax is crossed-up)	22	0							Actual 2001	0
89 LCT (gross tax is crossed-up)	23	9,798							Actual 2001	10,709
90 Ontario Capital Tax (no gross-up since it is deductible)	24	14,452							Actual 2001	18,115
91										
92										
93 Total PIL's for Rate Adjustment -- MUST AGREE WITH 2002	25	24,241							Actual 2001	28,824
94 RAM DECISION										
95										

[illegible]

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.2	
6	Section A: Identification:					
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: Dec. 31, 2001					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		92	days		
12						
13	Please enter the Materiality Level :		7,584	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	9,893,543		9,893,543	
32	Distribution Revenue	+	49,211		49,211	
33	Other Income	+	39,184		39,184	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	9,893,543		9,893,543	
40	Administration	-	331,992		331,992	
41	Customer billing and collecting	-	126,572		126,572	
42	Operations and maintenance	-	462,590		462,590	
43	Amortization	-	303,477		303,477	
44	Ontario Capital Tax	-			0	
45		-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	-1,136,236	0	-1,136,236	
51	Less: Interest expense for accounting purposes	-	4,168		4,168	
52	Provision for payments in lieu of income taxes	-			0	
53	Net Income (loss)	=	-1,140,404	0	-1,140,404	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	0	0	0	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	438,297	0	438,297	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments	+	0	0	0	
66	Material addition items from TAXREC 2	+	37,855	0	37,855	
67	Other addition items (not Material) from TAXREC 2	+	2,500	0	2,500	
68						
69	Subtotal		478,652	0	478,652	
70						
71	Other Additions: (Please explain the nature of the additions)					
72	Recapture of CCA	+			0	
73	Non-deductible meals and entertainment expense	+			0	
74	Capital items expensed	+			0	
75		+			0	
76		+			0	
77		+			0	
78		+			0	
79	Total Other Additions	=	0	0	0	
80						
81	Total Additions	=	478,652	0	478,652	
82						
83	Recap Material Additions:					
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91	Total Other additions >materiality level		0	0	0	
92	Other deductions (less than materiality level)		0	0	0	
93	Total Other Additions		0	0	0	
94						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.2	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	316,984		316,984	
97	Cumulative eligible capital deduction	-	48,686		48,686	
98						
99						
100	Employee benefit plans-paid amounts	-	12,899		12,899	
101	Items capitalized for regulatory purposes	-			0	
102	Regulatory adjustments:	-			0	
103	CCA	-			0	
104	other deductions	-	0	0	0	
105	Tax reserves - end of year	-	0	0	0	
106	Reserves from financial statements- beginning of year	-	0	0	0	
107	Contributions to deferred income plans	-			0	
108	Contributions to pension plans	-			0	
109	Interest capitalized for accounting deducted for tax	-	0	0	0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	378,569	0	378,569	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-	0	0	0	
116	Gain on disposal of assets	-			0	
117	Capital Tax	-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	378,569	0	378,569	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	-1,040,321	0	-1,040,321	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	-1,040,321	0	-1,040,321	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	0		0	
144	Subtotal	=	0	0	0	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
146	Total Income Tax	=	0	0	0	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)				0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)				0.00%	
151	Blended Income Tax Rate		0.00%		0.00%	
152						
153	Section D: Detailed calculation of Ontario Capital Tax					
154						
155	ONTARIO CAPITAL TAX					
156	(From Ontario CT23)					
157	PAID-UP CAPITAL					
158						
159	Paid-up capital stock	+	13,599,380		13,599,380	
160	Retained earnings (if deficit, deduct)	+/-	-877,280		-877,280	
161	Capital and other surplus excluding	+			0	
162	appraisal surplus	+			0	
163	Loans and advances	+			0	
164	Bank loans	+			0	
165	Bankers acceptances	+			0	
166	Bonds and debentures payable	+			0	
167	Mortgages payable	+	13,499,953		13,499,953	
168	Lien notes payable	+	685,324		685,324	
169	Deferred credits	+			0	
170	Contingent, investment, inventory and similar reserves	+			0	
171	Other reserves not allowed as deductions	+	1,976,100		1,976,100	
172	Share of partnership(s), joint venture(s) paid-up capital	+			0	
173	Sub-total	=	28,883,477	0	28,883,477	
174	Subtract:					
175	Amounts deducted for income tax purposes in excess of amounts booked	-	-72,547		-72,547	
176	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
177	Total (Net) Paid-up Capital	=	28,956,024	0	28,956,024	
178						
179	ELIGIBLE INVESTMENTS					
180						
181	Bonds, lien notes, interest coupons	+			0	
182	Mortgages due from other corporations	+			0	
183	Shares in other corporations	+			0	
184	Loans and advances to unrelated corporations	+			0	
185	Eligible loans and advances to related corporations	+			0	
186	Share of partnership(s) or joint venture(s) eligible investments	+			0	
187						
188	Total Eligible Investments	=	0	0	0	
189						
190						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.2	
191	TOTAL ASSETS					
192						
193	Total assets per balance sheet	+	32,813,718		32,813,718	
194	Mortgages or other liabilities deducted from assets	+			0	
195	Share of partnership(s)/ joint venture(s) total assets	+			0	
196	Subtract: Investment in partnership(s)/ joint venture(s)	-			0	
197						
198	Total assets as adjusted	=	32,813,718	0	32,813,718	
199						
200	Add: (if deducted from assets)					
201	Contingent, investment, inventory and similar reserves	+			0	
202	Other reserves not allowed as deductions	+			0	
203	Subtract:				0	
204	Amounts deducted for income tax purposes in excess of amounts booked	-	-72,547		-72,547	
205	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
206	Subtract: Appraisal surplus if booked	-			0	
207	Add or subtract: Other adjustments	+/-			0	
208						
209	Total Assets	=	32,886,265	0	32,886,265	
210						
211						
212	Investment Allowance		0	0	0	
213						
214	Taxable Capital					
215						
216	Net paid-up capital	+	28,956,024	0	28,956,024	
217	Subtract: Investment Allowance	-	0	0	0	
218						
219	Taxable Capital	=	28,956,024	0	28,956,024	
220						
221	Capital Tax Calculation					
222	Deduction from taxable capital up to maximum of \$5,000,000		4,999,998	0	4,999,998	
223						
224	Net Taxable Capital		23,956,026	0	23,956,026	
225						
226	Rate		0.3000%	0.3000%	0.3000%	
227						
228	Days in taxation year		92	92	92	
229	Divide days by 365		0.25	0.25	0.25	
230						
231	Ontario Capital Tax (Must agree with CT23 return)		18,115	0	18,115	
232						
233	Section E: Detailed calculation of Large Corporation Tax					
234						
235	LARGE CORPORATION TAX					
236	(From Federal Schedule 33)					
237	CAPITAL					
238	ADD:					
239	Reserves that have not been deducted in computing income for the year under Part I	+	1,976,100		1,976,100	
240	Capital stock	+	13,599,380		13,599,380	
241	Retained earnings	+			0	
242	Contributed surplus	+			0	
243	Any other surpluses	+			0	
244	Deferred unrealized foreign exchange gains	+			0	
245	All loans and advances to the corporation	+	13,499,953		13,499,953	
246	All indebtedness: bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
247	Any dividends declared but not paid	+			0	
248	All other indebtedness outstanding for more than 365 days	+	685,324		685,324	
249						
250	Subtotal	=	29,760,757	0	29,760,757	
251						
252	DEDUCT:					
253	Deferred tax debit balance	-			0	
254	Any deficit deducted in computing shareholders' equity	-	877,280		877,280	
255	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
256	Deferred unrealized foreign exchange losses	-			0	
257						
258	Subtotal	=	877,280	0	877,280	
259						
260	Capital for the year		28,883,477	0	28,883,477	
261						
262	INVESTMENT ALLOWANCE					
263						
264	Shares in another corporation	+			0	
265	Loan or advance to another corporation	+			0	
266	Bond, debenture, note, mortgage, or	+			0	
267	similar obligation of another corporation	+			0	
268	Long term debt of financial institution	+			0	
269	Dividend receivable from another corporation	+			0	
270	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
271	Interest in a partnership	+			0	
272						
273	Investment Allowance	=	0	0	0	
274						
275						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.2	
276	TAXABLE CAPITAL					
277						
278	Capital for the year	=	28,883,477	0	28,883,477	
279						
280	Deduct: Investment allowance	-	0	0	0	
281						
282	Taxable Capital for taxation year	=	28,883,477	0	28,883,477	
283						
284	Deduct: Capital Deduction - maximum of \$10,000,000	-	10,000,000	0	10,000,000	
285	(Input in tab 'Tax Rates')					
286	Taxable Capital	=	18,883,477	0	18,883,477	
287						
288	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.22500%	0.22500%	0.22500%	
289						
290	Days in year		92	92	92	
291	Divide days by 366		0.2521	0.2521	0.2521	
292						
293	Gross Part I.3 Tax LCT (Must agree with tax return)	=	10,709	0	10,709	
294						
295	Federal Surtax Rate		0.0000%	0.0000%	0.0000%	
296						
297	Less: Federal Surtax = Actual Surtax from tax return	-	0		0	
298						
299	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	10,709	0	10,709	
300	(If surtax is greater than Gross LCT, then zero)					
301						
302	Section F: Income and Capital Taxes					
303						
304	RECAP FROM ABOVE:					
305	Total Income Taxes	+	0	0	0	
306	Ontario Capital Tax	+	18,115	0	18,115	
307	Federal Large Corporations Tax	+	10,709	0	10,709	
308						
309	Total income and capital taxes	=	28,824	0	28,824	
310						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2004.2	
6						
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: Dec. 31, 2001					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		0		0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		0		0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		0		0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		0		0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SECTION 93 PIL & TAX GROSS-UP "SIMPL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 CER Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.2	
7						
8	Utility Name: Welland Hydro - Electric System Corp.					
9	Reporting period: Dec. 31, 2001					
10	Number of days in taxation year:		92			
11	Materiality Level:		7,584			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+	0		0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+			0	
21	Taxable capital gains	+			0	
22	Depreciation in inventory-end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+	2,500		2,500	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44	Debt financing expenses	+			0	
45	Amortization of deferred financing costs	+	0		0	
46	Pensions Adjustment	+	37,855		37,855	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+			0	
54	Total Additions	=	40,355	0	40,355	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87	Pensions Adjustment		37,855	0	37,855	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94			0	0	0	
95	Total Material additions		37,855	0	37,855	
96	Other additions less than materiality level		2,500	0	2,500	
97	Total Additions		40,355	0	40,355	
98						
99	Deduct:					
100	Gain on disposal of assets per IIS	-			0	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-			0	
105	Bad debts	-			0	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-			0	
111	Imputed interest on Reg Assets	-			0	
112	Ont Cap Tax	-	0	0	0	
113	employee future benefit expense	-			0	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121		-			0	
122	Total Deductions	=	0	0	0	
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137			0	0	0	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144	Total Deductions exceed materiality level		0	0	0	
145	Other deductions less than materiality level		0	0	0	
146	Total Deductions		0	0	0	
147						

[illegible]

	A	B	C	D
1		SECTION 93 PILs TAX GROSS-UP "SIMPIL"		
2		Filing Requirements related to the "SIMPIL" model		Version 2004.2
3		Utility Name: Welland Hydro - Electric System Corp.		RRR # 2.1.8
4		Reporting period: Dec. 31, 2001		
5				
6				
7				
8				
9		Documents to be submitted to the Board when filing the Ministry of Finance Column information:		
10		(Stage 3 filing: normally in July of the year following the reporting period)		
11				
12		Please file 3 copies of each paper document and 1 CD or disk		
13				
14	1)	REGINFO	Yes	
15				
16	2)	TAXCALC	Yes	
17				
18	3)	TAXREC	Yes	
19				
20	4)	Tax Reserves	Yes	
21				
22	5)	TAXREC 2	Yes	
23				
24	6)	Tax Rates	Yes	
25				
26	7)	Checklist	Yes	
27				
28	8)	Background Questionnaire	Yes	
29				
30	9)	PILs Variance Analysis	Yes	
31				
32	10)	Financial statements used to prepare tax returns if different from the audited financial statements submitted to the Board in April 2005	N/A	
33				
34	11)	Electronic Excel format of the SIMPIL worksheets	Yes	
35				
36	12)	Notices of assessments, and any re-assessments, for:		
37		2001	Yes	
38		2002	Yes	
39		2003	Yes	
40		2004	Yes	
41				
42	13)	Schedules or pages from CT23 and T2 tax returns	Yes	
43				
44				
45				
46				
47				
48				
49				
50				

	A	B	C
1		SECTION 93 PILs TAX GROSS-UP "SIMPIL"	
2		Background Questionnaire	Version 2004.2
3		Utility Name: Welland Hydro - Electric System Corp.	RRR # 2.1.8
4		Reporting period: Dec. 31, 2001	
5			
6	1	Does the company engage in non-regulated activities?	
7		Answer:	
8		No	
9			
10		If the answer to question 1 is "NO", please skip questions 2 to 6.	
11			
12	2	Please identify the types of non-wire operations carried on by the LDC.	
13		Answer:	
14			
15			
16			
17	3	Does the LDC intend to transfer the non-wire operations to a separate legal entity and the expected date?	
18		Answer:	
19			
20			
21			
22	4	Please identify the percentage and amount of gross revenues arising from non-wire operations.	
23		Answer:	
24			
25			
26	5	Please identify the percentage and amount of operating expense incurred pertaining to non-wire operations.	
27		Answer:	
28			
29			
30	6	Please identify the percentage and amount of depreciation and capital cost allowance expenses pertaining to non-wire operations.	
31		Answer:	
32			
33			
34			
35	7	Did the company incur any OPEBs (post employment benefits other than pensions) for accounting and tax purposes? (Please identify the amount.)	
36		Answer: Yes - a total recovery of \$72,739 was included	
37			
38			
39	8	Did the company have any reserves for accounting and tax purposes? (Please identify the amount.)	
40		Answer: Only for Allowance for doubtful accounts used in schedule 1 - tax and accounting adjustments were the same.	
41			
42			
43			
44			

[illegible]

Appendix 13

2002 SIMPILS True-Up Model

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Welland Hydro - Electric System Corp.			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2002	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,269,440	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.60%	
38					
39	Debt rate			4.84%	
40					
41	Market Adjusted Revenue Requirement			1,388,212	
42					
43	1999 return from RUD Sheet #7				0
44					
45	Total Incremental revenue			1,388,212	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001				0
48	Amount allowed in 2002			694,106	694,106
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				694,106
55					
56	Equity			12,134,720	
57					
58	Return at target ROE			800,892	
59					
60	Debt			12,134,720	
61					
62	Deemed interest amount in 100% of MARR			587,320	
63					
64	Phase-in of interest - Year 1 (2001)			0	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			293,660	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			293,660	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			587,320	
71					
72					

	A	B	C	D	E	F	G	H
1		0	ITEM		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Initial		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)		Estimate		Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	694,106		-282,695		411,411	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	1,042,595		306,926		1,349,521	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			23,800		23,800	
30	Items on which true-up does not apply "TAXREC 3"				2,500		2,500	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	769,408		686,612		1,456,020	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	293,660		-287,622		6,038	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				0		0	
49								
50	TAXABLE INCOME/ (LOSS)		673,633		-348,459	Before loss C/F	325,174	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates	13	34.12%		0.0000%		34.12%	
54								
55	REGULATORY INCOME TAX		229,844		-229,844	Actual	0	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		229,844		-229,844	Actual	0	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	24,269,440		5,109,725		29,379,165	
67	Less: Exemption	16	5,000,000		0		5,000,000	
68	Taxable Capital		19,269,440		5,109,725		24,379,165	
69								
70	Rate	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		57,808		15,329		73,137	
73								
74	Federal Large Corporations Tax							
75	Base	18	24,269,440		5,140,631		29,410,071	
76	Less: Exemption	19	10,000,000		0		10,000,000	
77	Taxable Capital		14,269,440		5,140,631		19,410,071	
78								
79	Rate	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		32,106		11,566		43,673	
82	Less: Federal Surtax 1.12% x Taxable Income	21	7,545		-7,545		0	
83								
84	Net LCT		24,562		19,111		43,673	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		33.00%					
89								
90	Income Tax (proxy tax is grossed-up)	22	348,882			Actual 2002	0	
91	LCT (proxy tax is grossed-up)	23	36,659			Actual 2002	43,673	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	57,808			Actual 2002	73,137	
93								
94								
95	Total PILs for Rate Adjustment - MUST AGREE WITH 2002	25	443,349			Actual 2002	116,810	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS	ITEM	Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			0			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	0			
121								
122	Income Tax Rate			x	38.45%			
123								
124	Income Tax Effect on True-up adjustments			=	0			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				0			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				37.33%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				0			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	673,633			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	38.45%			
139								
140	REVISED REGULATORY INCOME TAX			=	259,012			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	259,012			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	229,844			
147								
148	Regulatory Income Tax Variance			=	29,168			
149								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
150	Ontario Capital Tax							
151	Base			=	24,269,440			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	19,269,440			
154								
155	Rate			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	57,808			
	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	57,808			
158				-	57,808			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				24,269,440			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	14,269,440			
165								
166	Rate				0.2250%			
167								
168	Gross Amount				32,106			
169	Less: Federal surtax			-	7,545			
170	Revised Net LCT			=	24,562			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	24,562			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				37.33%			
176								
177	Income Tax (grossed-up)			+	46,543			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	46,543			
182								
183	TRUE-UP VARIANCE (from cell I130)			+	0			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	46,543			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				587,320			
194	Interest phased-in (Cell C36)				293,660			
195								
196	Variance due to phase-in of debt component of MARR in rates				293,660			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				6,038			
202	Total deemed interest (REGINFO CELL D61)				587,320			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				0			
207								
208	Total Interest Variance				293,660			
209								
210								
211								

	A	B	C	D	E	F
1		0	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)	LINE	Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		30,337	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	38,201,336		38,201,336	
32	Distribution Revenue	+	4,759,852		4,759,852	
33	Other Income	+	583,889		583,889	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	38,201,336		38,201,336	
40	Administration	-	1,037,014		1,037,014	
41	Customer billing and collecting	-	914,404		914,404	
42	Operations and maintenance	-	1,793,147		1,793,147	
43	Amortization	-	1,187,765		1,187,765	
44	Ontario Capital Tax	-			0	
45	Reg Assets	-			0	
46		-			0	
47	Other items expensed	-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	411,411	0	411,411	
51	Less: Interest expense for accounting purposes	-	6,038		6,038	
52	Provision for payments in lieu of income taxes	-			0	
53	Net Income (loss)	=	405,373	0	405,373	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	0	0	0	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	1,349,521	0	1,349,521	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		2,500	0	2,500	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	23,800	0	23,800	
69						
70	Subtotal		1,375,821	0	1,375,821	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	1,375,821	0	1,375,821	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	1,266,271		1,266,271	
98	Cumulative eligible capital deduction	-	189,749		189,749	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"	-	0	0	0	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	1,456,020	0	1,456,020	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	1,456,020	0	1,456,020	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	325,174	0	325,174	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	325,174		325,174	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	0	0	0	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	0		0	
144	Subtotal	=	0	0	0	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	0	0	0	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%	*****	0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	0	0	0	
157	Ontario Capital Tax	+	73,137		73,137	
158	Federal Large Corporations Tax	+	43,673		43,673	
159						
160	Total income and capital taxes	=	116,810	0	116,810	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other - Please describe				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Welland Hydro - Electric System Corp.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		30,337			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Pensions adjustment	+	23,800		23,800	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+				
46	Total Additions	=	23,800	0	23,800	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		23,800	0	23,800	
79	Total Additions		23,800	0	23,800	

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Welland Hydro - Electric System Corp.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		30,337			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Non-taxable load transfers	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2		0				
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Welland Hydro - Electric System Corp.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	2,500		2,500	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	WriteOff of Transition Costs	+			0	
44		+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	2,500	0	2,500	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
66	Changes in Regulatory Asset balances	-			0	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	0	0	0	
74						
75						

[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
5	0														
6	Analysis of PILs Tax Account 1562:														
7	Utility Name: Welland Hydro - Electric System Corp.														Version 2009.1
8	Reporting period: 2002				Sign Convention: + for increase; - for decrease										0
9															
10															
11															
12	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
13	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
14															
15	Opening balance:	=	0		0		0		0		0		0		0
16	Board-approved PILs tax proxy from Decisions (1)	+/-					0		0		0		0		0
17	PILs proxy from April 1, 2005 - input 9/12 of amount														0
18	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
19	True-up Variance Adjustment (3)	+/-													0
20	Deferral Account Variance Adjustment Q4, 2001 (4)														0
21	Deferral Account Variance Adjustment (5)	+/-											46,543		46,543
22	Adjustments to reported prior years' variances (6)	+/-													0
23	Carrying charges (7)	+/-													0
24	PILs billed to (collected from) customers (8)	-	0												0
25															
26	Ending balance: # 1562		0		0		0		0		0		46,543		46,543
27															
28															
29															
30	Uncollected PILs														
31															
32	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
33	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
34															
35	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
36															
37	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
38	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
39	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
40	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
41	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
42	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
43	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
44	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
45															
46	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
47	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
48															
49	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
50	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
51															
52	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
53	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
54															
55	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
56	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
57															
58	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
59															
60	(7) Carrying charges are calculated on a simple interest basis.														
61															
62	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
63	components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
64	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
65	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
66															
67	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
68	by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
69	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
70															
71	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
72	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
73															
74	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
75	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
76	to calculate the recovery for the period January 1 to March 31, 2005.														
77															
78	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
79	will have to include amounts from 1562 and from 1590.														
80															
81															

Appendix 14

2003 SIMPILS True-Up Model

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Welland Hydro - Electric System Corp.			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2003	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,269,440	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.60%	
38					
39	Debt rate			4.84%	
40					
41	Market Adjusted Revenue Requirement			1,388,212	
42					
43	1999 return from RUD Sheet #7				0
44					
45	Total Incremental revenue			1,388,212	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001				0
48	Amount allowed in 2002			694,106	694,106
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				694,106
55					
56	Equity			12,134,720	
57					
58	Return at target ROE			800,892	
59					
60	Debt			12,134,720	
61					
62	Deemed interest amount in 100% of MARR			587,320	
63					
64	Phase-in of interest - Year 1 (2001)			0	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			293,660	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			293,660	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			587,320	
71					
72					

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	694,106		91		694,197	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	1,042,595		309,558		1,352,153	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			60,936		60,936	
23	Reserves from financial statements - end of year	4			1,714,503		1,714,503	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			8,057		8,057	
30	Items on which true-up does not apply "TAXREC 3"				736		736	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	769,408		546,793		1,316,201	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	293,660		-285,363		8,297	
38	Tax reserves - end of year	4			334,926		334,926	
39	Reserves from financial statements - beginning of year	4			1,414,636		1,414,636	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			3,794		3,794	
48	Items on which true-up does not apply "TAXREC 3"				1,675,681		1,675,681	
49								
50	TAXABLE INCOME/ (LOSS)		673,633		-1,596,586		-922,953	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates	13	34.12%		-34.1200%		0.00%	
54								
55	REGULATORY INCOME TAX		229,844		-229,844	Actual	0	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		229,844		-229,844	Actual	0	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	24,269,440		3,614,509		27,883,949	
67	Less: Exemption	16	5,000,000		0		5,000,000	
68	Taxable Capital		19,269,440		3,614,509		22,883,949	
69								
70	Rate	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		57,808		10,844		68,652	
73								
74	Federal Large Corporations Tax							
75	Base	18	24,269,440		5,275,536		29,544,976	
76	Less: Exemption	19	10,000,000		0		10,000,000	
77	Taxable Capital		14,269,440		5,275,536		19,544,976	
78								
79	Rate	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		32,106		11,870		43,976	
82	Less: Federal Surtax 1.12% x Taxable Income	21	7,545		-7,545			
83								
84	Net LCT		24,562		19,415		43,976	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		33.00%					
89								
90	Income Tax (proxy tax is grossed-up)	22	348,882			Actual 2003	0	
91	LCT (proxy tax is grossed-up)	23	36,659			Actual 2003	43,976	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	57,808			Actual 2003	68,652	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	443,349			Actual 2003	112,628	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			60,936			
104	Reserves from financial statements-end of year	4			1,714,503			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			0			
113	Tax reserves claimed in current year	4			334,926			
114	Reserves from F/S beginning of year	4			1,414,636			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	25,877			
121								
122	Income Tax Rate			x	35.74%			
123								
124	Income Tax Effect on True-up adjustments			=	9,248			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				9,248			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				34.62%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				14,146			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	673,633			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	35.74%			
139								
140	REVISED REGULATORY INCOME TAX			=	240,756			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	240,756			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	229,844			
147								
148	Regulatory Income Tax Variance			=	10,913			
149								
150	Ontario Capital Tax							
151	Base			=	24,269,440			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	19,269,440			
154								
155	Rate - Tab Tax Rates cell C36			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	57,808			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	57,808			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base			=	24,269,440			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	14,269,440			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C37				0.2250%			
167								
168	Gross Amount				32,106			
169	Less: Federal surtax			-	7,545			
170	Revised Net LCT			=	24,562			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	24,562			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				34.62%			
176								
177	Income Tax (grossed-up)			+	16,691			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	16,691			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	14,146			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	30,837			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		0	ITEM		Initial	M of F	M of F	Tax
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				587,320			
194	Interest phased-in (Cell C36)				293,660			
195								
196	Variance due to phase-in of debt component of MARR in rates				293,660			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				8,297			
202	Total deemed interest (REGINFO D62)				587,320			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			
207								
208	Total Interest Variance				293,660			
209								
210								
211								

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		30,337	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	32,767,719		32,767,719	
32	Distribution Revenue	+	4,963,244		4,963,244	
33	Other Income	+	796,121		796,121	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	32,767,719		32,767,719	
40	Administration	-	872,185		872,185	
41	Customer billing and collecting	-	1,108,400		1,108,400	
42	Operations and maintenance	-	1,732,430		1,732,430	
43	Amortization	-	1,352,153		1,352,153	
44	Ontario Capital Tax	-			0	
45	OM&A expenses per financial statements	-			0	
46	Restatement adjustment	-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	694,197	0	694,197	
51	Less: Interest expense for accounting purposes	-	8,297		8,297	
52	Provision for payments in lieu of income taxes	-	42,515		42,515	
53	Net Income (loss)	=	643,385	0	643,385	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	42,515	0	42,515	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	1,352,153	0	1,352,153	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	60,936	0	60,936	
64	Reserves from financial statements- end of year	+	1,714,503	0	1,714,503	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		736	0	736	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	8,057	0	8,057	
69						
70	Subtotal		3,178,900	0	3,178,900	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	3,178,900	0	3,178,900	
83						

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	1,139,508		1,139,508	
98	Cumulative eligible capital deduction	-	176,693		176,693	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	334,926	0	334,926	
105	Reserves from financial statements- beginning of year	-	1,414,636	0	1,414,636	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		1,675,681	0	1,675,681	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	3,794	0	3,794	
112						
113	Subtotal	=	4,745,238	0	4,745,238	
114	Other deductions (Please explain the nature of the deductions)					
115		-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	4,745,238	0	4,745,238	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	-922,953	0	-922,953	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	-922,953	0	-922,953	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+			0	
143	Net Ontario Income Tax (Must agree with tax return)	+			0	
144	Subtotal	=	0	0	0	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	0	0	0	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%		0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	0	0	0	
157	Ontario Capital Tax	+	68,652		68,652	
158	Federal Large Corporations Tax	+	43,976		43,976	
159						
160	Total income and capital taxes	=	112,628	0	112,628	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3			Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		60,936		60,936	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		60,936	0	60,936	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		334,926		334,926	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Employee Future Benefits				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		334,926	0	334,926	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		60,936		60,936	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits		1,353,700		1,353,700	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,414,636	0	1,414,636	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		340,805		340,805	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits		1,373,698		1,373,698	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		1,714,503	0	1,714,503	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3			Corporate	Eliminations	Tax	Return
4			Tax		Return	
5			Return		Version 2009.1	
6						
7						
8						
9						
10			365			
11			30,337			
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41			8,057		8,057	
42						
43						
44						
45						
46			8,057	0	8,057	
47						
48						
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			8,057	0	8,057	
79			8,057	0	8,057	
80						
81						
82			3,794		3,794	
83					0	
84					0	
85					0	
86					0	
87					0	
88					0	
89					0	
90					0	
91					0	
92					0	
93					0	
94					0	
95					0	
96			0		0	
97					0	
98					0	
99			3,794	0	3,794	
100						
101						
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119			0	0	0	
120			3,794	0	3,794	
121			3,794	0	3,794	
122						

	A	B	C	D	E	F
1						
2	0					
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Welland Hydro - Electric System Corp.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	736		736	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		0		0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Bad debts - pre-October 1, 2001 Denied	+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	736	0	736	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69	Market Ready Costs	-	235,684		235,684	
70	Retail Service Variances	-	1,439,997		1,439,997	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	1,675,681	0	1,675,681	
74						
75						

SEE MONTHLY PILS CONTINUITY SCHEDULE

[illegible]

Appendix 15

2004 SIMPILS True-Up Model

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Welland Hydro - Electric System Corp.			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory Income
27	SHEET #7 FINAL RUD MODEL DATA				
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,269,440	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.60%	
38					
39	Debt rate			4.84%	
40					
41	Market Adjusted Revenue Requirement			1,388,212	
42					
43	1999 return from RUD Sheet #7				0
44					
45	Total Incremental revenue			1,388,212	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001				0
48	Amount allowed in 2002			694,106	694,106
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				694,106
55					
56	Equity			12,134,720	
57					
58	Return at target ROE			800,892	
59					
60	Debt			12,134,720	
61					
62	Deemed interest amount in 100% of MARR			587,320	
63					
64	Phase-in of interest - Year 1 (2001)			0	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			293,660	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			293,660	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			587,320	
71					
72					

1	A	B	C	D	E	F	G	H
2	PILs DEFERRAL AND VARIANCE ACCOUNTS	0	ITEM	Initial	M of F	M of F	Tax	
3			Estimate		Filing	Filing	Returns	
4	("Wires-only" business - see Tab TAXREC)				Variance	Variance		
5		0			K-C	Explanation	Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2004							
8							Column	
9	Days in reporting period:	366	days				Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	694,106		-357,890		336,216	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	1,042,595		389,194		1,431,789	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			334,926		334,926	
23	Reserves from financial statements - end of year	4			2,068,369		2,068,369	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			3,974		3,974	
30	Items on which true-up does not apply "TAXREC 3"				-1,500,400		-1,500,400	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	769,408		544,422		1,313,830	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		72,682		72,682	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	293,660		-264,135		29,525	
38	Tax reserves - end of year	4			672,871		672,871	
39	Reserves from financial statements - beginning of year	4			1,714,503		1,714,503	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				-1,628,076		-1,628,076	
49								
50	TAXABLE INCOME/ (LOSS)		673,633		-174,094	Before loss C/F	499,539	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates	13	34.12%		#DIV/0!		#DIV/0!	
54								
55	REGULATORY INCOME TAX		229,844		-219,638	Actual	10,206	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		229,844		-219,638	Actual	10,206	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	24,269,440		4,432,573		28,702,013	
67	Less: Exemption	16	5,000,000		-439		4,999,561	
68	Taxable Capital		19,269,440		4,432,134		23,702,452	
69								
70	Rate	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		57,808		12,978		70,786	
73								
74	Federal Large Corporations Tax							
75	Base	18	24,269,440		-24,269,440			
76	Less: Exemption	19	10,000,000		-10,000,000			
77	Taxable Capital		14,269,440		-34,269,440		0	
78								
79	Rate	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		32,106		-32,106		0	
82	Less: Federal Surtax 1.12% x Taxable Income	21	7,545		-1,950		5,595	
83								
84	Net LCT		24,562		-30,156		0	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		33.00%					
89								
90	Income Tax (proxy tax is grossed-up)	22	348,882			Actual 2004	10,206	
91	LCT (proxy tax is grossed-up)	23	36,659			Actual 2004	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	57,808			Actual 2004	70,786	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	443,349			Actual 2004	80,992	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Initial		Filing	Filing	Returns	
3			Estimate		Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2004							
8							Column	
9	Days in reporting period:	366	days				Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			334,926			
104	Reserves from financial statements-end of year	4			2,068,369			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			72,682			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			0			
113	Tax reserves claimed in current year	4			672,871			
114	Reserves from F/S beginning of year	4			1,714,503			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-56,761			
121								
122	Income Tax Rate			x	32.97%			
123								
124	Income Tax Effect on True-up adjustments			=	-18,714			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-18,714			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				31.85%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				-27,460			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	673,633			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	32.97%			
139								
140	REVISED REGULATORY INCOME TAX			=	222,097			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	222,097			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	229,844			
147								
148	Regulatory Income Tax Variance			=	-7,747			
149								
150	Ontario Capital Tax							
151	Base				24,269,440			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	19,269,440			
154								
155	Rate - Tab Tax Rates cell C36			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	57,808			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	57,808			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				24,269,440			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	-25,730,560			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C36				0.3000%			
167								
168	Gross Amount				0			
169	Less: Federal surtax			-	5,595			
170	Revised Net LCT			=	0			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	24,562			
173	Regulatory Federal LCT Variance			=	-24,562			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				31.85%			
176								
177	Income Tax (grossed-up)			+	-11,367			
178	LCT (grossed-up)			+	-36,659			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	-48,026			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	-27,460			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	-75,486			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2004							
8							Column	
9	Days in reporting period:	366	days				Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				587,320			
194	Interest phased-in (Cell C36)				293,660			
195								
196	Variance due to phase-in of debt component of MARR in rates				293,660			
197	according to the Board's decision							
198								
199	Other Interest Variances (I.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				29,525			
202	Total deemed Interest (REGINFO D62)				587,320			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			
207								
208	Total Interest Variance				293,660			
209								
210								
211								

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2004					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		30,337	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	32,830,832		32,830,832	
32	Distribution Revenue	+	5,217,263		5,217,263	
33	Other Income	+	848,624		848,624	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	32,830,832		32,830,832	
40	Administration	-	1,402,103		1,402,103	
41	Customer billing and collecting	-	1,164,667		1,164,667	
42	Operations and maintenance	-	1,731,112		1,731,112	
43	Amortization	-	1,431,789		1,431,789	
44	Ontario Capital Tax	-			0	
45	Loss on disposal of assets	-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	336,216	0	336,216	
51	Less: Interest expense for accounting purposes	-	29,525		29,525	
52	Provision for payments in lieu of income taxes	-			0	
53	Net Income (loss)	=	306,691	0	306,691	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	0	0	0	
60	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	1,431,789	0	1,431,789	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	334,926	0	334,926	
64	Reserves from financial statements- end of year	+	2,068,369	0	2,068,369	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		-1,500,400	0	-1,500,400	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	3,974	0	3,974	
69						
70	Subtotal		2,338,658	0	2,338,658	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	2,338,658	0	2,338,658	
83						

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	1,149,506		1,149,506	
98	Cumulative eligible capital deduction	-	164,324		164,324	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-	72,682		72,682	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	672,871	0	672,871	
105	Reserves from financial statements- beginning of year	-	1,714,503	0	1,714,503	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		-1,628,076	0	-1,628,076	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	2,145,810	0	2,145,810	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	2,145,810	0	2,145,810	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	499,539	0	499,539	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	499,539		499,539	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	0	0	0	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+			0	
143	Net Ontario Income Tax (Must agree with tax return)	+	10,206		10,206	
144	Subtotal	=	10,206		10,206	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	10,206	0	10,206	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		#DIV/0!		#DIV/0!	
151	Blended Income Tax Rate		#DIV/0!		#DIV/0!	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	10,206	0	10,206	
157	Ontario Capital Tax	+	70,786		70,786	
158	Federal Large Corporations Tax	+	0		0	
159						
160	Total income and capital taxes	=	80,992	0	80,992	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3			Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		334,926		334,926	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		334,926	0	334,926	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		672,871		672,871	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		672,871	0	672,871	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		340,805		340,805	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits		1,373,698		1,373,698	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,714,503	0	1,714,503	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		672,871		672,871	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits		1,395,498		1,395,498	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		2,068,369	0	2,068,369	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3				Corporate	Eliminations	Tax
4	(for "wires-only" business - see s. 72 OEB Act)					Return
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Welland Hydro - Electric System Corp.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		30,337			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:	+				0
17		+				0
18	Gain on sale of eligible capital property	+				0
19	Loss on disposal of assets	+				0
20	Charitable donations (Only if it benefits ratepayers)	+				0
21	Taxable capital gains	+				0
22		+				0
23	Scientific research expenditures deducted	+				0
24	per financial statements	+				0
25	Capitalized interest	+				0
26	Soft costs on construction and renovation of buildings	+				0
27	Capital items expensed	+				0
28	Debt issue expense	+				0
29	Financing fees deducted in books	+				0
30	Gain on settlement of debt	+				0
31	Interest paid on income debentures	+				0
32	Recapture of SR&ED expenditures	+				0
33	Share issue expense	+				0
34	Write down of capital property	+				0
35	Amounts received in respect of qualifying environment trust	+				0
36	Provision for bad debts	+				0
37		+				0
38		+				0
39		+				0
40	Other Additions: (please explain in detail the nature of the item)	+				0
41	Ontario Specified Tax Credits	+	321			321
42	Enerconnect Revenue	+	3,653			3,653
43		+				0
44		+				0
45		+				0
46	Total Additions	=	3,974	0		3,974
47						
48	Recap of Material Additions:					
49			0	0		0
50			0	0		0
51			0	0		0
52			0	0		0
53			0	0		0
54			0	0		0
55			0	0		0
56			0	0		0
57			0	0		0
58			0	0		0
59			0	0		0
60			0	0		0
61			0	0		0
62			0	0		0
63			0	0		0
64			0	0		0
65			0	0		0
66			0	0		0
67			0	0		0
68			0	0		0
69			0	0		0
70			0	0		0
71			0	0		0
72			0	0		0
73			0	0		0
74			0	0		0
75			0	0		0
76			0	0		0
77	Total Material additions		0	0		0
78	Other additions less than materiality level		3,974	0		3,974
79	Total Additions		3,974	0		3,974
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-				0
83	Dividends not taxable under section 83	-				0
84	Terminal loss from Schedule 8	-				0
85	Depreciation in inventory, end of prior year	-				0
86	Scientific research expenses claimed in year from Form T661	-				0
87	Bad debts	-				0
88	Book income of joint venture or partnership	-				0
89	Equity in income from subsidiary or affiliates	-				0
90	Contributions to a qualifying environment trust	-				0
91	Other income from financial statements	-				0
92		-				0
93		-				0
94		-				0
95	Other deductions: (Please explain in detail the nature of the item)	-				0
96	2003 OCT included in 2004 income tax	-				0
97		-				0
98		-				0
99	Total Deductions	=	0	0		0
100						
101	Recap of Material Deductions:					
102			0	0		0
103			0	0		0
104			0	0		0
105			0	0		0
106			0	0		0
107			0	0		0
108			0	0		0
109			0	0		0
110			0	0		0
111			0	0		0
112			0	0		0
113			0	0		0
114			0	0		0
115			0	0		0
116			0	0		0
117			0	0		0
118			0	0		0
119	Total Deductions exceed materiality level		0	0		0
120	Other deductions less than materiality level		0	0		0
121	Total Deductions		0	0		0
122						

	A	B	C	D	E	F
1						
2		0				
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Welland Hydro - Electric System Corp.				Version 2009.1	
9						
10						
11	Reporting period: 2004					
12	Number of days in taxation year:		366			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	2,320		2,320	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		1,175		1,175	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38					0	
39	Regulatory Asset Adjustments	+			0	
40		+			0	
41	Market Ready Costs	+	-267,578		-267,578	
42	PILS Deferred Revenue Reserve	+	52,529		52,529	
43	Undelivered Goods and Services - CDM Reserve	+			0	
44	Demand Side Management - CDM Reserve	+	-9,026		-9,026	
45	Retail Service Variances	+	-1,279,820		-1,279,820	
46		+				
47	Total Additions on which true-up does not apply	=	-1,500,400	0	-1,500,400	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	8,599		8,599	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62	Regulatory Asset Adjustments	-			0	
63		-			0	
64	Market Ready Costs	-	-235,684		-235,684	
65	PILS Deferred Revenue Reserve	-			0	
66	Undelivered Goods and Services - CDM Reserve	-			0	
67	Demand Side Management - CDM Reserve	-			0	
68	Retail Service Variances	-	-1,439,997		-1,439,997	
69		-			0	
70	Prior period expense adjustments	-	39,006		39,006	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	-1,628,076	0	-1,628,076	
74						
75						

[illegible]

Appendix 16

2005 SIMPILS True-Up Model

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Welland Hydro - Electric System Corp.			Colour Code	
4	Reporting period: 2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2005	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			24,269,440	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.60%	
38					
39	Debt rate			4.84%	
40					
41	Market Adjusted Revenue Requirement			1,388,212	
42					
43	1999 return from RUD Sheet #7				0
44					
45	Total Incremental revenue			1,388,212	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001				0
48	Amount allowed in 2002			694,106	694,106
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			694106	694,106
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,388,212
55					
56	Equity			12,134,720	
57					
58	Return at target ROE			800,892	
59					
60	Debt			12,134,720	
61					
62	Deemed interest amount in 100% of MARR			587,320	
63					
64	Phase-in of interest - Year 1 (2001)			0	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			293,660	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			293,660	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			587,320	
71					
72					

	A	B	C	D	E	F	G	H
1		0	ITEM		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Initial		Filing	Filing	Returns	
3			Estimate		Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2005							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,388,212		-648,534		739,678	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	1,042,595		450,793		1,493,388	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			672,871		672,871	
23	Reserves from financial statements - end of year	4			2,104,955		2,104,955	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			292		292	
30	Items on which true-up does not apply "TAXREC 3"				-56,725		-56,725	
31				##				
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	769,408		548,338		1,317,746	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	587,320		-587,320		0	
38	Tax reserves - end of year	4			994,804		994,804	
39	Reserves from financial statements - beginning of year	4			2,068,369		2,068,369	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	CDM Incremental OM&A per CDM plan	12	115,684		-115,684		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12		##	1,006		1,006	
48	Items on which true-up does not apply "TAXREC 3"			##	-877,169		-877,169	
49								
50	TAXABLE INCOME/ (LOSS)		958,395		491,308	Before loss C/F	1,449,703	
51				##	581,776			
52	BLENDED INCOME TAX RATE			##	101,113			
53	Tab Tax Rates	13	27.50%		-27.5000%		0.00%	
54								
55	REGULATORY INCOME TAX		263,559		#DIV/0!	Actual	#DIV/0!	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		263,559		#DIV/0!	Actual	#DIV/0!	
61								
62								
63	III) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	24,269,440		4,842,080		29,111,520	
67	Less: Exemption	16	7,500,000		-39,757		7,460,243	
68	Taxable Capital		16,769,440		4,802,323		21,651,277	
69								
70	Rate	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		50,308		14,354		64,662	
73								
74	Federal Large Corporations Tax							
75	Base	18	24,269,440		-24,269,440			
76	Less: Exemption	19	50,000,000		-50,000,000			
77	Taxable Capital		0		-74,269,440		0	
78								
79	Rate	20	0.1750%		0.0000%		0.1750%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0		0		0	
82	Less: Federal Surtax 1.12% x Taxable Income	21	0		0		0	
83								
84	Net LCT		0		0		0	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		27.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	363,529			Actual 2005	#DIV/0!	
91	LCT (proxy tax is grossed-up)	23	0			Actual 2005	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	50,308			Actual 2005	64,662	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2005	25	413,837			Actual 2005	#DIV/0!	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Initial		Filing	Filing	Returns	
3			Estimate		Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2005							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DRI(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			672,871			
104	Reserves from financial statements-end of year	4			2,104,955			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			81,046			
113	Tax reserves claimed in current year	4			994,804			
114	Reserves from F/S beginning of year	4			2,068,369			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-366,393			
121								
122	Income Tax Rate			x	35.29%			
123								
124	Income Tax Effect on True-up adjustments			=	-129,300			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-129,300			
129								
130	Income Tax Rate used for gross-up				34.17%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				-196,415			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	958,395			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	35.29%			
139								
140	REVISED REGULATORY INCOME TAX			=	338,217			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	338,217			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	263,559			
147								
148	Regulatory Income Tax Variance			=	74,659			
149								
150	Ontario Capital Tax							
151	Base			=	24,269,440			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	7,500,000			
153	Revised deemed taxable capital			=	16,769,440			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	50,308			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	50,308			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base			-	24,269,440			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	-25,730,560			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.1750%			
167								
168	Gross Amount				0			
169	Less: Federal surtax			-	0			
170	Revised Net LCT			=	0			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				34.17%			
176								
177	Income Tax (grossed-up)			+	113,412			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	113,412			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	-196,415			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	-83,003			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		0	ITEM		Initial	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Welland Hydro - Electric System Corp.							
7	Reporting period: 2005							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	VI INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO D62)				587,320			
194	Interest phased-in (REGINFO D70)				587,320			
195								
196	Variance due to phase-in of debt component of MARR in rates				0			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing				687,843			
202	Total Deemed Interest (REGINFO D62)				587,320			
203								
204	Variance caused by excess debt				100,523			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				81,046			
207								
208	Total Interest Variance				-100,523			
209								
210								
211								

	A	B	C	D	E	F	G
1		0	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3			Tax		Return		
4		0	Return				
5					Version 2009.1		
6	Section A: Identification:						
7	Utility Name: Welland Hydro - Electric System Corp.						
8	Reporting period: 2005						
9	Taxation Year's start date:						
10	Taxation Year's end date:						
11	Number of days in taxation year:		365	days			
12							
13	Please enter the Materiality Level :		30,337	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N					
15	(0.25% x Net Assets)	Y/N					
16	Or other measure (please provide the basis of the amount)	Y/N					
17	Does the utility carry on non-wires related operation?	Y/N					
18	(Please complete the questionnaire in the Background questionnaire worksheet.)						
19							
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K						
21							
22	Section B: Financial statements data:						
23	Input unconsolidated financial statement data submitted with Tax returns.						
24	The actual categories of the income statements should be used.						
25	If required please change the descriptions except for amortization, interest expense and provision for income tax						
26							
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts						
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.						
29							
30	Income:						
31	Energy Sales	+	38,455,068		38,455,068		
32	Distribution Revenue	+	5,226,331		5,226,331		
33	Other Income	+	612,457		612,457		
34	Miscellaneous income	+			0		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses:						
39	Cost of energy purchased	-	38,455,068		38,455,068		
40	Administration	-	1,050,666		1,050,666		
41	Customer billing and collecting	-	872,500		872,500		
42	Operations and maintenance	-	1,682,556		1,682,556		
43	Amortization	-	1,493,388		1,493,388		
44	Ontario Capital Tax	-			0		
45	Capitalized	-			0		
46	Rounding adjustment re: depreciation	-			0		
47	OM&A per Financial Statements	-			0		
48	Net Income Adjustments per audit adjustments	-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	739,678	0	739,678		
51	Less: Interest expense for accounting purposes	-	687,843		0		
52	Provision for payments in lieu of income taxes	-			0		
53	Net Income (loss)	=	51,835	0	739,678		
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)						
55							
56	Section C: Reconciliation of accounting income to taxable income						
57	From T2 Schedule 1						
58	BOOK TO TAX ADDITIONS:						
59	Provision for income tax	+	0	0	0		
60	Federal large corporation tax	+	0		0		
61	Depreciation & Amortization	+	1,493,388	0	1,493,388		
62	Employee benefit plans-accrued, not paid	+		0	0		
63	Tax reserves - beginning of year	+	672,871	0	672,871		
64	Reserves from financial statements- end of year	+	2,104,955	0	2,104,955		
65	Regulatory adjustments on which true-up may apply (see A66)	+			0		
66	Items on which true-up does not apply "TAXREC 3"		-56,725	0	-56,725		
67	Material addition items from TAXREC 2	+	0	0	0		
68	Other addition items (not Material) from TAXREC 2	+	292	0	292		
69							
70	Subtotal		4,214,781	0	4,214,781		
71							
72	Other Additions: (Please explain the nature of the additions)						
73	Recapture of CCA	+			0		
74	Non-deductible meals and entertainment expense	+			0		
75	Capital items expensed	+			0		
76		+	0		0		
77		+			0		
78		+			0		
79		+			0		
80	Total Other Additions	=	0	0	0		
81							
82	Total Additions	=	4,214,781	0	4,214,781		
83							

	A	B	C	D	E	F	G
1		0	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3			Tax		Return		
4		0	Return				
5					Version 2009.1		
84	Recap Material Additions:						
85			0	0	0		
86			0	0	0		
87			0	0	0		
88			0	0	0		
89			0	0	0		
90			0	0	0		
91			0	0	0		
92	Total Other additions >materiality level		0	0	0		
93	Other additions (less than materiality level)		0	0	0		
94	Total Other Additions		0	0	0		
95							
96	BOOK TO TAX DEDUCTIONS:						
97	Capital cost allowance	-	1,164,924		1,164,924		
98	Cumulative eligible capital deduction	-	152,822		152,822		
99	Employee benefit plans-paid amounts	-			0		
100	Items capitalized for regulatory purposes	-			0		
101	Regulatory adjustments :	-			0		
102	CCA	-			0		
103	other deductions	-			0		
104	Tax reserves - end of year	-	994,804	0	994,804		
105	Reserves from financial statements- beginning of year	-	2,068,369	0	2,068,369		
106	Contributions to deferred income plans	-			0		
107	Contributions to pension plans	-			0		
108	Items on which true-up does not apply "TAXREC 3"		-877,169	0	-877,169		
109	Interest capitalized for accounting deducted for tax	-			0		
110	Material deduction items from TAXREC 2	-	0	0	0		
111	Other deduction items (not Material) from TAXREC 2	-	1,006	0	1,006		
112							
113	Subtotal	=	3,504,756	0	3,504,756		
114	Other deductions (Please explain the nature of the deductions)						
115	Charitable donations - tax basis	-			0		
116	Gain on disposal of assets	-			0		
117		-			0		
118					0		
119		-			0		
120	Total Other Deductions	=	0	0	0		
121							
122	Total Deductions	=	3,504,756	0	3,504,756		
123							
124	Recap Material Deductions:						
125			0	0	0		
126			0	0	0		
127			0	0	0		
128			0	0	0		
129			0	0	0		
130	Total Other Deductions exceed materiality level		0	0	0		
131	Other Deductions less than materiality level		0	0	0		
132	Total Other Deductions		0	0	0		
133							
134	TAXABLE INCOME	=	761,860	0	1,449,703		
135	DEDUCT:						
136	Non-capital loss applied positive number	-	761,860		761,860		
137	Net capital loss applied positive number	-			0		
138					0		
139	NET TAXABLE INCOME	=	0	0	687,843		
140							
141	FROM ACTUAL TAX RETURNS						
142	Net Federal Income Tax (Must agree with tax return)	+	0	#DIV/0!	#DIV/0!		
143	Net Ontario Income Tax (Must agree with tax return) - CMT	+	1,991	#DIV/0!	#DIV/0!		
144	Subtotal	=	1,991	#DIV/0!	#DIV/0!		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0		
146	Total Income Tax	=	1,991	#DIV/0!	#DIV/0!		
147							
148	FROM ACTUAL TAX RETURNS						
149	Net Federal Income Tax Rate (Must agree with tax return)		#DIV/0!		#DIV/0!		Divide federal income tax by the taxable income
150	Net Ontario Income Tax Rate (Must agree with tax return)		#DIV/0!		#DIV/0!		Divide Ontario income tax by the taxable income
151	Blended Income Tax Rate		#DIV/0!		#DIV/0!		
152							
153	Section F: Income and Capital Taxes						
154							
155	RECAP						
156	Total Income Taxes	+	1,991	#DIV/0!	#DIV/0!		
157	Ontario Capital Tax	+	64,662		64,662		
158	Federal Large Corporations Tax	+	0		0		
159							
160	Total income and capital taxes	=	66,653	#DIV/0!	#DIV/0!		
161							

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3			Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Welland Hydro - Electric System Corp.					
8	Reporting period: 2005					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		672,871		672,871	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		672,871	0	672,871	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		994,804		994,804	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		994,804	0	994,804	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		672,871		672,871	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits		1,395,498		1,395,498	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		2,068,369	0	2,068,369	
51					0	
52	End of Year:				0	
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		662,873		662,873	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits		1,442,082		1,442,082	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		2,104,955	0	2,104,955	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3			Corporate	Eliminations		Tax
4	(for "wires-only" business - see s. 72 OEB Act)		Return			Return
5	RATEPAYERS ONLY					
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Welland Hydro - Electric System Corp.					
9	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		30,337			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42	Ontario Specific Tax Credits	+	292		292	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	292	0	292	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51					0	
52			0		0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		292	0	292	
79	Total Additions		292	0	292	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, and of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Enerconnect revenue	-	1,006		1,006	
97		-			0	
98		-			0	
99	Total Deductions	=	1,006	0	1,006	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		1,006	0	1,006	
121	Total Deductions		1,006	0	1,006	
122						

	A	B	C	D	E	F
1						
2		0				
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Welland Hydro - Electric System Corp.				Version 2009.1	
9						
10						
11	Reporting period: 2005					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+	3,295		3,295	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		3,406		3,406	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38					0	
39	Regulatory Asset Adjustments	+			0	
40	Market Ready Costs	+			0	
41	PILS Deferred Revenue Reserve	+	-63,426		-63,426	
42	Undelivered Goods and Services - CDM Reserve	+			0	
43	Demand Side Management - CDM Reserve	+			0	
44	Retail Service Variances	+			0	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	=	-56,725		-56,725	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	8,461		8,461	
55	Financing fee amortization - considered to be interest expense for PILS	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60	Regulatory Asset Adjustments	-			0	
61	Market Ready Costs	-	-267,578		-267,578	
62	PILS Deferred Revenue Reserve	-	52,529		52,529	
63	Undelivered Goods and Services - CDM Reserve	-	-9,026		-9,026	
64	Demand Side Management - CDM Reserve	-			0	
65	Retail Service Variances	-	-1,279,820		-1,279,820	
66	Closing adjustment to Financial Statements -re: regulatory assets	-	618,265		618,265	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70	Ontario Capital Tax	-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	-877,169	0	-877,169	
74						
75						

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1		0													
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Welland Hydro - Electric System Corp.														Version 2009.1
4	Reporting period: 2005		Sign Convention: + for increase; - for decrease										0		
5															
6															
7															
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
10															
11	Opening balance:	=													
12	Board-approved PILs tax proxy from Decisions (1)	+/-													
13	PILs proxy from April 1, 2005 - input 9/12 of amount														
14	True-up Variance Adjustment Q4, 2001 (2)	+/-													
15	True-up Variance Adjustment (3)	+/-													
16	Deferral Account Variance Adjustment Q4, 2001 (4)														
17	Deferral Account Variance Adjustment (5)	+/-													
18	Adjustments to reported prior years' variances (6)	+/-													
19	Carrying charges (7)	+/-													
20	PILs billed to (collected from) customers (8)	-													
21															
22	Ending balance: # 1562		0		0		0		0		0		0		0
23															
24															
25															
26	Uncollected PILs														
27															
28	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to ac###														
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
40	(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.														
41															
42	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
43	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(4) From the Ministry of Finance Variance Column, u###														
49	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, u### 581776														
52	The true-up will compare to the 2002 proxy for : ### 101113														
53															
54	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
59	components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW's, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
72	to calculate the recovery for the period January 1 to March 31, 2005.														
73															
74	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
75	will have to include amounts from 1562 and from 1590.														
76															
77															

Appendix 17

2001 T2 Federal Tax Return

T2 CORPORATION INCOME TAX RETURN

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada

200

Code 0101

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

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

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

055 Do not use this area

Identification

Business Number (BN) 001 863759692RC0001

Corporation's name

002 WELLAND HYDRO ELECTRIC SYSTEM CORP.

Has the corporation changed its name since the last time we were notified? 003 1 Yes ☐ 2 No ☒If yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐

Address of head office

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

011 950 EAST MAIN STREET

012 P.O. BOX 280

City

Province, territory, or state

015 WELLAND

Country (other than Canada)

016 ON

Postal Code/ZIP code

017

018 L3B-5P6

To which taxation year does this return apply?

Taxation year start

Taxation year end

060 2001-10-01
YYYY/MM/DD061 2001-12-31
YYYY/MM/DDHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If yes, provide the date control was acquired 065

YYYY/MM/DD

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o 950 EAST MAIN STREET

022 P.O. BOX 280

023

City

Province, territory, or state

025 WELLAND

Country (other than Canada)

026 ON

Postal code/ZIP code

027

028 L3B-5P6

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

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒Amalgamation? 071 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

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

If yes, please provide Schedule 24 072 1 Yes ☐ 2 No ☒Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

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

081

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

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

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

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

Do not use this area

091	092	093	094	095	096
097					

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

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

Corporation's name	Business Number	Taxation year-end
WELLAND HYDRO ELECTRIC SYSTEM CORP.	863759692RC0001	2001-12-31

Attachments - continued from page 2

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

Additional information

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

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

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

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

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

284	POWER DISTRIBUTION	285	100 %
286		287	0 %
288		289	0 %

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	-1,040,321	A
Deduct: Charitable donations from Schedule 2	311	0	
Gifts to Canada or a province from Schedule 2	312	0	
Cultural gifts from Schedule 2	313	0	
Ecological gifts from Schedule 2	314	0	
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0	
Part VI.1 tax deduction from Schedule 43	325	0	
Non-capital losses of preceding taxation years from Schedule 4	331	0	
Net-capital losses of preceding taxation years from Schedule 4	332	0	
Restricted farm losses of preceding taxation years from Schedule 4	333	0	
Farm losses of preceding taxation years from Schedule 4	334	0	
Limited partnership losses of preceding taxation years from Schedule 4	335	0	
Taxable capital gains or taxable dividends allocated from a central credit union	340	0	
Prospector's and grubstaker's shares	350	0	
Subtotal		0	B
Subtotal (amount A minus amount B)		0	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355	0	D
Taxable income (amount C plus amount D)	360	0	
Income exempt under paragraph 149(1)(t)	370	0	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		0	Z

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 **400** **0** A

Taxable income from line 360 or amount Z on page 3, whichever applies, **minus** 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and **minus** any amount that, because of federal law is exempt from Part I tax **405** **0** B

Business limit (for associated corporations, enter business limit from Schedule 23) **410** **50,411** C

Reduction to business limit:

Amount C **50,411** X **415 ***** **43,698** D = ... **195,810** E

11,250

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

Small business deduction - 16.00% of the least of amounts A, B, C, and F **430** **0** G
(enter amount G on line 9 of page 7)

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

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

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

Accelerated tax reduction

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

Reduced business limit (amount from line 425) **0** x 3/2 = ... **0** A

Net active business income (amount from line 400) * **0** B

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of the maximum deductible amount at line 636** on page 7, and minus any amount that, because of federal law is exempt for Part I Tax **0** C

Deduct:
Aggregate investment income (amount from line 440 of page 6) **0** D

Amount C minus amount D (if negative, enter "0") **0** **0** E

The least of amounts A, B, or E above **0** F

Amount Z from Part 9 of Schedule 27 **0** x 100/7 = ... **0** G

Amount QQ from Part 13 of Schedule 27 **0** H

Resource allowance
(amount from line 346 of Schedule 1) **0** x 3 = ... **0** I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) **0** J

Least of amounts on lines 400, 405, 410, and 425 of the small business deduction **0** K

Total of amounts G, H, I, J, and K **0** **0** L

Amount F minus amount L (if negative, enter "0") **0** M

Amount M **0** x Number of days in the taxation year after December 31, 2000 **92** = ... **0** N
Number of days in the taxation year **92**

Accelerated tax reduction - 7% of amount N **0** O
(enter amount O on line 437 of page 7)

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

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3						<u>0</u> A
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7			<u>0</u>	B
Amount QQ from Part 13 of Schedule 27					<u>0</u>	C
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u>	x 3	=		<u>0</u>	D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)					<u>0</u>	E
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4					<u>0</u>	F
Aggregate investment income from line 440 of page 6					<u>0</u>	G
Amount used to calculate the accelerated tax reduction (amount M of page 4)					<u>0</u>	H
Total of amounts B, C, D, E, F, G, and H					<u>0</u>	I
Amount A minus amount I (if negative, enter "0")					<u>0</u>	J
Amount J	<u>0</u>	x	Number of days in the taxation year in 2001	<u>92</u>	x 1%	= <u>0</u> K
			Number of days in the taxation year	<u>92</u>		
Amount J	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3%	= <u>0</u> L
			Number of days in the taxation year	<u>92</u>		
Amount J	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5%	= <u>0</u> M
			Number of days in the taxation year	<u>92</u>		
Amount J	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7%	= <u>0</u> N
			Number of days in the taxation year	<u>92</u>		
General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N						<u>0</u> O
(enter amount O on line 638 of page 7)						

General tax reduction

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

Taxable income from line 360 or amount Z of page 3						<u>0</u> A
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7			<u>0</u>	B
Amount QQ from Part 13 of Schedule 27					<u>0</u>	C
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u>	x 3	=		<u>0</u>	D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)					<u>0</u>	E
Total of amounts B, C, D, and E					<u>0</u>	F
Amount A minus amount F (if negative, enter "0")					<u>0</u>	G
Amount G	<u>0</u>	x	Number of days in the taxation year in 2001	<u>92</u>	x 1%	= <u>0</u> H
			Number of days in the taxation year	<u>92</u>		
Amount G	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3%	= <u>0</u> I
			Number of days in the taxation year	<u>92</u>		
Amount G	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5%	= <u>0</u> J
			Number of days in the taxation year	<u>92</u>		
Amount G	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7%	= <u>0</u> K
			Number of days in the taxation year	<u>92</u>		
General tax reduction - Total of amounts H, I, J and K						<u>0</u> L
(enter amount L on line 639 of page 7)						

Corporation's name	Business Number	Taxation year-end
WELLAND HYDRO ELECTRIC SYSTEM CORP.	863759692RC0001	2001-12-31

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

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

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

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

0 x 26 2/3% = 0 **D**

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

Deduct corporate surtax from line 600 of page 7 0

Net amount 0 **E**

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

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year **460** 0
Deduct dividend refund for the previous taxation year **465** 0
0 **A**

Add the total of:

Refundable portion of Part I tax from line 450 above 0
Total Part IV tax payable from line 360 on page 2 of Schedule 3 0
Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation **480** 0
0 **B**

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

Dividend refund

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

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

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

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

Corporation's name WELLAND HYDRO ELECTRIC SYSTEM CORP.	Business Number 863759692RC0001	Taxation year-end 2001-12-31

Part I tax

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

Corporate surtax calculation

Base amount from line A above	0	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	0	2
Investment corporation deduction from line 620 below	0	3
Federal logging tax credit from line 640 below	0	4
Federal qualifying environmental trust tax credit from line 648 below	0	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:		
28.00 % of taxable income from line 360 of page 3	0 a	
28.00 % of taxed capital gains	0 b	
Part I tax otherwise payable	0 c	
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	0	7
Net amount (line 1 minus line 7)	0	8

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

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

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

Aggregate investment income from line 440 on page 6	0	i
Taxable income from line 360 on page 3	0	
Deduct:		
The least of amounts on lines 400, 405, 410, and 425 of page 4	0	
Net amount	0	ii

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

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

Deduct:

Small business deduction from line 430 of page 4	0	9
Federal tax abatement	608	0
Manufacturing and processing profits deduction from amount BB or amount VV of Schedule 27	616	0
Investment corporation deduction	620	0
(taxed capital gains 624 <u>0</u>)		
Additional deduction - credit unions from Schedule 17	628	0
Federal foreign non-business income tax credit from Schedule 21	632	0
Federal foreign business income tax credit from Schedule 21	636	0
Accelerated tax reduction from amount O of page 4	637	0
General tax reduction for CCPCs from amount O of page 5	638	0
General tax reduction from amount L of page 5	639	0
Federal logging tax credit from Schedule 21	640	0
Federal political contribution tax credit	644	0
Federal political contributions 646 <u>0</u>		
Federal qualifying environmental trust tax credit	648	0
Investment tax credit from Schedule 31	652	0
Subtotal	0	

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

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	10,709
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		10,709

Add provincial and territorial tax:

Provincial or territorial jurisdiction 750 ON

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

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta) 760 0

Provincial tax on large corporations (New Brunswick and Nova Scotia) 765 0

0

Total tax payable 770 10,709 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld 801 0

Allowable refund for non-resident-owned investment corporations from Schedule 26 804 0

Provincial and territorial capital gains refund from Schedule 18 808 0

Provincial and territorial refundable tax credits from Schedule 5 812 0

Royalties deductible under Syncrude Remission Order 815 0

Tax remitted under Syncrude Remission Order 816 0

Tax instalments paid 840 10,709

Total credits 890 10,709

Refund code 894 1 Overpayment 0 Balance (line A minus line B) 0

Direct deposit request

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

☐ Start ☐ Change information 910 _____
Branch number

914 _____ 918 _____
Institution number Account number

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

Balance unpaid 0

Enclosed payment 898 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one month extension of the date the balance of tax is due?

. 896 1 Yes ☐ 2 No ☒

Certification

I, 950 PEEVER 951 ROSS 954 PRESIDENT

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 taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 _____ 956 905-732-1381

Date (yyyy/mm/dd)

Signature of an authorized signing officer of the corporation

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 _____ 959 _____

Name in block letters

Telephone number

Language of correspondence - Langue de correspondance

990 Please indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais



2 Français/French



GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Identification of the corporation (Imported Data)

Name of the corporation.....	WELLAND HYDRO ELECTRIC SYSTEM CORP.		
Business Number.....	863759692RC0001	Taxation year end.....	2001-12-31
Address.....	950 EAST MAIN STREET	City.....	WELLAND
Province, Territory.....	ON	Postal code.....	L3B-5P6

Balance Sheet

GIFI	Account	Description	Amount	Prior Year

Assets

1599		Total current assets.....	+	12,784,144	0
2008		Total tangible capital assets.....	+	35,158,735	0
2009		Total accumulated amortization of tangible capital assets.....	-	15,747,033	0
2178		Total intangible capital assets.....	+	0	0
2179		Total accumulated amortization of intangible capital assets.....	-	0	0
2589		Total long term assets.....	+	617,872	0
2590		Assets held in trust.....	+	0	0
				-----	-----
2599		Total Assets (mandatory field)	=	32,813,718	33,346,969
				=====	=====

Liabilities

3139		Total current liabilities.....		3,958,571	0
3450		Total long term liabilities.....		16,133,047	0
3460		Subordinated debt.....		0	0
3470		Amounts held in trust.....		0	0
				-----	-----
3499		Total liabilities (mandatory field)		20,091,618	0
				=====	=====

Shareholder equity

3620		Total shareholder equity (mandatory field).....		12,722,100	43,347,898
				=====	=====

3640		Total Liabilities and Shareholder Equity		32,813,718	43,347,898
				=====	=====

3849		Retained Earnings/Deficit - End (mandatory field)		-877,280	29,748,518
				=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Assets

GIFI	Account	Description	Amount	Prior year
Cash and deposits				
1000	*	Cash and deposits	3,249,961	0
1001		Cash	0	0
		Deposits in Canadian banks and institutions		
1002		- Canadian currency	0	0
		Deposits in Canadian banks and institutions		
1003		- Foreign currency	0	0
1004		Deposits in foreign banks - Canadian currency	0	0
1005		Deposits in foreign banks - foreign currency	0	0
1006		Credit union central deposits	0	0
1007		Other cash like instruments	0	0
			-----	-----
		Cash and deposits	+ 3,249,961	0
			=====	=====

Accounts receivable				
1060	*	Accounts receivable	1,889,043	0
1062		Trade accounts receivable	0	0
1064		Trade accounts receivable from related parties	0	0
1066		Taxes receivable	51,568	0
1067		Interest receivable	0	0
1068		Holdbacks receivable	0	0
1069		Leases receivable	0	0
1071		Accounts receivable from employees	0	0
1073		Amounts receivable from members of NPOs	0	0
			-----	-----
		Accounts receivable	+ 1,940,611	0
			=====	=====

Allowance for doubtful accounts				
1061	*	Allowance for doubtful accounts	0	0
1063		Allowance for doubtful trade accounts receivable	0	0
1065		Allowance for doubtful trade accounts receivable related parties	0	0
1070		Allowance for doubtful amounts contained in leases receivable	0	0
1072		Allowance for doubtful accounts receivable from employees	0	0
			-----	-----
		Allowance for doubtful accounts	- 0	0
			=====	=====

Inventories

1120	*	Inventories	1,172,811	0
1121		Inventory of goods for sale	0	0
1122		Inventory parts and supplies	0	0
1123		Inventory properties	0	0
1124		Inventory of aggregates	0	0
1125		Work in progress	0	0
1126		Raw materials	0	0
1127		Inventory of securities	0	0
			-----	-----
		Inventories	+ 1,172,811	0
			=====	=====

Short term investments

1180	*	Short term investments	3,197,540	0
1181		Canadian term deposits	0	0
1182		Canadian shares	0	0
1183		Canadian bonds	0	0
1184		Canadian treasury bills	0	0
1185		Securities purchased under resale agreements	0	0
1186		Other short term Canadian investments	0	0
1187		Short term foreign investments	0	0
			-----	-----
		Short term investments	+ 3,197,540	0
			=====	=====

Loans and notes receivable

1240	*	Loans and notes receivable	0	0
1241		Demand loans receivable	0	0
1242		Other loans receivable	0	0
1243		Notes receivable	0	0
1244		Mortgages receivable	0	0
			-----	-----
		Loans and notes receivable	+ 0	0
			=====	=====

Due from shareholder(s)/director(s)

1300	*	Due from shareholder(s)/director(s)	0	0
1301		Due from individual shareholder(s)	0	0
1302		Due from corporate shareholder(s)	0	0
1303		Due from director(s)	0	0
			-----	-----
		Due from shareholder(s)/director(s)	+ 0	0
			=====	=====

1360		Investment in joint venture(s)/partnership(s)	+	0	0
1380		Due from joint venture(s)/partnerships(s)	+	0	0

Due from/investment in related parties

1400	* Due from/investment in related parties	0	0
1401	Demand notes from related parties	25,417	0
1402	Interest receivable from related parties	0	0
1403	Loans/advances due from related parties	0	0
		-----	-----
	Due from/investment in related parties	+ 25,417	0
		=====	=====

1460	Customers' liability under acceptances	+	0	0

Other current assets

1480	* Other current assets	3,169,056	0
1481	Deferred income taxes	0	0
1482	Accrued investment income	0	0
1483	Taxes recoverable/refundable	0	0
1484	Prepaid expenses	28,748	0
1485	Drilling advances	0	0
1486	Security/tender deposits	0	0
		-----	-----
	Other current assets	+ 3,197,804	0
		=====	=====

1599	Total Current Assets	=	12,784,144	0
			=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Tangible Capital Assets

GIFI	Account	Description	Amount	Prior year

1600		Land.....	+	214,041	0
1601		Land improvements.....	+	0	0

Depletable assets

1620	*	Depletable assets.....		0	0
1622		Petroleum and natural gas properties.....		0	0
1624		Mining properties.....		0	0
1626		Deferred exploration and development charges.....		0	0
1628		Quarries.....		0	0
1630		Gravel pits.....		0	0
1632		Timber limits.....		0	0
				-----	-----
		Depletable assets	+	0	0
				=====	=====

Buildings

1680	*	Buildings.....		1,350,087	0
1682		Manufacturing and processing plant.....		0	0
1684		Buildings under construction.....		0	0
				-----	-----
		Buildings	+	1,350,087	0
				=====	=====

Machinery, equipment, furniture and fixtures

1740	*	Machinery, equipment, furniture and fixtures.....		33,594,607	0
1742		Motor vehicles.....		0	0
1744		Tools and dies.....		0	0
1746		Construction and excavating equipment.....		0	0
1748		Forestry and logging equipment.....		0	0
1750		Fishing gear and nets.....		0	0
1752		Mining equipment.....		0	0
1754		Oil and gas systems.....		0	0
1756		Production equipment for resource industries.....		0	0
1758		Production equipment for other than resource industries.....		0	0
1760		Exploration equipment.....		0	0
1762		Shipping equipment.....		0	0
1764		Ships and boats.....		0	0
1766		Aircraft.....		0	0
1768		Signs.....		0	0

Machinery, equipment, furniture and fixtures (cont'd)

1770	Small tools.....	0	0
1772	Radio and communication equipment.....	0	0
1774	Computer equipment/software.....	0	0
1776	Musical instruments.....	0	0
1778	Satellites.....	0	0
1780	Earth stations.....	0	0
1782	Machinery and equipment under construction.....	0	0
1783	Transportation equipment.....	0	0
1785	Other machinery and equipment.....	0	0
1787	Furniture and fixtures.....	0	0
		-----	-----
	Machinery, equipment, furniture and fixtures	+ 33,594,607	0
		=====	=====

Other tangible capital assets

1900	* Other tangible capital assets.....	0	0
1902	Logging roads.....	0	0
1904	Asphalt and parking areas.....	0	0
1906	Wharves.....	0	0
1908	Fences.....	0	0
1910	Capital leases - buildings.....	0	0
1912	Capital leases - equipment.....	0	0
1914	Capital leases - vehicles.....	0	0
1916	Capital leases - others.....	0	0
1918	Leasehold improvements.....	0	0
1920	Other capital assets under construction.....	0	0
1921	Campsites.....	0	0
		-----	-----
	Other tangible capital assets	+ 0	0
		=====	=====

2008	Total Tangible Capital Assets	= 35,158,735	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Accumulated Amortization of Tangible Capital Assets

GIFI	Account	Description	Amount	Prior year
1602		Land improvements	0	0
Accumulated amortization of depletable assets				
1621	*	Depletable assets	0	0
1623		Petroleum and natural gas properties	0	0
1625		Mining properties	0	0
1627		Deferred exploration and development charges	0	0
1629		Quarries	0	0
1631		Gravel pits	0	0
1633		Timber limits	0	0
			-----	-----
		Accumulated amortization of depletable assets	+ 0	0
			=====	=====
Accumulated amortization of buildings				
1681	*	Buildings	599,464	0
1683		Manufacturing and processing plant	0	0
			-----	-----
		Accumulated amortization of buildings	+ 599,464	0
			=====	=====
Accumulated amortization of machinery, equipment, furniture and fixtures				
1741	*	Machinery, equipment, furniture and fixtures	15,097,914	0
1743		Motor vehicles	0	0
1745		Tools and dies	0	0
1747		Construction and excavating equipment	0	0
1749		Forestry and logging equipment	0	0
1751		Fishing gear and nets	0	0
1753		Mining equipment	0	0
1755		Oil and gas systems	0	0
1757		Production equipment for resource industries	0	0
1759		Production equipment for other than resource industries	0	0
1761		Exploration equipment	0	0
1763		Shipping equipment	0	0
1765		Ships and boats	0	0
1767		Aircraft	0	0
1769		Signs	0	0
1771		Small tools	0	0
1773		Radio and communication equipment	0	0
1775		Computer equipment/software	0	0
1777		Musical instruments	0	0
1779		Satellites	0	0
1781		Earth stations	0	0
1784		Transportation equipment	0	0
1786		Other machinery and equipment	0	0
1788		Furniture and fixtures	0	0
			-----	-----
		Accumulated amortization of machinery, equipment, furniture and fixtures	+ 15,097,914	0
			=====	=====

Accumulated amortization of other tangible capital assets

1901	* Other tangible capital assets	49,655	0
1903	Logging roads	0	0
1905	Asphalt and parking areas	0	0
1907	Wharves	0	0
1909	Fences	0	0
1911	Capital leases - buildings	0	0
1913	Capital leases - equipment	0	0
1915	Capital leases - vehicles	0	0
1917	Capital leases - others	0	0
1919	Leasehold improvements	0	0
1922	Campsites	0	0
		-----	-----
	Accumulated amortization of other tangible capital assets	+ 49,655	0
		=====	=====

2009	Total Accumulated Amortization of Tangible Capital Assets	= 15,747,033	0
		=====	=====

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Long Term Assets

GIFI	Account	Description	Amount	Prior year

Due from shareholder(s)/director(s)

2180	*	Due from shareholder(s)/director(s)	0	0
2181		Due from individual shareholder(s)	0	0
2182		Due from corporate shareholder(s)	0	0
2183		Due from director(s)	0	0
			-----	-----
		Due from shareholder(s)/director(s)	+ 0	0
			=====	=====

2190		Due from members	+	0	0
2200		Investment in joint venture(s)/partnership(s)	+	0	0
2220		Due from joint venture(s)/partnership(s)	+	0	0

Due from/investment in related parties

2240	*	Due from/investment in related parties	0	0
2241		Due from/investment in Canadian related parties	0	0
2242		Shares in Canadian related corporations	0	0
2243		Loans/advances to Canadian related corporations	0	0
2244		Investment in Canadian related corporations at cost	0	0
2245		Investment in Canadian related corporations at equity	0	0
2246		Due from/investment in foreign related parties	0	0
2247		Shares in foreign related corporations	0	0
2248		Loans/advances to foreign related corporations	0	0
2249		Investment in foreign related corporations at cost	0	0
2250		Investment in foreign related corporations at equity	0	0
			-----	-----
		Due from/investment in related parties	+ 0	0
			=====	=====

2280		Investment in co-tenancy	+	0	0

Long term investments

2300	* Long term investments	0	0
2301	Foreign shares	0	0
2302	Other types of foreign investments	0	0
2303	Canadian shares	0	0
2304	Government of Canada debt	0	0
2305	Canadian, provincial and municipal government debt	0	0
2306	Canadian corporate bonds and debentures	0	0
2307	Debt securities	0	0
2308	Equity securities	0	0
2309	Securities purchased under resale agreements	0	0
2310	Central credit union shares	0	0
2311	Other Canadian long term investments	0	0
		-----	-----
	Long term investments	+ 0	0
		=====	=====

Long term loans

2360	* Long term loans	0	0
2361	Mortgages	0	0
2362	Personal and credit card loans	0	0
2363	Business and government loans	0	0
2364	Line of credit	0	0
		-----	-----
	Long term loans	+ 0	0
		=====	=====

Other long term assets

2420	* Other long term assets	617,872	0
2421	Deferred income taxes	0	0
2422	Deferred pension charges	0	0
2423	Deferred unrealized exchange losses	0	0
2424	Other deferred items/charges	0	0
2426	Reserve fund	0	0
2427	Cash surrender value of life insurance	0	0
		-----	-----
	Other long term assets	+ 617,872	0
		=====	=====

2425	Accumulated amortization of deferred charges	0	0

2589	Total Long Term Assets	= 617,872	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Liabilities

GIFI	Account	Description	Amount	Prior year

2600		Bank overdraft	+	0	0

Amounts payable and accrued liabilities

2620	*	Amounts payable and accrued liabilities		3,831,441	0
2621		Trade payables		0	0
2622		Trade payables to related parties		0	0
2623		Holdbacks payable		0	0
2624		Wages payable		0	0
2625		Management fees payable		0	0
2626		Bonuses payable		0	0
2627		Employee deductions payable		0	0
2628		Withholding taxes payable		0	0
2629		Interest payable		0	0
2630		Amounts payable to members of NPOs		0	0
				-----	-----
		Amounts payable and accrued liabilities	+	3,831,441	0
				=====	=====

2680		Taxes payable	+	0	0

Short term debt

2700	*	Short term debt		0	0
2701		Loans from Canadian banks		0	0
2702		Liability for securities sold short		0	0
2703		Liability for securities sold under repurchase agreements		0	0
2704		Gold and silver certificates		0	0
2705		Cheques and other items in transit		0	0
2706		Lien notes		0	0
				-----	-----
		Short term debt	+	0	0
				=====	=====

2770		Deferred income	+	0	0

Due to shareholder(s)/director(s)

2780	*	Due to shareholder(s)/director(s)		0	0
2781		Due to individual shareholder(s)		0	0
2782		Due to corporate shareholder(s)		0	0
2783		Due to director(s)		0	0
				-----	-----
		Due to shareholder(s)/director(s)	+	0	0
				=====	=====

2840		Due to joint venture(s)/partnership(s)	+	0	0

Due to related parties

2860	* Due to related parties	0	0
2861	Demand notes due to related parties	0	0
2862	Interest payable to related parties	0	0
2863	Advances due to related parties	0	0
		-----	-----
	Due to related parties	+ 0	0
		=====	=====

2920	Current portion of long term liability	+	106,998	0
2940	Bankers' acceptances	+	0	0

Other current liabilities

2960	* Other current liabilities	20,132	0
2961	Deposits received	0	0
2962	Dividends payable	0	0
2963	Deferred income taxes	0	0
2964	Reserve for guarantees, warranties or indemnities	0	0
2965	General provisions/reserves	0	0
2966	Crew shares	0	0
		-----	-----
	Other current liabilities	+ 20,132	0
		=====	=====

3139	Total Current Liabilities	=	3,958,571	0
			=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Long Term Liabilities

GIFI	Account	Description	Amount	Prior year

Long term debt

3140	*	Long term debt	0	0
3141		Mortgages	0	0
3142		Farm credit corporation loan	0	0
3143		Chartered bank loan	0	0
3144		Credit Union/Caisse Populaire loan	0	0
3145		Provincial government loan	0	0
3146		Supply company loan	0	0
3147		Private loan	0	0
3148		Centrals, leagues, and federation loans	0	0
3149		Line of credit	0	0
3150		Liability for securities sold short	0	0
3151		Liability for securities sold under repurchase agreements	0	0
3152		Lien notes	0	0
			-----	-----
Long term debt			+ 0	0
			=====	=====

3200		Deposit liabilities of financial institutions	+	0	0
3210		Bonds and debentures	+	0	0
3220		Deferred income	+	685,324	0
3240		Deferred income taxes	+	0	0

Due to shareholder(s)/director(s)

3260	*	Due to shareholder(s)/director(s)	0	0
3261		Due to individual shareholder(s)	0	0
3262		Due to corporate shareholder(s)	0	0
3263		Due to director(s)	0	0
			-----	-----
Due to shareholder(s)/director(s)			+ 0	0
			=====	=====

3270		Due to members	+	0	0
3280		Due to joint venture(s)/partnership(s)	+	0	0

Due to related parties

3300	*	Due to related parties	0	0
3301		Amounts owing to related Canadian parties	0	0
3302		Amounts owing to related foreign parties	0	0
			-----	-----
Due to related parties			+ 0	0
			=====	=====

Other long term liabilities

3320	* Other long term liabilities	203,270	0
3321	Long term obligations/commitments/capital leases	13,499,953	0
3322	Reserves for guarantees, warranties or indemnities	1,744,500	0
3323	Provision for site restoration	0	0
3324	Contributions to qualifying environmental trust	0	0
3325	General provisions/reserves	0	0
3326	Preference shares restated	0	0
3327	Member allocations	0	0
3328	Deferred revenue from incomplete contracts	0	0
		-----	-----
	Other long term liabilities	+ 15,447,723	0
		=====	=====

3450	Total Long Term Liabilities	= 16,133,047	0
		=====	=====

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Shareholder Equity

GIFI	Account	Description	Amount	Prior year

Shareholder equity

3500	Common shares.....	+	13,599,380	13,599,380
3520	Preferred shares.....	+	0	0

Contributed and other surplus

3540	* Contributed and other surplus.....		0	0
3541	Contributed surplus.....		0	0
3542	Appraisal surplus.....		0	0
3543	General reserve.....		0	0
			-----	-----
	Contributed and other surplus	+	0	0
			=====	=====

3570	Head office account.....	+	0	0
3600	Retained earnings/deficit.....	+	-877,280	29,748,518

3620	Total Shareholder Equity	=	12,722,100	43,347,898
			=====	=====

* Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Retained Earning/Deficit

GIFI	Account	Description	Amount	Prior year

3660		Retained earnings/deficit - start	+	263,124	0
3680		Net income/loss	+	-1,140,404	29,748,518

Dividends declared

3700	*	Dividends declared		0	0
3701		Cash dividends		0	0
3702		Patronage dividends		0	0
				-----	-----
		Dividends declared	-	0	0
				=====	=====

3720		Prior period adjustments	+	0	0

Other items affecting retained earnings

3740	*	Other items affecting retained earnings		0	0
3741		Share redemptions		0	0
3742		Special reserves		0	0
3743		Currency adjustments		0	0
3744		Unusual revenue items		0	0
3745		Interfund transfer		0	0
				-----	-----
		Other items affecting retained earnings	+	0	0
				=====	=====

3849		Retained Earnings/Deficit - End	=	-877,280	29,748,518
				=====	=====

* Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Income Statement

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

GIFI	Account	Description	Amount	Prior year

Income Statement Information

8089	Total sales of goods and services.....	+	9,942,753	29,748,518
8518	Cost of sales.....	-	9,945,884	0
			-----	-----
8519	Gross profit/loss	=	-3,131	29,748,518
			=====	=====
8518	Cost of sales.....	+	9,945,884	0
9367	Total operating expenses.....	+	1,176,456	0
			-----	-----
9368	Total expenses (mandatory field)	=	11,122,340	0
			=====	=====
8299	Total revenue (mandatory field).....	+	9,981,936	29,748,518
9368	Total expenses (mandatory field).....	-	11,122,340	0
			-----	-----
9369	Net non-farming income	=	-1,140,404	29,748,518
			=====	=====

Farming Income Statement Information

9659	Total farm revenue (mandatory field).....	+	0	0
9898	Total farm expenses (mandatory field).....	-	0	0
			-----	-----
9899	Net farm income	=	0	0
			=====	=====

9970	Net Income/Loss before Taxes and Extraordinary Items		-1,140,404	29,748,518
			=====	=====

9975	Extraordinary item(s)	0	0
9976	Legal settlements	0	0
9980	Unrealized gains/losses	0	0
9985	Unusual items	0	0
9990	Current income taxes	0	0
9995	Deferred income tax provision	0	0
		-----	-----
9999	Net Income/Loss after Taxes and Extraordinary Items (mandatory field)	-1,140,404	29,748,518
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Revenue

GIFI	Account	Description	Amount	Prior year
8000		Trade sales of goods and services	9,942,753	29,748,518
8020		Sales of goods and services to related parties	0	0
8030		Interdivisional sales	0	0
Sales from resource properties				
8040	*	Sales from resource properties	0	0
8041		Petroleum and natural gas sales	0	0
8042		Petroleum and natural gas sales to related parties	0	0
8043		Gas marketing	0	0
8044		Processing revenue	0	0
8045		Pipeline revenue	0	0
8046		Seismic sales	0	0
8047		Mining revenue	0	0
8048		Coal revenue	0	0
8049		Oil sands revenue	0	0
8050		Royalty income	0	0
8051		Oil and gas partnership/joint venture income/loss	0	0
8052		Mining partnership/joint venture income/loss	0	0
8053		Other production revenue	0	0
			-----	-----
		Sales from resource properties	0	0
			=====	=====
8089		Total sales of goods and services	9,942,753	29,748,518

Investment revenue				
8090	*	Investment revenue	0	0
8091		Interest from foreign sources	0	0
8092		Interest from Canadian bonds and debentures	0	0
8093		Interest from Canadian mortgage loans	0	0
8094		Interest from other Canadian sources	0	0
8095		Dividend income	0	0
8096		Dividends from Canadian sources	0	0
8097		Dividends from foreign sources	0	0
			-----	-----
		Investment revenue	0	0
			=====	=====

Interest income (financial institutions)

8100	*	Interest income (financial institutions).....	0	0
8101		Loan interest.....	0	0
8102		Securities interest.....	0	0
8103		Deposits with banks interest.....	0	0
			-----	-----
Interest income (financial institutions)			0	0
			=====	=====

Commission revenue

8120	*	Commission revenue.....	0	0
8121		Commission income on real estate transactions.....	0	0
			-----	-----
Commission revenue			0	0
			=====	=====

Rental revenue

8140	*	Rental revenue.....	0	0
8141		Real estate rental revenue.....	0	0
8142		Film rental revenue.....	0	0
			-----	-----
Rental revenue			0	0
			=====	=====

8150		Vehicle leasing.....	0	0

Fishing revenue

8160	*	Fishing revenue.....	0	0
8161		Fish products.....	0	0
8162		Other marine products.....	0	0
8163		Fishing grants, credits and rebates.....	0	0
8164		Fishing subsidies.....	0	0
8165		Compensation for loss of fishing income or property.....	0	0
8166		Sharesman income.....	0	0
			-----	-----
Fishing revenue			0	0
			=====	=====

Realized gains/losses on disposal of assets

8210	*	Realized gains/losses on disposal of assets.....	0	0
8211		Realized gains/losses on sale of investments.....	0	0
8212		Realized gains/losses on sale of resource properties.....	0	0
			-----	-----
Realized gains/losses on disposal of assets			0	0
			=====	=====

NPO amounts received

8220	NPO amounts received.....	0	0
8221	Membership fees.....	0	0
8222	Assessments.....	0	0
8223	Gifts.....	0	0
8224	Gross sales and revenues from organizational activities.....	0	0
		-----	-----
		0	0
		=====	=====

Other revenue

8230	* Other revenue.....	39,183	0
8231	Foreign exchange gains/losses.....	0	0
8232	Income/loss of subsidiaries/affiliates.....	0	0
8233	Income/loss of other divisions.....	0	0
8234	Income/loss of joint ventures.....	0	0
8235	Income/loss of partnerships.....	0	0
8236	Realization of deferred revenues.....	0	0
8237	Royalty income other than resource.....	0	0
8238	Alberta royalty tax credits.....	0	0
8239	Management and administration fees.....	0	0
8240	Telecommunications revenue.....	0	0
8241	Consulting fees.....	0	0
8242	Subsidies and grants.....	0	0
8243	Sale of by-products.....	0	0
8244	Deposit services.....	0	0
8245	Credit services.....	0	0
8246	Card services.....	0	0
8247	Patronage dividends.....	0	0
8248	Insurance recoveries.....	0	0
8249	Expense recoveries.....	0	0
8250	Bad debt recoveries.....	0	0
		-----	-----
	Other revenue	39,183	0
		=====	=====

8299	Total Revenue	9,981,936	29,748,518
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Cost of Sales

GIFI	Account	Description	Amount	Prior year

Opening inventory

8300	*	Opening inventory	0	0
8301		Opening inventory - finished goods	0	0
8302		Opening inventory - raw materials	0	0
8303		Opening inventory - goods in process	0	0
			-----	-----
		Opening inventory	+ 0	0
			=====	=====

8320		Purchases/cost of materials	+	0	0
8340		Direct wages	+	0	0
8350		Benefits on direct wages	+	0	0
8360		Trades and sub-contracts	+	0	0
8370		Production costs other than resource	+	0	0

Resource production costs

8400	*	Resource production costs	0	0
8401		Pipeline operations	0	0
8402		Drilling	0	0
8403		Site restoration costs	0	0
8404		Gross overriding royalty	0	0
8405		Freehold royalties	0	0
8406		Other producing properties rental	0	0
8407		Prospect/geological	0	0
8408		Well operating, fuel and equipment	0	0
8409		Well abandonment and dry holes	0	0
8410		Other lease rentals	0	0
8411		Exploration expenses	0	0
8412		Development expenses	0	0
			-----	-----
		Resource production costs	+ 0	0
			=====	=====

Crown charges

8435	*	Crown charges	0	0
8436		Crown royalties	0	0
8437		Crown lease rentals	0	0
8438		Freehold mineral tax	0	0
8439		Mining taxes	0	0
8440		Oil sand leases	0	0
8441		Saskatchewan resource surcharge	0	0
			-----	-----
		Crown charges	+ 0	0
			=====	=====

Other direct costs

8450	* Other direct costs	9,945,884	0
8451	Equipment hire and operation	0	0
8452	Log yard	0	0
8453	Forestry costs	0	0
8454	Logging road costs	0	0
8455	Stumpage costs	0	0
8456	Royalty costs	0	0
8457	Freight in and duty	0	0
8458	Inventory write down	0	0
8459	Direct cost amortization of tangible assets	0	0
8460	Direct cost amortization of natural resource assets	0	0
8461	Overhead expenses allocated to cost of sales	0	0
		-----	-----
	Other direct costs	+ 9,945,884	0
		=====	=====

Closing inventory

8500	* Closing inventory	0	0
8501	Closing inventory - finished goods	0	0
8502	Closing inventory - raw materials	0	0
8503	Closing inventory - goods in process	0	0
		-----	-----
	Closing inventory	- 0	0
		=====	=====

8518	Cost of Sales	= 9,945,884	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Operating Expenses

GIFI	Account	Description	Amount	Prior year

Advertising and promotion

8520	*	Advertising and promotion	0	0
8521		Advertising	0	0
8522		Donations	0	0
8523		Meals and entertainment	0	0
8524		Promotion	0	0
			-----	-----
		Advertising and promotion	+ 0	0
			=====	=====

8570		Amortization of intangible assets	+	0	0
8590		Bad debt expense	+	0	0

Loan losses

8610	*	Loan losses	0	0
8611		Provision for loan losses	0	0
			-----	-----
		Loan losses	+ 0	0
			=====	=====

Employee benefits

8620	*	Employee benefits	0	0
8621		Group insurance benefits	0	0
8622		Employer's portion of employee benefits	0	0
8623		Contributions to deferred income plans	0	0
			-----	-----
		Employee benefits	+ 0	0
			=====	=====

8650		Amortization of natural resource assets	+	0	0
8670		Amortization of tangible assets	+	438,297	0

Insurance

8690	*	Insurance	0	0
8691		Life insurance on executives	0	0
			-----	-----
		Insurance	+ 0	0
			=====	=====

Interest and bank charges

8710	*	Interest and bank charges	0	0
8711		Interest on short term debt	0	0
8712		Interest on bonds and debentures	0	0
8713		Interest on mortgages	0	0
8714		Interest on long term debt	0	0
8715		Bank charges	0	0
8716		Credit card charges	0	0
8717		Collection and credit costs	0	0
			-----	-----
Interest and bank charges			+	0 0
			=====	=====

Interest paid (financial institutions)

8740	*	Interest paid (financial institutions)	0	0
8741		Interest paid on deposits	0	0
8742		Interest paid on bonds and debentures	0	0
			-----	-----
Interest paid (financial institutions)			+	0 0
			=====	=====

Business taxes, licences and memberships

8760	*	Business taxes, licences and memberships	0	0
8761		Memberships	0	0
8762		Business taxes	0	0
8763		Franchise fees	0	0
8764		Government fees	0	0
			-----	-----
Business taxes, licences and memberships			+	0 0
			=====	=====

8780		New Brunswick tax on large corporations	+	0	0
8790		Nova Scotia tax on large corporations	+	0	0

Office expenses

8810	*	Office expenses	0	0
8811		Office stationery and supplies	0	0
8812		Office utilities	0	0
8813		Data processing	0	0
			-----	-----
Office expenses			+	0 0
			=====	=====

Professional fees

8860	* Professional fees.....	0	0
8861	Legal fees.....	0	0
8862	Accounting fees.....	0	0
8863	Consulting fees.....	0	0
8864	Architect fees.....	0	0
8865	Appraisal fees.....	0	0
8866	Laboratory fees.....	0	0
8867	Medical fees.....	0	0
8868	Veterinary fees.....	0	0
8869	Brokerage fees.....	0	0
8870	Transfer fees.....	0	0
8871	Management and administration fees.....	0	0
8872	Refining and assay.....	0	0
8873	Registrar and transfer agent fees.....	0	0
8874	Restructuring costs.....	0	0
8875	Security and exchange commission fees.....	0	0
8876	Training expense.....	0	0
8877	Studio and recording.....	0	0
		-----	-----
	Professional fees	+	0 0
		=====	=====

Rental

8910	* Rental.....	0	0
8911	Real estate rental.....	0	0
8912	Occupancy costs.....	0	0
8913	Condominium fees.....	0	0
8914	Equipment rental.....	0	0
8915	Motor vehicle rentals.....	0	0
8916	Moorage (boat).....	0	0
8917	Storage.....	0	0
8918	Quota rental.....	0	0
		-----	-----
	Rental	+	0 0
		=====	=====

Repairs and maintenance

8960	* Repairs and maintenance.....	0	0
8961	Repairs and maintenance - buildings.....	0	0
8962	Repairs and maintenance - vehicles.....	0	0
8963	Repairs and maintenance - boats.....	0	0
8964	Repairs and maintenance - machinery and equipment.....	0	0
		-----	-----
	Repairs and maintenance	+	0 0
		=====	=====

Other repairs and maintenance

9010	* Other repairs and maintenance.....	0	0
9011	Machine shop expense.....	0	0
9012	Road costs.....	0	0
9013	Security.....	0	0
9014	Garbage removal.....	0	0
		-----	-----
	Other repairs and maintenance	+	0 0
		=====	=====

Salaries and wages

9060	* Salaries and wages	0	0
9061	Commissions	0	0
9062	Crew share	0	0
9063	Bonuses	0	0
9064	Directors fees	0	0
9065	Management salaries	0	0
9066	Employee salaries	0	0
		-----	-----
	Salaries and wages	+	0
		=====	=====

9110	Sub-contracts	+	0	0

Supplies

9130	* Supplies	0	0
9131	Small tools	0	0
9132	Shop expense	0	0
9133	Uniforms	0	0
9134	Laundry	0	0
9135	Food and catering	0	0
9136	Fishing gear	0	0
9137	Nets and traps	0	0
9138	Salt, bait and ice	0	0
9139	Camp supplies	0	0
9150	Computer-related expenses	0	0
9151	Upgrade	0	0
9152	Internet	0	0
		-----	-----
	Supplies	+	0
		=====	=====

9180	Property taxes	0	0
		=====	=====

Travel expenses

9200	* Travel expenses	0	0
9201	Meetings and conventions	0	0
		-----	-----
	Travel expenses	+	0
		=====	=====

Utilities

9220	* Utilities	0	0
9221	Electricity	0	0
9222	Water	0	0
9223	Heat	0	0
9224	Fuel costs	0	0
9225	Telephone and telecommunications	0	0
		-----	-----
	Utilities	+	0
		=====	=====

Other expenses

9270	* Other expenses.....	738,159	0
9271	Cash over/short.....	0	0
9272	Reimbursement of parent company expense.....	0	0
9273	Selling expenses.....	0	0
9274	Shipping and warehouse expense.....	0	0
9275	Delivery, freight and express.....	0	0
9276	Warranty expenses.....	0	0
9277	Royalty expenses - resident.....	0	0
9278	Royalty expenses - non-resident.....	0	0
9279	Dumping charges.....	0	0
9280	Land fill fees.....	0	0
9281	Vehicle expenses.....	0	0
9282	Research and development.....	0	0
9283	Withholding taxes.....	0	0
9284	General and administrative expenses.....	0	0
9285	Interdivisional.....	0	0
9286	Interfund transfer.....	0	0
		-----	-----
	Other expenses	+ 738,159	0
		=====	=====

9367	Total Operating Expenses	= 1,176,456	0
		=====	=====

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

NOTES CHECKLIST
(1998 and later taxation years)

- This form is to be used by all corporations that do not use a software package to prepare financial statement information and are not eligible to use the GIFI-Short form.
- Use this schedule to report a notes checklist for the corporation's financial statement information.
- For more information, see the "Guide to the General Index of Financial Information (GIFI) for Corporations" and the "T2 Corporation Income Tax Guide."
- The following questions have to be answered:
 - questions 100, 101, and 108;
 - if you answer "yes" to question 101, you have to answer questions 102 to 107;
 - if you answer "yes" to question 108, you have to answer question 109.

Part 1 - Involvement of accountant

Who reported on or prepared the corporation's financial statements? ☐ 100

Tick only one of the following:

		[X]
An independent auditor with a report that expressed no reservation	1	[X]
An independent auditor with a report that expressed a reservation	2	[]
An independent accountant with a review engagement report that expressed no reservation	3	[]
An independent accountant with a review engagement report that expressed a reservation	4	[]
An independent accountant who conducted a compilation engagement with no review	5	[]
An independent accountant with a compilation and review engagement resulting in no reservation	6	[]
An independent accountant with a compilation and review engagement resulting in a reservation	7	[]
Prepared by an employee/associate/management of the company, or a person for the company, without a review/audit by an independent accountant/auditor	8	[]

Part 2 - Other information

		Yes/No
Were notes to the financial statements prepared?	☐ 101	[Y]
Are any values presented at other than cost?	☐ 102	[N]
Has there been a change in accounting policies since the last return?	☐ 103	[N]
Are subsequent events mentioned in the notes?	☐ 104	[N]
Is re-evaluation of asset information mentioned in the notes?	☐ 105	[N]
Is contingent liability information mentioned in the notes?	☐ 106	[N]
Is information regarding commitments mentioned in the notes?	☐ 107	[Y]
Does the corporation have investments in joint venture(s) or partnership(s)?	☐ 108	[N]
If "yes," are you filing financial statements of the joint venture(s) or partnership(s)?	☐ 109	[]

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and extraordinary items per financial statements			-1,140,404	A
Additions:				
Amortization of tangible assets	104	438,297		
Non-deductible meals and entertainment expenses	121	2,500		
Subtotal of additions		440,797	440,797	
Other Additions:				
Miscellaneous Other Additions:				
600 Pensions adjustment	290	37,855		
Subtotal of Other Additions	199	37,855	37,855	
Total Additions	500	478,652	478,652	
Deductions:				
Capital cost allowance from Schedule 8	403	316,984		
Cumulative eligible capital deduction from Schedule 10	405	48,686		
Subtotal of Deductions		365,670	365,670	
Other Deductions:				
Miscellaneous Other Deductions:				
700 Cash payments to pension plan	390	12,899		
Subtotal of Other Deductions	499	12,899	12,899	
Total Deductions	510	378,569	378,569	
Net income (loss) for income tax purposes			-1,040,321	
(enter on line 300 on the T2 return)			=====	

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

CORPORATION LOSS CONTINUITY AND APPLICATION
(2000 and later taxation years)

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For a detailed description and calculation of these losses, see Interpretation Bulletin IT-232, "Losses - Their Deductibility in the Loss Year or in Other Years." For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs, referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		-1, 040, 321	
Deduct: (increase a loss)			
Net capital losses deducted in the year			
(enter as a positive amount)	0		
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0		
Amount of Part VI.1 tax deductible	0		
Amount deductible as prospector's and grubstaker's shares			
- Paragraph 110(1)(d.2)	0	0	

Subtotal (if positive, enter "0")		-1, 040, 321	
Deduct: (increase a loss)			
Section 110.5 - Addition for foreign tax deductions		0	

Subtotal		-1, 040, 321	
Add: (decrease a loss)			
Current-year farm loss		0	

Current-year non-capital loss (if positive, enter "0")		-1, 040, 321	
			=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		0	
Deduct: Non-capital loss expired after seven taxation years	100	0	
Non-capital losses at beginning of taxation year	102	0	
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105	0	
Current-year non-capital loss (from calculation above)	110	1, 040, 321	1, 040, 321

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income (enter on line 331 of the T2 return)	130	0	
Amount applied against taxable dividends subject to Part IV tax	135	0	
Section 80 - Adjustments for forgiven amounts	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate		0	
Other adjustments	150	0	0

		Subtotal	1, 040, 321

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income	901	0	
Second preceding taxation year to reduce taxable income	902	0	
Third preceding taxation year to reduce taxable income	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913	0	0

Non-capital losses - Closing balance	180		1, 040, 321
			=====

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator 190 Yes []

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

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year	200	0	
Capital losses transferred on amalgamation or wind-up of subsidiary corporation	205	0	
Current-year capital loss (from Schedule 6 calculation)	210	0	0
Add:			
Allowable business investment loss expired as non-capital loss	0 x 4/3 220	0	

		Subtotal	0

Deduct:

Amount applied against current-year capital gain (see note 1)	225	0	
Section 80 - Adjustments for forgiven amounts	240	0	
Other adjustments	250	0	0

		Subtotal	0

Deduct - Request to carry back capital loss to: (see note 2)

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year	0	951	0	
Second preceding taxation year	0	952	0	
Third preceding taxation year	0	953	0	0

Capital losses - Closing balance		280		0
				=====

Part 2 - Capital losses

Continuity of capital losses and request for a carryback (cont'd)

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.
Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.
For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)

Note 2

Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year		0	
Deduct: Farm loss expired after 10 taxation years	300	0	
Farm losses at beginning of taxation year	302	0	
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation	305	0	
Current-year farm loss	310	0	0
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return)	330	0	
Amount applied against taxable dividends subject to Part IV tax	335	0	
Section 80 - Adjustment forgiven amount	340	0	
Other adjustments	350	0	0

		Subtotal	0
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income	921	0	
Second preceding taxation year to reduce taxable income	922	0	
Third preceding taxation year to reduce taxable income	923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	933	0	0

Farm losses - Closing balance		380	0
			=====

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0 B	6,250	0	2,500

Current-year restricted farm loss (enter this amount on line 410)		0	=====

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0

		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0

Restricted farm losses - Closing balance	480	0	=====

Note

The total losses for the year from all farming businesses are computed without including any scientific research expenses.

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year		0	
Deduct: Listed personal property loss expired after seven taxation years	500	0	
Listed personal property losses at beginning of taxation year	502	0	
Add: Current-year listed personal property loss (from Schedule 6)	510	0	

		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0

		Subtotal	0
Deduct - Request to carry back listed personal property loss to:			
First preceding taxation year to reduce listed personal property gains	961	0	
Second preceding taxation year to reduce listed personal property gains	962	0	
Third preceding taxation year to reduce listed personal property gains	963	0	0

Listed personal property losses - Closing balance	580	0	=====

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses							
Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	1,040,321	0	0	N/A	0	1,040,321
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	0	1,040,321	0	0	0	0	1,040,321

Farm losses							
Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0
1992	0	N/A	0	N/A	0	0	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	0	0	0	0	0	0	0

Restricted farm losses							
Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0
1993	0	N/A	0	N/A	0	N/A	0
1992	0	N/A	0	N/A	0	N/A	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	0	0	0	0	0	N/A	0

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]-[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	2,510,867	0	0	0	0	4	0	0	25,315	2,485,552
1	5,567,118	189,724	0	0	94,862	4	0	0	57,085	5,699,757
1	8,710,954	139,070	0	0	69,535	4	0	0	88,527	8,761,497
1	2,732,867	54,918	0	0	27,459	4	0	0	27,830	2,759,955
10	960,324	5,394	0	0	2,697	30	0	0	72,820	892,898
8	277,914	28,062	0	0	14,031	20	0	0	14,717	291,259
1	1,486,011	23,056	0	0	11,528	4	0	0	15,099	1,493,968
12	35,830	52,053	0	0	26,026	100	0	0	15,591	72,292
Total	22,281,885	492,277	0	0	246,138		0	0	316,984	22,457,178

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

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

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number		Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
				of common shares owned	% of common shares owned			
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]

Welland Hydro Electric Retail		863759494RC0001	3		0 0.00		0 0.00	0
Welland Hydro Electric Holding		863604328RC0001	1		0 0.00		0 0.00	0

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

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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.
- This form applies to taxation years that end after February 27, 2000.

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

Cumulative eligible capital - Balance at end of preceding taxation year

(if negative, enter "0") 200 0 A

Add:

Cost of eligible capital property acquired during
the taxation year 222 3,679,191 BAmount transferred on amalgamation or wind-up
of subsidiary 224 0 C

Other adjustments 226 0 D

(add amounts B, C, and D) 3,679,191 x 0.75 = 2,759,393 E

Subtotal (amount A plus amount E) 230 2,759,393 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 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) 244 0 H

Other adjustments 246 0 I

(add amounts G, H, and I) 0 x 0.75 = 248 0 J

Cumulative eligible capital balance (amount F minus amount J) 2,759,393 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Current year deduction amount K 2,759,393 x 7.00% = 250 48,686 L
(enter amount L at line 405 of Schedule 1)Cumulative eligible capital - Closing balance 300 2,710,707 M
Amount K minus amount L (if negative, enter "0")

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

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

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

Amount from line K above (show as a positive amount) 0 N

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 400 0 1

Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7) 401 0 2

Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 402 0 3

Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 0 0 5

Total of lines 1, 2, and 5 0 6

Line T from Schedule 10 of previous taxation years ending
after February 27, 2000 409 0 7

Line 6 minus line 7 0 0 O

Line N minus line O (cannot be negative) 0 P

Amount on line 5 0 x 1/2 0 Q

Line P minus line Q 0 R

Amount on line R 0 x 2/3 * 0 S

Lesser of line N or line O 0 T

Amount to be included in income on line 108 of Schedule 1,
line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q 410 0

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

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS (CCPC's)
TO ALLOCATE THE BUSINESS LIMIT (1998 and later taxation years)**

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

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

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

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

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

Column 4: Enter the amount allocated to each corporation that has an association code 1 in column 3. The total of all amounts in column 4 can not exceed \$200,000.

Column 5: Complete column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Column 6: Enter the gross Part I.3 tax of the prior year. This is used for the business limit reduction.

Allocation of business limit

Date filed (for departmental use only) Year Month Day

Enter the calendar year to which the agreement applies Year **2001**

Is this an amended agreement for the above-noted calendar year that
is intended to replace an agreement previously filed by any of the
associated corporations listed below? [Y/N] [**N**]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit allocated (Note 1)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year (Notes 2 & 3)
100	200	300	400	500	
WELLAND HYDRO ELECTRIC SYSTEM	863759692RC0001	1	200,000	2001-12-31	43,698
See attached			0		0
			-----		-----
	Totals (not to exceed \$200,000)		200,000 =====		43,698 =====

Note 1:

Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Note 2:

Reduction to the business limit under subsection 125(5.1)

The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction area of the T2 return.

The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

Note 3:

If the taxation year of the associated corporation was less than 51 weeks, the amount of gross Part I.3 tax is the unprorated amount before the application of subsection 181.1(2).

1	2	3	4	5	6
Name of associated corporation	Business Number of associated corporation	Asso-ciation code	Business limit allocated (Note)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year
[100]	[200]	[300]	[400]	[500]	

Welland Hydro Electric Retail	863759494RC0001	1	0		0
Welland Hydro Electric Holding	863604328RC0001	1	0		0
TOTALS			0		0

Note: Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Reduction to the business limit under subsection 125(5.1)
The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction are of the T2 return. The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

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

PART I.3 TAX ON LARGE CORPORATIONS
(1998 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 in respect of its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or in respect of a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carried on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" within six months of the end of the taxation year.

Filing date (for departmental use only) Year Month Day

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 5, "Taxable capital employed in Canada - Non-resident corporation."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I	101	1,976,100
Capital stock (or members' contributions if incorporated without share capital)	103	13,599,380
Retained earnings	104	0
Contributed surplus	105	0
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	13,499,953
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	685,324

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(that would be determined under lines 101, 107, 108, 109, 111 and 112)
in respect of the partnership of which the corporation is a member
at the end of the year exceeds the amount of the partnership's deferred
unrealized foreign exchange losses (see note below)

112 0

Subtotal **29,760,757** **29,760,757** A

Deduct the following amounts:

Deferred tax debit balance at the end of the year 121 0

Any deficit deducted in computing the shareholders' equity 122 **877,280**

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be

regarded as being included in any of lines 101 to 112 above 123 0

The amount of deferred unrealized foreign exchange losses 124 0

Subtotal **877,280** **877,280** B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 **28,883,477**

Note: Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation 401 0

A loan or advance to another corporation (other than a financial institution) 402 0

A bond, debenture, note, mortgage, or similar obligation of another corporation
(other than a financial institution) 403 0

Long-term debt of a financial institution 404 0

A dividend receivable on a share of the capital stock of another corporation 405 0

A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,

a partnership all of the members of which, throughout the year, were other corporations

(other than financial institutions) that were not exempt from tax under Part I.3

[other than by reason of paragraph 181.1(3)(d)] 406 0

An interest in a partnership 407 0

Investment allowance for the year 490 0

Note: Lines 401 to 405 should not include the carrying value of a share of the capital stock of,
a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I of
the Act (other than by reason of paragraph 181.1(3)(d) of the Act).

Part 3 - Taxable capital

Capital for the year (line 190) **28,883,477** C

Deduct: Investment allowance for the year (line 490) 0 D

Taxable capital for the taxation year

(amount C minus amount D) (if negative, enter "0") 500 **28,883,477**

To be completed by a corporation that was resident in Canada at any time in the year.

Notes:

- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
- 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
- 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada.

Deduct the following amounts:

Total deductions (add lines 711, 712, and 713)	0	0	E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")..... 790 0

Taxable capital employed in Canada for the year

(line 690 or 790, whichever applies)..... 28,883,477

Excess of taxable capital employed in Canada over capital deduction.....	811	18,883,477

Gross Part I.3 tax:	Line 811	18,883,477	x	.2250%	=	42,488	F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

		Number of days in the year			
Amount F	42,488	x	92	=	10,709 G
			365		

Gross Part 1.3 tax (amount F or G, whichever applies) **820** **10,709**

Part 7 - Calculation of current year surtax credits

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible in respect of a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

Current year surtax credit equals current year Canadian surtax payable.

Canadian surtax payable

For a corporation that was not resident in Canada throughout the year, the lesser of a and b, below:

- a) line 600 from the T2 return 0
- b) line 700 from the T2 return 0 H

In any other case, the lesser of c and d below:

- c) line 600 from the T2 return 0 x line 690 of this schedule
28,883,477 = 0
- 28,883,477
- d) line 700 from the T2 return 0 I

Current year surtax credit (amount H or I, whichever applies) 830 0
=====

Part 8 - Calculation of Part I.3 tax credit available for carry-forward

Amount on line 830 0

Less: Part I.3 tax before deducting surtax credits (line 820) 10,709 J

Net amount -10,709 K
=====

If the amount on line K is "positive," it represents the amount of Part I.3 tax credits that may be carried forward from taxation years prior to 1992 and applied this year to reduce Canadian surtax payable. Refer to Schedule 37 for unused Part I.3 tax credit balance 0 L
=====

If the amount on line K is "negative," it represents the amount of unused surtax credit of other years that may be applied to reduce Part I.3 tax payable in the current year 10,709 M
=====

Part 9 - Calculation of current year unused surtax credit

Amount K (if positive) 0

Less: Part I.3 tax credits claimed
(carried forward from taxation years prior to 1992 - see amount L above) 0

Current year unused surtax credit (enter this amount on Schedule 37) 850 0
=====

Part 10 - Calculation of net Part I.3 tax payable

Gross Part I.3 tax (line 820)		10,709	N
Deduct the following amounts:			
Current year surtax credit applied			
(the lesser of lines 820 and 830)	861	0	
Unused surtax credit from prior years applied	862	0	

Total (cannot exceed amount on line 820)		0	0 O

Net Part I.3 tax payable (amount N minus amount O)			
Enter this amount at line 704 of the T2 return	870	10,709	
		=====	

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

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX
(1998 and later taxation years)

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.
Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax?..... [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only).....010

Is this an amended agreement?.....020[Y/N] [N]

Enter the calendar year to which the agreement applies.....0302001

Note:

This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part I.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200 WELLAND HYDRO ELECTRIC SYSTEM See attached	300 863759692RC0001	400 10,000,000 0 ----- 10,000,000 =====	500 2001-12-31
Total (not to exceed \$10,000,000)			

Note 1:

If a corporation is not registered enter, "NR".

Note 2:

An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]

Welland Hydro Electric Retail	863759494RC0001	0	
Welland Hydro Electric Holding	863604328RC0001	0	
TOTAL		0	

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Account/Business No.: 863759692RC0001

Year Ended:

2001-12-31

T7B-1

Schedule of Instalment Remittances

Name of Corporation Contact:

Telephone Number:

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
	Allocation to Provincial Return	10,709
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0

	Total amount of instalments claimed (A)	10,709
		=====
	Total instalments credited to the taxation year per T9 (B)	10,709
		=====

TRANSFER

Account Number	Taxation Year End	Amount	Effective Interest Date	Description
From:				
		0		
To:				



BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 - Consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP. Business Number: 863759692RC0001

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

DELOITTE & TOUCHE LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

519-650-7600

Representative's telephone number

519-650-7601

Representative's fax number

Part 2 - Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

1. All year-ends up to:
Year Month Day
2. All year-ends beginning in: and all years after that.
Year Month Day
3. The following year-ends only:

Year Month Day	Year Month Day
Year Month Day	Year Month Day

Part 3 - Cancellation of consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

Business Number: 863759692RC0001

I cancel all previous consents for all representatives. ☐

OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

A. Which accounts?

I request that this cancellation of consent apply to all accounts. ☐

OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this cancellation of consent apply to all years. ☐

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

 Year Month Day	 Year Month Day
 Year Month Day	 Year Month Day

Part 5 - Signature

Print your name ROSS PEEVER

Title PRESIDENT

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here _____

Date
Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

Appendix 18

2001 CT23 Provincial Tax Return



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

Revised 2001

CT23 Corporations Tax and Annual Return

For taxation years commencing after May 4, 1999
Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return**, together with the applicable schedules. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).

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

MCBS Annual Return Required? (Refer to Guide)			Page 1 of 24			Ministry Use	
Corporation's Legal Name (including punctuation) and Mailing Address						Ontario Corporations Tax Account No. (MOF)	
WELLAND HYDRO ELECTRIC SYSTEM CORP.						1800215	
950 EAST MAIN STREET						This CT23 Return covers the Taxation Year	
P.O. BOX 280						Start	
WELLAND						year month day	
ON CA L3B-5P6						2001-10-01	
Has address changed since last filed CT23 Return? Yes ☐ No ☒						End	
Date of Change						year month day	
Registered/Head Office Address						2001-12-31	
950 EAST MAIN STREET						Date of Incorporation or Amalgamation	
P.O. BOX 280						year month day	
WELLAND						2000-07-01	
ON CA L3B-5P6						Ontario Corporation No. (MCBS)	
Location of Books and Records						1426855	
950 EAST MAIN STREET						Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.	
P.O. BOX 280						If applicable, enter	
WELLAND						863759692RC0001	
ON CA L3B-5P6						Jurisdiction Incorporated	
Name of person to contact regarding this CT23 Return			Telephone No.	Fax No.	ONTARIO		
ROSS PEEVER			905-732-1381				
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)						If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
ON CA -						Commenced	
Former Corporation Name (Extra-Provincial Corporations only) (Not Applicable) ☒ (MCBS)						year month day	
						Ceased	
						year month day	
						(Not Applicable) ☒	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).					No. of Schedule(s)	Preferred Language/Langue de préférence	
					0	English ☒ French ☐	
If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).					☒ No change	Ministry use	
Certification (MCBS)							
I certify that all information set out in the Annual Return is true, correct and complete.							
Name of Authorized Person (Print clearly or type in full)							
Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the Corporation							
Note: Sections 13 and 14 of the <i>Corporations Information Act</i> provide penalties for making false or misleading statements or omissions.							

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2001-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

- 1** 1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private
- 3 ☐ Public
- 4 ☐ Non-share Capital
- 5 ☐ Other (specify)
- Share Capital with full voting rights
owned by Canadian Residents (nearest percent) **100**%

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

Electricity Distribution

- 2** 1 ☐ Family Farm Corporation s.1 (2)
- 2 ☐ Family Fishing Corporation s.1 (2)
- 3 ☐ Mortgage Investment Corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage Subsidiary s.61 (4)
- 6 ☐ Bank s.1 (2)
- 7 ☐ Loan and Trust Corporation s.61 (4)
- 8 ☐ Non-resident Corporation
s.2(2)(a) or (b)
- 9 ☐ Non-resident Corporation s.2(2)(c)
- 10 ☐ Mutual Fund Corporation s.48
- 11 ☐ Non-resident owned investment
Corporation s.49
- 12 ☐ Non-resident ship or aircraft under reciprocal
agreement with Canada s.28(b)
- 14 ☐ Bare Trustee Corporation
- 15 ☐ Branch of Non-residents s.63(1)
- 16 ☐ Financial institution prescribed by
Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale
- 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)

Please "X" box(es) if applicable:

- ☐ First Year of Filing
- ☒ Amended Return
- ☒ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required
- ☐ Final Taxation Year up to Dissolution (wind-up)
- ☐ Final Taxation Year before Amalgamation
- ☐ Floating Fiscal Year End
- ☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario
- ☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	☐	☒
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	☒	☐
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?	☐	☒

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter. Bulletin 2617). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 16)	±	From	690	-1,040,321.
Subtract: Charitable donations	–		1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)	–		2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	–		3	0.
Subtract: Ontario political contributions (Attach schedule)	–		4	0.
Subtract: Federal Part VI.1 tax	0. X 9/4		5	0.
Subtract: Prior years' losses applied –		From	704	0.
Non-capital losses				
Net capital losses	From 715 (page 17) 0. X inclusion rate 50.000000% =		714	0.
Farm losses		From	724	0.
Restricted farm losses		From	734	0.
Limited partnership losses		From	754	0.
Taxable Income (Non-capital loss)			10	-1,040,321.

Addition to taxable income for unused foreign tax deduction for federal purposes + 11 0.

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) = 20 0.

Taxable Income

From 10 (or 20 if applicable)	0. X 30 100.0000 % X 15.5000 % X	22 0 ÷ 73 92	= + 23 0.
	Ontario Allocation		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 14.5000 % X	24 0 ÷ 73 92	= + 25 0.
	Ontario Allocation		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 14.0000 % X	26 0 ÷ 73 92	= + 27 0.
	Ontario Allocation		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 12.5000 % X	28 92 ÷ 73 92	= + 29 0.
	Ontario Allocation		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 11.0000 % X	31 0 ÷ 73 92	= + 32 0.
	Ontario Allocation		
Income Tax Payable (before deduction of tax credits)	23 + 25 + 27 + 29 + 32		= 40 0.

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

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

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

(X) ☐ Yes ☒ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	50	0.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	0.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	0.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	– 53	0.
	=	0.
Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$ 200,000) (Attach federal T2 SCH 23 if associated)	54	0.
Add: Ontario enhancement of federal business limit	+ 55	50,411.

Number of Days in Taxation Year	
40,000 X	Days after Dec 31, 2000 and before Oct 1, 2001 Total Days 0 ÷ 73 92
X From 55	50,411 ÷ 200,000 =+ 42 0.
80,000 X	Days after Sept 30, 2001 and before Jan 1, 2003 Total Days 92 ÷ 73 92
X From 55	50,411 ÷ 200,000 =+ 43 20,164.
120,000 X	Days after Dec 31, 2002 and before Jan 1, 2004 Total Days 0 ÷ 73 92
X From 55	50,411 ÷ 200,000 =+ 46 0.

Ontario enhancement of federal business limit	42 + 43 + 46	=	20,164. + 44	20,164.
Business Limit for Ontario purposes	55 + 44	=	70,575. 45	70,575.
Income eligible for the IDSBC		From 30	100.0000 % X 56	0. = 60 0.

* 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

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2001-12-31

DOLLARS ONLY

Income Tax *continued from Page 4***Calculation of IDSBC Rate**

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
.....	<u>7.00</u> %	X	<u>74</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>75</u> <u>.0000</u> .
.....	<u>7.50</u> %	X	<u>76</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>77</u> <u>.0000</u> .
.....	<u>6.50</u> %	X	<u>28</u> <u>92</u> ÷ <u>73</u> <u>92</u>	= +	<u>79</u> <u>6.5000</u> .
.....	<u>5.50</u> %	X	<u>31</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>89</u> <u>.0000</u> .
IDSBC Rate for Taxation Year	<u>75</u> + <u>77</u> + <u>79</u> + <u>89</u>			=	<u>78</u> <u>6.5000</u> .
Claim	 From <u>60</u> <u>0.</u>	X	From <u>78</u> <u>6.5000</u> %	=	<u>70</u> <u>0.</u>

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in 114 below.

Surtax on Canadian-controlled private corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

**** Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

Associated Corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

**** Taxable Income of the corporation** From 10 (or 20 if applicable) + 80 0.

If you are a member of an associated group (X) 81 X (Yes)

Name of associated corporation (Canadian & foreign)
(if insufficient space, attach schedule)

Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

Taxable Income
(if loss, enter nil)

See attached

		+ <u>82</u> <u>**</u> <u>0.</u>
		+ <u>83</u> <u>.</u>
		+ <u>84</u> <u>.</u>
Aggregate Taxable Income	<u>80</u> + <u>82</u> + <u>83</u> + <u>84</u> , etc.	= <u>85</u> <u>0.</u>

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract: <u>200,000</u>	X	<u>558</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>111</u> <u>0.</u>	
<u>240,000</u>	X	<u>26</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>112</u> <u>0.</u>	
<u>280,000</u>	X	<u>28</u> <u>92</u> ÷ <u>73</u> <u>92</u>	= +	<u>113</u> <u>280,000.</u>	
<u>320,000</u>	X	<u>31</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= +	<u>115</u> <u>0.</u>	
		<u>111</u> + <u>112</u> + <u>113</u> + <u>115</u>	=	<u>280,000.</u>	
(If negative, enter nil)				<u>86</u> <u>0.</u>	

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
Calculation of Specified Rate for Surtax	.....	<u>4.67</u> %	X	<u>74</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= + <u>92</u> <u>.0000</u>
	.....	<u>5.00</u> %	X	<u>76</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= + <u>93</u> <u>.0000</u>
	.....	<u>4.3330</u> %	X	<u>28</u> <u>92</u> ÷ <u>73</u> <u>92</u>	= + <u>95</u> <u>4.3330</u>
	.....	<u>3.6670</u> %	X	<u>31</u> <u>0</u> ÷ <u>73</u> <u>92</u>	= + <u>96</u> <u>.0000</u>
Specified rate of surtax for Taxation Year	<u>92</u> + <u>93</u> + <u>95</u> + <u>96</u>			=	<u>94</u> <u>4.3330</u>
	From <u>86</u> <u>0.</u>	X	From <u>94</u> <u>4.3330</u> %	=	<u>87</u> <u>0.</u>
	From <u>87</u> <u>0.</u>	X	From <u>60</u> <u>0.</u> ÷ From <u>114</u> <u>280,000.</u>	=	<u>88</u> <u>0.</u>
Surtax Lesser of	<u>70</u> or <u>88</u>			=	<u>100</u> <u>0</u>

Continued on Page 6

Income Tax continued from Page 5

Additional Deduction for Credit Unions (s.51(4)) <i>(Attach schedule)</i>	110	0.

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

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

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.C.A. claimed).

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

Eligible Canadian Profits	120	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustment for Surtax on Canadian-controlled private corporations		
From 100	0.	÷ From 30
	100.0000	% ÷ From 78
	6.5000	% = 121
	0.	
* Ontario Allocation		
Lesser of 56 or 121	122	0.
120 - 56 + 122	130	0.
Taxable Income	From 10	-1,040,321.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	0.
Subtract: Taxable Income From 10 -1,040,321. X Allocation % to jurisdictions outside Canada .0000 %	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141	0.
10 - 56 + 122 - 140 - 141	142	0.

		Number of Days in Taxation Year			
		Days before Oct 1, 2001	Total Days		
Claim					
143	0.	X From 30	100.0000	% X 2.0000 % X 152	0 ÷ 73 92 = + 153
	0.		100.0000	% X 2.0000 % X 152	0 ÷ 73 92 = + 153
Lesser of 130 or 142			100.0000	% X 2.0000 % X 152	0 ÷ 73 92 = + 153
* Ontario Allocation					
143	0.	X From 30	100.0000	% X 1.5000 % X 28	0 ÷ 73 92 = + 154
	0.		100.0000	% X 1.5000 % X 28	0 ÷ 73 92 = + 154
Lesser of 130 or 142			100.0000	% X 1.5000 % X 28	0 ÷ 73 92 = + 154
* Ontario Allocation					
143	0.	X From 30	100.0000	% X 1.0000 % X 31	0 ÷ 73 92 = + 155
	0.		100.0000	% X 1.0000 % X 31	0 ÷ 73 92 = + 155
Lesser of 130 or 142			100.0000	% X 1.0000 % X 31	0 ÷ 73 92 = + 155
* Ontario Allocation					
M&P claim for taxation year	153 + 154 + 155				= 160
					0.

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations	161	0.

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity	162	0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) 170 0.
(Attach schedule).

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit	175	0.	Credit Claimed	180	0.

Subtotal of Income Tax	40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180	190	0.

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

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

Eligible Credit From 5620 OITC Claim Form *(Attach original Claim Form)* + 191 0.

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

Eligible Credit From 5799 Summary Schedule F + 192 0.

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

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

Eligible Credit From 5899 Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + 193 0.

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

Applies to employment of eligible unemployed graduate students.

Eligible Credit From 6599 Summary Schedule G + 195 0.

No. of Graduates From 6596
194 0

Ontario Book Publishing Tax Credit (OBPTC) (s 43.7)

Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.

Eligible Credit From 6900 OBPTC Claim Form *(Attach only the original Claim Form. Retain the Certification Form)* + 196 0.

Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)

Applies to labour relating to computer animation and special effects on an eligible production.

Eligible Credit From 6700 Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + 197 0.

Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)

Applies to qualifying R&D expenditures under an eligible research institute contract.

Eligible Credit From 7100 OBRITC Claim Form *(Attach original Claim Form)* + 198 0.

Ontario Production Services Tax Credit (OPSTC) (s.43.10)

Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.

Eligible Credit From 7300 Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + 199 0.

Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)

Applies to qualifying labour expenditures of eligible products for the taxation year.

Eligible Credit From 7400 Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + 200 0.

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

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

Eligible Credit From 7500 OSRTC Claim Form *(Attach only the original Claim Form. Retain the Certification Form)* + 201 0.

Other (specify) + 201.1 0.

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 201.1 = 220 0.

Specified Tax Credits *Applied to reduce Income Tax* = 225 0.

Income Tax 190 – 225 **OR Enter NIL if reporting Non-Capital Loss** = 230 0.

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see ***Determination of Applicability*** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 18**.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the ***Application of CMT Credit Carryovers*** section part B, on **Page 8**.

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

* Total Assets of the corporation	+ 240	32,813,718.
* Total Revenue of the corporation	+ 241	39,602,246.

If you are a member of an associated group (x) 242 ☒ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
See attached			+ 243 13,599,410.	+ 244 .
			+ 245 .	+ 246 .
			+ 247 .	+ 248 .
Aggregate Total Assets	240 + 243 + 245 + 247 , etc.		= 249 46,413,128.	
Aggregate Total Revenue	241 + 244 + 246 + 248 , etc.			= 250 39,602,246.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on **Pages 19, 20 and 21 of CT23**.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 19.)

Gross CMT Payable	CMT Base From 2135	0.	X From 30	100.0000	% X 4%	= 276	0.
		If negative, enter zero				Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)						- 277	0.
Subtract: Income Tax						- From 190	0.
Net CMT Payable (If negative, enter Nil on Page 18.)						= 280	0.

If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from **Page 7 to Income tax Summary, on Page 18**.

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

If 280 is greater than or equal to zero, transfer 230 to **Page 18** and transfer 280 to **Page 18, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 21**.

CMT Credit Carryover available	From 2307	0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)	+ From 190	0.
Gross CMT Payable	+ From 276	0.
Subtract: Foreign Tax Credit for CMT purposes	- From 277	0.
If 276 - 277 is negative, enter NIL in 290	=	0.
Income Tax eligible for CMT Credit		= 300 0.
B. Income tax (after deduction of specified credits)	+ From 230	0.
Subtract: CMT credit used to reduce income taxes	- 310	0.
Income Tax	= 320	0.

Transfer to page 18

If A & B apply, 310 cannot exceed the lesser of 230, 300 and your CMT credit carryover available 2307.

If only B applies, 310 cannot exceed the lesser of 230 and your CMT credit carryover available 2307.

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2001-12-31

DOLLARS ONLY

Capital Tax (Refer to Guide)

If your corporation is a Financial Institution (s.58(2)), proceed to page 14.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in [550] on Page 13 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B.15-79, Int.B.L-12 and Int.B.L-16)

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

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

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

Paid-up Capital

Paid-up capital stock	+	[350]	13,599,380.
Retained earnings (if deficit, deduct)	±	[351]	-877,280.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+	[352]	0.
Loans and advances (Attach schedule)	+	[353]	0.
Bank loans	+	[354]	0.
Bankers acceptances	+	[355]	0.
Bonds and debentures payable	+	[356]	0.
Mortgages payable	+	[357]	13,499,953.
Lien notes payable	+	[358]	685,324.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	+	[359]	0.
Contingent, investment, inventory and similar reserves	+	[360]	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+	[361]	1,976,100.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+	[362]	0.
Subtotal	=	[370]	28,883,477.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	-	[371]	-72,547.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	-	[372]	0.
Total Paid-up Capital	=	[380]	28,956,024.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	-	[381]	0.
Net Paid-up Capital	=	[390]	28,956,024.

Eligible Investments (Refer to Guide)

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

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	+	[400]	0.
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	[402]	0.
Mortgages due from other corporations	+	[403]	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+	[404]	0.
Loans and advances to unrelated corporations	+	[405]	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+	[406]	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	[407]	0.
Total Eligible Investments	=	[410]	0.

continued on Page 10

Attached Sch.
2001-12-31

Attachment to CT23 Line 371

[illegible]

Capital Tax *continued from Page 9*
Total Assets

Total Assets per balance sheet	+ 420	32,813,718.
Mortgages or other liabilities deducted from assets	+ 421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	+ 422	0.
Subtract: Investment in partnership(s)/joint venture(s)	- 423	0.
Total Assets as adjusted	= 430	32,813,718.
Amounts in 360 and 361 (if deducted from assets)	+ 440	0.
Subtract: Amounts in 371, 372 and 381	- 441	-72,547.
Subtract: Appraisal surplus if booked	- 442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	+ 443	0.
Total Assets	= 450	32,886,265.

Investment Allowance	(410 ÷ 450) × 390	Not to exceed 410	= 460	0.
Taxable Capital	390 - 460		= 470	28,956,024.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	9,981,936.
Total Assets (as adjusted)	From 430	32,813,718.

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR** If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C. Next review, and if applicable, complete Section D. If Section D is not applicable review Section E and complete the applicable subsection: either E1 or E2. Note: if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

SECTION A

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

Enter NIL in 550 on page 13 and complete the return from that point.

SECTION B

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

- B1.** If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.
- B2.** If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.
- B3.** If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.
- B4.** If taxable capital, 470 on page 10 is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

continued on Page 11

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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DOLLARS ONLY

Capital Tax Calculation *continued from page 10*

B5. If taxable capital, 470 exceeds \$2,000,000 but is \$5,000,000 or less, complete the following calculations and transfer the total from 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From 470 0. X .3000% = + 490 0.

Deduct:

From 470

\$2,400,000 - 0. X 1.5% = - 492 0.

(504 = 490 - 492) = 504 0. X From 30 100.0000% X 0 = + 505 0.

Ontario Allocation ** **365**
(366 if leap year)

Days in taxation year after May 4, 1999 and before Jan 1, 2000 552

If 2,400,000 - 470 is negative, enter NIL in 492

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From 470 0. X .3000% = + 490 0.

Deduct:

From 470

\$2,800,000 - 0. X 0.75% = - 493 0.

(506 = 490 - 493) = 506 0. X From 30 100.0000% X 0 = + 507 0.

Ontario Allocation ** **365**
(366 if leap year)

Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553

If 2,800,000 - 470 is negative, enter NIL in 493

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From 470 0. X .3000% = + 490 0.

Deduct:

From 470

\$3,200,000 - 0. X 0.5% = - 495 0.

(509 = 490 - 495) = 509 0. X From 30 100.0000% X 0 = + 522 0.

Ontario Allocation ** **365**
(366 if leap year)

Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 554

If 3,200,000 - 470 is negative, enter NIL in 495

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose taxable capital is \$5,000,000 or less and that is not associated, is NIL. + 0.

Total Capital Tax for the taxation year 505 + 507 + 522 = 508 0.

Transfer to 543 on page 13 and complete the return from that point.

B6. If 470 exceeds \$5,000,000, complete the following calculations and transfer the amount from 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 0. X From 30 100.0000% X .3000% X 0 = + 502 0.

Ontario Allocation ** **365**
(366 if leap year)

Days in taxation year before Oct 1, 2001 559

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 0.

Exemption - 0.

= 471 0. X From 30 100.0000% X .3000% X 92 = + 523 0.

Ontario Allocation ** **365**
(366 if leap year)

Days in taxation year after Sept 30, 2001 560

Total Capital Tax for the taxation year 502 + 523 = 508 0.

Transfer to 543 on page 13 and complete the return from that point.

** If floating taxation year, refer to Guide.

continued on Page 12

Capital Tax Calculation *continued from page 11*

SECTION C

If the corporation is a member of an associated group and/or partnership, complete the following two aggregate taxable capital calculations as applicable, and (x) ☐ 510 ☒ (Yes)

Note: Calculation #2 is not required if the taxation year commences after September 30, 2001.

Taxable Capital of the corporation + From ☐ 470 **28,956,024.**

Calculation 1

Determine aggregate taxable capital of an associated group and/or partnership having a permanent establishment in Canada

Names of associated corporations or related partners having a permanent establishment in Canada

See attached + ☐ 531 **10.**
Aggregate Taxable Capital ☐ 470 + ☐ 531 = ☐ 540 **28,956,034.**

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the portion of the taxation year after September 30, 2001, is NIL.

Enter NIL in ☐ 523 in E1(d) or E2(b), as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the portion of the taxation year after September 30, 2001.

From ☐ 470 **28,956,024.** ÷ From ☐ 540 **28,956,034.** x **5,000,000** = ☐ 541 **4,999,998.**
Transfer to Section E2(b)

Calculation 2

Determine aggregate taxable capital of an associated group and/or partnership that does NOT have a permanent establishment in Canada

Names of Canadian & Foreign associated corporations or related partners with no permanent establishment in Canada

..... + ☐ 514 **0.**
Total Aggregate Taxable Capital ☐ 540 + ☐ 514 = ☐ 520 **28,956,034.**

If ☐ 520 is greater than \$2,000,000 and less than \$3,200,000 and a portion of the taxation year is before October 1, 2001, the corporation must compute the following ratio.

From ☐ 470 **28,956,024.** ÷ From ☐ 520 **0.** = ☐ 521 **.0000.**
Transfer to Section E1(a) and/or (b) and/or (c) as applicable

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at ☐ 520 is \$2,000,000 or less.

Enter NIL in ☐ 550 and complete the return from that point.

Capital Tax Calculation *continued from Page 12***SECTION E**

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at 520 exceeds \$2,000,000.

E1. If the total aggregate taxable capital 520 exceeds \$2,000,000 but is \$3,200,000 or less, complete the following calculations and transfer the total From 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From 470 0. X .3000% = + 490 0.

Deduct: From 520 0. X 1.5% X From 521 .0000 = 492 0.

\$2,400,000 - 0. (504 = 490 - 492) = 504 0. X 100.0000% X 0 = + 505 0.

Ontario Allocation ** 365
(366 if leap year)

If 2,400,000 - 520 is negative, enter NIL in 492 Days in taxation year after May 4, 1999 and before Jan 1, 2000 552

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From 470 0. X .3000% = + 490 0.

Deduct: From 520 0. X 0.75% X From 521 .0000 = 493 0.

\$2,800,000 - 0. (506 = 490 - 493) = 506 0. X 100.0000% X 0 = + 507 0.

Ontario Allocation ** 365
(366 if leap year)

If 2,800,000 - 520 is negative, enter NIL in 493 Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From 470 0. X .3000% = + 490 0.

Deduct: From 520 0. X 0.5% X From 521 .0000 = 495 0.

\$3,200,000 - 0. (509 = 490 - 495) = 509 0. X 100.0000% X 0 = + 522 0.

Ontario Allocation ** 365
(366 if leap year)

If 3,200,000 - 520 is negative, enter NIL in 495 Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 557

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose total aggregate taxable capital at 540 is \$5,000,000 or less is NIL. Enter NIL = + 523 0.

Total Capital Tax for the taxation year 505 + 507 + 522 + 523 = 508 0.

Transfer to 543 and complete the return from that point.

E2. If the total aggregate taxable capital at 520 exceeds \$3,200,000 complete the following calculations and transfer the total From 508 to 543, and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From 470 28,956,024. X From 30 100.0000% X .3000% X 0 = + 502 0.

Ontario Allocation ** 365
(366 if leap year)

Days in taxation year before Oct 1, 2001 555

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 28,956,024.

From 541 (section C) - 4,999,998.

= 471 23,956,026. X From 30 100.0000% X .3000% X 92 = + 523 18,115.

Ontario Allocation ** 365
(366 if leap year)

Days in taxation year after Sept 30, 2001 560

Total Capital Tax for the taxation year 502 + 523 = 508 18,115.

**** If floating taxation year, refer to Guide.** Transfer to 543 and complete the return from that point.

Capital Tax before application of specified credits = 543 18,115.

Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) = 546 0.

Capital Tax 543 - 546 = 550 18,115.

continued on Page 14

Transfer to Page 18

Capital Tax *continued from page 13*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 13, and complete the return from that point.

I.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

565	<u>0.</u>	x	<u>0.00</u> %	X From	30	<u> </u> %	X	555	<u>0</u>	÷	**	<u>0</u>	(366 if leap year)	=	+	569	<u>0.</u>	
Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1																		
Ontario Allocation																		
Days in taxation year																		
570	<u>0.</u>	x	571	<u>0.00</u> %	X From	30	<u> </u> %	X	555	<u>0</u>	÷	**	<u>0</u>	(366 if leap year)	=	+	574	<u>0.</u>
Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount																		
Capital Tax Rate (Refer to Guide)																		
Ontario Allocation																		
Days in taxation year																		

Capital Tax for Financial Institutions – other than Credit Unions (before Sections II) **569** + **574** = **575** 0.

**** If floating taxation year, refer to Guide.**

II. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments	.....	-	585	<u>0.</u>
Financial institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)?	(x) ☐ Yes			

Capital Tax – Financial Institutions **575** - **585** = **586** 0.
Transfer to **543** on Page 13

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements	.....	587	<u>0.</u>	x 2%	.....	=	588	<u>0.</u>
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	<u>0.</u>				
Premium Tax	588	-	589			=	590	<u>0.</u>
								Transfer to page 18

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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2001-12-31

DOLLARS ONLY

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

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1

+ **600** -1,040,321.
Transfer to page 16
Add:

Federal capital cost allowance	+	601	<u>316,984.</u>
Federal cumulative eligible capital deduction	+	602	<u>48,686.</u>
Ontario taxable capital gain	+	603	<u>0.</u>
Federal non allowable reserves. Balance beginning of year	+	604	<u>0.</u>
Federal allowable reserves. Balance end of year	+	605	<u>0.</u>
Ontario non-allowable reserves. Balance end of year	+	606	<u>0.</u>
Ontario allowable reserves. Balance beginning of year	+	607	<u>0.</u>
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	608	<u>0.</u>
Federal resource allowance	+	609	<u>0.</u>
Federal depletion allowance	+	610	<u>0.</u>
Federal foreign exploration and development expenses	+	611	<u>0.</u>
Management fees, rents, royalties and similar payments to non-arms' length non-residents			

Number of Days in Taxation Year

		Days before May 2, 2000		Total Days			
612	<u>0.</u>	x	<u>5</u>	÷	<u>15.5000</u>	x	22
							0
							73
							92
						= +	630
							<u>0.</u>

		Days after May 1, 2000 and before Jan 1, 2001		Total Days			
612	<u>0.</u>	x	<u>5</u>	÷	<u>14.5000</u>	x	24
							0
							73
							92
						= +	631
							<u>0.</u>

		Days after Dec 31, 2000 and before Oct 1, 2001		Total Days			
612	<u>0.</u>	x	<u>5</u>	÷	<u>14.0000</u>	x	26
							0
							73
							92
						= +	632
							<u>0.</u>

		Days after Sept 30, 2001 and before Jan 1, 2003		Total Days			
612	<u>0.</u>	x	<u>5</u>	÷	<u>12.5000</u>	x	28
							92
							73
							92
						= +	633
							<u>0.</u>

		Days after Dec 31, 2002 and before Jan 1, 2004		Total Days			
612	<u>0.</u>	x	<u>5</u>	÷	<u>11.0000</u>	x	31
							0
							73
							92
						= +	634
							<u>0.</u>

Total add-back amount for Management fees, etc. **630** + **631** + **632** + **633** + **634** = 0. + **613** 0.

Federal allowable business investment loss + **620** 0.

Total of other items not allowed by Ontario but allowed federally (*Attach schedule*) + **614** 0.

Federal Scientific Research Expenses claimed in year from federal form T661 0.

Negative Ontario SR&ED Pool amounts from Ontario schedule 161 line 473 + 0.

= 0. + **615** 0.
Subtotal of Additions **601** to **611** + **613** + **620** + **614** + **615** = 365,670. **640** 365,670.
Transfer to page 16
continued on Page 16

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

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1	From	+	600	-	1,040,321.
Subtotal of Additions	From	+	640		365,670.

Deduct:

Ontario capital cost allowance	+	650		316,984.
Ontario cumulative eligible capital deduction	+	651		48,686.
Federal taxable capital gain	+	652		0.
Ontario non-allowable reserves. Balance beginning of year	+	653		0.
Ontario allowable reserves. Balance end of year	+	654		0.
Federal non-allowable reserves. Balance end of year	+	655		0.
Federal allowable reserves. Balance beginning of year	+	656		0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) <i>(Retain calculations. Do not submit.)</i>	+	657		0.
Ontario depletion allowance	+	658		0.
Ontario resource allowance	+	659		0.
Ontario research and development super allowance <i>(Attach schedule)</i>	+	660		0.
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	+	674		0.
Ontario current cost adjustment <i>(Attach schedule)</i>	+	661		0.

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

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

ONTTI Gross-up deduction calculation: Gross-up of CCA From 662 0. x 100 From 30 .0000 Ontario Allocation	-	From 662	0.	= 663	0.

Workplace Child Care Tax Incentive: (Applies to qualifying expenditures incurred after May 5, 1998.)

Qualifying expenditures:	From 665	0.	x	30.00%	x	100	=	666	0.
	From 30	100.0000							
	Ontario Allocation								

Workplace Accessibility Tax Incentive: (Applies to qualifying expenditures incurred after July 1, 1998.)

Qualifying expenditures:	From 667	0.	x	100.00%	x	100	=	668	0.
	From 30	100.0000							
	Ontario Allocation								

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses made within the 3 year period commencing after May 4, 1999.) (Refer to Guide)

Qualifying expenditures:	From 670	0.	x	30.00%	x	100	=	671	0.
	From 30	100.0000							
	Ontario Allocation								

Educational Technology Tax Incentive: (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures:	From 672	0.	x	15.00%	x	100	=	673	0.
	From 30	100.0000							
	Ontario Allocation								

Ontario allowable business investment loss	+	678		0.

Ontario Scientific Research Expenses claimed in the year from Ontario form CT161	...	+	679		0.

Total of other deductions allowed by Ontario <i>(Attach schedule)</i>	+	664		0.

Subtotal of Deductions

650 to 660 + 674 + 661 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 664	=	365,670.	680	365,670.

Net income (loss) for Ontario Purposes	600	+	640	-	680	=	690	-1,040,321.

Transfer to Page 4

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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2001-12-31

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 0	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 1,040,321	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 1,040,321	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 0	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	
	707 0	717 0	727 0	737 0	747 0	757 0
Subtotal	0	0	0	0	0	0
Balance at End of Year	709 (8) 1,040,321	719 0	729 0	739 0	749 0	759 0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1993-12-31				850 0	870 0
801 1994-12-31				851 0	871 0
802 1995-12-31				852 0	872 0
803 1996-12-31	820 0	830 0	840 0	853 0	873 0
804 1997-12-31	821 0	831 0	841 0	854 0	874 0
805 1998-12-31	822 0	832 0	842 0	855 0	875 0
806 1999-12-31	823 0	833 0	843 0	856 0	876 0
807 2000-12-31	824 0	834 0	844 0	857 0	877 0
808 2001-09-30	825 0	835 0	845 0	858 0	878 0
809 2001-12-31	826 1,040,321	836 0	846 0	859 0	879 0
Total	829 1,040,321	839 0	849 0	869 0	889 0

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

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

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

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - 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 1,040,321	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income							
Predecessor Ontario Corporation's Tax Account No. (MOF)		Taxation Year Ending year month day		911	921	931	941
i) 3rd preceding	901			0	0	0	0
ii) 2nd preceding	902			0	0	0	0
iii) 1st preceding	903			0	0	0	0
Total loss to be carried back				From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward				919 1,040,321	929 0	939 0	949 0

Summary

Income tax + From 230 or 320 0.

Corporate Minimum Tax + From 280 0.

Capital Tax + From 550 18,115.

Premium Tax + From 590 0.

Total Tax Payable = 950 18,115.

Subtract: Payments - 960 31,566.

Capital Gains Refund (s.48) - 965 0.

Qualifying Environmental Trust Tax Credit (Refer to Guide) - 985 0.

Specified Tax Credits (Refer to Guide) - 955 0.

Other (specify) Alloc from Fed - -10,709.

Balance = 970 -2,742.

If payment due Enclosed * 990 0.

If overpayment: Refund (Refer to Guide) .. = 975 2,742.

Apply to year month day 980 0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **MINISTER OF FINANCE** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order.

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

ROSS PEEVER

Title

PRESIDENT

Full Residence Address

ON -

Signature

Date

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

Attached Sch.
2001-12-31

Attachment to CT23 Line 371

Cumulative Depreciation	-438,217.00
Cumulative CCA	316,984.00
Cumulative CEC	48,686.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	-72,547.00

DOLLARS ONLY

Corporate Minimum Tax - Schedule A:
Calculation of CMT Base

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



Net Income/Loss (unconsolidated, determined in accordance with GAAP) + **2100** **-1,140,404.**

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

Provision for recovery of income taxes	+	2101	0.
Provision for deferred income taxes (credits)	+	2102	0.
Equity income from corporations	+	2103	0.
Share of partnership(s)/joint venture(s) income	+	2104	0.
Dividends received/receivable deductible under fed.s.112	+	2105	0.
Dividends received/receivable deductible under fed.s.113	+	2106	0.
Dividends received/receivable deductible under fed.s.83(2)	+	2107	0.
Federal Part VI.1 tax paid on dividends declared and paid after May 5, 1997, under fed.s.191.1(1)	0. X 9/4	+	2108 0.

Subtotal = **2109** **0.**

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

Provision for current taxes	+	2110	0.
Provision for deferred income taxes (debits)	+	2111	0.
Equity losses from corporations	+	2112	0.
Share of partnership(s)/joint venture(s) losses	+	2113	0.
Dividends that have been deducted to arrive at net income per Financial Statements. Applies to dividends that have been declared and paid after May 5, 1997.s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	+	2114	0.

Subtotal = **2115** **0.**

Add/Subtract:

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

** Fed.s.85	+	2116	0.	or -	2117	0.
** Fed.s.85.1	+	2118	0.	or -	2119	0.
** Fed.s.97	+	2120	0.	or -	2121	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	+	2122	0.	or -	2123	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	+	2124	0.	or -	2125	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	+	2126	0.	or -	2127	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	-	2150	0.			

Subtotal (Additions) = **0.** + **2128** **0.**

Subtotal (Subtractions) = **0.** - **2129** **0.**

** Other adjustments + **2130** **0.**

Subtotal ± **2100** - **2109** + **2115** + **2128** - **2129** ± **2130** = **2131** **-1,140,404.**

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss ± **2132** **0.**

Adjusted net income (loss) (if loss, transfer to **2202** in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.) = **2133** **-1,140,404.**

Deduct: * CMT losses: pre-1994 Loss	+	From	2210	0.
* CMT losses: other eligible losses	+	From	2211	0.
	=		2134	0.

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

** Retain calculations. Do not submit with this tax return.

CMT Base = **2135** **0.**

Transfer to CMT Base on Page 8

DOLLARS ONLY

Corporate Minimum Tax (CMT)



Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) + 2201 0.

Add: Current year's losses + 2202 1,140,404.

Losses from predecessor corporations on amalgamation (3) + 2203 0.

Losses from predecessor corporations on wind-up (3) + 2204 0.

Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes

Subtotal = 1,140,404. + 2207 1,140,404.

Adjustments (attach schedule) ± 2208 0.

CMT losses available 2201 + 2207 ± 2208 = 2209 1,140,404.

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income + 2210 0.

Other eligible losses utilized during the year to reduce adjusted net income (4) .. + 2211 0.

Losses expired during the year + 2212 0.

Subtotal = 0. - 2213 0.

Balances at End of Year (5) 2209 - 2213 = 2214 1,140,404.

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income 2133 and CMT losses available 2209.

(5) Amount in 2214 must equal sum of 2270 + 2290.

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2001-09-30	2260 0	2280 0
2241	2001-12-31	2261 1,140,404	2281 0
2242		2262 0	2282 0
2243		2263 0	2283 0
2244		2264 0	2284 0
2245		2265 0	2285 0
2246		2266 0	2286 0
2247		2267 0	2287 0
2248		2268 0	2288 0
2249		2269 0	2289 0
Totals		2270 1,140,404	2290 0

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



Balance at Beginning of year (1)		+	2301		0.
Add:	Current year's CMT Credit (280 on page 8. If negative, enter NIL)	+	From 280		0.
	CMT Credit Carryovers from predecessor corporations (2)	+	2302		0.
	Amalgamation (x) 2303 ☐ Yes Wind-up (x) 2304 ☐ Yes				
Subtotal		=		2305	0.
Adjustments (Attach schedule)		±	2306		0.
CMT credit carryover available	2301 + 2305 ± 2306	=	2307		0.
					Transfer to Page 8
Subtract:	CMT Credit utilized during the year to reduce income tax (Page 8)	+	From 310		0.
	CMT Credit expired during the year	+	2308		0.
Subtotal		=		2309	0.
Balance at End of Year (3)	2307 - 2309	=	2310		0.

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2001-09-30	2360 0	2380 0
2341	2001-12-31	2361 0	2381 0
2342		2362 0	2382 0
2343		2363 0	2383 0
2344		2364 0	2384 0
2345		2365 0	2385 0
2346		2366 0	2386 0
2347		2367 0	2387 0
2348		2368 0	2388 0
2349		2369 0	2389 0
Totals		2370 0	2390 0

The sum of amounts 2370 + 2390
must equal amount in 2310.

WELLAND HYDRO ELECTRIC SYSTEM CORP.**CT23-Supp.****Corp. Tax Acct. No. : 1800215****Year Ended:****2001-12-31****ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS**

Name of Associated Corporation	Ontario Corp.						No Perm Estab in Canada
	Tax Number	Taxation Year end	Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)	

Welland Hydro Electric Retail			0	10	0	0	
Welland Hydro Electric Holding			10	13,599,400	0	0	
TOTALS			10	13,599,410	0	0	

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).

Ontario CT23 Supplementary

CCH Canadian Ltd. - Corporate Taxprep ver. 2-2002, 2001/2002 Update

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1 Class number	2 Ontario unde- preciated capital cost at the beginning of the year (unde- preciated 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 unde- preciated 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)	8 Reduced unde- preciated 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 unde- preciated capital cost at the end of the year (column 6 minus column 12)
1	2,510,867	0	0	0	2,510,867	0	2,510,867	4	0	0	25,315	2,485,552
1	5,567,118	189,724	0	0	5,756,842	94,862	5,661,980	4	0	0	57,085	5,699,757
1	8,710,954	139,070	0	0	8,850,024	69,535	8,780,489	4	0	0	88,527	8,761,497
1	2,732,867	54,918	0	0	2,787,785	27,459	2,760,326	4	0	0	27,830	2,759,955
10	960,324	5,394	0	0	965,718	2,697	963,021	30	0	0	72,820	892,898
8	277,914	28,062	0	0	305,976	14,031	291,945	20	0	0	14,717	291,259
1	1,486,011	23,056	0	0	1,509,067	11,528	1,497,539	4	0	0	15,099	1,493,968
12	35,830	52,053	0	0	87,883	26,026	61,857	100	0	0	15,591	72,292
Total	22,281,885	492,277	0	0	22,774,162	246,138	22,528,024		0	0	316,984	22,457,178
	=====	=====	=====	=====	=====	=====	=====		=====	=====	=====	=====
								Enter in boxes	[650]	[650]	[650] on the CT23	

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2001-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) 0^A

Add:	Cost of eligible capital property acquired during the taxation year	.....	+	3,679,191 ^B	
	Amount transferred on amalgamation or wind-up of subsidiary	.....	+	0 ^C	
	Other adjustments	.....	+	0 ^D	
Total of B + C + D		.....	=	3,679,191	X 0.75 = 2,759,393 ^E
Subtotal A + E		.....	=		2,759,393 ^F

Deduct:	Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	.....	+	0 ^G	
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	.....	+	0 ^H	
	Other adjustments	.....	+	0 ^I	
Total of G + H + I		.....	=	0	X 0.75 = 0 ^J

Ontario cumulative eligible capital balance F – J = 2,759,393^K

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

Current year deduction 2,759,393^K X 7.00%* = 48,686^L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = 2,710,707^M

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

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

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

Amount from line K above (show as a positive amount) 0^N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 0¹

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 0²

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 0³

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 0⁴

Line 3 deduct line 4 0⁵

Total lines 1 + 2 + 5 0⁶

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 0⁷

Deduct line 7 from line 6 0

N - O (cannot be negative)

Amount on line 5 0 X 1/2

P - Q

Amount on line R 0 X 2/3*

Lesser of line N or line O

Amount to be included in income S + T

0 ^N
0 ¹
0 ²
0 ³
0 ⁴
0 ⁵
0 ⁶
0 ⁷
0 ^O
0 ^P
0 ^Q
0 ^R
0 ^S
0 ^T
0

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

ONTARIO CONSENT FORM

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative
- Complete Parts 3, 4, and 5 to cancel the consent provided for an existing representative
- Complete all the parts if you want to both name a new representative and cancel an existing representative

Part 1 - Consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I consent to the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name: **DELOITTE & TOUCHE LLP**

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual)

Address 1:..... **4210 KING STREET EAST**

Address 2:..... **KITCHENER, ONTARIO N2P 2G5**

If you named a firm as your representative and want to specify a particular individual of that firm, enter that individual's first and last name.

Representative's name

519-650-7600

Representative's telephone number

519-650-7601

Representative's fax number

Part 2 - Details of consent

I request that this consent apply to all years. OR

I request that this consent apply only to the following years:

1. All year-ends up to: Year Month Day
2. All year-ends beginning in: Year Month Day and all years after that.
3. The following year-ends only: Year Month Day Year Month Day
Year Month Day Year Month Day

Part 3 - Cancellation of the consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I cancel all previous consents for all representatives.

OR

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

Address 1:.....

Address 2:.....

If you named a firm as your representative and want to cancel the consent with respect to a particular individual of that firm, enter that individual's first and last name.

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

I request that this cancellation of consent apply to all years.

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

Year Month Day

Year Month Day

Year Month Day

Year Month Day

Part 5 - Signature

Print your name **ROSS PEEVER**

Title **PRESIDENT**

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here_____

Date

Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

FEDERAL TAX INSTALMENTS

For The Taxation Year Ended: 2002-12-31

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

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2002-01-31	3,541	0	0	3,541
2002-02-28	3,541	0	0	3,541
2002-03-31	3,541	0	0	3,541
2002-04-30	3,541	0	0	3,541
2002-05-31	3,541	0	0	3,541
2002-06-30	3,541	0	0	3,541
2002-07-31	3,541	0	0	3,541
2002-08-31	3,541	0	0	3,541
2002-09-30	3,541	0	0	3,541
2002-10-31	3,541	0	0	3,541
2002-11-30	3,541	0	0	3,541
2002-12-31	3,541	0	0	3,541
	-----	-----		-----
Total	42,492	0		42,492
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: **1**
1st Instalment Base Method

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount				
(Amount (I) Below)	42,487	/	12 =	3,541

			Monthly Instalments Required	3,541

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:				
Indicate:	Part I Tax	0		
	Part I.3, VI & VI.I Tax	0		
	Provincial Tax	0		

	Total	0	/ 12 = (A)	0
Less: 1/12 of Estimated Current Yr Credits [(H) below / 12]				0

Each of the first 2 Instalment Payments			= (B)	0
Total tax from (I) below	42,487			
Less: Amount (B) above x 2	0			

	42,487	/ 10 =		4,249

Each of the remaining 10 Instalment Payments				4,249

3. ESTIMATED TAX METHOD

Instalment Base Amount				
(Amount (I) Below)	0	/	12 =	0

			Monthly Instalments Required	0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Total of:			
Federal Part I Tax		0	0
Federal Surtax		0	0
Refundable Tax on a CCPC's Investment Income		0	0
		-----	-----
Subtotal (A)		0	0
Less Total of:			
Small Business Deduction		0	0
Investment Corporation Deduction		0	0
Federal Tax Abatement		0	0
Manufacturing and Processing Profits Deduction		0	0
Non-Business Foreign Tax Credit		0	0
Business Foreign Tax Credit		0	0
Tax Reduction, General and Accelerated		0	0
Logging Tax Credit		0	0
Federal Political Contribution Tax Credit		0	0
Investment Tax Credit Per T2038		0	0
Qualifying Environmental Trust Tax Credit		0	0
		-----	-----
Subtotal (B)		0	0
Total Part I Tax Payable (A) - (B) = (C)		0	0
Add: Part I.3 Tax (D)		10,709	0
Part VI Tax (D.1)		0	0
Part VI.I Tax (D.2)		0	0
Provincial/Territorial Tax (E)		0	0
		-----	-----
Total			
Parts I, I.3, VI, VI.I and			
Provincial/Territorial Tax = (F)		10,709	0
Adjustment for Short Taxation Years:			
x 365/# of days in year if < 365	365 /	92	365 /
	(G)	42,487	0
Less - Estimated Current Year Credits:			
Investment Tax Credit Refund		0	0
Dividend Refund		0	0
Federal Capital Gains Refund		0	0
Provincial and Territorial Capital			
Gains Refund		0	0
NRO Allowable Refund per Sch. 26		0	0
Tax Withheld at Source		0	0
Other Estimated Credits		0	0
		-----	-----
Total Estimated Current Year Credits (H)		0	0
INSTALMENT BASE AMOUNT (G) - (H) = (I)		42,487	0
		=====	=====

ONTARIO TAX INSTALMENTS

For The Taxation Year Ended: 2002-12-31

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

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

Quarterly Instalment

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2002-03-31	0	0	0	0
2002-06-30	0	0	0	0
2002-09-30	0	0	0	0
2002-12-31	0	0	0	0
	-----	-----		-----
	0	0		0
	=====	=====		=====

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2002-01-31	5,990	0	0	5,990
2002-02-28	5,990	0	0	5,990
2002-03-31	5,990	0	0	5,990
2002-04-30	5,990	0	0	5,990
2002-05-31	5,990	0	0	5,990
2002-06-30	5,990	0	0	5,990
2002-07-31	5,990	0	0	5,990
2002-08-31	5,990	0	0	5,990
2002-09-30	5,990	0	0	5,990
2002-10-31	5,990	0	0	5,990
2002-11-30	5,990	0	0	5,990
2002-12-31	5,990	0	0	5,990
	-----	-----		-----
Total	71,880	0		71,880
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: 1

1. 1st Instalment Base Method
2. Combined 1st and 2nd Instalment Base Method
3. Estimated Tax Method

Do not used the quarterly payment even if applicable "X" to continue monthly payments []

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount (Amt (I) Below)	71,869	/	12	=	5,990
					5,990
					5,990
					0

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:					
Indicate: Income Tax, C.M.T.	254,156				
Capital Tax, Prem. Tax	88,263				
	342,419	/	12	= (A)	28,535
Each of the first 2 Instalment Payments				= (B)	28,535
Total tax from (I) below	71,869				
Less: Amount (A) above x 2	57,070				
	14,799	/	10	=	1,480
Each of the remaining 10 Instalment Payments				=	1,480
					0

3. ESTIMATED TAX METHOD

Instalment Base Amount (Amt (I) Below)	0	/	12	=	0
					0
					0
					0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Ontario Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Gross Ontario Tax	(A)	0	0
Less Total of:			
Incentive Deduction for an S.B.C., net of surtax		0	0
Manufacturing and Processing Profits Credit		0	0
Additional deduction for credit unions		0	0
Credit for foreign taxes paid		0	0
Credit for Investment in S.B.D.C.		0	0
Specified credits applied against income tax		0	0
		-----	-----
Total Deduction and Credits	(B)	0	0
Income Tax	(A) - (B) = (C)	0	0
Add: Capital Tax	(D)	18,115	0
Corporate minimum tax paid (credited)	(E)	0	0
Premium Tax	(F)	0	0
		-----	-----
Total Income Tax and Other Taxes	(C+D+E+F) = (G)	18,115	0
Adjustment for Short Taxation Years x 365 / number of days in year if < 365	(H)	365 / 92 71,869	365 / 365 0
Less: Total estimated current year credits		0	0
	(I)	71,869	0
		=====	=====

Appendix 19

2001 Notice of Assessments

Detach and return this REMITTANCE FORM with your payment.



Ontario

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

Account No.
1800215

35 A
PX5000

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

2	0	0	6	1	2	3	1

Payment Amount: \$

Total Payment
Enclosed: \$



Ontario

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

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2006/10/06

	Account No.	Statement Date (year, month, day)	Page
WELLAND HYDRO-ELECTRIC SYSTEM CORP.	1800215	2006/10/06	1 of 2

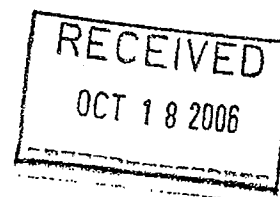
TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2002/11/13		OPENING BALANCE FOR: 2001/12/31	0.00	
2002/10/07	72	assessment reversal	31,566.00CR	
2002/10/07	74	interest reversal - assessment	1,115.14	
2002/11/12	75	interest reversal	28.65	
2006/10/04	73	reassessment	28,110.00 ✓	
2006/10/04	76	interest - assessment *	1,566.72CR ✓	
2006/10/06	86	interest *	0.64CR	3,879.57CR ✓
2003/07/09		OPENING BALANCE FOR: 2002/12/31	0.00	
2003/06/09	83	interest reversal - assessment	3,298.13	
2003/07/08	84	interest reversal	157.87	
2006/10/06	85	cascade interest	3,710.29CR	254.29CR
2004/08/07		OPENING BALANCE FOR: 2003/12/31	0.00	
2004/07/21	80	interest reversal - assessment	3,429.02	
2004/08/06	81	interest reversal	228.36	
2006/10/06	82	cascade interest	3,657.38CR	0.00
2006/10/03		OPENING BALANCE FOR: 2004/12/31	8,875.00CR ✓	8,875.00CR ✓
2006/10/03		OPENING BALANCE FOR: 2005/12/31	73,000.00CR	
2006/10/04	77	return assessment	66,653.00	
2006/10/04	78	interest - assessment *	657.81CR	
2006/10/06	79	interest *	1.15CR	7,005.96CR
		BALANCE		20,014.82CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2006/10/03	OPENING BALANCE FOR: 2006/12/31	35,365.89CR
	BALANCE	35,365.89CR

Cascade interest is due to re-calculation of instalment base
resulting from revised "Total Tax Payable" in prior years



Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-8048 ext. 3036
- FAX (905) 433-5197

Detach and return this REMITTANCE FORM with your payment.



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

Account No.
1800215

35
PX5005

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

RECEIVED OCT - 6 2006

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Total Payment
Enclosed: \$

2	0	0	1	1	2	3	1



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

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/10/01 to 2001/12/31

Account No.	Reassessment Date (year, month, day)	Page
1800215	2006/10/04	1 of 2

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

REASSESSMENT NO. 73 REPLACING ASSESSMENT DATED: 2002/10/07

Tax: Federal and Provincial PIL
Assessment Interest
Total Reassessment Liability

28,110.00
1,566.72CR
26,543.28

SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

70,659.00CR
40,236.79

Sub-Total

30,422.21CR
3,878.93CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Mathematical error in computation of Taxable Paid-up Capital.

Adjustment to the computation of Capital Tax.

Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708
• Toronto (416) 920-9048 ext. 3036
• Toll-Free 1-800-262-0784 ext. 3036
• FAX (905) 433-5197

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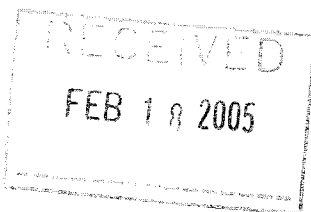
CORPORATION NOTICE OF REASSESSMENT

St. John's NL A1B 3Z1

0000770

Page 1 of 6

WELLAND HYDRO-ELECTRIC SYSTEM
 CORP
 C/O OWEN JENKINS
 PO BOX 280
 WELLAND ON L3B 5P6



Date of mailing	February 15, 2005
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2001

RESULTS

This notice explains the results of our reassessment of the T2 return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Reassessment :	\$	0.00
Prior balance:	\$	0.00
	=====	
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.





Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF REASSESSMENT

Page 2 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing

February 15, 2005

Business Number

86375 9692 RC0001

Taxation year-end

December 31, 2001



CORPORATION NOTICE OF REASSESSMENT

0000771

Page 3 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
February 15, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2001

SUMMARY OF REASSESSMENT

	\$ Previous	\$ Reassessed	\$ Adjustment
Federal Tax:			
Part I	0.00	0.00	0.00
Part I.3	0.00	0.00	0.00
Part II	0.00	0.00	0.00
Part IV	0.00	0.00	0.00
Part IV.1	0.00	0.00	0.00
Part VI	0.00	0.00	0.00
Part VI.1	0.00	0.00	0.00
Part XIII.1	0.00	0.00	0.00
Part XIV	0.00	0.00	0.00
			=====
Total Federal Tax Adjustment:			\$ 0.00
			=====
		Net balance:	\$ 0.00
			=====
		Result of this reassessment:	\$ 0.00
		Prior balance:	\$ 0.00
			=====
		Total balance:	\$ 0.00

Alan Nymark
Commissioner of Customs and Revenue

EXPLANATION

We have adjusted the T2 return to agree with the amended return submitted.

We have revised the capital deduction claimed for the year on Schedule 33, "Part I.3 Tax on Large Corporations," to \$0.00. This agrees with the allocated amount on Schedule 36, "Agreement Among Related Corporations - Part I.3 Tax."

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

If you require additional information or wish to request an adjustment, contact:

St. John's Tax Centre
Freshwater Rd and Empire Ave
St. John's NL A1B 3Z3
Phone (709) 772-6888
Fax (709) 772-3834
Toll free number 1-888-832-1728
We accept collect calls.

St. Catharines Tax Services Office
P.O. Box 3038 32 Church Street
St. Catharines ON L2R 3B9
Toll free number 1-800-959-5525



CORPORATION NOTICE OF REASSESSMENT

Page 4 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
February 15, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2001

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2006/12/01

DEC 11 2000

LAND HYDRO-ELECTRIC SYSTEM CORP.

Account No.

1800215

Statement Date
(year, month, day)
2006/12/01

Page

1 of 2

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/11/02		OPENING BALANCE FOR: 2002/12/31	0.00	
2003/06/09	95	assessment reversal	125,257.00CR	
2006/10/06	97	cascade interest - reversal	3,710.29	
2006/11/01	98	interest reversal	0.36	
2006/11/30	96	reassessment	118,556.00	
2006/11/30	99	interest - assessment *	4,379.15CR	
2006/12/01	115	interest *	0.61CR	7,370.11CR
2006/10/07		OPENING BALANCE FOR: 2003/12/31	0.00	
2006/10/06	113	cascade interest - reversal	3,657.38	
2006/12/01	114	interest *	3,657.38CR	0.00
2006/11/02		OPENING BALANCE FOR: 2004/12/31	0.00	
2005/10/31	100	assessment reversal	8,875.00CR	
2005/10/31	102	interest reversal - assessment	72,924.00CR	
2005/12/01	103	interest reversal	896.75	
2006/11/30	101	reassessment	31.98	
2006/11/30	104	interest - assessment *	72,603.00	
2006/12/01	112	interest *	1,056.39CR	9,324.43CR
2006/11/02		OPENING BALANCE FOR: 2005/12/31	0.00	
2006/10/04	105	assessment reversal	66,653.00CR	
2006/10/04	107	interest reversal - assessment	657.81	
2006/10/06	108	interest reversal	1.15	
2006/11/01	109	interest reversal	9.80	
2006/11/30	106	reassessment	65,963.00	
2006/11/30	110	interest - assessment *	694.28CR	
2006/12/01	111	interest *	0.06CR	715.58CR
CREDIT BALANCE AVAILABLE				17,410.12CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2006/11/02	OPENING BALANCE FOR: 2006/12/31	39,010.72CR
2006/11/14	94 PIL payment	3,644.83CR
BALANCE		42,655.55CR

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5595
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

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Jan 10/2006 - \$4071.90

Apr 13/2006 - \$4071.90

July 12/2006 - \$4071.90

Oct 16/2006 - \$4071.90

July 21/2006 - \$3644.83

Aug 18/2006 - \$3644.82

Sept 15/06 - \$3644.82

Acquisitioned by

Department

Prepared by K. BROWN

Authorized by

President & CEO

WAYNE A
To date paid - \$35365.89
Oct 16/06 \$3644.83

Appendix 20

2002 T2 Federal Tax Return

055 Do not use this area

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

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

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

Identification	
Business Number (BN) 001 863759692RC0001	
Corporation's name 002 WELLAND HYDRO ELECTRIC SYSTEM CORP.	
Has the corporation changed its name since the last time we were notified? ... 003 1 Yes ☐ 2 No ☒	
If Yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐	
Address of head office Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒	To which taxation year does this return apply? Taxation year start 060 2002-01-01 Taxation year-end 061 2002-12-31 YYY/YY/MM/DD YYY/YY/MM/DD
011 950 EAST MAIN STREET 012 P.O. BOX 280 City Province, territory, or state 015 WELLAND 016 ON Country (other than Canada) Postal code/ZIP code 017 018 L3B-5P6	Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒
If Yes, give the date control was acquired 065 YYY/YY/MM/DD	
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 1 Yes ☐ 2 No ☒	Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒
021 c/o 950 EAST MAIN STREET 022 P.O. BOX 280 023 City Province, territory, or state 025 WELLAND 026 ON Country (other than Canada) Postal code/ZIP code 027 028 L3B-5P6	Is this the first year of filing after: Incorporation? 070 1 Yes ☐ 2 No ☒ Amalgamation? 071 1 Yes ☐ 2 No ☒ If Yes, complete and attach Schedule 24.
Location of books and records Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒	
031 950 EAST MAIN STREET 032 P.O. BOX 280 City Province, territory, or state 035 WELLAND 036 ON Country (other than Canada) Postal code/ZIP code 037 038 L3B-5P6	
040 Type of corporation at the end of the taxation 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 taxation year, provide the effective date of the change 043 YYY/YY/MM/DD	
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	

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

* We do not print these schedules.

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

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	150 ☒	9
28	Does the corporation have any non-resident shareholders?	151 ☐	19
29	Is the corporation an associated Canadian-controlled private corporation?	160 ☒	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 ☐	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 ☐	11
33	If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 ☐	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 ☐	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 ☐	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 ☐	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 ☐	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 ☐	22
41	Did the corporation have any foreign affiliates during the year?	169 ☐	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 ☐	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171 ☐	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 ☐	—
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 ☒	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 ☒	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202 ☐	2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 ☐	3
69-76	Is the corporation claiming any type of losses?	204 ☒	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 ☐	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 ☐	6
103	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 ☐	7
57	Does the corporation have any property that is eligible for capital cost allowance?	208 ☒	8
58	Does the corporation have any property that is eligible capital property?	210 ☒	10
59	Does the corporation have any resource-related deductions?	212 ☐	12
60	Is the corporation claiming reserves of any kind?	213 ☐	13
61	Is the corporation claiming a patronage dividend deduction?	216 ☐	16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 ☐	17
150	Is the corporation an investment corporation or a mutual fund corporation?	218 ☐	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220 ☐	20
118	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 ☐	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 ☐	26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227 ☐	27
121	Is the corporation claiming an investment tax credit?	231 ☐	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232 ☐	T661
124	Is the corporation subject to gross Part I.3 tax?	233 ☒	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 ☒	36
124	Is the corporation claiming a surtax credit?	237 ☐	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 ☐	38
128	Is the corporation claiming a Part I tax credit?	242 ☐	42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 ☐	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 ☐	45
125	Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249 ☐	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 ☐	39
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253 ☐	T1131
153	Is the corporation claiming a film or video production services tax credit refund?	254 ☐	T1177
130	Is the corporation subject to Part XIII.1 tax?	255 ☐	92 *

Attachments – continued from page 2**Guide item**

		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐ T1134-A
44	Did the corporation have any controlled foreign affiliates?	258	☐ T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	☐ T1135
44	Did the corporation transfer or loan property to a non-resident trust?	260	☐ T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐ T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐ T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐ T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐ T1174

Additional information

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

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

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

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

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	POWER DISTRIBUTION	285	100%
286		287	0%
288		289	0%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI **300** **325,174** A

Deduct:

Charitable donations from Schedule 2	311	0
Gifts to Canada, a province, or a territory from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43*	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	325,174
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		325,174

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

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions **355** **0** D

Taxable income (amount C plus amount D) **360** **0**

Income exempt under paragraph 149(1)(t) **370** **0**

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) **0** Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 **400** 325,174 A

Taxable income from line 360 on page 3, **minus** 10/3 of the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax ... **405** 0 B

Calculation of the business limit:

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

200,000	x	Number of days in the taxation year before 2003	<u>365</u>	=	.....	<u>200,000</u>	1
		Number of days in the taxation year	<u>365</u>				
225,000	x	Number of days in the taxation year in 2003	<u>0</u>	=	.....	<u>0</u>	2
		Number of days in the taxation year	<u>365</u>				
250,000	x	Number of days in the taxation year in 2004	<u>0</u>	=	.....	<u>0</u>	3
		Number of days in the taxation year	<u>365</u>				
300,000	x	Number of days in the taxation year after 2004	<u>0</u>	=	.....	<u>0</u>	3.1
		Number of days in the taxation year	<u>365</u>				

Add amounts at lines 1, 2, 3, and 3.1 200,000 4

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

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

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

Business limit reduction:

Amount C 200,000 x 415*** 47,243 D = ... 839,876 E

11,250

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

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F **430** 0 G
(enter amount G on line 9 of page 7)

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

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

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) 0 x $\frac{300,000}{\text{line 4 above}}$ = ... 0 A

Net active business income (amount from line 400) * 325,174 B

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt for Part I tax 0 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) 0 D

Amount C minus amount D (if negative, enter "0") 0 E

Amount A, B, or E above, whichever is less 0 F

Amount Z from Part 9 of Schedule 27 0 x 100/7 = ... 0 G

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. 0 K

Total of amounts G, H, I, J, and K 0 L

Amount F minus amount L (if negative, enter "0") 0 M

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

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	<u>0</u>	A
Amount A	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 1% =	<u>0</u>
			Number of days in the taxation year	365		B
Amount A	<u>0</u>	x	Number of days in the taxation year in 2004	<u>0</u>	x 2% =	<u>0</u>
			Number of days in the taxation year	365		C
Amount A	<u>0</u>	x	Number of days in the taxation year in 2005	<u>0</u>	x 3% =	<u>0</u>
			Number of days in the taxation year	365		C.1
Amount A	<u>0</u>	x	Number of days in the taxation year in 2006	<u>0</u>	x 5% =	<u>0</u>
			Number of days in the taxation year	365		C.2
Resource deduction – total of amounts B, C, C.1, and C.2 (enter amount D on line 10 of page 7)				438	<u>0</u>	D

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3				<u>0</u>	E	
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	F		
Amount QQ from Part 13 of Schedule 27	<u>0</u>		<u>0</u>	G		
Taxable resource income from line 435 above	<u>0</u>		<u>0</u>	H		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		<u>0</u>	I		
Amount on line 400, 405, 410, or 425 on page 4, whichever is less	<u>0</u>		<u>0</u>	J		
Aggregate investment income from line 440 of page 6	<u>0</u>		<u>0</u>	K		
Amount used to calculate the accelerated tax reduction (amount M of page 4)	<u>0</u>		<u>0</u>	L		
Total of amounts F, G, H, I, J, K, and L	<u>0</u>		<u>0</u>	M		
Amount E minus amount M (if negative, enter "0")				<u>0</u>	N	
Amount N	<u>0</u>	x	Number of days in the taxation year in 2002	365	x 3% =	<u>0</u>
			Number of days in the taxation year	365		O
Amount N	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5% =	<u>0</u>
			Number of days in the taxation year	365		P
Amount N	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% =	<u>0</u>
			Number of days in the taxation year	365		Q
General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q (enter amount R on line 638 of page 7)				<u>0</u>	R	

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

Taxable income from line 360 of page 3				<u>0</u>	S	
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	T		
Amount QQ from Part 13 of Schedule 27	<u>0</u>		<u>0</u>	U		
Taxable resource income from line 435 above	<u>0</u>		<u>0</u>	V		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		<u>0</u>	W		
Total of amounts T, U, V, and W	<u>0</u>		<u>0</u>	X		
Amount S minus amount X (if negative, enter "0")				<u>0</u>	Y	
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2002	365	x 3% =	<u>0</u>
			Number of days in the taxation year	365		Z
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5% =	<u>0</u>
			Number of days in the taxation year	365		AA
Amount Y	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% =	<u>0</u>
			Number of days in the taxation year	365		BB
General tax reduction - total of amounts Z, AA, and BB (enter amount CC on line 639 of page 7)				<u>0</u>	CC	

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from

line 632 of page 7 0 x 25/9 = 0

Foreign business income

tax credit from line 636

of page 7 0 x 3 = 0

0 0
0 x 26 2/3% = 0 D

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

Deduct: Corporate surtax from line 600 of page 7 0

Net amount 0 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 0 F

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year 465 0
0

Add the total of:

Refundable portion of Part I tax from line 450 above 0

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

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

0 0
0 B

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

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

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

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

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

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

Corporate surtax calculation

Base amount from line A above	0	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	0	2
Investment corporation deduction from line 620 below	0	3
Federal logging tax credit from line 640 below	0	4
Federal qualifying environmental trust tax credit from line 648 below	0	5

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

28.00% of taxable income from line 360 of page 3 ...	0 a	}	0	6
28.00% of taxed capital gains	0 b			
Part I tax otherwise payable	0 c			
(line A plus lines C and D minus line F)				
Total of lines 2 to 6	0	7		
Net amount (line 1 minus line 7)	0	8		

Corporate surtax – 4.00% of the amount on line 8 **600** **0** B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** **0** C

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

Aggregate investment income from line 440 on page 6	0	i
Taxable income from line 360 on page 3	0	
Deduct:		
Amount on lines 400, 405, 410, or 425 of page 4, whichever is less ..	0	
Net amount	0	ii

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

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

Deduct:

Small business deduction from line 430 of page 4	0	9
Federal tax abatement	608	0
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616	0
Investment corporation deduction	620	0
(taxed capital gains 624 0)		
Additional deduction – credit unions from Schedule 17	628	0
Federal foreign non-business income tax credit from Schedule 21	632	0
Federal foreign business income tax credit from Schedule 21	636	0
Accelerated tax reduction from amount N of page 4	637	0
Resource deduction from line 438 of page 5	0	10
General tax reduction for CCPCs from amount R of page 5	638	0
General tax reduction from amount CC of page 5	639	0
Federal logging tax credit from Schedule 21	640	0
Federal political contribution tax credit	644	0
Federal political contributions 646 0		
Federal qualifying environmental trust tax credit	648	0
Investment tax credit from Schedule 31	652	0
Subtotal	0	0 F

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

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	43,673
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		43,673

Add provincial and territorial tax:Provincial or territorial jurisdiction **750** ON

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

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

Total tax payable **770** **43,673** A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** 43,673**Total credits** **890** 43,673Refund code **894** **1** Overpayment **0** Balance (line A minus line B) **0****Direct deposit request**

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

☐ Start ☐ Change information **910** Branch number

914 Institution number **918** Account number

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

Enter the amount on whichever line applies.

We do not charge or refund a difference of \$2 or less.

Balance unpaid **0**Enclosed payment **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

..... **896** 1 Yes ☐ 2 No ☒**Certification**

I, **950** PEEVER Last name in block letters **951** ROSS First name in block letters **954** PRESIDENT AND CEO Position, office, or rank

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

955 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation **956** 905-732-1381 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

990 Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒ 2 Français/French ☐

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Identification of the corporation (Imported Data)

Name of the corporation **WELLAND HYDRO ELECTRIC SYSTEM CORP.**
Business Number **863759692RC0001** Taxation year ended **2002-12-31**
Address **950 EAST MAIN STREET** City **WELLAND**
Province, Territory **ON** Postal code **L3B-5P6**

Balance Sheet

GIFI Account	Description	Prior Amount	Year

Assets

1599	Total current assets	11,824,821	784,144
2008	Total tangible capital assets	36,206,054	158,735
2009	Total accumulated amortization of tangible capital assets	16,960,185	747,033
2178	Total intangible capital assets	0	0
2179	Total accumulated amortization of intangible capital assets	0	0
2589	Total long-term assets	1,986,969	617,872
2590	Assets held in trust	0	0

2599	Total Assets (mandatory field)	= 33,057,829	813,718
=====			

Liabilities

3139	Total current liabilities	3,941,489	958,571
3450	Total long-term liabilities	16,004,103	133,047
3460	Subordinated debt	0	0
3470	Amounts held in trust	0	0

3499	Total liabilities (mandatory field)	19,946,202	091,618
=====			

Shareholder equity

3620	Total shareholder equity (mandatory field)	13,111,427	722,100
=====			

3640	Total Liabilities and Shareholder Equity	19,946,202	091,618
=====			

3849	Retained Earnings/Deficit - End (mandatory field)	471,914	877,280
=====			

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Assets

GIFI Account Description	Prior Amount year

Cash and deposits

1000	Cash and deposits	4,126,813	249,961
1001	Cash	0	0
	Deposits in Canadian banks and institutions		
1002	- Canadian currency	0	0
	Deposits in Canadian banks and institutions		
1003	- foreign currency	0	0
1004	Deposits in foreign banks - Canadian currency	0	0
1005	Deposits in foreign banks - foreign currency	0	0
1006	Credit union central deposits	0	0
1007	Other cash like instruments	0	0
	Cash and deposits	+	4,126,813
			249,961
			=====

Accounts receivable

1060	Accounts receivable	1,988	9,043
1062	Trade accounts receivable	2,612	127
1064	Trade accounts receivable from related parties	0	0
1066	Taxes receivable	133,826	51,568
1067	Interest receivable	0	0
1068	Holdbacks receivable	0	0
1069	Leases receivable	0	0
1071	Accounts receivable from employees	0	0
1073	Amounts receivable from members of NPOs	0	0
	Accounts receivable	+	2,745,953
			940,611
			=====

Allowance for doubtful accounts

1061	Allowance for doubtful accounts	0	0
1063	Allowance for doubtful trade accounts receivable	0	0
1065	Allowance for doubtful trade accounts receivable related parties	0	0
1070	Allowance for doubtful amounts contained in leases receivable	0	0
1072	Allowance for doubtful accounts receivable from employees	0	0
	Allowance for doubtful accounts	-	0
			0
			=====

Inventories

1120	Inventories.....	1,152,142	172,811.
1121	Inventory of goods for sale.....	0	0
1122	Inventory parts and supplies.....	0	0
1123	Inventory properties.....	0.	0
1124	Inventory of aggregates.....	0	0
1125	Work in progress.....	0	0
1126	Raw materials.....	0	0
1127	Inventory of securities.....	0	0

Inventories		+	1,152,142 172,811
=====			

Short-term investments

1180	Short-term investments.....	11,130	197,540
1181	Canadian term deposits.....	0	0
1182	Canadian shares.....	0	0
1183	Canadian bonds.....	0	0
1184	Canadian treasury bills.....	0	0
1185	Securities purchased under resale agreements	0	0
1186	Other short-term Canadian investments..	0	0
1187	Short-term foreign investments.....	0	0

Short-term investments		+	11,130 197,540
=====			

Loans and notes receivable

1240	Loans and notes receivable.....	0	0
1241	Demand loans receivable.....	0	0
1242	Other loans receivable.....	0	0
1243	Notes receivable.....	0	0
1244	Mortgages receivable.....	0.	0

Loans and notes receivable		+	0 0
=====			

Due from shareholder(s)/director(s)

1300	Due from shareholder(s)/director(s).....	0	0
1301	Due from individual shareholder(s).....	0	0
1302	Due from corporate shareholder(s).....	0	0
1303	Due from director(s).....	0.	0

Due from shareholder(s)/director(s)		+	0 0
=====			

1360	Investment in joint venture(s)/partnership(s)	0	0
1380	Due from joint venture(s)/partnerships(s) +	0	0

Due from/investment in related parties

1400	Due from/investment in related parties	27,054	0
1401	Demand notes from related parties	0	25,417
1402	Interest receivable from related parties	0	0
1403	Loans/advances due from related parties	0	0

	Due from/investment in related parties +	27,054	25,417
=====			

1460	Customers' liability under acceptances . . . +	0	0

Other current assets

1480	Other current assets	3,665,893	169,056
1481	Deferred income taxes	0	0
1482	Accrued investment income	0	0
1483	Taxes recoverable/refundable	0	0
1484	Prepaid expenses	95,871	28,748
1485	Drilling advances	0	0
1486	Security/tender deposits	0	0

	Other current assets	+ 3,761,724	197,804
=====			

1599	Total Current Assets	= 11,824,821	1784,144
=====			

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Tangible Capital Assets

GIFI Account Description	Prior Amount year

1600	Land	162,487,214,041
1601	Land improvements	0

Depletable assets

1620	Depletable assets	0	0
1622	Petroleum and natural gas properties	0	0
1624	Mining properties	0	0
1626	Deferred exploration and development charges	0	0
1628	Quarries	0	0
1630	Gravel pits	0	0
1632	Timber limits	0	0

Depletable assets		+	0 0
=====			

Buildings

1680	Buildings	1, 350, 027,350, 087
1682	Manufacturing and processing plant	0 0
1684	Buildings under construction	0 0

Buildings		+ 1, 350, 027,350, 087
		=====

Machinery, equipment, furniture, and fixtures

1740	Machinery, equipment, furniture, and fixtures	3,314,899,594,607
1742	Motor vehicles	0
1744	Tools and dies	0
1746	Construction and excavating equipment	0
1748	Forestry and logging equipment	0
1750	Fishing gear and nets	0
1752	Mining equipment	0
1754	Oil and gas systems	0
1756	Production equipment for resource industries	0
1758	Production equipment for other than resource industries	0
1760	Exploration equipment	0
1762	Shipping equipment	0
1764	Ships and boats	0
1766	Aircraft	0
1768	Signs	0

Machinery, equipment, furniture, and fixtures (cont'd)

1770	Small tools.....	0	0
1772	Radio and communication equipment.....	0	0
1774	Computer equipment/software.....	0	0
1776	Musical instruments.....	0	0
1778	Satellites.....	0	0
1780	Earth stations.....	0	0
1782	Machinery and equipment under construction	0	0
1783	Transportation equipment.....	0	0
1785	Other machinery and equipment.....	0	0
1787	Furniture and fixtures.....	0	0

Machinery, equipment, furniture, and fixtures **3,314,899**
594,607
=====

Other tangible capital assets

1900	Other tangible capital assets.....	31,038,508	0
1902	Logging roads.....	0	0
1904	Asphalt and parking areas.....	0	0
1906	Wharves.....	0	0
1908	Fences.....	0	0
1910	Capital leases - buildings.....	0	0
1912	Capital leases - equipment.....	0	0
1914	Capital leases - vehicles.....	0	0
1916	Capital leases - others.....	0	0
1918	Leasehold improvements.....	0	0
1920	Other capital assets under construction...	0	0
1921	Campsites.....	0	0

Other tangible capital assets + **31,038,508** **0**
=====

2008 **Total Tangible Capital Assets = 35,865,981**
158,735
=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Accumulated Amortization of Tangible Capital Assets

GIFI Account Description	Prior Amount year

1602	Land improvements	0	0

Accumulated amortization of depletable assets

1621	Depletable assets	0	0
1623	Petroleum and natural gas properties	0	0
1625	Mining properties	0	0
1627	Deferred exploration and development charges	0	0
1629	Quarries	0	0
1631	Gravel pits	0	0
1633	Timber limits	0	0

Accumulated amortization of depletable assets		0	0
		=====	

Accumulated amortization of buildings

1681	Buildings	629,397,599,464	
1683	Manufacturing and processing plant	0	0

Accumulated amortization of buildings +		629,397,599,464	
		=====	

Accumulated amortization of machinery, equipment, furniture, and fixtures

1741	Machinery, equipment, furniture, and fixtures	2,496,151,097,914	
1743	Motor vehicles	0	0
1745	Tools and dies	0	0
1747	Construction and excavating equipment	0	0
1749	Forestry and logging equipment	0	0
1751	Fishing gear and nets	0	0
1753	Mining equipment	0	0
1755	Oil and gas systems	0	0
1757	Production equipment for resource industries	0	0
1759	Production equipment for other than resource industries	0	0
1761	Exploration equipment	0	0
1763	Shipping equipment	0	0
1765	Ships and boats	0	0
1767	Aircraft	0	0
1769	Signs	0	0
1771	Small tools	0	0
1773	Radio and communication equipment	0	0
1775	Computer equipment/software	0	0
1777	Musical instruments	0	0
1779	Satellites	0	0
1781	Earth stations	0	0
1784	Transportation equipment	0	0
1786	Other machinery and equipment	0	0
1788	Furniture and fixtures	0	0
Accumulated amortization of machinery, equipment, furniture, and fixtures +		2,496,151,097,914	
		=====	

Accumulated amortization of other tangible capital assets

1901	Other tangible capital assets	13,834,037	49,655
1903	Logging roads	.0	.0
1905	Asphalt and parking areas	0	0
1907	Wharves	.0	.0
1909	Fences	.0	.0
1911	Capital leases - buildings	0	0
1913	Capital leases - equipment	0	0
1915	Capital leases - vehicles	0	0
1917	Capital leases - others	.0	0
1919	Leasehold improvements	0	0
1922	Campsites	0	0

Accumulated amortization of other tangible capital assets

13,834,037 49,655
=====

2009 Total Accumulated Amortization of Tangible Capital Assets

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Long-Term Assets

GIFI Account Description	Prior Amount year	

Due from shareholder(s)/director(s)

2180	Due from shareholder(s)/director(s)	0	0
2181	Due from individual shareholder(s)	0	0
2182	Due from corporate shareholder(s)	0	0
2183	Due from director(s)	0	0

	Due from shareholder(s)/director(s) +	0	0
	=====		

2190	Due from members + ...	0	0
2200	Investment in joint venture(s)/partnership(s)	0	0
2220	Due from joint venture(s)/partnership(s) +	0	0

Due from/investment in related parties

2240	Due from/investment in related parties	0	0
2241	Due from/investment in Canadian related parties	0	0
2242	Shares in Canadian related corporations	0	0
2243	Loans/advances to Canadian related corporations	0	0
2244	Investment in Canadian related corporations at cost	0	0
2245	Investment in Canadian related corporations at equity	0	0
2246	Due from/investment in foreign related parties	0	0
2247	Shares in foreign related corporations	0	0
2248	Loans/advances to foreign related corporations	0	0
2249	Investment in foreign related corporations at cost	0	0
2250	Investment in foreign related corporations at equity	0	0

	Due from/investment in related parties +	0	0
	=====		

2280	Investment in co-tenancy + ...	0	0

Long term investments

2300	Long term investments	290,125	0
2301	Foreign shares	0	0
2302	Other types of foreign investments	0	0
2303	Canadian shares	0	0
2304	Government of Canada debt	0	0
2305	Canadian, provincial, and municipal government debt	0	0
2306	Canadian corporate bonds and debentures	0	0
2307	Debt securities	0	0
2308	Equity securities	0	0
2309	Securities purchased under resale agreements	0	0
2310	Central credit union shares	0	0
2311	Other Canadian long-term investments	0	0

Long term investments		+	290,125 0
=====			

Long-term loans

2360	Long-term loans	0	0
2361	Mortgages	0	0
2362	Personal and credit card loans	0	0
2363	Business and government loans	0	0
2364	Line of credit	0	0

Long-term loans		+	0 0
=====			

Other long-term assets

2420	Other long-term assets	1,347,297	617,872
2421	Deferred income taxes	0	0
2422	Deferred pension charges	0	0
2423	Deferred unrealized exchange losses	0	0
2424	Other deferred items/charges	0	0
2426	Reserve fund	0	0
2427	Cash surrender value of life insurance	0	0

Other long-term assets		+	1,347,297 617,872
=====			

2425	Accumulated amortization of deferred charges	0	0

2589	Total Long-Term Assets	=	1,637,422 617,872
=====			

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Liabilities

GIFI Account Description	Prior Amount year

2600	Bank overdraft	0	0

Amounts payable and accrued liabilities

2620	Amounts payable and accrued liabilities . .	66,589,831,441	
2621	Trade payables	3,553,926	0
2622	Trade payables to related parties	0	0
2623	Holdbacks payable	0	0
2624	Wages payable	0	0
2625	Management fees payable	0	0
2626	Bonuses payable	0	0
2627	Employee deductions payable	0	0
2628	Withholding taxes payable	0	0
2629	Interest payable	0	0
2630	Amounts payable to members of NPOs . .	0	0

	Amounts payable and accrued liabilities	3,620,495	831,441
=====			

2680	Taxes payable	0	0

Short term debt

2700	Short term debt	0	0
2701	Loans from Canadian banks	0	0
2702	Liability for securities sold short	0	0
2703	Liability for securities sold under repurchase agreements	0	0
2704	Gold and silver certificates	0	0
2705	Cheques and other items in transit	0	0
2706	Lien notes	0	0

	Short term debt	+	0
=====			

2770	Deferred income	290,125	0

Due to shareholder(s)/director(s)

2780	Due to shareholder(s)/director(s)	0	0
2781	Due to individual shareholder(s)	0	0
2782	Due to corporate shareholder(s)	0	0
2783	Due to director(s)	0	0

	Due to shareholder(s)/director(s)	+	0
=====			

2840	Due to joint venture(s)/partnership(s)	0	0

Due to related parties

2860	Due to related parties.....	0.	0
2861	Demand notes due to related parties.....	0	0
2862	Interest payable to related parties.....	0	0
2863	Advances due to related parties.....	0	0

	Due to related parties	+	0 0
		=====	

2920	Current portion of long-term liability.....	0106,998	
2940	Bankers' acceptances.....	0	0

Other current liabilities

2960	Other current liabilities.....	320,995	20,132
2961	Deposits received.....	0	0
2962	Dividends payable.....	0	0
2963	Deferred income taxes.....	0	0
2964	Reserve for guarantees, warranties or indemnities	0	0
2965	General provisions/reserves.....	0	0
2966	Crew shares.....	0	0

	Other current liabilities	+	320,995 20,132
		=====	

3139	Total Current Liabilities	=	4,231,615 958,571
			=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Long-Term Liabilities

GIFI Account Description	Prior Amount year

Long-term debt

3140	Long-term debt	13,499,953	0
3141	Mortgages	0	0
3142	Farm credit corporation loan	0	0
3143	Chartered bank loan	0	0
3144	Credit Union/Caisse Populaire loan	0	0
3145	Provincial government loan	0	0
3146	Supply company loan	0	0
3147	Private loan	0	0
3148	Central, league, and federation loans	0	0
3149	Line of credit	0	0
3150	Liability for securities sold short	0	0
3151	Liability for securities sold under repurchase agreements	0	0
3152	Lien notes	0	0

Long-term debt		+ 13,499,953	0
=====			

3200	Deposit liabilities of financial institutions	0	0
3210	Bonds and debentures	0	0
3220	Deferred income	0	0
3240	Deferred income taxes	0	0

Due to shareholder(s)/director(s)

3260	Due to shareholder(s)/director(s)	0	0
3261	Due to individual shareholder(s)	0	0
3262	Due to corporate shareholder(s)	0	0
3263	Due to director(s)	0	0

Due to shareholder(s)/director(s)		+ 0	0
=====			

3270	Due to members	0	0
3280	Due to joint venture(s)/partnership(s)	0	0

Due to related parties

3300	Due to related parties	0	0
3301	Amounts owing to related Canadian parties	0	0
3302	Amounts owing to related foreign parties	0	0

Due to related parties		+ 0	0
=====			

Other long-term liabilities

3320	Other long-term liabilities.....	0203,270	
3321	Long-term obligations/commitments/capital leases.....	2,504,130	499,953
3322	Reserves for guarantees, warranties, or indemnities.....	10744,500	
3323	Provision for site restoration.....	0	0
3324	Contributions to qualifying environmental trust.....	0	0
3325	General provisions/reserves.....	0	0
3326	Preference shares restated.....	0	0
3327	Member allocations.....	0	0
3328	Deferred revenue from incomplete contracts.....	0	0

Other long-term liabilities		+	2,504,130
			499,953
			=====

3450 **Total Long-Term Liabilities** = 16,004,130
=====

*Generic Item

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GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Shareholder equity

GIFI Account Description	Prior Amount year

Shareholder equity

3500	Common shares.....	+ 12,953,180	599,380
3520	Preferred shares.....	+ 0	0

Contributed and other surplus

3540	Contributed and other surplus.....	630,158	0
3541	Contributed surplus.....	0	0
3542	Appraisal surplus.....	0	0
3543	General reserve.....	0	0

Contributed and other surplus		+ 630,158	0
=====			

3570	Head office account.....	+ 0	0
3600	Retained earnings/deficit.....	+ 471,911	877,280

3620	Total Shareholder equity	= 13,111,427	722,100
=====			

*Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Retained Earnings/Deficit

GIFI Account Description	Prior Amount year

3660	Retained earnings/deficit - start	877,284,263,124
3680	Net income/loss	405,313,140,404

Dividends declared

3700	Dividends declared	0	0
3701	Cash dividends	0	0
3702	Patronage dividends	0	0

	Dividends declared	-	0 0
		=====	

3720	Prior period adjustments	0	0

Other items affecting retained earnings

3740	Other items affecting retained earnings . . .	0	0
3741	Share redemptions	0	0
3742	Special reserves	0	0
3743	Currency adjustments	0	0
3744	Unusual revenue items	0	0
3745	Interfund transfer	0	0

	Other items affecting retained earnings +	0	0
		=====	

3849	Retained Earnings/Deficit - End =	-471,911,877,280
		=====

*Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Income Statement

GIFI Description

0001 Operating name
0002 Description of the operation
0003 Sequence Number

GIFI Account	Description	Prior Amount year

Income Statement Information

8089	Total sales of goods and services	42,924,493	42,924,753
8518	Cost of sales	38,201,396	38,201,884

8519	Gross profit/loss	=	4,723,077 -3,131
			=====
8518	Cost of sales	38,201,396	38,201,884
9367	Total operating expenses	4,938,368	4,938,456

9368	Total expenses (mandatory field)	=	43,139,764 4122,340
			=====
8299	Total revenue (mandatory field)	43,545,097	43,545,936
9368	Total expenses (mandatory field)	43,139,764	43,139,340

9369	Net non-farming income	=	405,313 140,404
			=====

Farming Income Statement Information

9659	Total farm revenue (mandatory field)	0	0
9898	Total farm expenses (mandatory field)	0	0

9899	Net farm income	=	0 0
			=====

9970	Net Income/Loss before Taxes and Extraordinary Items	405,313	405,404
			=====

9975	Extraordinary item(s).....	0	0
9976	Legal settlements.....	0	0
9980	Unrealized gains/losses.....	0	0
9985	Unusual items.....	0	0
9990	Current income taxes.....	0	0
9995	Deferred income tax provision.....	0	0
	Net Income/Loss after Taxes and		
9999	Extraordinary Items (mandatory field)	405,313	140,404

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Revenue

GIFI Account	Description	Prior Amount year	

8000	Trade sales of goods and services	42,924,413	0
8020	Sales of goods and services to related parties	0	0
8030	Interdivisional sales	0	0

Sales from resource properties

8040	Sales from resource properties	0	0
8041	Petroleum and natural gas sales	0	0
8042	Petroleum and natural gas sales to related parties	0	0
8043	Gas marketing	0	0
8044	Processing revenue	0	0
8045	Pipeline revenue	0	0
8046	Seismic sales	0	0
8047	Mining revenue	0	0
8048	Coal revenue	0	0
8049	Oil sands revenue	0	0
8050	Royalty income	0	0
8051	Oil and gas partnership/joint venture income/loss	0	0
8052	Mining partnership/joint venture income/loss	0	0
8053	Other production revenue	0	0

	Sales from resource properties	+	0 0
		=====	

8089	Total sales of goods and services	42,924,413	0
		=====	

Investment revenue

8090	Investment revenue	0	0
8091	Interest from foreign sources	0	0
8092	Interest from Canadian bonds and debentures	0	0
8093	Interest from Canadian mortgage loans . . .	0	0
8094	Interest from other Canadian sources	0	0
8095	Dividend income	0	0
8096	Dividends from Canadian sources	0	0
8097	Dividends from foreign sources	0	0

	Investment revenue	+	0 0
		=====	

Interest income (financial institutions)

8100	Interest income (financial institutions).....	0	0
8101	Loan interest.....	0	0
8102	Securities interest.....	0	0
8103	Deposits with banks interest.....	0	0

Interest income (financial institutions) +		0	0
		=====	

Commission revenue

8120	Commission revenue.....	0	0
8121	Commission income on real estate transactions	0	0

Commission revenue +		0	0
		=====	

Rental revenue

8140	Rental revenue.....	0	0
8141	Real estate rental revenue.....	0	0
8142	Film rental revenue.....	0	0

Rental revenue +		0	0
		=====	

8150	Vehicle leasing.....	0	0

Fishing revenue

8160	Fishing revenue.....	0	0
8161	Fish products.....	0	0
8162	Other marine products.....	0	0
8163	Fishing grants, credits, and rebates.....	0	0
8164	Fishing subsidies.....	0	0
8165	Compensation for loss of fishing income or property	0	0
8166	Sharesman income.....	0	0

Fishing revenue +		0	0
		=====	

Realized gains/losses on disposal of assets

8210	Realized gains/losses on disposal of assets	0	0
8211	Realized gains/losses on sale of investments	0	0
8212	Realized gains/losses on sale of resource properties	0	0

Realized gains/losses on disposal of assets		0	0
		=====	

NPO amounts received

8220	NPO amounts received.....	0	0
8221	Membership fees.....	0	0
8222	Assessments.....	0	0
8223	Gifts.....	0	0
8224	Gross sales and revenues from organizational activities	0	0

	NPO amounts received	+	0 0
			=====

Other revenue

8230	Other revenue.....	620,664	0
8231	Foreign exchange gains/losses.....	0	0
8232	Income/loss of subsidiaries/affiliates.....	0	0
8233	Income/loss of other divisions.....	0	0
8234	Income/loss of joint ventures.....	0	0
8235	Income/loss of partnerships.....	0	0
8236	Realization of deferred revenues.....	0	0
8237	Royalty income other than resource.....	0	0
8238	Alberta royalty tax credits.....	0	0
8239	Management and administration fees.....	0	0
8240	Telecommunications revenue.....	0	0
8241	Consulting fees.....	0	0
8242	Subsidies and grants.....	0	0
8243	Sale of by-products.....	0	0
8244	Deposit services.....	0	0
8245	Credit services.....	0	0
8246	Card services.....	0	0
8247	Patronage dividends.....	0	0
8248	Insurance recoveries.....	0	0
8249	Expense recoveries.....	0	0
8250	Bad debt recoveries.....	0	0

	Other revenue	+	620,664 0
			=====

8299	Total Revenue	=	43,545,077 0
			=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Cost of Sales

GIFI Account Description	Prior Amount year

Opening inventory

8300	Opening inventory	0	0
8301	Opening inventory - finished goods	0	0
8302	Opening inventory - raw materials	0	0
8303	Opening inventory - goods in process	0	0
	Opening inventory	+	0 0
			=====

8320	Purchases/cost of materials	38,201,336	0
8340	Direct wages	0	0
8350	Benefits on direct wages	0	0
8360	Trades and sub-contracts	0	0
8370	Production costs other than resource	0	0

Resource production costs

8400	Resource production costs	0	0
8401	Pipeline operations	0	0
8402	Drilling	0	0
8403	Site restoration costs	0	0
8404	Gross overriding royalty	0	0
8405	Freehold royalties	0	0
8406	Other producing properties rental	0	0
8407	Prospect/geological	0	0
8408	Well operating, fuel and equipment	0	0
8409	Well abandonment and dry holes	0	0
8410	Other lease rentals	0	0
8411	Exploration expenses	0	0
8412	Development expenses	0	0
	Resource production costs	+	0 0
			=====

Crown charges

8435	Crown charges	0	0
8436	Crown royalties	0	0
8437	Crown lease rentals	0	0
8438	Freehold mineral tax	0	0
8439	Mining taxes	0	0
8440	Oil sand leases	0	0
8441	Saskatchewan resource surcharge	0	0
	Crown charges	+	0 0
			=====

Other direct costs

8450	Other direct costs.....	0	0
8451	Equipment hire and operation.....	0	0
8452	Log yard.....	0	0
8453	Forestry costs.....	0	0
8454	Logging road costs.....	0	0
8455	Stumpage costs.....	0	0
8456	Royalty costs.....	0	0
8457	Freight in and duty.....	0	0
8458	Inventory write down.....	0	0
8459	Direct cost amortization of tangible assets	0	0
8460	Direct cost amortization of natural resource assets	0	0
8461	Overhead expenses allocated to cost of sales	0	0

	Other direct costs	+	0 0
			=====

Closing inventory

8500	*Closing inventory.....	0	0
8501	Closing inventory - finished goods.....	0	0
8502	Closing inventory - raw materials.....	0	0
8503	Closing inventory - goods in process.....	0	0

	Closing inventory	-	0 0
			=====

8518	Cost of Sales	=	38,201,336	0
				=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Operating Expenses

GIFI Account Description	Prior Amount year

Advertising and promotion

8520	Advertising and promotion	0	0
8521	Advertising	0	0
8522	Donations	0	0
8523	Meals and entertainment	0	2,500
8524	Promotion	0	0
	Advertising and promotion	+	0 2,500
			=====

8570	Amortization of intangible assets	+	0	0
8590	Bad debt expense	+	0	0

Loan losses

8610	Loan losses	0	0
8611	Provision for loan losses	0	0
	</		

Employee benefits

8620	Employee benefits	0	0
8621	Group insurance benefits	0	0
8622	Employer's portion of employee benefits . .	0	0
8623	Contributions to deferred income plans . . .	0	0

	Employee benefits	+	0 0

8650	Amortization of natural resource assets	+	0	0
8670	Amortization of tangible assets	+	1,349,521	438,297

Insurance

8690	Insurance	0	0
8691	Life insurance on executives	0	0
	Insurance	+	0 0

Interest and bank charges

8710	Interest and bank charges	6,038	0
8711	Interest on short-term debt	0	0
8712	Interest on bonds and debentures	0	0
8713	Interest on mortgages	0	0
8714	Interest on long-term debt	0	0
8715	Bank charges	0	0
8716	Credit card charges	0	0
8717	Collection and credit costs	0	0

Interest and bank charges		+	6,038 0
=====			

Interest paid (financial institutions)

8740	Interest paid (financial institutions)	0	0
8741	Interest paid on deposits	0	0
8742	Interest paid on bonds and debentures	0	0

Interest paid (financial institutions)		+	0 0
=====			

Business taxes, licences, and memberships

8760	Business taxes, licences, and memberships	0	0
8761	Memberships	0	0
8762	Business taxes	0	0
8763	Franchise fees	0	0
8764	Government fees	0	0

Business taxes, licences, and memberships		0	0
=====			

8780	New Brunswick tax on large corporations	+	0 0
8790	Nova Scotia tax on large corporations	+	0 0

Office expenses

8810	Office expenses	0	0
8811	Office stationery and supplies	0	0
8812	Office utilities	0	0
8813	Data processing	0	0

Office expenses		+	0 0
=====			

Professional fees

8860	Professional fees.....	0	0
8861	Legal fees.....	0	0
8862	Accounting fees.....	0	0
8863	Consulting fees.....	0	0
8864	Architect fees.....	0	0
8865	Appraisal fees.....	0	0
8866	Laboratory fees.....	0	0
8867	Medical fees.....	0	0
8868	Veterinary fees.....	0	0
8869	Brokerage fees.....	0	0
8870	Transfer fees.....	0	0
8871	Management and administration fees.....	0	0
8872	Refining and assay.....	0	0
8873	Registrar and transfer agent fees.....	0	0
8874	Restructuring costs.....	0	0
8875	Security commission fees.....	0	0
8876	Training expense.....	0	0
8877	Studio and recording.....	0	0

Professional fees		+	0 0
		=====	

Rental

8910	Rental.....	0	0
8911	Real estate rental.....	0	0
8912	Occupancy costs.....	0	0
8913	Condominium fees.....	0	0
8914	Equipment rental.....	0	0
8915	Motor vehicle rentals.....	0	0
8916	Moorage (boat).....	0	0
8917	Storage.....	0	0
8918	Quota rental.....	0	0

Rental		+	0 0
		=====	

Repairs and maintenance

8960	Repairs and maintenance.....	0	0
8961	Repairs and maintenance - buildings.....	0	0
8962	Repairs and maintenance - vehicles.....	0	0
8963	Repairs and maintenance - boats.....	0	0
8964	Repairs and maintenance - machinery and equipment.....	0	0

Repairs and maintenance		+	0 0
		=====	

Other repairs and maintenance

9010	Other repairs and maintenance.....	0	0
9011	Machine shop expense.....	0	0
9012	Road costs.....	0	0
9013	Security.....	0	0
9014	Garbage removal.....	0	0

Other repairs and maintenance		+	0 0
		=====	

Salaries and wages

9060	Salaries and wages	.0	0
9061	Commissions	0	0
9062	Crew share	.0	.0
9063	Bonuses	.0	.0
9064	Directors fees	0	0
9065	Management salaries	0	0
9066	Employee salaries	.0	0

Salaries and wages		+	0 0
		=====	

9110 Sub-contracts+.....0..... 0

Supplies

9130	Supplies	.0	0
9131	Small tools	0	0
9132	Shop expense	.0	0
9133	Uniforms	.0	.0
9134	Laundry	0	0
9135	Food and catering	.0	0
9136	Fishing gear	0	0
9137	Nets and traps	0	0
9138	Salt, bait, and ice	0	0
9139	Camp supplies	0	0

Computer-related expenses

9150	Computer-related expenses	0	0
9151	Upgrade	.0	.0
9152	Internet	.0	.0

Supplies and computer-related expenses 0 0
=====

9180 **Property taxes**+.....0..... 0
=====

Travel expenses

9200	Travel expenses	.0	0
9201	Meetings and conventions	0	0

Travel expenses		+	0 0
		=====	

Utilities

9220	Utilities.....	0	0	0
9221	Electricity.....	0	0	0
9222	Water.....	0	0	0
9223	Heat.....	0	0	0
9224	Fuel costs.....	0	0	0
9225	Telephone and telecommunications.....	0	0	0

	Utilities	+	0	0
=====				

Other expenses

9270	Other expenses.....	2,615,352	735,659	0
9271	Cash over/short.....	0	0	0
9272	Reimbursement of parent company expense	0	0	0
9273	Selling expenses.....	0	0	0
9274	Shipping and warehouse expense.....	0	0	0
9275	Delivery, freight and express.....	0	0	0
9276	Warranty expenses.....	0	0	0
9277	Royalty expenses - resident.....	0	0	0
9278	Royalty expenses - non-resident.....	0	0	0
9279	Dumping charges.....	0	0	0
9280	Land fill fees.....	0	0	0
9281	Vehicle expenses.....	0	0	0
9282	Research and development.....	0	0	0
9283	Withholding taxes.....	0	0	0
9284	General and administrative expenses.....	967,457	0	0
9285	Interdivisional expenses.....	0	0	0
9286	Interfund transfer.....	0	0	0

	Other expenses	+	3,582,809	735,659
=====				

9367	Total Operating Expenses	=	4,938,311	176,456
=====				

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

NOTES CHECKLIST

- This form is to be used by all corporations that do not use a software package to prepare financial statement information and are not eligible to use the GIFI-Short form.
- Use this schedule to report a notes checklist for the corporation's financial statement information.
- For more information, see the "Guide to the General Index of Financial Information (GIFI) for Corporations" and the "T2 Corporation - Income Tax Guide."
- For the purposes of this schedule, the person who reported on or prepared the financial statement of the corporation is referred to as the "accounting practitioner."

Part 1 - Accounting practitioner information

Choose only one of the following three options, whichever applies to the accounting practitioner:

☒ 096

Chartered accountant 1 [. .]

Other professional designation 2 [. .]

No professional designation 3 [. .]

Is the accounting practitioner connected* with the corporation ☒ 097 [Y/N] []

*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.

Part 2 - Type of involvement

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

☒ 098

Completed an auditor's report 1 [. .]

Completed a review engagement report 2 [. .]

Compiled the financial statements along with reviewing the Books []

Conducted a compilation engagement 4 [. .]

Part 3 - Reservations

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

Has the accounting practitioner expressed a reservation? . . ☒ 099 [Y/N] []

Part 4 - Other information

Yes/No

Were notes to the financial statements prepared? ☒ **101** **[Y]** . . .

If you answered "Yes" to the question at line 101, complete lines 102 to 107 below:

Are any values presented at other than cost? ☒ **102** **[N]**

Has there been a change in accounting policies since the last return? ☒ **103** **[Y]**

Are subsequent events mentioned in the notes? ☒ **104** **[N]** . . .

Is re-evaluation of asset information mentioned in the notes? . ☒ **105** **[N]**

Is contingent liability information mentioned in the notes? ☒ **106** **[Y]**

Is information regarding commitments mentioned in the notes? ☒ **107** **[Y]**

Does the corporation have investments in joint venture(s) or partnership(s)? ☒ **108** **[N]**

If you answered "Yes" to the question at line 108, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? ☒ **109** **[Y]**

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and
extraordinary items per financial statements ~~405,373~~

Additions:

Amortization of tangible assets 104 .. **1,349,521**
Non-deductible meals and entertainment expense 821 .. **2,500**

Subtotal of additions ~~1,352,021~~ **1,352,021**

Other Additions:

Miscellaneous Other Additions:

600 Pensions adjustment 290 .. **23,800**

Subtotal of Other Additions 199 ~~23,800~~ **23,800**

Total Additions 500 .. **1,375,821**

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Account/Business No.: 863759692RC0001

Year Ended:

2002-12-31

Sch. 001

Deductions:

Capital cost allowance from Schedule 8	403	1,266,271
Cumulative eligible capital deduction from Schedule 8	405	189,749

Subtotal of Deductions		1,456,020

Other Deductions:

Miscellaneous Other Deductions:

Subtotal of Other Deductions	499	0

Total Deductions	510	1,456,020

Net income (loss) for income tax purposes	325,174
(enter on line 300 on the T2 return)	=====

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

CORPORATION LOSS CONTINUITY AND APPLICATION

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For a detailed description and calculation of these losses, see Interpretation Bulletin IT-232, "Losses - Their Deductibility in the Loss Year or in Other Years." For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs, referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes	325,174..
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	0..
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0..
Amount of Part VI.1 tax deductible	0..
Amount deductible as prospector's and grubstaker's shares	
- Paragraph 110(1)(d.2)	0.. 0..

Subtotal (if positive, enter "0")	0
Deduct: (increase a loss)	
Section 110.5 - Addition for foreign tax deductions	0

Subtotal	0
Add: (decrease a loss)	
Current-year farm loss	0.....

Current-year non-capital loss (if positive, enter "0")	0
	=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year	1,040,321
Deduct: Non-capital loss expired after seven taxation years	0
Non-capital losses at beginning of taxation year	1,040,321.....
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	0
Current-year non-capital loss (from calculation above)	1,040,321

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income

(enter on line 331 of the T2 return) 130 325,174

Amount applied against taxable dividends subject to Part IV tax 0

Section 80 - Adjustments for forgiven amounts . . . 140 0

Subsection 111(10) - Adjustments for fuel tax rebate 0

Other adjustments 150 825,174.

Subtotal 715,147

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income 0

Second preceding taxation year to reduce taxable income 0

Third preceding taxation year to reduce taxable income 0

First preceding taxation year to reduce taxable dividends
subject to Part IV tax 911 0

Second preceding taxation year to reduce taxable dividends
subject to Part IV tax 912 0

Third preceding taxation year to reduce taxable dividends
subject to Part IV tax 913 0 0

Non-capital losses - Closing balance 180 715,147 . .

Election under paragraph 88(1.1)(f)

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

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

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year . . . 200 0

Capital losses transferred on amalgamation or wind-up of
subsidiary corporation 205 0

Current-year capital loss (from Schedule 6 calculation) 0 0

Add:

Allowable business investment loss expired as non-capital loss 0 0

Subtotal 0

Deduct:

Amount applied against current-year capital gain

(see note 1) 225 0

Section 80 - Adjustments for forgiven amounts . . . 240 0

Other adjustments 250 0 0.

Subtotal 0

Part 2 - Capital losses (cont'd)

Continuity of capital losses and request for a carryback (cont'd)

Deduct - Request to carry back capital loss to: (see note 2)

Capital gain (100%)	Amount carried back (100%)	
First preceding taxation year	0 951 . .	0
Second preceding taxation year	0 952 . .	0
Third preceding taxation year	0 953 . .	0 0

Capital losses - Closing balance	280	0
		=====

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)

Note 2

Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year	0
Deduct: Farm loss expired after 10 taxation years 300	0
Farm losses at beginning of taxation year 302	0
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation 305	0
Current-year farm loss 310	0 0
Deduct:	
Amount applied against taxable income (enter on line 334 of the T2 return) 330	0
Amount applied against taxable dividends subject to Part IV tax 331	0
Section 80 - Adjustment forgiven amount 340	0
Other adjustments 350	0 0

Subtotal	0

Deduct - Request to carry back farm loss to:

First preceding taxation year to reduce taxable income 921	0
Second preceding taxation year to reduce taxable income 922	0
Third preceding taxation year to reduce taxable income 923	0
First preceding taxation year to reduce taxable dividends subject to Part IV tax 931	0
Second preceding taxation year to reduce taxable dividends subject to Part IV tax 932	0
Third preceding taxation year to reduce taxable dividends subject to Part IV tax 933	0 0

Farm losses - Closing balance 380	0
=====	

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] Y .

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business 485 A 0

Minus the deductible farm loss:

\$2,500 plus B or C, whichever is less 2,500

(Amount A above - \$2,500) divided by 2 B 0

250 0 2,500

Current-year restricted farm loss (enter this amount on line 410) 0

=====

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year 0

Deduct: Restricted farm loss expired after 10 taxation years 0

Restricted farm losses at beginning of taxation year 402 0

Add: Restricted farm losses transferred on amalgamation or wind-up
of subsidiary corporation 405 0 . . .

Current-year restricted farm loss
(enter on line 233 of Schedule 1) 410 0 0

Deduct:

Amount applied against farming income

(enter on line 333 of the T2 return) 430 0

Section 80 - Adjustments for forgiven amounts 440 0

Other adjustments 450 0 0

Subtotal 0

Deduct - Request to carry back restricted farm loss to:

First preceding taxation year to reduce farming income 410 0

Second preceding taxation year to reduce farming income 410 0

Third preceding taxation year to reduce farming income 410 0 0

Restricted farm losses - Closing balance 480 0

Note

The total losses for the year from all farming businesses are computed without including any scientific research expenses.

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year 0

Deduct: Listed personal property loss expired after seven taxation years 500 0

Listed personal property losses at beginning of taxation year 502 0

Add: Current-year listed personal property loss (from Schedule 6) 510 0

Subtotal 0

Deduct:

Amount applied against listed personal property gains

(enter on line 655 of Schedule 6) 530 0

Other adjustments 550 0 0

Subtotal 0

Part 5 - Listed personal property losses (cont'd)

Continuity of listed personal property loss and request for a carryback (cont'd)

Deduct - Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed		
personal property gains.....	961	0....
Second preceding taxation year to reduce listed		
personal property gains.....	962	0....
Third preceding taxation year to reduce listed		
personal property gains.....	963	0.... 0

Listed personal property losses - Closing balance.....	580	0
		=====

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Loss		Adjustments		Loss		Applied to Reduce	
	Balance at beginning of year	Incurred in Current Year	Transfers <F1> for Reps I & II	Back	Carried	Taxable Income	Part IV Tax	Balance at End of Year
Current	N/A		0	0	N/A			0
2001	1,040,321	N/A		N/A	325,174	0715,147		
2001		N/A		N/A	0	0	0	
2000		N/A		N/A	0	0	0	
1999		N/A		N/A	0	0	0	
1998		N/A		N/A	0	0	0	
1997		N/A		N/A	0	0	0	
1996		N/A		N/A	0	0	*	0
Total	1,040,321	0	0	0	325,174	0715,147		

Farm losses

Year of origin	Loss		Adjustments		Loss		Applied to Reduce	
	Balance at beginning of year	Incurred in Current Year	Transfers <F1> for Reps I & II	Back	Carried	Taxable Income	Part IV Tax	Balance at End of Year
Current	N/A		0	0	N/A			0
2001		N/A		N/A		0	0	0
2001		N/A		N/A		0	0	0
2000		N/A		N/A		0	0	0
1999		N/A		N/A		0	0	0
1998		N/A		N/A		0	0	0
1997		N/A		N/A		0	0	0
1996		N/A		N/A		0	0	0
1995		N/A		N/A		0	0	0
1994		N/A		N/A		0	0	0
1993		N/A		N/A		0	0	*
Total	0	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Loss		Adjustments		Loss		Applied to Reduce	
	Balance at beginning of year	Incurred in Current Year	Transfers <F1> for Reps I & II	Back	Carried	Taxable Income	Part IV Tax	Balance at End of Year
Current	N/A		0	0	N/A	N/A		0
2001		N/A		N/A	N/A			0
2001		N/A		N/A	N/A			0
2000		N/A		N/A	N/A			0
1999		N/A		N/A	N/A			0
1998		N/A		N/A	N/A			0
1997		N/A		N/A	N/A			0
1996		N/A		N/A	N/A			0
1995		N/A		N/A	N/A			0
1994		N/A		N/A	N/A			0
1993		N/A		N/A	N/A			*
Total	0	0	0	0	0	N/A		0

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]-[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	2,485,552	88,330	0	0	44,165	4	0	0	101,189	2,472,693
1	5,699,757	160,420	0	0	80,210	4	0	0	231,199	5,628,978
1	8,761,497	427,133	0	0	213,566	4	0	0	359,003	8,829,627
1	2,759,955	118,225	0	0	59,112	4	0	0	112,763	2,765,417
10	892,898	0	0	0	0	30	0	0	267,869	625,029
8	291,259	36,944	0	0	18,472	20	0	0	61,946	266,257
1	1,493,968	12,563	0	0	6,281	4	0	0	60,010	1,446,521
12	72,292	0	0	0	0	100	0	0	72,292	0
Total	22,457,178	843,615	0	0	421,806		0	0	1,266,271	22,034,522

Corporate Taxprep / Taxprep des sociétés - TP-10

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

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

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number	% of	Number	% of	Book value of capital stock
				of common shares owned	common shares owned	of preferred shares owned	pre- ferred shares owned	
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]

Welland Hydro Electric Retail		863759494RC0001	3	0	0.00	0	0.00	0
Welland Hydro Electric Holding		863604328RC0001	1	0	0.00	0	0.00	0

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

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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 2,710,707

Add: Cost of eligible capital property acquired

during the taxation year 222 0

Other adjustments 226 0

Subtotal (line 222 plus line 226) x 0.05 B 0

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 0.00 C 0

amount B minus amount C (if negative, enter "0") 0 D 0

Amount transferred on amalgamation or wind-up of subsidiary 240 E 0

Subtotal (add amounts A, D, and E) 230 2,710,707

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 0

The gross amount of a reduction in respect of
a forgiven debt obligation as provided for in
subsection 80(7) 244 H 0

Other adjustments 246 I 0

(add amounts G, H, and I) x 0.05 248 J 0

Cumulative eligible capital balance (amount F minus amount J) 2,710,707

(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 0

amount K 2,710,707

less amount from line 249 0

Current year deduction 250 189,749

plus line 250) (enter this amount at line 405 of Schedule 1) 189,749 189,749

Cumulative eligible capital - Closing balance (amount K minus amount L)

(if negative, enter "0") 300 2,520,958

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

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

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

Amount from line K (show as a positive amount) N .. 0

Total of cumulative eligible capital (CEC) deductions from income
for taxation years beginning after June 30, 1980 1 0

Total of all amounts which reduced CEC in the current or
prior years under subsection 80(7) 401 2 0

Total of CEC deductions claimed for taxation years
beginning before July 1, 1988 402 3 0

Negative balances in the CEC account that were
included in income for taxation years beginning
before July 1, 1988 403 4 0

Line 3 minus line 4 (if negative, enter "0") 0 5 0

Total of lines 1, 2, and 5 6 .. 0

Amounts included in income under paragraph 14(1)(b), as that
paragraph applied to taxation years ending after June 30, 1988
and before February 28, 2000, to the extent that it is for
an amount described at line 400 .. 7 0

Amounts at line T from Schedule 10 ending after
February 27, 2000 8 .. 0

Subtotal (line 7 plus line 8) 409 9 0

Line 6 minus line 9 (if negative, enter "0") 0 O 0

Line N minus line O (if negative, enter "0") P .. 0

Line 5 x 1/20= Q 0

Line P minus line Q (if negative, enter "0") R .. 0

Amount R x 2/30= S 0

Amount N or amount O, whichever is less T .. 0

Amount to be included in income (amount S plus amount T)

(enter this amount on line 108 of Schedule 1) 410 0

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

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

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

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

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

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

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

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

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

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

Date filed (do not use this area)
Year
Enter the calendar year to which the agreement applies

Allocation of the business limit (cont'd)

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? ☐ Y ☒ N ☐ N

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before allocation)	Percentage of the business limit	Business limit allocated *
			\$	%	\$
☐ 100	☐ 200	☐ 300	☐ 350	☐ 400	
WELLAND HYDRO ELECTRIC SYSTEM CORP.	863759692RC0001		1200,000	100.0000	200,000
See attached			.0000	0	
			Total	100.0000	200,000

* The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

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

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

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

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

1	2	3	4	5	6	7
			Business limit (before the allo- cation)	Percentage of the business limit %	Business limit allocated \$	Part I.3 Tax
Name of associated corporation [100]	Business Number of associated corporation [200]	Asso- ciation code [300]		[350]	[400]	

Welland Hydro Electric Retail	863759494RC0001	1	0	.0000	0	0
Welland Hydro Electric Holding	863604328RC0001	1	0	.0000	0	0
TOTALS			0	.0000	0	0

Schedule 23-Supplementary

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

PART I.3 TAX ON LARGE CORPORATIONS

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1)a non-resident-owned investment corporation throughout the year;
 - 2)bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3)a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4)exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5)neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6)a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	1,880,165 .
Capital stock (or members' contributions if incorporated without share capital)	103	12,953,180
Retained earnings	104	0
Contributed surplus	105	0
Any other surpluses	106	630,158
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	945,580
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	13,499,953
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(see note below) for the partnership of which the corporation is
a member at the end of the year exceeds the amount of the partnership's
deferred unrealized foreign exchange losses: 112 **0**

Subtotal **29,909,020,909,036**

Deduct the following amounts: =====

Deferred tax debit balance at the end of the year: 121 **0**

Any deficit deducted in computing its shareholders' equity
(including, for this purpose, the amount of any provision for
the redemption of preferred shares) at the end of the year: 123 **471,911**

Any amount deducted under subsection 135(1) in computing income under
Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above: 124 **0**

The amount of deferred unrealized foreign exchange losses
at the end of the year: 124 **0**

Subtotal **471,911**

=====

Capital for the year (amount A minus amount B) (if negative, enter **0**): **29,904,37,125**

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation: 401 **0**

A loan or advance to another corporation (other than a financial institution): 402 **27,054**

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of
another corporation (other than a financial institution): 403 **0**

Long-term debt of a financial institution: 404 **0**

A dividend receivable on a share of the capital stock of another corporation: 405 **0**

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or
similar obligation of, a partnership all of the members of which, throughout the year,
were other corporations (other than financial institutions) that were not exempt from
tax under Part I.3 (other than by reason of paragraph 181(49.3)(d)): 406 **0**

An interest in a partnership (see note 1 below): 407 **0**

Investment allowance for the year: 490 **27,054**

Part 2 - Investment allowance (cont'd)

Notes:

- 1) Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
- the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
 - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
 - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

Capital for the year (line 190) **29,437,125**

Deduct: Investment allowance for the year (line 490) **27,054**

Taxable capital for the year

(amount C minus amount D) (if negative, enter "0") **29,410,071**

=====

Part 4 - Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

	Taxable income earned in Canada	Taxable capital employed in Canada
Taxable capital for the year (line 500)	29,410,071	1,000
	-----	-----
	29,410,071	1,000
	=====	=====

Notes: Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.

- 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
- 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada **701** **0**

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada **711** **0**

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada **712** **0**

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note 1 below) **713** **0**

Total deductions (add lines 711, 712, and 713) **0** **E** **0**

Taxable capital employed in Canada **790** **0**

(line 701 minus amount E) (if negative, enter "0") **790** **0**

Note Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) **29,410,071**

Deduct capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36) **801** **10,000,000**

Excess of taxable capital employed in Canada over capital deduction **811** **19,410,071**

Year	Line 811	days	the taxation year			
Before 2004	19,410,071	365	x	.2250%		43,673
2004	19,410,071	0	x	.2000%	G	0
2005	19,410,071	0	x	.1750%	H	0
2006	19,410,071	0	x	.1250%	I	0
2007	19,410,071	0	x	.0625%	J	0

Note The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007. (add amounts F to J) **43,673**

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:

Amount K **43,673** Number of days in the year **365** **L** **0**

Gross Part I.3 tax (amount K or L, whichever applies) . . . **820** **43,673**

Part 6 - Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies) **29,410,071**
Deductible capital deduction claimed for the year
 (1/5 of line 801 if the taxation year end after 2003) **10,000,000**

 Excess (amount M minus amount N) (if negative, enter "0") **19,410,071**
 =====
 Amount O **19,410,071** .2250% = **43,673**

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:

Amount P **43,673** Number of days in 365 year **365** Q **0**

365
Gross Part I.3 tax for purposes of the unused surtax credit
 (amount P or Q, whichever applies) **43,673**
 =====

Part 7 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount **a** or **b** at line R, whichever is less:

a) line 600 from the T2 return **a** **0**
 b) line 700 from the T2 return **b** **0** R **0**

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

line 690 of
 this schedule
 c) line 600 from the T2 return x **29,410,071** c **0**

29,410,071
 line 500 of this schedule
 d) line 700 from the T2 return **d** **0** S **0**
Current-year surtax credit available (amount R or S, whichever applies) **0**
 =====

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) **0**
Less Gross Part I.3 tax for purposes of the unused surtax credit (line 821) **43,673**

Current-year unused surtax credit (if negative, enter "0") **0**
 Enter this amount at line 600 on Schedule 37. =====

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

Gross Part I.3 tax (line 820) 43,673.

Deduct:

Current-year surtax credit applied

(line 820 or 830, whichever is less) 861 ... 0

Unused surtax credit from previous years applied

(amount from line 320 on Schedule 37) 862 ... 0

Subtotal (cannot be more than amount on line 820) 0 U 0

=====

Net Part I.3 tax payable (amount T minus amount U) ... 870 43,673

Enter this amount at line 704 of the T2 return. =====

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

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
Do not file this agreement if no members of the related group have to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax?☒Y/☐N ☒Y

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.

- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.

- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (do not use this area).....

Is this an amended agreement?..... ☒Y/☐N ☐N.....

Year

Calendar year to which the agreement applies.....

Note 1

This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group	Allocation of capital deduction for the year	Taxation year end to which this agreement applies
(Note 1)	\$	(Note 2)
200 300 400 500		
WELLAND HYDRO ELECTRIC SYSTEM CORP.	10,000,000	
See attached	0	

Total	10,000,000	
Before 2004 must not exceed \$10,000,000		
After 2003 must not exceed \$50,000,000		

Note 1

If a corporation is not registered, enter "NR."

Note 2

Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Account/Business No.: 863759692RC0001 Year Ended:
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp.
2002-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]

Welland Hydro Electric Retail	863759494RC0001	0	
Welland Hydro Electric Holding	863604328RC0001	0	
TOTAL		0	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-10

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

SHAREHOLDER INFORMATION

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

Name of shareholder	Business	Social	Percentage		
	Number	Insurance	Common	Preferred	
		Numbers	shares	shares	
	(note 1)	(note 2)			
	100	200	300	400	500
WELLAND HYDRO ELECTRIC HOLDINGS CORP.	863759692RC0001		100.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	

- Note 1:** If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.
- Note 2:** If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3:** If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.



BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 - Consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP. Business Number: 863759692RC0001

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

DELOITTE & TOUCHE LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

519-650-7600

Representative's telephone number

Extension

519-650-7601

Representative's fax number

Part 2 - Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

- All year-ends up to:
Year Month Day
- All year-ends beginning in: and all years after that.
Year Month Day
- The following year-ends only:

Year Month Day	Year Month Day
Year Month Day	Year Month Day

Part 3 - Cancellation of consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

Business Number: 863759692RC0001

I cancel all previous consents for all representatives. ☐

OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

A. Which accounts?

I request that this cancellation of consent apply to all accounts. ☐

OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this cancellation of consent apply to all years. ☐

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

 Year Month Day	 Year Month Day
 Year Month Day	 Year Month Day

Part 5 - Signature

Print your name ROSS PEEVER

Title PRESIDENT AND CEO

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here _____

Date

Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

Appendix 21

2002 CT23 Provincial Tax Return



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

2003

CT23 Corporations Tax and Annual Return

For taxation years
commencing after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

The **Annual Return** (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17, together with the applicable schedules on pages 18-21. **Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return** (see page 2).

MCBS Annual Return Required? ☐ Yes ☒ No (Not required if already filed or Annual Return exempt. Refer to Guide)

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation) WELLAND HYDRO ELECTRIC SYSTEM CORP.			Ontario Corporations Tax Account No. (MOF) 1800215	
Mailing Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			This CT23 Return covers the Taxation Year Start year month day 2002-01-01 End year month day 2002-12-31	
Has the mailing address changed since last filed CT23 Return? ☐ Yes ☒ No Date of Change year month day			Date of Incorporation or Amalgamation year month day 2000-07-01	
Registered/Head Office Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Ontario Corporation No. (MCBS) 1426855	
Location of Books and Records 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Canada Customs and Revenue Agency (formerly Revenue Canada) Business No. If applicable, enter 863759692RC0001	
Name of person to contact regarding this CT23 Return ROSS PEEVER		Telephone No. 905-732-1381	Jurisdiction Incorporated ONTARIO	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) ON CA -			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced year month day Ceased year month day ☒ Not Applicable	
Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MCBS)			Preferred Language/Langue de préférence ☒ English ☐ French ☒ anglais ☐ français	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). No. of Schedule(s) 0			Ministry use 	
If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS). ☒ No Change				
Certification (MCBS)				
I certify that all information set out in the Annual Return is true, correct and complete. Name of Authorized Person (Print clearly or type in full) Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the Corporation Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.				

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2002-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

- 1** 1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private
- 3 ☐ Public
- 4 ☐ Non-share Capital
- 5 ☐ Other (specify)
- Share Capital with full voting rights
owned by Canadian Residents (nearest percent) **100**%

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

- 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)

Please "X" box(es) if applicable:

- ☐ First Year of Filing
- ☒ Amended Return
- ☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required
- ☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)
- ☐ Final Taxation Year before Amalgamation
- ☐ Floating Fiscal Year End
- ☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario
- ☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	☐	☒
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	☒	☐
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?	☐	☒

Income Tax

Allocation — If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From	690	325,174.
Subtract: Charitable donations	—		1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	—		2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	—		3	0.
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)	—		4	0.
Subtract: Federal Part VI.1 tax	0.	X 9/3	5	0.
Subtract: Prior years' losses applied — Non-capital losses	—	From	704	325,174.
		From	715	
Net capital losses (page 16)	0.	X inclusion rate	50.000000%	—
Farm losses	—	From	724	0.
Restricted farm losses	—	From	734	0.
Limited partnership losses	—	From	754	0.
Taxable Income (Non-capital loss)	=		10	0.
Addition to taxable income for unused foreign tax deduction for federal purposes	+		11	0.
Adjusted Taxable Income	10 + 11 (if 10 is negative, enter 11)	=	20	0.

Taxable Income		Number of Days in Taxation Year	
From	10 (or 20 if applicable)	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
	0.	33	365
	X 30	73	365
	100.0000%	+	29
	X 12.5000%		0.
	Ontario Allocation		
From	10 (or 20 if applicable)	Days after Dec. 31, 2003	Total Days
	0.	34	0
	X 30	73	365
	100.0000%	+	32
	X 14.0000%		0.
	Ontario Allocation		
Income Tax Payable (before deduction of tax credits)	29 + 32	=	40
			0.

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

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

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

(X) ☐ Yes ☒ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	50	0.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	0.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	0.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	— 53	0.
	=	54
		0.
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	55	200,000.

Ontario Business Limit Calculation

280,000	X	Days after Sept. 30, 2001 and before Jan. 1, 2003	** 365	÷	365	=	43	280,000.			
320,000	X	Days after Dec. 31, 2002 and before Jan. 1, 2004	** 365	÷	0	=	46	0.			
400,000	X	Days after Dec. 31, 2003	** 365	÷	0	=	47	0.			
Business Limit for Ontario purposes	43 + 46 + 47	=	44	280,000.	X	*** Percentage of Federal Business limit (from T2 Sch. 23). Enter 100% if not associated.	48	100.0000%	=	45	280,000.
Income eligible for the IDSBC	From	30	100.0000%	X	56	0.	=	60	0.		
		**** 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:** For a taxation year ending before Jan. 1, 2003, use your proportion of the associated group business limit.

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

continued on Page 5

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to research and development in Ontario.Eligible Credit From 5620 OITC Claim Form *(Attach original Claim Form)* + 191 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From 5798 Summary Schedule F + 192 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.Eligible Credit From 5899 either Claim Form from Ontario Media Development Corporation (OMDC)

or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) + 193 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)**No. of Graduates From 6596*Applies* to employment of eligible unemployed post secondary graduate.194 0Eligible Credit From 6598 Summary Schedule G + 195 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit From 6900 OBPTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + 196 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From 6700 Claim Form Certified by Ontario Media Development Corporation*(Attach the original Claim/Certification Form with the CT23 Tax Return.)* + 197 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From 7100 OBRITC Claim Form *(Attach original Claim Form)* + 198 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit From 7300 either Claim Form from Ontario Media Development Corporation (OMDC)

or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) + 199 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From 7400 Claim Form certified by Ontario Media Development Corporation*(Attach original Claim/Certification Form.)* + 200 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From 7500 OSRTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + 201 0.Other (specify) + 201.1 0.**Total Specified Tax Credits** 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 201.1 = 220 0.**Specified Tax Credits Applied to reduce Income Tax** = 225 0.**Income Tax** 190 – 225 **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* = 230 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in 230 to Income Tax in **Summary** section on **Page 17**.**OR**If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

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Corporate Minimum Tax (CMT)**Determination of Applicability**

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

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

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

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

* Total Assets of the corporation + [240] 33,057,619.

* Total Revenue of the corporation + [241] 43,545,077.

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

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets	* Total Revenue
See attached			+ [243] .	+ [244] .
			+ [245] .	+ [246] .
			+ [247] .	+ [248] .
Aggregate Total Assets	[240] + [243] + [245] + [247] , etc.		= [249] 33,057,619.	
Aggregate Total Revenue	[241] + [244] + [246] + [248] , etc.			= [250] 43,545,077.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 18, 19 and 20 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable	 CMT Base From [2135] 0.	X From [30] 100.0000%	X 4.0000% = [276] 0.
	If negative, enter zero Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)	.....	-	[277] 0.
Subtract: Income Tax	.....	- From [190]	0.
Net CMT Payable (If negative, enter Nil on Page 17.)	.....	=	[280] 0.

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

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

If [280] is greater than or equal to zero, transfer [230] to **Page 17** and transfer [280] to **Page 17, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 20.**

CMT Credit Carryover available From [2307] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From [190] 0.	
Gross CMT Payable + From [276] 0.	
Subtract: Foreign Tax Credit for CMT purposes - From [277] 0.	
If [276] - [277] is negative, enter NIL in [290] = [290] 0.	
Income Tax eligible for CMT Credit = [300] 0.	
B. Income Tax (after deduction of specified credits) + From [230] 0.	
Subtract: CMT credit used to reduce income taxes - [310] 0.	
Income Tax = [320] 0.	

Transfer to page 17

If A & B apply, [310] cannot exceed the lesser of [230], [300] and your CMT credit carryover available [2307].

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2307].

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

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	+	350	12,953,180.
Retained earnings (if deficit, deduct) (Int.B. 3012)	+	351	-471,911.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)	+	352	630,158.
Loans and advances (Attach schedule) (Int.B. 3013)	+	353	945,580.
Bank loans (Int.B. 3013)	+	354	0.
Bankers acceptances (Int.B. 3013)	+	355	0.
Bonds and debentures payable (Int.B. 3013)	+	356	0.
Mortgages payable (Int.B. 3013)	+	357	0.
Lien notes payable (Int.B. 3013)	+	358	13,499,953.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	+	359	1,880,165.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	+	360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	+	361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	+	362	0.
Subtotal	=	370	29,437,125.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	-	371	33,872.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	-	372	0.
Total Paid-up Capital	=	380	29,403,253.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	-	381	0.
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	0.
Net Paid-up Capital	=	390	29,403,253.

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	402	0.
Mortgages due from other corporations	+	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+	404	0.
Loans and advances to unrelated corporations	+	405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+	406	27,054.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	407	0.
Total Eligible Investments	=	410	27,054.

continued on Page 10

Attached Sch.
2002-12-31

Attachment to CT23 line 371

[illegible]

Capital Tax *continued from Page 9***Total Assets** (Int.B. 3015)

Total Assets per balance sheet	+	420	33,057,619.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	33,057,619.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	33,872.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	33,023,747.

Investment Allowance	(410 ÷ 450) × 390	Not to exceed 410	=	460	24,088.
Taxable Capital	390 - 460		=	470	29,379,165.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480 **43,545,077.**

Total Assets (as adjusted) From 430 **33,057,619.**

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.

(Financial Institutions use calculations on page 13.)

Important:

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

OR If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.

OR If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. **Note: if the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.**

SECTION A

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

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

SECTION B

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

- B1.** If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
- B2.** If taxable capital, 470 on page 10, is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
- B3.** If taxable capital, 470 on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount From 523 to 543 on page 12, and complete the return from that point.

+	From 470	0.							
-		0.							
=	471	0.	× From 30	100.0000%	× .3000%	× 555	365		0.
				Ontario Allocation			** 365		
							(366 if leap year)		
								Transfer to 543 on page 12 and complete the return from that point	

**** If floating taxation year, refer to Guide.**

continued on Page 11

Capital Tax Calculation *continued from Page 10***SECTION C**

This section applies **ONLY** to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either ☐ 509 or ☐ 524 and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

C1. ☐ 509 (X if applicable)**All corporations that you are associated with do not have a permanent establishment in Canada.**If taxable capital ☐ 470 on page 10 is \$5,000,000 or less, enter NIL in ☐ 550 on page 12 and complete the return from that point.If taxable capital ☐ 470 on page 10 exceeds \$5,000,000 proceed to **Section D**, enter \$5,000,000 in ☐ 542 Section D, and complete Section D and the return from that point.C2. ☒ 524 (X if applicable)**One or more of the corporations that you are associated with maintains a permanent establishment in Canada.**If the taxation year **ends before January 1, 2003**, you must complete the *Calculation* below.

If the taxation year **ends after December 31, 2002**, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group **may file an election** under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do NOT complete this calculation if ss.69(2.1) election is filedTaxable Capital From ☐ 470 on page 10 + From ☐ 470 **29,379,165.****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) or related partners having a permanent establishment in Canada
(if insufficient space, attach schedule)

Ontario Corporations Tax
Account No. (MOF)
(If applicable)

Taxation Year End

Taxable Capital

See attached			+	☐ 531	0.
			+	☐ 532	.
			+	☐ 533	.
Aggregate Taxable Capital ☐ 470 + ☐ 531 + ☐ 532 + ☐ 533, etc.			=	☐ 540	29,379,165.

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in ☐ 523 in section D on page 12, as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From ☐ 470 **29,379,165.** ÷ From ☐ 540 **29,379,165.** × **5,000,000** = ☐ 541 **5,000,000.**

Transfer to ☐ 542 in Section D on page 12**S.s.69(2.1) Election Filed**☐ 591 (X if applicable)

Election filed. Attach a copy of the election with this CT23 Return.
Proceed to **Section E** on page 12.

continued on Page 12

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.

I.2. Other than Credit Unions

*(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)*

565 0. x Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1	0.6%	X From	30 % Ontario Allocation	X	Days in taxation year 555 0 ÷ ** 0 (366 if leap year)	= +	569 0.
570 0. x Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount	571 0.00 % Capital Tax Rate <i>(Refer to Guide)</i>	X From	30 % Ontario Allocation	X	Days in taxation year 555 0 ÷ ** 0 (366 if leap year)	= +	574 0.

Capital Tax for Financial Institutions – other than Credit Unions (before Section II)	569 + 574	 =	575 0.

**** If floating taxation year, refer to Guide.**

II. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments	- 585 0.
Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes	

Capital Tax – Financial Institutions	575 - 585	 =	586 0.
Transfer to 543 on Page 12			

Premium Tax (s.74.2 & 74.3) *(Refer to Guide)*

(1) Uninsured Benefits Arrangements Applies to Ontario-related uninsured benefits arrangements.	587 0. x 2%	 =	588 0.
(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 <i>(Refer to Guide)</i>		- 589 0.	
Premium Tax		588 - 589	590 0.
Transfer to page 17			

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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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

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1

+ 600 325,174.

Transfer to Page 15

Add:

Federal capital cost allowance	+	601	1,266,271.
Federal cumulative eligible capital deduction	+	602	189,749.
Ontario taxable capital gain	+	603	0.
Federal non-allowable reserves. Balance beginning of year	+	604	0.
Federal allowable reserves. Balance end of year	+	605	0.
Ontario non-allowable reserves. Balance end of year	+	606	0.
Ontario allowable reserves. Balance beginning of year	+	607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	608	0.
Federal resource allowance	+	609	0.
Federal depletion allowance	+	610	0.
Federal foreign exploration and development expenses	+	611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents			

Number of Days in Taxation Year

Days after Sept. 30, 2001 and before Jan. 1, 2004		Total Days
612	0. x 5 ÷ 12.5000 x	33 365 ÷ 73 365
		= + 633 0.

Days after Dec. 31, 2003		Total Days
612	0. x 5 ÷ 14.0000 x	34 0 ÷ 73 365
		= + 634 0.

Total add-back amount for Management fees, etc. 633 + 634 = 0. + 613 0.

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 schedule 161 + 615 0.

Add any negative amount in 473 from Ont. CT23 Schedule 161 + 616 0.

Federal allowable business investment loss + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) + 614 0.

Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614 = 1,456,020. 640 1,456,020.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+	650	1,266,271.
Ontario cumulative eligible capital deduction	+	651	189,749.
Federal taxable capital gain	+	652	0.
Ontario non-allowable reserves. Balance beginning of year	+	653	0.
Ontario allowable reserves. Balance end of year	+	654	0.
Federal non-allowable reserves. Balance end of year	+	655	0.
Federal allowable reserves. Balance beginning of year	+	656	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+	657	0.
Ontario depletion allowance	+	658	0.
Ontario resource allowance	+	659	0.
Ontario current cost adjustment (Attach schedule)	+	661	0.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+	674	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+	675	0.
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675		681	1,456,020.

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From + 600 325,174.Total of Additions From = 640 1,456,020.Sub Total of deductions on page 14 From = 681 1,456,020.**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 0.**ONTTI Gross-up deduction calculation:**

Gross-up of CCA		
From <u>662</u>	0. x	<u>100</u>
From <u>30</u>		<u>100.0000</u>
		Ontario Allocation

..... From 662 0. = 663 0.

Workplace Child Care Tax Incentive

Qualifying expenditures:	<u>665</u> 0. x	30.00% x	<u>100</u>	=	<u>666</u> 0.
		From <u>30</u>	<u>100.0000</u>		
			Ontario Allocation		

Workplace Accessibility Tax Incentive

Qualifying expenditures:	<u>667</u> 0. x	100.00% x	<u>100</u>	=	<u>668</u> 0.
		From <u>30</u>	<u>100.0000</u>		
			Ontario Allocation		

Number of Employees accommodated 669 0**Ontario School Bus Safety Tax Incentive (OSBSTI) (Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)**

Qualifying expenditures:	<u>670</u> 0. x	30.00% x	<u>100</u>	=	<u>671</u> 0.
		From <u>30</u>	<u>100.0000</u>		
			Ontario Allocation		

Educational Technology Tax Incentive (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures:	<u>672</u> 0. x	15.00% x	<u>100</u>	=	<u>673</u> 0.
		From <u>30</u>	<u>100.0000</u>		
			Ontario Allocation		

Ontario allowable business investment loss + 678 0.Ontario Scientific Research Expenses claimed in year in 477 + 679 0.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 0.Total of other deductions allowed by Ontario (Attach schedule) + 664 0.Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 .. = 1,456,020. 680 1,456,020.Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 325,174.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 1,040,321	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 325,174	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
Subtotal	707 325,174	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 715,147	719 0	729 0	739 0	749 0	759 0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance 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 (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1994-12-31				850 0	870 0
801 8th preceding taxation year 1995-12-31				851 0	871 0
802 7th preceding taxation year 1996-12-31				852 0	872 0
803 6th preceding taxation year 1997-12-31	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year 1998-12-31	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year 1999-12-31	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year 2000-12-31	823 0	833 0	843 0	856 0	876 0
807 2nd preceding taxation year 2001-09-30	824 0	834 0	844 0	857 0	877 0
808 1st preceding taxation year 2001-12-31	825 715,147	835 0	845 0	858 0	878 0
809 Current taxation year 2002-12-31	826 0	836 0	846 0	859 0	879 0
Total	829 715,147	839 0	849 0	869 0	889 0

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding _____ 901 _____	911 0	921 0	931 0	941 0
ii) 2nd preceding _____ 902 _____	912 0	922 0	932 0	942 0
iii) 1st preceding _____ 903 _____	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	0.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	73,137.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	73,137.
Subtract: Payments	- 960	125,257.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify) Alloc from Fed	-	-43,673.
Balance	= 970	-8,447.
If payment due	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide) ..	= 975	8,447.
year month day		
Apply to	980	0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, **payable to the Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (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)

ROSS PEEVER

Title

PRESIDENT AND CEO

Full Residence Address

ON

Signature

Date

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

Attached Sch.
2002-12-31

Attachment to CT23 line 371

[illegible]

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2002-12-31

Corporate Minimum Tax - Schedule A:

DOLLARS ONLY

Calculation of CMT Base

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) + [2100] **405,373.**

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

Provision for recovery of income taxes / benefit of current income taxes	 +	[2101]	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	 +	[2102]	0.
Equity income from corporations	 +	[2103]	0.
Share of partnership(s)/joint venture(s) income	 +	[2104]	0.
Dividends received/receivable deductible under fed.s.112	 +	[2105]	0.
Dividends received/receivable deductible under fed.s.113	 +	[2106]	0.
Dividends received/receivable deductible under fed.s.83(2)	 +	[2107]	0.
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1)	 0. X 9/3	[2108]	0.

Subtotal = **0.** [2109] **0.**

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

Provision for current taxes / cost of current income taxes	 +	[2110]	0.
Provision for deferred income taxes (debits) / cost of future income taxes	 +	[2111]	0.
Equity losses from corporations	 +	[2112]	0.
Share of partnership(s)/joint venture(s) losses	 +	[2113]	0.

Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	 +	[2114]	0.

Subtotal = **0.** [2115] **0.**

Add/Subtract:

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

** Fed.s.85	 +	[2116]	0. or -	[2117]	0.
** Fed.s.85.1	 +	[2118]	0. or -	[2119]	0.
** Fed.s.97	 +	[2120]	0. or -	[2121]	0.

** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	 +	[2122]	0. or -	[2123]	0.

** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	 +	[2124]	0. or -	[2125]	0.

** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	 +	[2126]	0. or -	[2127]	0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	-	[2150]	0.

Subtotal (Additions) = **0.** + [2128] **0.**

Subtotal (Subtractions) = **0.** [2129] **0.**

** Other adjustments + [2130] **0.**

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] **405,373.**

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss + [2132] **0.**

Adjusted net income (loss) (if loss, transfer to [2202] in *Schedule B: Continuity of CMT Losses Carried Forward, Page 19.*) = [2133] **405,373.**

Deduct: * CMT losses: pre-1994 Loss + From [2210] **0.**

* CMT losses: other eligible losses + [2211] **405,373.**

= **405,373.** [2134] **405,373.**

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

** Retain calculations. Do not submit with this tax return.

CMT Base = [2135] **0.**

Transfer to CMT Base on Page 8

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) + [2201] **1,140,404.**Add: Current year's losses + [2202] **0.**Losses from predecessor corporations on amalgamation (3) + [2203] **0.**Losses from predecessor corporations on wind-up (3) + [2204] **0.**Amalgamation (x) [2205] ☐ Yes Wind-up (x) [2206] ☐ YesSubtotal = **0.** + [2207] **0.**Adjustments (attach schedule) + [2208] **0.**CMT losses available [2201] + [2207] ± [2208] = [2209] **1,140,404.**Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income + [2210] **0.**Other eligible losses utilized during the year to reduce adjusted net income (4) .. + [2211] **405,373.**Losses expired during the year + [2212] **0.**Subtotal = **405,373.** - [2213] **405,373.**Balances at End of Year (5) [2209] - [2213] = [2214] **735,031.**

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income [2133] and CMT losses available [2209].

(5) Amount in [2214] must equal sum of [2270] + [2290].

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
[2240]	9th preceding taxation year 1994-12-31	[2260] 0	[2280] 0
[2241]	8th preceding taxation year 1995-12-31	[2261] 0	[2281] 0
[2242]	7th preceding taxation year 1996-12-31	[2262] 0	[2282] 0
[2243]	6th preceding taxation year 1997-12-31	[2263] 0	[2283] 0
[2244]	5th preceding taxation year 1998-12-31	[2264] 0	[2284] 0
[2245]	4th preceding taxation year 1999-12-31	[2265] 0	[2285] 0
[2246]	3rd preceding taxation year 2000-12-31	[2266] 0	[2286] 0
[2247]	2nd preceding taxation year 2001-09-30	[2267] 0	[2287] 0
[2248]	1st preceding taxation year 2001-12-31	[2268] 735,031	[2288] 0
[2249]	Current taxation year 2002-12-31	[2269] 0	[2289] 0
Totals		[2270] 735,031	[2290] 0

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

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1) + 2301 0.

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) + From 280 0.

CMT Credit Carryovers from predecessor corporations (2) + 2302 0.

Amalgamation (x) 2303 ☐ Yes Wind-up (x) 2304 ☐ Yes

Subtotal = 0. + 2305 0.

Adjustments (Attach schedule) ± 2306 0.

CMT credit carryover available 2301 + 2305 ± 2306 = 2307 0.

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) + From 310 0.

CMT Credit expired during the year + 2308 0.

Subtotal = 0. - 2309 0.

Balance at End of Year (3) 2307 - 2309 = 2310 0.

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1994-12-31	2360 0	2380 0
2341	8th preceding taxation year 1995-12-31	2361 0	2381 0
2342	7th preceding taxation year 1996-12-31	2362 0	2382 0
2343	6th preceding taxation year 1997-12-31	2363 0	2383 0
2344	5th preceding taxation year 1998-12-31	2364 0	2384 0
2345	4th preceding taxation year 1999-12-31	2365 0	2385 0
2346	3rd preceding taxation year 2000-12-31	2366 0	2386 0
2347	2nd preceding taxation year 2001-09-30	2367 0	2387 0
2348	1st preceding taxation year 2001-12-31	2368 0	2388 0
2349	Current taxation year 2002-12-31	2369 0	2389 0
Totals		2370 0	2390 0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2002-12-31

Loans or Advances Credited or Advanced to Corporation

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Customer Deposits		+945,580
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
		+0
Total	=	945,580

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Corp. Tax Acct. No. : 1800215

Year Ended:

Ont. Sch. 008
2002-12-31

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1 Class number	2 Ontario unde- preciated capital cost at the beginning of the year (unde- preciated 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 unde- preciated 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)	8 Reduced unde- preciated 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 unde- preciated capital cost at the end of the year (column 6 minus column 12)
1	2,485,552	88,330	0	0	2,573,882	44,165	2,529,717	4	0	0	101,189	2,472,693
1	5,699,757	160,420	0	0	5,860,177	80,210	5,779,967	4	0	0	231,199	5,628,978
1	8,761,497	427,133	0	0	9,188,630	213,566	8,975,064	4	0	0	359,003	8,829,627
1	2,759,955	118,225	0	0	2,878,180	59,112	2,819,068	4	0	0	112,763	2,765,417
10	892,898	0	0	0	892,898	0	892,898	30	0	0	267,869	625,029
8	291,259	36,944	0	0	328,203	18,472	309,731	20	0	0	61,946	266,257
1	1,493,968	12,563	0	0	1,506,531	6,281	1,500,250	4	0	0	60,010	1,446,521
12	72,292	0	0	0	72,292	0	72,292	100	0	0	72,292	0
stotal	22,457,178	843,615	0	0	23,300,793	421,806	22,878,987		0	0	1,266,271	22,034,522

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario unde-preciated capital cost at the beginning of the year (unde-preciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use) See note 1 below	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario unde-preciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	Reduced unde-preciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario unde-preciated capital cost at the end of the year (column 6 minus column 12)
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	22,457,178	843,615	0	0	23,300,793	421,806	22,878,987		0	0	1,266,271	22,034,522
=====	=====	=====	=====	=====	=====	=====	=====		=====	=====	=====	=====
							Enter in boxes	[650]	[650]	[650]	on the CT23	

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2002-12-31

- 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) 2,710,707^A

Add:

Cost of eligible capital property acquired during the taxation year	 +	0^B	
Amount transferred on amalgamation or wind-up of subsidiary	 +	0^C	
Other adjustments	 +	0^D	
Total of B + C + D	 =	0	X 0.75 = 0^E
Subtotal A + E	 =		2,710,707^F

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	 +	0^G	
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	 +	0^H	
Other adjustments	 +	0^I	
Total of G + H + I	 =	0	X 0.75 = 0^J
Ontario cumulative eligible capital balance F – J	 =		2,710,707^K

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

Current year deduction 2,710,707^K X 7.00%* = 189,749^L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = 2,520,958^M

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

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

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

Amount from line K above (show as a positive amount) 0^N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 0¹

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 0²

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 0³

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 0⁴

Line 3 deduct line 4 0

Total lines 1 + 2 + 5 0⁵

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 0⁶

Deduct line 7 from line 6 0⁷

N - O (cannot be negative) 0^O

Amount on line 5 0 X 1/2 0^P

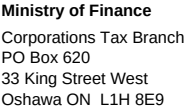
P - Q 0^Q

Amount on line R 0 X 2/3* 0^R

Lesser of line N or line O 0^S

Amount to be included in income S + T 0^T

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



(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2002-12-31

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
Welland Hydro Electric Retail			+
Welland Hydro Electric Holding			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Aggregate of taxable capital			=

Transfer to box 540 of the CT23

ONTARIO CONSENT FORM

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative
- Complete Parts 3, 4, and 5 to cancel the consent provided for an existing representative
- Complete all the parts if you want to both name a new representative and cancel an existing representative

Part 1 - Consent for the release of information to a representative

Taxpayer's name: **Ontario Corporation**
WELLAND HYDRO ELECTRIC SYSTEM CORP. Tax Account Number: **1800215**

Taxpayer's address: **950 EAST MAIN STREET**

Taxpayer's address 2: **P.O. BOX 280**

City: **WELLAND**

Province: **ON**

Postal code: **L3B-5P6**

I consent to the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name: **DELOITTE & TOUCHE LLP**

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual)

Address 1: **4210 KING STREET EAST**

Address 2: **KITCHENER, ONTARIO N2P 2G5**

City:

Province, territory or state:

Country (other than Canada):

Postal code:

Zip code or foreign postal code:

If you named a firm as your representative and want to specify a particular individual of that firm, enter that individual's first and last name.

Representative's name

519-650-7600

519-650-7601

Representative's telephone number

Representative's fax number

Part 2 - Details of consent

I request that this consent apply to **all** years.

I request that this consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in: and all years after that.

Year Month Day

3. The following year-ends only:

Year Month Day Year Month Day

Year Month Day Year Month Day

Part 3 - Cancellation of the consent for the release of information to a representative

Taxpayer's name: Ontario Corporation
WELLAND HYDRO ELECTRIC SYSTEM CORP. Tax Account **1800215**
Taxpayer's address **950 EAST MAIN STREET**
Taxpayer's address **P.O. BOX 280**
City: **WELLAND. . .**
Province: **ON**
Postal code: **L3B-5P6**

I cancel all previous consents for all representatives.

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:
(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)
Address 1:
Address 2:

If you named a firm as your representative and want to cancel the consent with respect to a particular individual of that firm, enter that individual's first and last name.

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

I request that this cancellation of consent apply **OR** all years.

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:
Year Month Day
2. All year-ends beginning in: and all years after that.
Year Month Day
3. The following year-ends only:
Year Month ~~Day~~ Month Day
Year Month ~~Day~~ Month Day

Part 5 - Signature

Print your name **ROSS PEEVER** Title **PRESIDENT AND CEO**

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here _____ Date
Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

FEDERAL TAX INSTALMENTS

For The Taxation Year Ended: 2003-12-31

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

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2003-01-31	3,640	0	0	3,640
2003-02-28	3,640	0	0	3,640
2003-03-31	3,640	0	0	3,640
2003-04-30	3,640	0	0	3,640
2003-05-31	3,640	0	0	3,640
2003-06-30	3,640	0	0	3,640
2003-07-31	3,640	0	0	3,640
2003-08-31	3,640	0	0	3,640
2003-09-30	3,640	0	0	3,640
2003-10-31	3,640	0	0	3,640
2003-11-30	3,640	0	0	3,640
2003-12-31	3,640	0	0	3,640
	-----	-----		-----
Total	43,680	0		43,680
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: **1**
1st Instalment Base Method

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount				
(Amount (I) Below)	43,673	/	12 =	3,640

			Monthly Instalments Required	3,640

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:				
Indicate:	Part I Tax	0		
	Part I.3, VI & VI.I Tax	47,244		
	Provincial Tax	0		

	Total	47,244	/ 12 = (A)	3,937
Less: 1/12 of Estimated Current Yr Credits [(H) below / 12]				0

Each of the first 2 Instalment Payments			= (B)	3,937
Total tax from (I) below		43,673		
Less: Amount (B) above x 2		7,874		

		35,799	/ 10 =	3,580

Each of the remaining 10 Instalment Payments				3,580

3. ESTIMATED TAX METHOD

Instalment Base Amount				
(Amount (I) Below)	0	/	12 =	0

			Monthly Instalments Required	0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Total of:			
Federal Part I Tax		0	0
Federal Surtax		0	0
Refundable Tax on a CCPC's Investment Income		0	0
		-----	-----
Subtotal (A)		0	0
Less Total of:			
Small Business Deduction		0	0
Investment Corporation Deduction		0	0
Federal Tax Abatement		0	0
Manufacturing and Processing Profits Deduction		0	0
Non-Business Foreign Tax Credit		0	0
Business Foreign Tax Credit		0	0
Tax Reduction, General and Accelerated		0	0
Logging Tax Credit		0	0
Federal Political Contribution Tax Credit		0	0
Investment tax credit per Schedule 31 and resource deduction		0	0
Qualifying Environmental Trust Tax Credit		0	0
		-----	-----
Subtotal (B)		0	0
Total Part I Tax Payable (A) - (B) = (C)		0	0
Add: Part I.3 Tax (D)		43,673	0
Part VI Tax (D.1)		0	0
Part VI.I Tax (D.2)		0	0
Provincial/Territorial Tax (E)		0	0
		-----	-----
Total			
Parts I, I.3, VI, VI.I and Provincial/Territorial Tax = (F)		43,673	0
Adjustment for Short Taxation Years:			
x 365/# of days in year if < 365 (G)	365 / 365	43,673	0
Less - Estimated Current Year Credits:			
Investment Tax Credit Refund		0	0
Dividend Refund		0	0
Federal Capital Gains Refund		0	0
Provincial and Territorial Capital Gains Refund		0	0
NRO Allowable Refund per Sch. 26		0	0
Tax Withheld at Source		0	0
Other Estimated Credits		0	0
		-----	-----
Total Estimated Current Year Credits (H)		0	0
INSTALMENT BASE AMOUNT (G) - (H) = (I)		43,673	0
		=====	=====

ONTARIO TAX INSTALMENTS

For The Taxation Year Ended: 2003-12-31

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

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

Quarterly Instalment

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2003-03-31	0	0	0	0
2003-06-30	0	0	0	0
2003-09-30	0	0	0	0
2003-12-31	0	0	0	0
	-----	-----		-----
	0	0		0
	=====	=====		=====

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2003-01-31	6,095	0	0	6,095
2003-02-28	6,095	0	0	6,095
2003-03-31	6,095	0	0	6,095
2003-04-30	6,095	0	0	6,095
2003-05-31	6,095	0	0	6,095
2003-06-30	6,095	0	0	6,095
2003-07-31	6,095	0	0	6,095
2003-08-31	6,095	0	0	6,095
2003-09-30	6,095	0	0	6,095
2003-10-31	6,095	0	0	6,095
2003-11-30	6,095	0	0	6,095
2003-12-31	6,095	0	0	6,095
	-----	-----		-----
Total	73,140	0		73,140
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: 1

1. 1st Instalment Base Method
2. Combined 1st and 2nd Instalment Base Method
3. Estimated Tax Method

Do not used the quarterly payment even if applicable "X" to continue monthly payments []

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount (Amt (I) Below)	73,137	/	12	=	6,095

				Monthly Instalments Required	6,095
				Quarterly Instalments Required	0

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:					
Indicate: Income Tax, C.M.T.	0				
Capital Tax, Prem. Tax	77,991				

Total	77,991	/	12	= (A)	6,500

Each of the first 2 Instalment Payments				= (B)	6,500
Total tax from (I) below	73,137				
Less: Amount (A) above x 2	13,000				

	60,137	/	10	=	6,014

Each of the remaining 10 Instalment Payments				=	6,014
				Quarterly Instalments Required	0

3. ESTIMATED TAX METHOD

Instalment Base Amount (Amt (I) Below)	0	/	12	=	0

				Monthly Instalments Required	0
				Quarterly Instalments Required	0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Ontario Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Gross Ontario Tax	(A)	0	0
Less Total of:			
Incentive Deduction for an S.B.C., net of surtax		0	0
Manufacturing and Processing Profits Credit		0	0
Additional deduction for credit unions		0	0
Credit for foreign taxes paid		0	0
Credit for Investment in S.B.D.C.		0	0
Specified credits applied against income tax		0	0
		-----	-----
Total Deduction and Credits	(B)	0	0
Income Tax	(A) - (B) = (C)	0	0
Add: Capital Tax	(D)	73,137	0
Corporate minimum tax paid (credited)	(E)	0	0
Premium Tax	(F)	0	0
		-----	-----
Total Income Tax and Other Taxes	(C+D+E+F) = (G)	73,137	0
Adjustment for Short Taxation Years x 365 / number of days in year if < 365	(H)	365 / 365 73,137	365 / 365 0
Less: Total estimated current year credits		0	0
	(I)	73,137	0
		=====	=====

Appendix 22

2002 Notice of Assessments

Detach and return this REMITTANCE FORM with your payment.



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

Account No.
1800215

35
PX5005

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

2	0	0	2	1	2	3	1

Payment Amount: \$

Total Payment
Enclosed: \$



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

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

Account No.	Reassessment Date (year, month, day)	Page
1800215	2006/11/30	1 of 3

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

REASSESSMENT NO. 96 REPLACING ASSESSMENT DATED: 2003/06/09

Tax: Federal and Provincial PIL
Assessment Interest
Total Reassessment Liability

118,556.00
4,379.15CR
114,176.85

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

259,083.00CR
137,536.65

Sub-Total

121,546.35CR
7,369.50CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

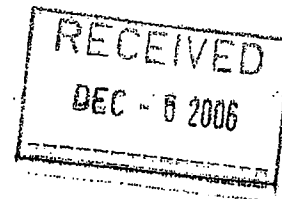
Adjustment to the computation of Total Tax payable.

Mathematical error in computation of Net Paid-up Capital.

Adjustment to the computation of Investment Allowance. Taxable Capital revised

Mathematical error in computation of Taxable Paid-up Capital.

Capital Tax adjusted - Gross Revenue revised.



Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708
• Toll-Free 1-800-262-0784 ext. 3036
• Toronto (416) 920-9048 ext. 3036
• FAX (905) 433-5197

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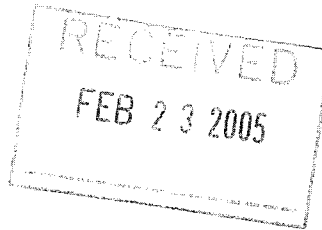
CORPORATION NOTICE OF ASSESSMENT

St. John's NL A1B 3Z1

0000607

Page 1 of 6

WELLAND HYDRO-ELECTRIC SYSTEM
CORP
C/O OWEN JENKINS
PO BOX 280
WELLAND ON L3B 5P6



Date of mailing
February 17, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2002

RESULTS

This notice explains the results of our assessment of the T2 return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.





Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF ASSESSMENT

Page 2 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
February 17, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2002



CORPORATION NOTICE OF ASSESSMENT

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Page 3 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing February 17, 2005
Business Number 86375 9692 RC0001
Taxation year-end December 31, 2002

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
		=====
Total Federal Tax:		\$ 0.00
		=====
	Net balance:	\$ 0.00
		=====
	Result of this assessment:	\$ 0.00
	Prior balance:	\$ 0.00
		=====
	Total balance:	\$ 0.00

Alan Nymark
Commissioner of Customs and Revenue

EXPLANATION

We have revised the taxable income to correct a mathematical error.

We have revised the business limit for the purpose of the small business deduction to \$0.00, to agree with the amount allocated to the corporation on Schedule 23, "Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit."

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

Did you know that Corporation Internet Filing is available? Please visit our Web site at www.cra.gc.ca/corporation-internet for further information.



CORPORATION NOTICE OF ASSESSMENT

Page 4 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
February 17, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2002

If you require additional information or wish to request an adjustment, contact:

St. John's Tax Centre
Freshwater Rd and Empire Ave
St. John's NL A1B 3Z3
Phone (709) 772-6888
Fax (709) 772-3834
Toll free number 1-888-832-1728
We accept collect calls.

St. Catharines Tax Services Office
P. O. Box 3038 32 Church Street
St. Catharines ON L2R 3B9
Toll free number 1-800-959-5525

10

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

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2004/08/06

Account No.	Statement Date (year, month, day)	Page
1800215	2004/08/06	1 of 1

AND HYDRO-ELECTRIC SYSTEM CORP.

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2004/07/10		OPENING BALANCE FOR: 2003/12/31	407,851.00CR	
2004/07/21	42	return assessment	113,698.00	
2004/07/21	43	interest - assessment *	3,429.02CR	
2004/08/04	44	PIL refund	297,810.38	
2004/08/06	46	interest *	228.36CR	<u>0.00</u>
		BALANCE		<u>0.00</u>

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2004/07/10		OPENING BALANCE FOR: 2004/12/31	36,480.00CR
2004/07/27	45	PIL payment	6,080.00CR
		BALANCE	<u>42,560.00CR</u>

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of \$2,000 or more and less than \$10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

7405
610500
LEDGER A/C #

8/04

STOCK ITEM

CHECKED BY

ENTERED BY

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

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less than \$10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

MP

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

003 PX5000

003 PX5000

Appendix 23

2003 T2 Federal Tax Return

055 Do not use this area

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

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

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

Identification	
Business Number (BN) 001 <u>863759692RC0001</u>	
Corporation's name 002 <u>WELLAND HYDRO ELECTRIC SYSTEM CORP.</u>	
Has the corporation changed its name since the last time we were notified? ... 003 1 Yes ☐ 2 No ☒	
If Yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐	
Address of head office Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒	
011 <u>950 EAST MAIN STREET</u>	
012 <u>P.O. BOX 280</u>	
015 <u>WELLAND</u> City	016 <u>ON</u> Province, territory, or state
017 Country (other than Canada)	018 <u>L3B-5P6</u> Postal code/ZIP code
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 1 Yes ☐ 2 No ☒	
021 <u>c/o</u>	
022	
023	
025 City	026 Province, territory, or state
027 Country (other than Canada)	028 Postal code/ZIP code
Location of books and records Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒	
031 <u>950 EAST MAIN STREET</u>	
032 <u>P.O. BOX 280</u>	
035 <u>WELLAND</u> City	036 <u>ON</u> Province, territory, or state
037 Country (other than Canada)	038 <u>L3B-5P6</u> Postal code/ZIP code
040 Type of corporation at the end of the taxation 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 taxation year, provide the effective date of the change 043 YYYY/MM/DD	
To which taxation year does this return apply? Taxation year start 060 <u>2003-01-01</u> 061 <u>2003-12-31</u> YYYY/MM/DD YYYY/MM/DD	
Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒	
If Yes, give the date control was acquired 065 YYYY/MM/DD	
Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒	
Is this the first year of filing after: Incorporation? 070 1 Yes ☐ 2 No ☒ Amalgamation? 071 1 Yes ☐ 2 No ☒ If Yes, complete and attach Schedule 24.	
Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒ If Yes, complete and attach Schedule 24.	
Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒	
Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒	
Is the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐ If No, give the country of residence.	
081	
Is the non-resident corporation claiming an exemption under an income tax treaty? 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	

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

* We do not print these schedules.

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

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	150 ☒	9
28	Does the corporation have any non-resident shareholders?	151 ☐	19
29	Is the corporation an associated Canadian-controlled private corporation?	160 ☒	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 ☐	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 ☐	11
33	If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 ☐	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 ☐	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 ☐	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 ☐	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 ☐	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 ☐	22
41	Did the corporation have any foreign affiliates during the year?	169 ☐	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 ☐	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171 ☐	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 ☐	—
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 ☒	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 ☒	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202 ☐	2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 ☐	3
69-76	Is the corporation claiming any type of losses?	204 ☒	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 ☐	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 ☐	6
103	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 ☐	7
57	Does the corporation have any property that is eligible for capital cost allowance?	208 ☒	8
58	Does the corporation have any property that is eligible capital property?	210 ☒	10
59	Does the corporation have any resource-related deductions?	212 ☐	12
60	Is the corporation claiming reserves of any kind?	213 ☒	13
61	Is the corporation claiming a patronage dividend deduction?	216 ☐	16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 ☐	17
150	Is the corporation an investment corporation or a mutual fund corporation?	218 ☐	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220 ☐	20
118	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 ☐	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 ☐	26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227 ☐	27
121	Is the corporation claiming an investment tax credit?	231 ☐	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232 ☐	T661
124	Is the corporation subject to gross Part I.3 tax?	233 ☒	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 ☒	36
124	Is the corporation claiming a surtax credit?	237 ☐	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 ☐	38
128	Is the corporation claiming a Part I tax credit?	242 ☐	42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 ☐	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 ☐	45
125	Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249 ☐	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 ☐	39
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253 ☐	T1131
153	Is the corporation claiming a film or video production services tax credit refund?	254 ☐	T1177
130	Is the corporation subject to Part XIII.1 tax?	255 ☐	92 *

Attachments – continued from page 2**Guide item**

		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐ T1134-A
44	Did the corporation have any controlled foreign affiliates?	258	☐ T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	☐ T1135
44	Did the corporation transfer or loan property to a non-resident trust?	260	☐ T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐ T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐ T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐ T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐ T1174

Additional information

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

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

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

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

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	POWER DISTRIBUTION	285	100 %
286		287	0 %
288		289	0 %

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI **300** **-922,953** A

Deduct:

Charitable donations from Schedule 2	311	0
Gifts to Canada, a province, or a territory from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43**	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		0

Subtotal (amount A minus amount B) (if negative, enter "0") **0** B

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions **355** **0** D

Taxable income (amount C plus amount D) **360** **0**

Income exempt under paragraph 149(1)(t) **370** **0**

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) **0** Z

** This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 400 0 A

Taxable income from line 360 on page 3, **minus** 10/3 of the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax ... 405 0 B

Calculation of the business limit:

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

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	.....	<u>0</u>	1
		Number of days in the taxation year	<u>365</u>				
225,000	x	Number of days in the taxation year in 2003	<u>365</u>	=	.....	<u>225,000</u>	2
		Number of days in the taxation year	<u>365</u>				
250,000	x	Number of days in the taxation year in 2004	<u>0</u>	=	.....	<u>0</u>	3
		Number of days in the taxation year	<u>365</u>				
300,000	x	Number of days in the taxation year after 2004	<u>0</u>	=	.....	<u>0</u>	3.1
		Number of days in the taxation year	<u>365</u>				

Add amounts at lines 1, 2, 3, and 3.1 225,000 4

Business limit (see notes 1 and 2 below) 410 225,000 C

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

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

Business limit reduction:

Amount C 225,000 x 415 *** 46,581 D = ... 931,620 E

11,250

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

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F 430 0 G
(enter amount G on line 9 of page 7)

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

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

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) 0 x $\frac{300,000}{\text{line 4 above}}$ = ... 0 A

Net active business income (amount from line 400) * 0 B

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax 0 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) 0 D

Amount C minus amount D (if negative, enter "0") 0 0 E

Amount A, B, or E above, whichever is less 0 F

Amount Z from Part 9 of Schedule 27 0 x 100/7 = ... 0 G

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. 0 K

Total of amounts G, H, I, J, and K 0 0 L

Amount F minus amount L (if negative, enter "0") 0 M

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

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	<u>0</u>	A	
Amount A	<u>0</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 1% =	<u>0</u>	B
			Number of days in the taxation year	<u>365</u>			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2004	<u>0</u>	x 2% =	<u>0</u>	C
			Number of days in the taxation year	<u>365</u>			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2005	<u>0</u>	x 3% =	<u>0</u>	C.1
			Number of days in the taxation year	<u>365</u>			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2006	<u>0</u>	x 5% =	<u>0</u>	C.2
			Number of days in the taxation year	<u>365</u>			
Resource deduction – total of amounts B, C, C.1, and C.2 (enter amount D on line 10 of page 7)				438	<u>0</u>	D	

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3				<u>0</u>	E		
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	F			
Amount QQ from Part 13 of Schedule 27	<u>0</u>		G	G			
Taxable resource income from line 435 above	<u>0</u>		H	H			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		I	I			
Amount on line 400, 405, 410, or 425 on page 4, whichever is less	<u>0</u>		J	J			
Aggregate investment income from line 440 of page 6	<u>0</u>		K	K			
Amount used to calculate the accelerated tax reduction (amount M of page 4)	<u>0</u>		L	L			
Total of amounts F, G, H, I, J, K, and L	<u>0</u>		<u>0</u>	M			
Amount E minus amount M (if negative, enter "0")	<u>0</u>		<u>0</u>	N			
Amount N	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% =	<u>0</u>	O
			Number of days in the taxation year	<u>365</u>			
Amount N	<u>0</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 5% =	<u>0</u>	P
			Number of days in the taxation year	<u>365</u>			
Amount N	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% =	<u>0</u>	Q
			Number of days in the taxation year	<u>365</u>			
General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q (enter amount R on line 638 of page 7)				<u>0</u>	R		

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

Taxable income from line 360 on page 3				<u>0</u>	S		
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	T			
Amount QQ from Part 13 of Schedule 27	<u>0</u>		U	U			
Taxable resource income from line 435 above	<u>0</u>		V	V			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		W	W			
Total of amounts T, U, V, and W	<u>0</u>		<u>0</u>	X			
Amount S minus amount X (if negative, enter "0")	<u>0</u>		<u>0</u>	Y			
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% =	<u>0</u>	Z
			Number of days in the taxation year	<u>365</u>			
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 5% =	<u>0</u>	AA
			Number of days in the taxation year	<u>365</u>			
Amount Y	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% =	<u>0</u>	BB
			Number of days in the taxation year	<u>365</u>			
General tax reduction - total of amounts Z, AA, and BB (enter amount CC on line 639 of page 7)				<u>0</u>	CC		

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from

line 632 of page 7 0 x 25/9 = 0

Foreign business income

tax credit from line 636

of page 7 0 x 3 = 0

0 0
0 x 26 2/3% = 0 D

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

Deduct: Corporate surtax from line 600 of page 7 0

Net amount 0 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 0 F

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year 465 0
0

0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

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

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

0 0
0 B

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

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

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

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

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

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

Corporate surtax calculation

Base amount from line A above **0** 1

Deduct:

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

Investment corporation deduction from line 620 below **0** 3

Federal logging tax credit from line 640 below **0** 4

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

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

28.00% of taxable income from line 360 of page 3 ... **0** a] **0** 6

28.00% of taxed capital gains **0** b] **0** 6

Part I tax otherwise payable **0** c] **0** 6

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

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

Net amount (line 1 minus line 7) **0** 8

Corporate surtax – 4.00% of the amount on line 8 **600** **0** B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** **0** C

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

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

Taxable income from line 360 on page 3 **0**

Deduct:

Amount on lines 400, 405, 410, or 425 of page 4, whichever is less .. **0**

Net amount **0** ii

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

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

Deduct:

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

Federal tax abatement **608** **0**

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 **616** **0**

Investment corporation deduction **620** **0**

(taxed capital gains **624** **0**)

Additional deduction – credit unions from Schedule 17 **628** **0**

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

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

Accelerated tax reduction from amount N of page 4 **637** **0**

Resource deduction from line 438 of page 5 **0** 10

General tax reduction for CCPCs from amount R of page 5 **638** **0**

General tax reduction from amount CC of page 5 **639** **0**

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

Federal political contribution tax credit **644** **0**

Federal political contributions **646** **0**

Federal qualifying environmental trust tax credit **648** **0**

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

Subtotal **0** F

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

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	43,976
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		43,976

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, Ontario, and Alberta) **760** 0Provincial tax on large corporations (New Brunswick and Nova Scotia) **765** 0**Total tax payable** **770** **43,976** A**Deduct other credits:**

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** 43,976**Total credits** **890** **43,976** **43,976** BRefund code **894** 0

Overpayment 0

Balance (line A minus line B) 0

Direct deposit request

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

☐ Start ☐ Change information **910** _____
Branch number

914 _____ **918** _____
Institution number Account number

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

Enter the amount on whichever line applies.

We do not charge or refund a difference of \$2 or less.

Balance unpaid 0

Enclosed payment **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

..... **896** 1 Yes ☐ 2 No ☒**Certification**I, **950** PEEVER Last name in block letters **951** ROSS First name in block letters **954** PRESIDENT Position, office, or rank

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

955 _____ **956** **905-732-1381**
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 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 _____ **959** _____
Name in block letters Telephone number

Language of correspondence - Langue de correspondance

990 Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒ 2 Français/French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and extraordinary items per financial statements	643,385	A

Additions:

Provision for income taxes - current	101	42,515	
Amortization of tangible assets	104	1,352,153	
Non-deductible meals and entertainment expenses	121	736	
Tax reserves deducted in prior year from Schedule 13	125	60,936	
Reserves from financial statements - balance at the end of the year	126	38,822	

Subtotal of additions		1,495,162	1,495,162

Other Additions:

Miscellaneous Other Additions:

600 2003 T5013 Income from Engerconnect Limited	290	8,057	

Subtotal of Other Additions	199	8,057	8,057

Total Additions	500		1,503,219

Deductions:

Gain on disposal of assets per financial statements	401	3,794	
Capital cost allowance from Schedule 8	403	1,139,508	
Cumulative eligible capital deduction from Schedule 10	405	176,693	
Tax reserves claimed in current year from Schedule 13	413	334,926	
Reserves from financial statements-balance at the beginning of the year	414	1,414,636	

Subtotal of Deductions		3,069,557	3,069,557

Other Deductions:

Miscellaneous Other Deductions:

Subtotal of Other Deductions	499	0	0
		-----	-----
		Total Deductions 510	3,069,557

Net income (loss) for income tax purposes	-922,953
(enter on line 300 on the T2 return)	=====

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

CORPORATION LOSS CONTINUITY AND APPLICATION

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		- 922,953
Deduct: (increase a loss)		
Net capital losses deducted in the year		
(enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares		
- Paragraph 110(1)(d.2)	0	0

Subtotal (if positive, enter "0")		- 922,953
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		0

Subtotal		- 922,953
Add: (decrease a loss)		
Current-year farm loss		0

Current-year non-capital loss (if positive, enter "0")		- 922,953
		=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		715,147	
Deduct: Non-capital loss expired *	100	0	
Non-capital losses at beginning of taxation year	102	715,147	
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105	0	
Current-year non-capital loss (from calculation above)	110	922,953	1,638,100

Part 1 - Non-capital losses (cont'd)

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income (enter on line 331 of the T2 return)	130	0	
Amount applied against taxable dividends subject to Part IV tax	135	0	
Section 80 - Adjustments for forgiven amounts	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate		0	
Other adjustments	150	0	0

		Subtotal	1,638,100

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income	901	0	
Second preceding taxation year to reduce taxable income	902	0	
Third preceding taxation year to reduce taxable income	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913	0	0

Non-capital losses - Closing balance	180		1,638,100
			=====

* A non-capital loss expires as follows:

- After **7** taxation years if it arose in a taxation year ending before March 23, 2004;
or
- After **10** taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator Yes []
 Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately
 preceding taxation year.

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year	200	0	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	0	
Current-year capital loss (from Schedule 6 calculation)	210	0	0
Add:			
Allowable business investment loss expired as non-capital loss	0 x 4/3 . . 220		0

		Subtotal	0
Deduct:			
Amount applied against current-year capital gain (see Note 1)	225	0	
Section 80 - Adjustments for forgiven amounts	240	0	
Other adjustments	250	0	0

		Subtotal	0

Part 2 - Capital losses (cont'd)

Continuity of capital losses and request for a carryback (cont'd)

Deduct - Request to carry back capital loss to: (see Note 2)

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year	0	951	0	
Second preceding taxation year	0	952	0	
Third preceding taxation year	0	953	0	0

Capital losses - Closing balance			280	0
				=====

Note 1

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

Note 2

Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year			0	
Deduct: Farm loss expired after 10 taxation years		300	0	
Farm losses at beginning of taxation year		302	0	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation		305	0	
Current-year farm loss		310	0	0
Deduct:				
Amount applied against taxable income (enter on line 334 of the T2 return)		330	0	
Amount applied against taxable dividends subject to Part IV tax		335	0	
Section 80 - Adjustments for forgiven amounts		340	0	
Other adjustments		350	0	0

			Subtotal	0
Deduct - Request to carry back farm loss to:				
First preceding taxation year to reduce taxable income		921	0	
Second preceding taxation year to reduce taxable income		922	0	
Third preceding taxation year to reduce taxable income		923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax		931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax		932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax		933	0	0

Farm losses - Closing balance			380	0
				=====

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0 B			
	6,250 C	0	2,500

Current-year restricted farm loss (enter this amount on line 410)		0	
		=====	

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0

	Subtotal	0	
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0

Restricted farm losses - Closing balance	480	0	
		=====	

Note
The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year		0	
Deduct: Listed personal property loss expired after seven taxation years	500	0	
Listed personal property losses at beginning of taxation year	502	0	
Add: Current-year listed personal property loss (from Schedule 6)	510	0	

	Subtotal	0	
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0

	Subtotal	0	

Part 5 - Listed personal property losses (cont'd)

Continuity of listed personal property loss and request for a carryback (cont'd)

Deduct - Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed personal property gains.....	961	0	
Second preceding taxation year to reduce listed personal property gains.....	962	0	
Third preceding taxation year to reduce listed personal property gains.....	963	0	0

Listed personal property losses - Closing balance.....	580	0	=====

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & IV	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	922,953	0	0	N/A	0	922,953
2002	0	N/A	0	N/A	0	0	0
2001	715,147	N/A	0	N/A	0	0	715,147
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	715,147	922,953	0	0	0	0	1,638,100

Farm losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & IV	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2002	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2002	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0
1993	0	N/A	0	N/A	0	N/A	0 *
	-----	-----	-----	-----	-----	-----	-----
Total	0	0	0	0	0	N/A	0

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]-[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	2,472,693	5,097	0	0	2,548	4	0	0	99,010	2,378,780
1	5,628,978	140,201	0	0	70,100	4	0	0	227,963	5,541,216
1	8,829,627	193,112	340,033	0	96,556	4	0	0	370,649	8,992,123
1	2,765,417	56,983	0	0	28,491	4	0	0	111,756	2,710,644
1	1,446,521	21,904	0	0	10,952	4	0	0	58,299	1,410,126
8	266,257	55,395	0	0	27,697	20	0	0	58,791	262,861
10	625,029	36,510	0	3,794	16,358	30	0	0	192,416	465,329
12	0	41,248	0	0	20,624	100	0	0	20,624	20,624
Total	22,034,522	550,450	340,033	3,794	273,326		0	0	1,139,508	21,781,703

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

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

Name	Ctry	Business Number (Note)	Rela-	Number		Number	% of	Book value of capital stock
	of		tion-	of	% of	of	pre-	
	resi-		ship	common	common	preferred	ferred	
	dence		Code	shares owned	shares owned	shares owned	shares owned	
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]

WELLAND HYDRO-ELECTRIC HOLDING		863604328RC0001	1		0 0.00		0 0.00	0
WELLAND HYDRO ELECTRIC RETAIL		863759494RC0001	3		0 0.00		0 0.00	0
City of Welland		NR	3		0 0.00		0 0.00	0

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

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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 **2,520,958** A

Add: Cost of eligible capital property acquired
during the taxation year 222 **4,300**
Other adjustments 226 **0**

Subtotal (line 222 plus line 226) **4,300** x **0.75** = **3,225** 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 **0** x **0.50** = **0** C

amount B minus amount C (if negative, enter "0") **3,225** **3,225** D

Amount transferred on amalgamation or wind-up of subsidiary 224 **0** E

Subtotal (add amounts A, D, and E) 230 **2,524,183** 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 **0** G
The gross amount of a reduction in respect of
a forgiven debt obligation as provided for in
subsection 80(7) 244 **0** H
Other adjustments 246 **0** I

(add amounts G, H, and I) **0** x **0.75** = 248 **0** J

Cumulative eligible capital balance (amount F minus amount J) **2,524,183** 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 **0**
amount K **2,524,183**
less amount from line 249 **0**

Current year deduction **2,524,183** x **7.00%** = 250 **176,693** *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) **176,693** **176,693** L

Cumulative eligible capital - Closing balance (amount K minus amount L)

(if negative, enter "0") 300 **2,347,490** M

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

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

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

Amount from line K (show as positive amount) 0 N

Total of cumulative eligible capital (CEC) deductions from income
for taxation years beginning after June 30, 1988 400 0 1

Total of all amounts which reduced CEC in the current or
prior years under subsection 80(7) 401 0 2

Total of CEC deductions claimed for taxation years
beginning before July 1, 1988 402 0 3

Negative balances in the CEC account that were
included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 (if negative, enter "0") 0 0 5

Total of lines 1, 2, and 5 0 6

Amounts included in income under paragraph 14(1)(b), as that
paragraph applied to taxation years ending after June 30, 1988
and before February 28, 2000, to the extent that it is for
an amount described at line 400 0 7

Amounts at line T from Schedule 10 previous taxation
years ending after February 27, 2000 0 8

Subtotal (line 7 plus line 8) 409 0 9

Line 6 minus line 9 (if negative, enter "0") 0 0 O

Line N minus line O (if negative, enter "0") 0 P

Line 5 0 x 1/2 = 0 Q

Line P minus line Q (if negative, enter "0") 0 R

Amount R 0 x 2/3 = 0 S

Amount N or amount O, whichever is less 0 T

Amount to be included in income (amount S plus amount T)
(enter this amount on line 108 of Schedule 1) 410 0

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

CONTINUITY OF RESERVES

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	-----	-----	-----	-----	-----
Totals	008	009	0	0	010
	=====	=====	=====	=====	=====

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
Allowance for Doubtful	0	0	0	0	0
Accounts - General Reserve	0	0	5,879	0	5,879
	0	0	0	0	0
Pension Liability	1,353,700	0	19,998	0	1,373,698
Market Ready Costs	0	0	0	235,684	-235,684
Retail Service Variances	0	0	0	1,439,997	-1,439,997
Reserves From Section 2 below	60,936	0	273,990	0	334,926
	-----	-----	-----	-----	-----
Totals	1,414,636	0	299,867	1,675,681	38,822
	=====	=====	=====	=====	=====

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

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description			Balance at the beginning of the year		Transfer on amalgamation or wind-up of subsidiary		Add		Deduct		Balance at the end of the year
	[X]		\$		\$		\$		\$		\$
Reserve for doubtful debts.....	[X]	110	60,936	115	0		273,990		0	120	334,926
Reserve for undelivered goods and services not rendered.....	[]	130	0	135	0		0		0	140	0
Reserve for prepaid rent.....	[]	150	0	155	0		0		0	160	0
Reserve for December 31, 1995 income.....	[]	170	0	175	0		0		0	180	0
Reserve for refundable containers.....	[]	190	0	195	0		0		0	200	0
Reserve for unpaid amounts.....	[]	210	0	215	0		0		0	220	0
Other tax reserves.....	[]	230	0	235	0		0		0	240	0

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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

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

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

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

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

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

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

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

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

Date filed (do not use this area).....	025	Year Month Day
Enter the calendar year to which the agreement applies.....	050	Year 2003

Allocation of the business limit (cont'd)

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?..... ☐ 075 [Y/N] [☒ N]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) \$	Percentage of the business limit %	Business limit allocated * \$
☐ 100 WELLAND HYDRO ELECTRIC SYSTEM See attached	☐ 200 863759692RC0001	☐ 300 1	225,000	☐ 350 100.0000 .0000	☐ 400 225,000 0
			Total	100.0000 =====	225,000 A =====

* The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

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

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

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

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

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Asso-ciation code	Business limit for the year (before the allocation)	Percentage of the business limit %	Business limit allocated \$	Part I.3 Tax
[100]	[200]	[300]		[350]	[400]	

WELLAND HYDRO-ELECTRIC HOLDING	863604328RC0001	1	225,000	.0000	0	0
WELLAND HYDRO ELECTRIC RETAIL	863759494RC0001	1	225,000	.0000	0	0
City of Welland	NR	1	0	.0000	0	0
TOTALS			450,000	.0000	0	0

Schedule 23-Supplementary

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

PART I.3 TAX ON LARGE CORPORATIONS

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I	101	0
Capital stock (or members' contributions if incorporated without share capital)	103	12,953,180
Retained earnings	104	171,474
Contributed surplus	105	630,158
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	964,659
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	13,499,953
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	1,373,698

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts

(see note below) for the partnership of which the corporation is

a member at the end of the year exceeds the amount of the partnership's

deferred unrealized foreign exchange losses 112 0

Subtotal **29,593,122** **29,593,122** A

Deduct the following amounts:

Deferred tax debit balance at the end of the year 121 0

Any deficit deducted in computing its shareholders' equity

(including, for this purpose, the amount of any provision for

the redemption of preferred shares) at the end of the year 122 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be

regarded as being included in any of lines 101 to 112 above 123 0

The amount of deferred unrealized foreign exchange losses

at the end of the year 124 0

Subtotal **0** **0** B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 **29,593,122**

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation 401 0

A loan or advance to another corporation (other than a financial institution) 402 **48,146**

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of

another corporation (other than a financial institution) 403 0

Long-term debt of a financial institution 404 0

A dividend receivable on a share of the capital stock of another corporation 405 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or

similar obligation of, a partnership all of the members of which, throughout the year,

were other corporations (other than financial institutions) that were not exempt from

tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)) 406 0

An interest in a partnership (see note 1 below) 407 0

Investment allowance for the year 490 **48,146**

Part 2 - Investment allowance (cont'd)

Notes:

- 1) Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
 - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
 - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
 - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

Capital for the year (line 190).....	29,593,122	C
Deduct: Investment allowance for the year (line 490).....	48,146	D
Taxable capital for the year		
(amount C minus amount D) (if negative, enter "0").....	29,544,976	
	=====	

Part 4 - Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	29,544,976	X	Taxable income earned in Canada	1,000		Taxable capital employed in Canada	29,544,976
				1,000	=		
			Taxable income	1,000			=====

- Notes:**
- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
 - 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year

through a permanent establishment in Canada

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent

establishment in Canada

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through

a permanent establishment in Canada (see note below)

713

0

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

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")

790

0

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 29,544,976

Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)

801

10,000,000

Excess of taxable capital employed in Canada over capital deduction 19,544,976

Year	Line 811		Number of days		Number of days in the taxation year				
Before 2004	19,544,976	x	(365 /	365)	x	.2250%	=	43,976	F
2004	19,544,976	x	(0 /	365)	x	.2000%	=	0	G
2005	19,544,976	x	(0 /	365)	x	.1750%	=	0	H
2006	19,544,976	x	(0 /	365)	x	.1250%	=	0	I
2007	19,544,976	x	(0 /	365)	x	.0625%	=	0	J

Note: The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J)

43,976

K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:

Amount K	43,976	x	Number of days in the year	365	=	0	L
					365		

Gross Part I.3 tax (amount K or L, whichever applies) 43,976

Part 6 - Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	29,544,976	M
Deduct: Capital deduction claimed for the year		
(1/5 of line 801 if the taxation year end after 2003)	10,000,000	N

Excess (amount M minus amount N) (if negative, enter "0")	19,544,976	O
	=====	
Amount O 19,544,976 x .2250% = ...	43,976	P
	=====	
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:		
Amount P 43,976 x Number of days in the year 365 = ...	0	Q

	365	
Gross Part I.3 tax for purposes of the unused surtax credit		
(amount P or Q, whichever applies)	821 43,976	
	=====	

Part 7 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount **a** or **b** at line R, whichever is less:

a) line 600 from the T2 return	0	a	
b) line 700 from the T2 return	0	b	0 R

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

c) line 600 from the T2 return	0	x	line 690 of this schedule 29,544,976	=	0	c	

			29,544,976				
d) line 700 from the T2 return	0	d	line 500 of this schedule		0	S	
Current-year surtax credit available (amount R or S, whichever applies)	830	0					
							=====

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	0
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821)	43,976

Current-year unused surtax credit (if negative, enter "0")	850 0
Enter this amount at line 600 on Schedule 37.	=====

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

Gross Part I.3 tax (line 820)		43,976	T
Deduct:			
Current-year surtax credit applied (line 820 or 830, whichever is less)	861	0	
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37)	862	0	

Subtotal (cannot be more than amount on line 820)		0	0 U
		=====	-----
Net Part I.3 tax payable (amount T minus amount U)	870	43,976	
Enter this amount at line 704 of the T2 return.		=====	

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

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

Do not file this agreement if no members of the related group have to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? [Y/N] [**Y**]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

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

Is this an amended agreement? [Y/N] [**N**]

Calendar year to which the agreement applies **2003**

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group		Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200		300	400	500
WELLAND HYDRO ELECTRIC SYSTEM		863759692RC0001	10,000,000	
See attached			0	

Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)			10,000,000 =====	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]

WELLAND HYDRO-ELECTRIC HOLDING	863604328RC0001	0	
WELLAND HYDRO ELECTRIC RETAIL	863759494RC0001	0	
City of Welland	NR	0	
TOTAL		0	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

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

SHAREHOLDER INFORMATION

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

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
Welland Hydro-Electric Holding Corp.	863604328RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

- Note 1:

If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.
- Note 2:

If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3:

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

Schedule of Instalment Remittances

Name of Corporation Contact:

Telephone Number:

Effective
Interest Date

Description (Instalment Remittance,
Split Payment, Assessed Credit)

Amount of
Credit

Allocation to Provincial Return

43,976

0

0

0

0

0

0

0

0

0

0

0

0

Total amount of instalments claimed (A)

43,976

Total instalments credited to the taxation year per T9 (B)

43,976

TRANSFER

Account Number

Taxation
Year End

Amount

Effective
Interest Date

Description

From:

0

To:



BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 - Consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP. Business Number: 863759692RC0001

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Deloitte & Touche LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

905-315-6770

Representative's telephone number

Extension

905-315-6700

Representative's fax number

Part 2 - Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☐ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this consent apply to all years. ☐ OR

I request that this consent apply only to the following years:

1. All year-ends up to:
Year Month Day
2. All year-ends beginning in: and all years after that.
Year Month Day
3. The following year-ends only:

Year Month Day	Year Month Day
Year Month Day	Year Month Day

Part 3 - Cancellation of consent to release of information to a representativeClient's name: WELLAND HYDRO ELECTRIC SYSTEM CORP.Business Number: 863759692RC0001I cancel all previous consents for all representatives. ☐

OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

Representative's telephone number _____

Representative's fax number _____

Part 4 - Details of cancellation of consent**A. Which accounts?**I request that this cancellation of consent apply to all accounts. ☐

OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax

RC0001

☐

RC

RC

GST/HST

RT0001

☐

RT

RT

Payroll deductions

RP0001

☐

RP

RP

Import/Export

RM0001

☐

RM

RM

B. Which years?I request that this cancellation of consent apply to all years. ☐

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

 Year Month Day	 Year Month Day
 Year Month Day	 Year Month Day

Part 5 - SignaturePrint your name ROSS PEEVERTitle PRESIDENT

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here _____

Date

Year Month Day**WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED**

Appendix 24

2003 CT23 Provincial Tax Return



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

2004/
2005

CT23 Corporations Tax and Annual Return

For taxation years commencing
after December 31, 2002

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)

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

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

MCBS Annual Return Required? (Not required if already filed or
Annual Return exempt. Refer to Guide) ☐ Yes ☒ No

Page 1 of 20

Corporation's Legal Name (including punctuation) WELLAND HYDRO ELECTRIC SYSTEM CORP.			Ontario Corporations Tax Account No. (MOF) 1800215	
Mailing Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			This Return covers the Taxation Year Start year month day 2003-01-01 End year month day 2003-12-31	
Has the mailing address changed since last filed CT23 Return? ☐ Yes		Date of Change year month day	Date of Incorporation or Amalgamation year month day 2000-07-01	
Registered/Head Office Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Ontario Corporation No. (MCBS) 1426855	
Location of Books and Records 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Canada Customs and Revenue Agency Business No. If applicable, enter 863759692RC0001	
Name of person to contact regarding this CT23 Return ROSS PEEVER		Telephone No. 905-732-1381	Jurisdiction Incorporated ONTARIO	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) ON CA -			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced year month day Ceased year month day ☒ Not Applicable	
Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MCBS)		Preferred Language / Langue de préférence ☒ English anglais ☐ French français		
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). No. of Schedule(s) 0			Ministry use 	
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS). ☒ No Change				
Certification (MCBS)				
I certify that all information set out in the Annual Return is true, correct and complete. Name of Authorized Person (Print clearly or type in full) Title ☒ Director ☒ Officer ☐ Other individuals having knowledge of the Corporation's business activities				
Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.				

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2003-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections **1** & **2**

- 1** 1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private
- 3 ☐ Public
- 4 ☐ Non-share Capital
- 5 ☐ Other (specify)
- Share Capital with full voting rights
owned by Canadian Residents (nearest percent) **100** %

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

- 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)

Please "X" box(es) if applicable:

- ☐ First Year of Filing
- ☒ Amended Return
- ☐ Taxation Year End has changed - Canada Customs
and Revenue Agency approval required
- ☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)
- ☐ Final Taxation Year before Amalgamation
- ☐ Floating Fiscal Year End
- ☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario
- ☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	☐	☒
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	☒	☐
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?	☐	☒

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From	690	-922,953.
Subtract: Charitable donations	-		1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-		2	0.
Subtract: Taxable dividends deductible, per federal Schedule 3	-		3	0.
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)	-		4	0.
Subtract: Federal Part VI.1 tax 0. X 3	-		5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From	704	0.
Net capital losses (page 16) 0. X inclusion rate 50.000000% =	-		714	0.
Farm losses	-	From	724	0.
Restricted farm losses	-	From	734	0.
Limited partnership losses	-	From	754	0.
Taxable Income (Non-capital loss)	=		10	-922,953.
Addition to taxable income for unused foreign tax deduction for federal purposes	+		11	0.
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)	=		20	0.

		Number of Days in Taxation Year			
Taxable Income		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 12.5000 %	33 365	73 365	= +	29 0.
		Ontario Allocation			
		Days after Dec. 31, 2003	Total Days		
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 14.0000 %	34 0	73 365	= +	32 0.
		Ontario Allocation			
Income Tax Payable (before deduction of tax credits)	29 + 32			=	40 0.

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) ☐ Yes ☒ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) 50 0.

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) +	51	0.
Add: Losses of other years deducted for federal purposes (fed.s.111) +	52	0.
Subtract: Losses of other years deducted for Ontario purposes (s.34) -	53	0.
=	54	0.
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	55	225,000.

Ontario Business Limit Calculation

Days after Dec. 31, 2002 and before Jan. 1, 2004	
320,000 X	31 365 ÷ ** 365 = + 46 320,000.
Days after Dec. 31, 2003	
400,000 X	34 0 ÷ ** 365 = + 47 0.
Business Limit for Ontario purposes 46 + 47 = 44 320,000.X	
Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.	
48 100.0000 % = 45 320,000.	
Income eligible for the IDSBC - - - - - From 30 100.0000 % x 56 0.	
*** 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)).

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Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** *(Attach schedule 17)*

110 0.

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of 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 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

56 0.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 0. ÷ From 30 100.0000% ÷ From 78 7.0000% = 121 0.

* Ontario Allocation

Lesser of 56 or 121 122 0.

120 - 56 + 122 = 130 0.

Taxable Income

10 -922,953.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

56 0.

Add: Adjustments for Surtax on Canadian-controlled private corporations

122 0.

Subtract: Taxable Income 10 -922,953. x Allocation % to jurisdictions outside Canada .0000%

140 0.

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

141 0.

10 - 56 + 122 - 140 - 141 = 142 0.

Claim**Number of Days in Taxation Year**Days after Dec. 31, 2002
and before Jan. 1, 2004 Total Days

33 0 ÷ 73 365 = + 154 0.

Days after Dec. 31, 2003 Total Days

34 0 ÷ 73 365 = + 156 0.

143 0. x From 30 100.0000% x 1.5000% x Lesser of 130 or 142 * Ontario Allocation

143 0. x From 30 100.0000% x 2.0000% x Lesser of 130 or 142 * Ontario Allocation

M&P claim for taxation year 154 + 156

160 0.

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

161 0.

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

162 0.

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) *(Attach schedule)*.

170 0.

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

Eligible Credit 175 0.

Credit Claimed 180 0.

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 0.

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.Eligible Credit From **5620** OITC Claim Form *(Attach original Claim Form)* - - - - - + **191** **0.****Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From **5798** CT23 Schedule 113 *(Attach Schedule 113)* - - - - - + **192** **0.****Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. **204** Name of ProductionEligible Credit From **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **193** **0.****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.Eligible Credit From **6598** CT23 Schedule 115 *(Attach Schedule 115)* - - - - - + **195** **0.**
No. of Graduates From **6596**
194 **0****Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit From **6900** OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - - - - + **196** **0.****Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **197** **0.****Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From **7100** OBRITC Claim Form *(Attach original Claim Form)* - - - - - + **198** **0.****Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit From **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **199** **0.****Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC). *(Attach the original Certificate of Eligibility)* - - - - - + **200** **0.****Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From **7500** OSRTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - - - - + **201** **0.****Apprenticeship Training Tax Credit (ATTC) (s.43.13)***Applies* to employment of eligible apprentices.Eligible Credit From **5898** CT23 Schedule 114 *(Attach Schedule 114)* - - - - - + **203** **0.**
No. of Apprentices From **5896**
202Other *(specify)* - - - - - + 203.1 **0.****Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **203** + 203.1 = **220** **0.****Specified Tax Credits Applied to reduce Income Tax** - - - - - = **225** **0.****Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* - - - - - = **230** **0.**To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.**OR**If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

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Corporate Minimum Tax (CMT)

Total Assets of the corporation - - - - - + [240] 34,103,164.

Total Revenue of the corporation - - - - - + [241] 38,527,084.

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

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

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
See attached			+ [243] 12,953,210.	+ [244] .
			+ [245] .	+ [246] .
			+ [247] .	+ [248] .
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.		= [249] 47,056,374.	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] 38,527,084.

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] 0.	X From [30] 100.0000%	X 4.0000%	= [276] 0.
If negative, enter zero				Ontario Allocation
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)	- - - - -	-	[277] 0.	
Subtract: Income Tax	- - - - -	- From [190] 0.		
Net CMT Payable (If negative, enter Nil on Page 17.)	- - - - -	=	[280] 0.	

If [280] is less than zero and you do not have a CMT credit carryover, transfer [230] from Page 7 to Income Tax Summary, on Page 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] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)	- - - - -	+ From [190] 0.
Gross CMT Payable	- - - - - + From [276] 0.	
Subtract: Foreign Tax Credit for CMT purposes	- - - - - - From [277] 0.	
If [276] - [277] is negative, enter NIL in [290]	- - - - - = 0.	[290] 0.
Income Tax eligible for CMT Credit	- - - - -	= [300] 0.
B. Income Tax (after deduction of specified credits)	- - - - -	+ From [230] 0.
Subtract: CMT credit used to reduce income taxes	- - - - -	[310] 0.
Income Tax	- - - - -	= [320] 0.

Transfer to page 17

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

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

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	+ 350	12,953,180.
Retained earnings (if deficit, deduct) (Int.B. 3012R)	+ 351	171,474.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	+ 352	630,158.
Loans and advances (Attach schedule) (Int.B. 3013R)	+ 353	13,499,953.
Bank loans (Int.B. 3013R)	+ 354	0.
Bankers acceptances (Int.B. 3013R)	+ 355	0.
Bonds and debentures payable (Int.B. 3013R)	+ 356	0.
Mortgages payable (Int.B. 3013R)	+ 357	0.
Lien notes payable (Int.B. 3013R)	+ 358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	+ 359	964,659.
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	+ 360	1,379,577.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	+ 361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	+ 362	0.
Subtotal	= 370	29,599,001.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- 371	1,673,601.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- 372	0.
Total Paid-up Capital	= 380	27,925,400.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- 381	0.
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 <i>Corporations Tax Act</i> , 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	0.
Net Paid-up Capital	= 390	27,925,400.

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	0.
Mortgages due from other corporations	+ 403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+ 404	0.
Loans and advances to unrelated corporations	+ 405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+ 406	48,146.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+ 407	0.
Total Eligible Investments	= 410	48,146.

continued on Page 10

Attached Sch.
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Attached Sch.
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Attached Sch.
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Capital Tax *continued from Page 9***Total Assets** (Int.B. 3015R)

Total Assets per balance sheet	- - - - -	+	420	34,103,164.
Mortgages or other liabilities deducted from assets	- - - - -	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	423	0.
Total Assets as adjusted	- - - - -	=	430	34,103,164.
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+	440	5,879.
Subtract: Amounts in 371, 372 and 381	- - - - -	-	441	1,673,601.
Subtract: Appraisal surplus if booked	- - - - -	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	443	0.
Total Assets	- - - - -	=	450	32,435,442.

Investment Allowance $(\frac{410}{450}) \times 390$ Not to exceed 410 = 460 **41,451.**

Taxable Capital 390 - 460 = 470 **27,883,949.**

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480 **38,527,084.**

Total Assets (as adjusted) From 430 **34,103,164.**

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2004/2005) of the Ct23 may only be used for a taxation year that commenced after December 31, 2002.

Financial Institutions use calculations on page 13.

Important:

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

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

OR If the corporation is a member of an associated group and/or partnership, complete **Section B below** and **Section D on page 11**, and if applicable, complete **Section E or Section F on page 12**. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

		Days before Jan. 1, 2005		Total Days			
5,000,000	X	35	365	÷	73	365	= + 500 5,000,000.
		Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days			
7,500,000	X	36	0	÷	73	365	= + 501 0.
		Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days			
10,000,000	X	37	0	÷	73	365	= + 502 0.
Taxable Capital Deduction (TCD)				500	+	501	
				502	+	503	5,000,000.

SECTION C

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

C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

C2. If Taxable Capital in 470 is **equal to or less than the TCD** in 503, enter NIL in 550 on page 12 and complete the return from that point.

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

+	From 470	0.				
-	From 503	0.				
=	471	0.	X From 30	100.0000%	X .3000%	X 555 365
			Ontario Allocation			
					Days in taxation year	
					= + 523	
					0.	

365
365 (366 if leap year)

If floating taxation year, refer to Guide.

Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

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Capital Tax Calculation *continued from Page 10***SECTION D**

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

D1. ☐ **509** (X if applicable) All corporations that you are associated with do **not** have a permanent establishment in Canada.

If Taxable Capital **470** on page 10 is equal to or less than the TCD **503** on page 10, enter NIL in **550** on page 12 and complete the return from that point.

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. ☒ **524** (X if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital From **470** on page 10 - - - - - + From **470** **0.**

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	0.
			+	532	.
			+	533	.
Aggregate Taxable Capital	470 + 531 + 532 + 533 , etc.	- - - - -	=	540	0.

If **540** above is equal to or less than the TCD **503** on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in **523** in section E on page 12, as applicable.

If **540** above is greater than the TCD **503** on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From **470** **0.** ÷ From **540** **0.** X From **503** **0.** = **541** **0.**

Transfer to **542** in Section E on page 12

S.s.69(2.1) Election Filed

☒ **591** (X if applicable)

Election filed. Attach a copy of Schedule 591 with this CT23 Return.
Proceed to **Section F** on page 12.

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION E

This section applies if the corporation **is** a member of an associated group and/or partnership whose total **aggregate**

Taxable Capital **540** on page 11, exceeds the TCD **503** on page 10.

Complete the following calculation and transfer the amount from 523 to 543, and complete the return from that point.

$$\begin{array}{rcl}
 + \text{ From } & \boxed{470} & \underline{\hspace{1cm}} \quad \mathbf{0.} \\
 - & \boxed{542} & \underline{\hspace{1cm}} \quad \mathbf{0.} \\
 = & \boxed{471} & \underline{\hspace{1cm}} \quad \mathbf{0.}
 \end{array}
 \times \text{ From } \boxed{30} \text{ } \boxed{100.0000} \% \times .3000 \% \times \frac{\text{Days in taxation year}}{365} = + \boxed{523} \underline{\hspace{1cm}} \mathbf{0.}$$

Ontario Allocation * 365
 (366 if leap year)

Total Capital Tax for the taxation year
 Transfer to 543 and complete the return from that point

SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

$+ \text{ From } \boxed{470} \underline{27,883,949.} \times \text{ From } \boxed{30} \underline{100.0000\%} \times .3000\% \text{ - - - - - } = + \boxed{561} \underline{83,652.}$
Ontario Allocation

- Capital tax deduction	From	995	relating to your corporation's Capital Tax deduction, on Schedule 591	- - - - -	- From	995	15,000.
					=	562	68,652.

$$\begin{array}{rcl}
 \text{Capital Tax} & \dots\dots\dots 562 & \underline{\hspace{1cm}} \quad 68,652. \\
 & & \times \quad \begin{array}{r} \text{Days in taxation year} \\ 555 \quad \underline{365} \\ * \quad 365 \\ \text{(366 if leap year)} \end{array} & = & \begin{array}{r} \text{Total Capital Tax for} \\ \text{the taxation year} \\ 563 \quad \underline{\hspace{1cm}} \quad 68,652. \\ \text{Transfer to } 543 \text{ and complete} \\ \text{the return from that point} \end{array}
 \end{array}$$

* If floating taxation year, refer to Guide.

Capital Tax	before application of specified credits	- - - - -	=	543	68,652.
	Subtract: Specified Tax Credits applied to reduce capital tax payable (<i>Refer to Guide</i>)	- - - - -	=	546	0.
Capital Tax	543 – 546 (<i>amount cannot be negative</i>)	- - - - -	=	550	68,652.

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	0.	x	0.6%	X	From	30	%	X	Days in taxation year 555 0 ÷ * 0 (366 if leap year)	= +	569	0.
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 Ontario Allocation												

570	0.	x	571	%	X	From	30	%	X	Days in taxation year 555 0 ÷ * 0 (366 if leap year)	= +	574	0.
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount Capital Tax Rate (Refer to Guide) Ontario Allocation													

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2)	569	+ 574	=	575	0.

* 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	0.

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

Capital Tax – Financial Institutions	575	– 585	=	586	0.
Transfer to 543 on Page 12					

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements	=	587	x	2%	=	588	0.
<i>Applies to Ontario-related uninsured benefits arrangements.</i>							

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under

(1) above, add both taxes together and enter total tax in 588.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)	=	589	0.

Premium Tax	588	– 589	=	590	0.
Transfer to page 17					

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2003-12-31

DOLLARS ONLY

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

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1

+ [600] -922,953.

Transfer to Page 15

Add:

Federal capital cost allowance	- - - - -	+	[601]	1,139,508.
Federal cumulative eligible capital deduction	- - - - -	+	[602]	176,693.
Ontario taxable capital gain	- - - - -	+	[603]	0.
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	[604]	1,414,636.
Federal allowable reserves. Balance end of year	- - - - -	+	[605]	334,926.
Ontario non-allowable reserves. Balance end of year	- - - - -	+	[606]	38,822.
Ontario allowable reserves. Balance beginning of year	- - - - -	+	[607]	60,936.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+	[608]	0.
Federal resource allowance (Refer to Guide)	- - - - -	+	[609]	0.
Federal depletion allowance	- - - - -	+	[610]	0.
Federal foreign exploration and development expenses	- - - - -	+	[611]	0.
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	- - - - -	+	[617]	0.

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of Days in Taxation Year

Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days
[612] 0. X 5 ÷ 12.5000 X	[33] 365 ÷ [73] 365	= + [633] 0.

Days after Dec. 31, 2003		Total Days
[612] 0. X 5 ÷ 14.0000 X	[34] 0 ÷ [73] 365	= + [634] 0.

Total add-back amount for Management fees, etc. [633] + [634] - - - = 0. + [613] 0.

Federal Scientific Research Expenses claimed in year from line [460] of fed. form T661 excluding any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [615] 0.

Add any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [616] 0.

Federal allowable business investment loss - - - - - + [620] 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) - - - - - + [614] 0.

Total of Additions [601] to [611] + [617] + [613] + [615] + [616] + [620] + [614] = 3,165,521. [640] 3,165,521.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under [675])	- - - - -	+	[650]	1,139,508.
Ontario cumulative eligible capital deduction	- - - - -	+	[651]	176,693.
Federal taxable capital gain	- - - - -	+	[652]	0.
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	[653]	1,414,636.
Ontario allowable reserves. Balance end of year	- - - - -	+	[654]	334,926.
Federal non-allowable reserves. Balance end of year	- - - - -	+	[655]	38,822.
Federal allowable reserves. Balance beginning of year	- - - - -	+	[656]	60,936.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+	[657]	0.
Ontario depletion allowance	- - - - -	+	[658]	0.
Ontario resource allowance (Refer to Guide)	- - - - -	+	[659]	0.
Ontario current cost adjustment (Attach schedule)	- - - - -	+	[661]	0.
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+	[675]	0.

Subtotal of deductions for this page [650] to [659] + [661] + [675] [681] 3,165,521.

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1	From	+	600	-922,953.
Total of Additions on page 14	From	=	640	3,165,521.
Sub Total of deductions on page 14	From	=	681	3,165,521.

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 0.

ONTTI Gross-up deduction calculation:

From 662	Gross-up of CCA	0.	x	100	From 662	0.	=	663	0.
				100.0000					
				Ontario Allocation					

Workplace Child Care Tax Incentive (WCCT)

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

Qualifying expenditures:	665	0.	x	30.00%	x	100	=	666	0.
						100.0000			
						Ontario Allocation			

Workplace Accessibility Tax Incentive (WATI)

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

Qualifying expenditures:	667	0.	x	100.00%	x	100	=	668	0.
						100.0000			
						Ontario Allocation			

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI)

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

Qualifying expenditures:	670	0.	x	30.00%	x	100	=	671	0.
						100.0000			
						Ontario Allocation			

Educational Technology Tax Incentive (ETTI)

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

Qualifying expenditures:	672	0.	x	15.00%	x	100	=	673	0.
						100.0000			
						Ontario Allocation			

Ontario allowable business investment loss + 678 0.

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679 0.

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 0.

Total of other deductions allowed by Ontario (Attach schedule) + 664 0.

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 3,165,521. 680 3,165,521.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 -922,953.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 715,147	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 922,953	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 922,953	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 0	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
	707 0	717 0	727 0	737 0	747 0	757 0
Subtotal	708 0	718 0	728 0	738 0	748 0	758 0
Balance at End of Year	709 (8) 1,638,100	719 0	729 0	739 0	749 0	759 0

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 1994-12-31	817 (9) 0	860 (9) 0		850 0	870 0
801 8th preceding taxation year 1995-12-31	818 (9) 0	861 (9) 0		851 0	871 0
802 7th preceding taxation year 1996-12-31	819 (9) 0	862 (9) 0		852 0	872 0
803 6th preceding taxation year 1997-12-31	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year 1998-12-31	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year 1999-12-31	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year 2000-12-31	823 0	833 0	843 0	856 0	876 0
807 2nd preceding taxation year 2001-12-31	824 715,147	834 0	844 0	857 0	877 0
808 1st preceding taxation year 2002-12-31	825 0	835 0	845 0	858 0	878 0
809 Current taxation year 2003-12-31	826 922,953	836 0	846 0	859 0	879 0
Total	829 1,638,100	839 0	849 0	869 0	889 0

Notes:

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

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 922,953	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding	901 0	921 0	931 0	941 0
ii) 2nd preceding	902 0	922 0	932 0	942 0
iii) 1st preceding	903 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 922,953	929 0	939 0	949 0

Summary

Income tax	-----	+ From 230 or 320	0.
Corporate Minimum Tax	-----	+ From 280	0.
Capital Tax	-----	+ From 550	68,652.
Premium Tax	-----	+ From 590	0.
Total Tax Payable	-----	= 950	68,652.
Subtract: Payments	-----	- 960	113,698.
Capital Gains Refund (s.48)	---	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	---	- 985	0.
Specified Tax Credits (Refer to Guide)	-----	- 955	0.
Other (specify) Alloc from Fed	-----	-	-43,976.
Balance	-----	= 970	-1,070.
If payment due	-----	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	-----	- = 975	1,070.
year month day			
Apply to		980	0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (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)

ROSS PEEVER

Title

PRESIDENT

Full Residence Address

Signature

Date

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

Attached Sch.
2003-12-31

Attached Sch.
2003-12-31

Attached Sch.
2003-12-31

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Corp. Tax Acct. No. : 1800215

Year Ended:

Ont. Sch. 008
2003-12-31

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1 Class number	2 Ontario unde- preciated capital cost at the beginning of the year (unde- preciated 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 unde- preciated 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)	8 Reduced unde- preciated 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 unde- preciated capital cost at the end of the year (column 6 minus column 12)
1	2,472,693	5,097	0	0	2,477,790	2,548	2,475,242	4	0	0	99,010	2,378,780
1	5,628,978	140,201	0	0	5,769,179	70,100	5,699,079	4	0	0	227,963	5,541,216
1	8,829,627	193,112	340,033	0	9,362,772	96,556	9,266,216	4	0	0	370,649	8,992,123
1	2,765,417	56,983	0	0	2,822,400	28,491	2,793,909	4	0	0	111,756	2,710,644
1	1,446,521	21,904	0	0	1,468,425	10,952	1,457,473	4	0	0	58,299	1,410,126
8	266,257	55,395	0	0	321,652	27,697	293,955	20	0	0	58,791	262,861
10	625,029	36,510	0	3,794	657,745	16,358	641,387	30	0	0	192,416	465,329
12	0	41,248	0	0	41,248	20,624	20,624	100	0	0	20,624	20,624
stotal	22,034,522	550,450	340,033	3,794	22,921,211	273,326	22,647,885		0	0	1,139,508	21,781,703

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use) See note 1 below	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	22,034,522	550,450	340,033	3,794	22,921,211	273,326	22,647,885		0	0	1,139,508	21,781,703
=====	=====	=====	=====	=====	=====	=====	=====		=====	=====	=====	=====
							Enter in boxes	[650]	[650]	[650]	on the CT23	

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



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

Ontario Cumulative Eligible Capital Deduction

Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2003-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) 2,520,958^A

Add:

Cost of eligible capital property acquired during the taxation year	 +	4,300^B	
Amount transferred on amalgamation or wind-up of subsidiary	 +	0^C	
Other adjustments	 +	0^D	
Total of B + C + D	=	4,300	X 0.75 = 3,225^E
Subtotal A + E	=		2,524,183^F

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	 +	0^G	
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	 +	0^H	
Other adjustments	 +	0^I	
Total of G + H + I	=	0	X 0.75 = 0^J
Ontario cumulative eligible capital balance F – J	=		2,524,183^K

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

Current year deduction 2,524,183^K X 7.00%* = 176,693^L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = 2,347,490^M

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

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

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

Amount from line K above (show as a positive amount) 0^N

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 0¹

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 0²

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 0³

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 0⁴

Line 3 deduct line 4 0 0⁵

Total lines 1 + 2 + 5 0⁶

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 0⁷

Deduct line 7 from line 6 0

N - O (cannot be negative) 0^O

Amount on line 5 0 X 1/2 0^P

P - Q 0^Q

Amount on line R 0 X 2/3* 0^R

Lesser of line N or line O 0^S

Amount to be included in income S + T 0^T

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2003-12-31

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

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
1.	0	0	0	0	0
2.	0	0	0	0	0
3.	0	0	0	0	0
4.	0	0	0	0	0
5.	0	0	0	0	0
6.					
Totals	0^A	0^B	0	0	0^C

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

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
Reserve for doubtful debts	60,936	0	273,990	0	334,926
Reserve for undelivered goods and services not rendered	0	0	0	0	0
Reserve for prepaid rent	0	0	0	0	0
Reserve for December 31, 1995 income	0	0	0	0	0
Reserve for refundable containers	0	0	0	0	0
Reserve for unpaid amounts	0	0	0	0	0
Other tax reserves	0	0	0	0	0
Totals	60,936^D	0^E	273,990	0	334,926^F

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

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

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Allowance for Doubtful	0	0	0	0		0
Accounts - General Reserve	0	0	5,879	0		5,879
	0	0	0	0		0
Pension Liability	1,353,700	0	19,998	0		1,373,698
Market Ready Costs	0	0	0	235,684		-235,684
Retail Service Variances	0	0	0	1,439,997		-1,439,997
Reserves from Part 2	60,936	0	273,990	0		334,926
Totals	1,414,636	0	299,867	1,675,681		38,822

Enter in box **653** of the CT23

Enter in box **606** of the CT23



2003 Capital Tax Election of Associated Group Agreement for Allocation of \$5,000,000 Exemption

CT23 SCHEDULE 591

Applies to taxation years ending in the 2003 calendar year.

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect (maximum of \$15,000) from the group's \$5,000,000 exemption from taxable paid-up capital for all taxation years which end in the 2003 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2002 calendar year.

Corporation having a permanent establishment in Canada	Last taxation year ending in 2002 calendar	Ontario Allocation A	Total Assets T	Net Deduction A x [\$15,000 x (T ÷ X)] ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable) 1800215	Year Month Day 2002-12-31	100.0000	32,417,947	10,718	995 15,000
Corporation Name WELLAND HYDRO ELECTRIC SYSTEM CORP. Authorized signing officer Title PRESIDENT Name Signature					
Corporation Tax Account Number (if applicable) 7134930	Year Month Day 2002-12-31	100.0000	12,953,200	4,282	995
Corporation Name WELLAND HYDRO-ELECTRIC HOLDING CORP. CORP. Authorized signing officer Title PRESIDENT Name Signature					
Corporation Tax Account Number (if applicable) 1800214	Year Month Day 2002-12-31	100.0000	10		995
Corporation Name WELLAND HYDRO ELECTRIC RETAIL CORP. Authorized signing officer Title PRESIDENT Name Signature					
Corporation Tax Account Number (if applicable) City of Welland	Year Month Day				995
Corporation Name Authorized signing officer Title PRESIDENT Name Signature					
Corporation Tax Account Number (if applicable)	Year Month Day				995
Corporation Name Authorized signing officer Title PRESIDENT Name Signature					

Total Assets of Associated Group having permanent establishments in Canada x 45,371.157 959

Total Net Deductions of Associated Group having permanent establishments in Canada TND 15,000 994

Total Allocated Net Deductions of Associated Group having permanent establishments in Canada TAND 15,000



Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2003-12-31

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 **643,385.**

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

Provision for recovery of income taxes / benefit of current income taxes	- - - - -	+	2101	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	- - - - -	+	2102	0.
Equity income from corporations	- - - - -	+	2103	0.
Share of partnership(s)/joint venture(s) income	- - - - -	+	2104	0.
Dividends received/receivable deductible under fed.s.112	- - - - -	+	2105	0.
Dividends received/receivable deductible under fed.s.113	- - - - -	+	2106	0.
Dividends received/receivable deductible under fed.s.83(2)	- - - - -	+	2107	0.
Dividends received/receivable deductible under fed.s.138(6)	- - - - -	+	2108	0.

Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) **0.** X 3 - - - - - + 2109 **0.**

Subtotal - - - - - = **0.** - 2110 **0.**

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

Provision for current taxes / cost of current income taxes	- - - - -	+	2111	42,515.
Provision for deferred income taxes (debits) / cost of future income taxes	- - - - -	+	2112	0.
Equity losses from corporations	- - - - -	+	2113	0.
Share of partnership(s)/joint venture(s) losses	- - - - -	+	2114	0.
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	0.

Subtotal - - - - - = **42,515.** + 2116 **42,515.**

Add/Subtract:

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

** Fed.s.85	- - - - -	+	2117	0.	or -	2118	0.
** Fed.s.85.1	- - - - -	+	2119	0.	or -	2120	0.
** Fed.s.97	- - - - -	+	2121	0.	or -	2122	0.

** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years - - - - - + 2123 **0.** or - 2124 **0.**

** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years - - - - - + 2125 **0.** or - 2126 **0.**

** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years - - - - - + 2127 **0.** or - 2128 **0.**

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - - - - - - 2150 **0.**

Subtotal (Additions) - - - - - = **0.** + 2129 **0.**

Subtotal (Subtractions) - - - - - = **0.** - 2130 **0.**

** Other adjustments - - - - - ± 2131 **0.**

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 - - - - - = 2132 **685,900.**

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss - - - - - ± 2133 **0.**

Adjusted net income (loss) (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) - - - - - = 2134 **685,900.**

Deduct: * CMT losses: pre-1994 Loss - - - - - + From 2210 **0.**

* CMT losses: other eligible losses - - - - - + 2211 **685,900.**

= **685,900.** - 2135 **685,900.**

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

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

CMT Base - - - - - = 2136 **0.**

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

**Corporate Minimum Tax (CMT)
CT23 Schedule 101**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2003-12-31

Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2)	- - - - -	+	2201	735,031.
Add: Current year's losses	- - - - -	+	2202	0.
Losses from predecessor corporations on amalgamation NOTE (3)	- - - - -	+	2203	0.
Losses from predecessor corporations on wind-up NOTE (3)	- - - - -	+	2204	0.
Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes				
Subtotal	- - - - -	=		0.
Adjustments (attach schedule)	- - - - -	±	2208	0.
CMT losses available	2201 + 2207 ± 2208	=	2209	735,031.
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	- - - - -	+	2210	0.
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	- - - - -	+	2211	685,900.
Losses expired during the year	- - - - -	+	2212	0.
Subtotal	- - - - -	=		685,900.
Balances at End of Year NOTE (5)	2209 - 2213	=	2214	49,131.

Notes:

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1994-12-31	2260 0	2280 0
2241	8th preceding taxation year 1995-12-31	2261 0	2281 0
2242	7th preceding taxation year 1996-12-31	2262 0	2282 0
2243	6th preceding taxation year 1997-12-31	2263 0	2283 0
2244	5th preceding taxation year 1998-12-31	2264 0	2284 0
2245	4th preceding taxation year 1999-12-31	2265 0	2285 0
2246	3rd preceding taxation year 2000-12-31	2266 0	2286 0
2247	2nd preceding taxation year 2001-12-31	2267 49,131	2287 0
2248	1st preceding taxation year 2002-12-31	2268 0	2288 0
2249	Current taxation year 2003-12-31	2269 0	2289 0
Totals		2270 49,131	2290 0

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 3 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2003-12-31

Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301 0.

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 0.

Gross Special Additional Tax NOTE (2) 312 on page 5 of the 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 0.

CMT Credit Carryovers from predecessor corporations NOTE (3) + 2325 0.

Amalgamation (x) 2315 Yes Wind-up (x) 2320 Yes

Subtotal 2301 + 2310 + 2325 = 2330 0.

Adjustments (Attach schedule) ± 2332 0.

CMT Credit Carryover available 2330 ± 2332 = 2333 0.

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 0.

CMT Credit expired during the year + 2334 0.

Subtotal = ... - 2335 0.

Balance at End of Year NOTE (4) 2333 - 2335 = 2336 0.

Notes:

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

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1994-12-31	2360 0	2380 0
2341	8th preceding taxation year 1995-12-31	2361 0	2381 0
2342	7th preceding taxation year 1996-12-31	2362 0	2382 0
2343	6th preceding taxation year 1997-12-31	2363 0	2383 0
2344	5th preceding taxation year 1998-12-31	2364 0	2384 0
2345	4th preceding taxation year 1999-12-31	2365 0	2385 0
2346	3rd preceding taxation year 2000-12-31	2366 0	2386 0
2347	2nd preceding taxation year 2001-12-31	2367 0	2387 0
2348	1st preceding taxation year 2002-12-31	2368 0	2388 0
2349	Current taxation year 2003-12-31	2369 0	2389 0
Totals		2370 0	2390 0

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

ONTARIO CONSENT FORM

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative
- Complete Parts 3, 4, and 5 to cancel the consent provided for an existing representative
- Complete all the parts if you want to both name a new representative and cancel an existing representative

Part 1 - Consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I consent to the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:..... **Deloitte & Touche LLP**

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual)

Address 1:..... **1005 Skyview Drive, Suite 202**

Address 2:..... **Burlington, ON**

City:.....

Province, territory or state:.....

Country (other than Canada):.....

Postal code:.....

Zip code or foreign postal code:.....

If you named a firm as your representative and want to specify a particular individual of that firm, enter that individual's first and last name.

Representative's name

905-315-6770

Representative's telephone number

Extension

905-315-6700

Representative's fax number

Part 2 - Details of consent

I request that this consent apply to all years. OR

I request that this consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

and all years after that.

Year Month Day

3. The following year-ends only:

Year Month Day

Year Month Day

Year Month Day

Year Month Day

Part 3 - Cancellation of the consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I cancel all previous consents for all representatives.

OR

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

Address 1:.....

Address 2:.....

If you named a firm as your representative and want to cancel the consent with respect to a particular individual of that firm, enter that individual's first and last name.

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

I request that this cancellation of consent apply to all years.

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

Year Month Day

Year Month Day

Year Month Day

Year Month Day

Part 5 - Signature

Print your name **ROSS PEEVER**

Title **PRESIDENT**

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here_____

Date

Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

FEDERAL TAX INSTALMENTS

For The Taxation Year Ended: 2004-12-31

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

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2004-01-31	3,665	0	0	3,665
2004-02-29	3,665	0	0	3,665
2004-03-31	3,665	0	0	3,665
2004-04-30	3,665	0	0	3,665
2004-05-31	3,665	0	0	3,665
2004-06-30	3,665	0	0	3,665
2004-07-31	3,665	0	0	3,665
2004-08-31	3,665	0	0	3,665
2004-09-30	3,665	0	0	3,665
2004-10-31	3,665	0	0	3,665
2004-11-30	3,665	0	0	3,665
2004-12-31	3,665	0	0	3,665
	-----	-----		-----
Total	43,980	0		43,980
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: **1**
1st Instalment Base Method

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount				
(Amount (I) Below)	43,976	/	12	= 3,665

			Monthly Instalments Required	3,665

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:

Indicate:	Part I Tax	0		
	Part I.3, VI & VI.I Tax	0		
	Provincial Tax	0		

	Total	0	/	12 = (A) 0
Less: 1/12 of Estimated Current Yr Credits [(H) below / 12]				0

Each of the first 2 Instalment Payments			= (B)	0
Total tax from (I) below	43,976			
Less: Amount (B) above x 2	0			

	43,976	/	10	= 4,398

Each of the remaining 10 Instalment Payments				4,398

3. ESTIMATED TAX METHOD

Instalment Base Amount				
(Amount (I) Below)	0	/	12	= 0

			Monthly Instalments Required	0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Total of:			
Federal Part I Tax		0	0
Federal Surtax		0	0
Refundable Tax on a CCPC's Investment Income		0	0
		-----	-----
Subtotal (A)		0	0
Less Total of:			
Small Business Deduction		0	0
Investment Corporation Deduction		0	0
Federal Tax Abatement		0	0
Manufacturing and Processing Profits Deduction		0	0
Non-Business Foreign Tax Credit		0	0
Business Foreign Tax Credit		0	0
Tax Reduction, General and Accelerated		0	0
Logging Tax Credit		0	0
Federal Political Contribution Tax Credit		0	0
Investment tax credit per Schedule 31 and resource deduction		0	0
Qualifying Environmental Trust Tax Credit		0	0
		-----	-----
Subtotal (B)		0	0
Total Part I Tax Payable (A) - (B) = (C)		0	0
Add: Part I.3 Tax (D)		43,976	0
Part VI Tax (D.1)		0	0
Part VI.I Tax (D.2)		0	0
Provincial/Territorial Tax (E)		0	0
		-----	-----
Total			
Parts I, I.3, VI, VI.I and Provincial/Territorial Tax = (F)		43,976	0
Adjustment for Short Taxation Years:			
x 365/# of days in year if < 365 (G)	365 / 365	43,976	0
Less - Estimated Current Year Credits:			
Investment Tax Credit Refund		0	0
Dividend Refund		0	0
Federal Capital Gains Refund		0	0
Provincial and Territorial Capital Gains Refund		0	0
NRO Allowable Refund per Sch. 26		0	0
Tax Withheld at Source		0	0
Other Estimated Credits		0	0
		-----	-----
Total Estimated Current Year Credits (H)		0	0
INSTALMENT BASE AMOUNT (G) - (H) = (I)		43,976	0
		=====	=====

ONTARIO TAX INSTALMENTS

For The Taxation Year Ended: 2004-12-31

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

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

Quarterly Instalment

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2004-03-31	0	0	0	0
2004-06-30	0	0	0	0
2004-09-30	0	0	0	0
2004-12-31	0	0	0	0
	-----	-----		-----
	0	0		0
	=====	=====		=====

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2004-01-31	5,721	0	0	5,721
2004-02-29	5,721	0	0	5,721
2004-03-31	5,721	0	0	5,721
2004-04-30	5,721	0	0	5,721
2004-05-31	5,721	0	0	5,721
2004-06-30	5,721	0	0	5,721
2004-07-31	5,721	0	0	5,721
2004-08-31	5,721	0	0	5,721
2004-09-30	5,721	0	0	5,721
2004-10-31	5,721	0	0	5,721
2004-11-30	5,721	0	0	5,721
2004-12-31	5,721	0	0	5,721
	-----	-----		-----
Total	68,652	0		68,652
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: 1

1. 1st Instalment Base Method
2. Combined 1st and 2nd Instalment Base Method
3. Estimated Tax Method

Do not used the quarterly payment even if applicable "X" to continue monthly payments []

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount (Amt (I) Below)	68,652	/	12	=	5,721
					5,721
					5,721
					0

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:					
Indicate: Income Tax, C.M.T.	0				
Capital Tax, Prem. Tax	0				
	0	/	12	= (A)	0
Each of the first 2 Instalment Payments				= (B)	0
Total tax from (I) below	68,652				
Less: Amount (A) above x 2	0				
	68,652	/	10	=	6,866
Each of the remaining 10 Instalment Payments				=	6,866
					0

3. ESTIMATED TAX METHOD

Instalment Base Amount (Amt (I) Below)	0	/	12	=	0
					0
					0
					0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Ontario Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Gross Ontario Tax	(A)	0	0
Less Total of:			
Incentive Deduction for an S.B.C., net of surtax		0	0
Manufacturing and Processing Profits Credit		0	0
Additional deduction for credit unions		0	0
Credit for foreign taxes paid		0	0
Credit for Investment in S.B.D.C.		0	0
Specified credits applied against income tax		0	0
		-----	-----
Total Deduction and Credits	(B)	0	0
Income Tax	(A) - (B) = (C)	0	0
Add: Capital Tax	(D)	68,652	0
Corporate minimum tax paid (credited)	(E)	0	0
Premium Tax	(F)	0	0
		-----	-----
Total Income Tax and Other Taxes	(C+D+E+F) = (G)	68,652	0
Adjustment for Short Taxation Years x 365 / number of days in year if < 365	(H)	365 / 365 68,652	365 / 365 0
Less: Total estimated current year credits		0	0
	(I)	68,652	0
		=====	=====

Appendix 25

2003 Notice of Assessments



St. John's NL A1B 3Z1

Page 1 of 6

WELLAND HYDRO-ELECTRIC SYSTEM
CORP
C/O ROSS PEEVER
PO BOX 280
WELLAND ON L3B 5P6

Date of mailing	March 4, 2008
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2003

0002123

CORPORATION NOTICE OF REASSESSMENT

RESULTS

For tax years ending in 2009 or later, corporations that have a permanent establishment in Ontario will need to file a harmonized "T2 Corporation Income Tax Return" with the Canada Revenue Agency (CRA). The harmonized return will include the following Ontario corporation taxes: corporate income tax, including refundable tax credits, corporate minimum tax, capital tax, and special additional tax on life insurance corporations.

Please send your combined Ontario and federal corporation tax instalment payments for tax years ending in 2009 or later to the CRA. For some corporations this may require making combined payments to the CRA as early as February 2008.

For information on how to calculate your instalment payments, please visit our Web site at: www.cra.gc.ca/t2return

This notice explains the results of our reassessment of the T2 Corporation Income Tax Return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Reassessment : \$ 0.00

Please refer to the Summary and Explanation for additional information.

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Page 2 of 6

Date of mailing	March 4, 2008
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2003

CORPORATION NOTICE OF REASSESSMENT

SUMMARY OF REASSESSMENT

	\$ Previous	\$ Reassessed	\$ Adjustment
Federal Tax:			
Part I	0.00	0.00	0.00
Part I.3	0.00	0.00	0.00
Part II	0.00	0.00	0.00
Part III.1	0.00	0.00	0.00
Part IV	0.00	0.00	0.00
Part IV.1	0.00	0.00	0.00
Part VI	0.00	0.00	0.00
Part VI.1	0.00	0.00	0.00
Part XIII.1	0.00	0.00	0.00
Part XIV	0.00	0.00	0.00
			=====
Total Federal Tax Adjustment:			\$ 0.00
			=====
		Net balance:	\$ 0.00
			=====
		Result of this reassessment:	\$ 0.00

William V. Baker
Commissioner of Revenue

EXPLANATION

We have adjusted the T2 return to agree with the amended return submitted.

We have revised the cumulative eligible capital balance at the beginning of the year to \$0.00, to agree with our records.

We have revised the cumulative eligible capital claim on Schedule 1, "Net Income (Loss) for Income Tax Purposes," to \$226.00, to correct a mathematical error.

We have revised the cumulative eligible capital balance at the end of the taxation year to \$2,999.00, to correct a mathematical error.

We have revised the balance at the beginning of the year for the doubtful debts reserve on Schedule 13, "Continuity of Reserves," to agree with the balance at the end of the year of the preceding taxation year.

We have revised the amount of reserves from financial statements or the "General Index of Financial Information," to \$0.00, to agree with the amount added in the previous taxation year.

We have revised the taxable income to correct a mathematical error.

We have revised the amount of Part I.3 tax to NIL, because the corporation is exempt on all its taxable income under section 149 of the "Income Tax Act."

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

The Canada Revenue Agency also offers the convenience of Direct Deposit. For information about this service, please visit our Web site at www.cra.gc.ca or contact the number provided below.



WELLAND HYDRO-ELECTRIC SYSTEM CORP

Page 3 of 6

Date of mailing
March 4, 2008
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2003

0002124

CORPORATION NOTICE OF REASSESSMENT

If you require additional information or wish to request an adjustment, contact:

St. John's Taxation Centre
Freshwater Rd and Empire Ave
St. John's NL A1B 3Z3
Fax (709) 772-3834

St. Catharines TSO
P. O. Box 3038 32 Church Street
St. Catharines ON L2R 3B9
Toll free number 1-800-959-5525



WELLAND HYDRO-ELECTRIC SYSTEM CORP

Page 4 of 6

Date of mailing	March 4, 2008
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2003

CORPORATION NOTICE OF REASSESSMENT

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2006/12/01

DEC 11 2006

Account No.

Statement Date
(year, month, day)

Page

1800215

2006/12/01

1 of 2

LAND HYDRO-ELECTRIC SYSTEM CORP.

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/11/02		OPENING BALANCE FOR: 2002/12/31	0.00	
2003/06/09	95	assessment reversal	125,257.00CR	
2006/10/06	97	cascade interest - reversal	3,710.29	
2006/11/01	98	interest reversal	0.36	
2006/11/30	96	reassessment	118,556.00	
2006/11/30	99	interest - assessment *	4,379.15CR	
2006/12/01	115	interest *	0.61CR	7,370.11CR
2006/10/07		OPENING BALANCE FOR: 2003/12/31	0.00	
2006/10/06	113	cascade interest - reversal	3,657.38	
2006/12/01	114	interest *	3,657.38CR	0.00
2006/11/02		OPENING BALANCE FOR: 2004/12/31	0.00	
2005/10/31	100	assessment reversal	8,875.00CR	
2005/10/31	102	interest reversal - assessment	72,924.00CR	
2005/12/01	103	interest reversal	896.75	
2006/11/30	101	reassessment	31.98	
2006/11/30	104	interest - assessment *	72,603.00	
2006/12/01	112	interest *	1,056.39CR	9,324.43CR
2006/11/02		OPENING BALANCE FOR: 2005/12/31	0.00	
2006/10/04	105	assessment reversal	66,653.00CR	
2006/10/04	107	interest reversal - assessment	657.81	
2006/10/06	108	interest reversal	1.15	
2006/11/01	109	interest reversal	9.80	
2006/11/30	106	reassessment	65,963.00	
2006/11/30	110	interest - assessment *	694.28CR	
2006/12/01	111	interest *	0.06CR	715.58CR
		CREDIT BALANCE AVAILABLE		17,410.12CR

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2006/11/02	OPENING BALANCE FOR: 2006/12/31	39,010.72CR
2006/11/14	94 PIL payment	3,644.83CR
	BALANCE	42,655.55CR

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

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March 10/2006 - \$4071.90
April 13/2006 - \$4071.90
May 12/2006 - \$4071.90
June 16/2006 - \$4071.90
July 21/2006 - \$3644.83
Aug 18/2006 - \$3644.82
Sept 15/06 - \$3644.82
quisitioned by
partment
O. Prepared by K.BROWN
Dec 15/06 - \$31,271.15

Authorized by

President & CEO

Nov 10/06 - \$3644.82

To date paid - \$35365.89

WAYNE A

Appendix 26

2004 T2 Federal Tax Return

055 Do not use this area

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

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

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

Identification	
Business Number (BN) 001 <u>863759692RC0001</u>	
Corporation's name 002 <u>WELLAND HYDRO ELECTRIC SYSTEM CORP.</u>	
Has the corporation changed its name since the last time we were notified? ... 003 1 Yes ☐ 2 No ☒	
If Yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐	
Address of head office Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒ 011 <u>950 EAST MAIN STREET</u> 012 <u>P.O. BOX 280</u> City Province, territory, or state 015 <u>WELLAND</u> 016 <u>ON</u> Country (other than Canada) Postal code/ZIP code 017 018 <u>L3B-5P6</u>	To which taxation year does this return apply? Taxation year start Taxation year-end 060 <u>2004-01-01</u> 061 <u>2004-12-31</u> YYYY/MM/DD YYYY/MM/DD Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒ If Yes, give the date control was acquired 065 _____ YYYY/MM/DD
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 1 Yes ☐ 2 No ☒ 021 <u>c/o</u> 022 _____ 023 _____ City Province, territory, or state 025 026 _____ Country (other than Canada) Postal code/ZIP code 027 028 _____	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 and attach Schedule 24.
Location of books and records Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒ 031 <u>950 EAST MAIN STREET</u> 032 <u>P.O. BOX 280</u> City Province, territory, or state 035 <u>WELLAND</u> 036 <u>ON</u> Country (other than Canada) Postal code/ZIP code 037 038 <u>L3B-5P6</u>	Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒ If Yes, complete and attach Schedule 24. Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒ Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒ Is the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐ If No, give the country of residence. 081 _____ Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒ If Yes, complete and attach Schedule 91.
040 Type of corporation at the end of the taxation 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 taxation year, provide the effective date of the change 043 _____ YYYY/MM/DD	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

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

* We do not print these schedules.

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

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	150 ☒	9
28	Does the corporation have any non-resident shareholders?	151 ☐	19
29	Is the corporation an associated Canadian-controlled private corporation?	160 ☒	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 ☐	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 ☐	11
33	If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 ☐	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 ☐	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 ☐	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 ☐	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 ☐	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 ☐	22
41	Did the corporation have any foreign affiliates during the year?	169 ☐	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 ☐	29
43	Has the corporation had any non-arm's length transactions with a non-resident?	171 ☐	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 ☐	—
46	For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 ☒	50
55	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 ☒	1
78-81	Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202 ☒	2
82,104	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 ☒	3
69-76	Is the corporation claiming any type of losses?	204 ☒	4
132	Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 ☐	5
56	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 ☐	6
103	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 ☒	7
57	Does the corporation have any property that is eligible for capital cost allowance?	208 ☒	8
58	Does the corporation have any property that is eligible capital property?	210 ☒	10
59	Does the corporation have any resource-related deductions?	212 ☐	12
60	Is the corporation claiming reserves of any kind?	213 ☒	13
61	Is the corporation claiming a patronage dividend deduction?	216 ☐	16
62	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 ☐	17
150	Is the corporation an investment corporation or a mutual fund corporation?	218 ☐	18
131	Was the corporation carrying on business in Canada as a non-resident corporation?	220 ☐	20
118	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 ☐	21
155	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 ☐	26 *
111	Does the corporation have any Canadian manufacturing and processing profits?	227 ☐	27
121	Is the corporation claiming an investment tax credit?	231 ☐	31
63	Is the corporation claiming any scientific research and experimental development expenditures?	232 ☐	T661
124	Is the corporation subject to gross Part I.3 tax?	233 ☐	33/34/35
124	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 ☒	36
124	Is the corporation claiming a surtax credit?	237 ☐	37
128	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 ☐	38
128	Is the corporation claiming a Part I tax credit?	242 ☐	42
129	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 ☐	43
129	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 ☐	45
125	Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249 ☐	46
128	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 ☐	39
152	Is the corporation claiming a Canadian film or video production tax credit refund?	253 ☐	T1131
153	Is the corporation claiming a film or video production services tax credit refund?	254 ☐	T1177
130	Is the corporation subject to Part XIII.1 tax?	255 ☐	92 *

Attachments – continued from page 2**Guide item**

			Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐	T1134-A
44	Did the corporation have any controlled foreign affiliates?	258	☐	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	☐	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174

Additional information

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

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

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

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

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

284	POWER DISTRIBUTION	285	100%
286		287	0%
288		289	0%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI **300** **499,539** A

Deduct:

Charitable donations from Schedule 2	311	1,175
Gifts to Canada, a province, or a territory from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	2,421
Part VI.1 tax deduction from Schedule 43**	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	495,943
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		499,539

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

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions **355** **0** D

Taxable income (amount C plus amount D) **360** **0**

Income exempt under paragraph 149(1)(t) **370** **0**

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) **0** Z

** This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 **400** **497,118** **A**

Taxable income from line 360 on page 3, **minus** 10/3 of the amount at line 632* on page 7, **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax ... **405** **0** **B**

Calculation of the business limit:

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

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	.....	<u>0</u>	1
		Number of days in the taxation year	366				
225,000	x	Number of days in the taxation year in 2003	<u>0</u>	=	.....	<u>0</u>	2
		Number of days in the taxation year	366				
250,000	x	Number of days in the taxation year in 2004	<u>366</u>	=	.....	<u>250,000</u>	3
		Number of days in the taxation year	366				
300,000	x	Number of days in the taxation year after 2004	<u>0</u>	=	.....	<u>0</u>	3.1
		Number of days in the taxation year	366				

Add amounts at lines 1, 2, 3, and 3.1 **250,000** **4**

Business limit (see notes 1 and 2 below) **410** **250,000** **C**

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

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

Business limit reduction:

Amount C **250,000** x **415** *** **43,976** **D** = ... **977,244** **E**

11,250

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

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F **430** **0** **G**

(enter amount G on line 9 of page 7)

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

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

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) **0** x $\frac{300,000}{\text{line 4 above}}$ = ... **0** **A**

Net active business income (amount from line 400) * **497,118** **B**

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax **0** **C**

Deduct:

Aggregate investment income (amount from line 440 of page 6) **0** **D**

Amount C minus amount D (if negative, enter "0") **0** **E**

Amount A, B, or E above, whichever is less **0** **F**

Amount Z from Part 9 of Schedule 27 **0** x 100/7 = ... **0** **G**

Amount QQ from Part 13 of Schedule 27 **0** **H**

Taxable resource income from line 435 of page 5 **0** **I**

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. **0** **J**

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. **0** **K**

Total of amounts G, H, I, J, and K **0** **L**

Amount F minus amount L (if negative, enter "0") **0** **M**

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

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	<u>0</u>	A	
Amount A	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 1% =	<u>0</u>	B
			Number of days in the taxation year	366			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2004	<u>366</u>	x 2% =	<u>0</u>	C
			Number of days in the taxation year	366			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2005	<u>0</u>	x 3% =	<u>0</u>	C.1
			Number of days in the taxation year	366			
Amount A	<u>0</u>	x	Number of days in the taxation year in 2006	<u>0</u>	x 5% =	<u>0</u>	C.2
			Number of days in the taxation year	366			
Resource deduction – total of amounts B, C, C.1, and C.2 (enter amount D on line 10 of page 7)				438	<u>0</u>	D	

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3				<u>0</u>	E		
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	F			
Amount QQ from Part 13 of Schedule 27	<u>0</u>		G	G			
Taxable resource income from line 435 above	<u>0</u>		H	H			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		I	I			
Amount on line 400, 405, 410, or 425 on page 4, whichever is less	<u>0</u>		J	J			
Aggregate investment income from line 440 of page 6	<u>0</u>		K	K			
Amount used to calculate the accelerated tax reduction (amount M of page 4)	<u>0</u>		L	L			
Total of amounts F, G, H, I, J, K, and L	<u>0</u>		<u>0</u>	M			
Amount E minus amount M (if negative, enter "0")	<u>0</u>		<u>0</u>	N			
Amount N	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% =	<u>0</u>	O
			Number of days in the taxation year	366			
Amount N	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5% =	<u>0</u>	P
			Number of days in the taxation year	366			
Amount N	<u>0</u>	x	Number of days in the taxation year after 2003	<u>366</u>	x 7% =	<u>0</u>	Q
			Number of days in the taxation year	366			
General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q (enter amount R on line 638 of page 7)				<u>0</u>	R		

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

Taxable income from line 360 on page 3				<u>0</u>	S		
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u>	T			
Amount QQ from Part 13 of Schedule 27	<u>0</u>		U	U			
Taxable resource income from line 435 above	<u>0</u>		V	V			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u>0</u>		W	W			
Total of amounts T, U, V, and W	<u>0</u>		<u>0</u>	X			
Amount S minus amount X (if negative, enter "0")	<u>0</u>		<u>0</u>	Y			
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% =	<u>0</u>	Z
			Number of days in the taxation year	366			
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2003	<u>0</u>	x 5% =	<u>0</u>	AA
			Number of days in the taxation year	366			
Amount Y	<u>0</u>	x	Number of days in the taxation year after 2003	<u>366</u>	x 7% =	<u>0</u>	BB
			Number of days in the taxation year	366			
General tax reduction - total of amounts Z, AA, and BB (enter amount CC on line 639 of page 7)				<u>0</u>	CC		

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from

line 632 of page 7 0 x 25/9 = 0

Foreign business income

tax credit from line 636

of page 7 0 x 3 = 0

0 0
0 x 26 2/3% = 0 D

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

Deduct: Corporate surtax from line 600 of page 7 0

Net amount 0 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 0 F

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year 465 0
0

0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

Total Part IV tax payable from line 360 on page 3 of Schedule 3 807

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

807 807 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 807

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

Taxable dividends paid in the taxation year from line 460 on page 3 of Schedule 3 2,500 x 1/3 833 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above 807 B

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 807

Part I tax

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

Corporate surtax calculation

Base amount from line A above **0** 1

Deduct:

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

Investment corporation deduction from line 620 below **0** 3

Federal logging tax credit from line 640 below **0** 4

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

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

28.00% of taxable income from line 360 of page 3 ... **0** a] **0** 6

28.00% of taxed capital gains **0** b] **0** 6

Part I tax otherwise payable **0** c] **0** 6

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

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

Net amount (line 1 minus line 7) **0** 8

Corporate surtax – 4.00% of the amount on line 8 **600** **0** B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** **0** C

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

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

Taxable income from line 360 on page 3 **0**

Deduct:

Amount on lines 400, 405, 410, or 425 of page 4, whichever is less .. **0**

Net amount **0** ii

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

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

Deduct:

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

Federal tax abatement **608** **0**

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 **616** **0**

Investment corporation deduction **620** **0**

(taxed capital gains **624** **0**)

Additional deduction – credit unions from Schedule 17 **628** **0**

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

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

Accelerated tax reduction from amount N of page 4 **637** **0**

Resource deduction from line 438 of page 5 **0** 10

General tax reduction for CCPCs from amount R of page 5 **638** **0**

General tax reduction from amount CC of page 5 **639** **0**

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

Federal political contribution tax credit **644** **0**

Federal political contributions **646** **0**

Federal qualifying environmental trust tax credit **648** **0**

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

Subtotal **0** F

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

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	0
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	807
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		807

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, Ontario, and Alberta) **760** 0Provincial tax on large corporations (New Brunswick and Nova Scotia) **765** 0**Total tax payable** **770** **807** A**Deduct other credits:**

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	807
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** 0**Total credits** **890** **807**Refund code **894** 0

Overpayment 0

Balance (line A minus line B) 0**Direct deposit request**

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

☐ Start ☐ Change information **910** _____
Branch number

914 _____ **918** _____
Institution number Account number

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

Enter the amount on whichever line applies.

We do not charge or refund a difference of \$2 or less.

Balance unpaid 0**Enclosed payment** **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

..... **896** 1 Yes ☐ 2 No ☒**Certification**I, **950** PEEVER Last name in block letters **951** ROSS First name in block letters **954** PRESIDENT Position, office, or rank

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

955 _____ **956** **905-732-1381**
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 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 _____ **959** _____
Name in block letters Telephone number

Language of correspondence - Langue de correspondance

990 Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒ 2 Français/French ☐

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Identification of the corporation (Imported Data)

Name of the corporation.....

Business Number.....

Address.....

Province, Territory.....

Taxation year end.....

City.....

Postal code..... -

Balance Sheet Information

Account	Description	GIFI	Amount	Prior Year

Assets

Total current assets.....	+	1599	34,402,004	0
Total tangible capital assets.....	+	2008	0	0
Total accumulated amortization of tangible capital assets.....	-	2009	0	0
Total intangible capital assets.....	+	2178	0	0
Total accumulated amortization of intangible capital assets.....	-	2179	0	0
Total long-term assets.....	+	2589	0	0
* Assets held in trust.....	+	2590	0	0
			-----	-----
Total assets (mandatory field)	=	2599	34,402,004	0
			=====	=====

Liabilities

Total current liabilities.....		3139	0	0
Total long-term liabilities.....		3450	0	0
* Subordinated debt.....		3460	0	0
* Amounts held in trust.....		3470	0	0
			-----	-----
Total liabilities (mandatory field)		3499	34,095,313	0
			=====	=====

Shareholder equity

Total shareholder equity (mandatory field).....		3620	306,691	0
			=====	=====

Total liabilities and shareholder equity		3640	34,402,004	0
			=====	=====

Retained earnings/deficit - end (mandatory field)		3849	543,468	0
			=====	=====

* Generic item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Shareholder equity

Account	Description	GIFI	Amount	Prior year
Shareholder equity				
*	Common shares.....	+ 3500	0	0
*	Preferred shares.....	+ 3520	0	0
Contributed and other surplus				
*	Contributed and other surplus.....	3540	0	0
	Contributed surplus.....	3541	0	0
	Appraisal surplus.....	3542	0	0
	General reserve.....	3543	0	0
			-----	-----
	Contributed and other surplus	+	0	0
			=====	=====
*	Head office account.....	+ 3570	0	0
*	Retained earnings/deficit.....	+ 3600	306,691	0
	Total shareholder equity	= 3620	306,691	0
			=====	=====

* Generic item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Retained earnings/deficit

Account	Description	GIFI	Amount	Prior year
*	Retained earnings/deficit - start	+ 3660	0	0
*	Net income/loss	+ 3680	306,691	0
Dividends declared				
*	Dividends declared	3700	0	0
	Cash dividends	3701	0	0
	Patronage dividends	3702	0	0
			-----	-----
	Dividends declared	-	0	0
			=====	=====
*	Prior period adjustments	+ 3720	0	0
Other items affecting retained earnings				
*	Other items affecting retained earnings	3740	0	0
	Share redemptions	3741	0	0
	Special reserves	3742	0	0
	Currency adjustments	3743	0	0
	Unusual revenue items	3744	0	0
	Interfund transfer	3745	0	0
			-----	-----
	Other items affecting retained earnings	+	0	0
			=====	=====
Retained earnings/deficit - end		= 3849	306,691	0
			=====	=====

* Generic item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Income Statement Information

Description

Operating name..... 0001
Description of the operation..... 0002
Sequence Number..... 0003

Account	Description	GIFI	Amount	Prior year
Income statement				
	Total sales of goods and services.....	+ 8089	38,048,095	0
	Cost of sales.....	- 8518	0	0
			-----	-----
	Gross profit/loss	= 8519	38,048,095	0
			=====	=====
	Cost of sales.....	+ 8518	0	0
	Total operating expenses.....	+ 9367	0	0
			-----	-----
	Total expenses (mandatory field)	= 9368	0	0
			=====	=====
	Total revenue (mandatory field).....	+ 8299	38,048,095	0
	Total expenses (mandatory field).....	- 9368	0	0
			-----	-----
	Net non-farming income	= 9369	38,048,095	0
			=====	=====

Farming income statement

	Total farm revenue (mandatory field).....	+ 9659	0	0
	Total farm expenses (mandatory field).....	- 9898	0	0
			-----	-----
	Net farm income	= 9899	0	0
			=====	=====

	Net income/loss before taxes and extraordinary items	9970	38,048,095	0
			=====	=====

Extraordinary item(s)	9975	0	0
Legal settlements	9976	0	0
Unrealized gains/losses	9980	0	0
Unusual items	9985	0	0
Current income taxes	9990	0	0
Deferred income tax provision	9995	0	0

Net Income/Loss after Taxes and			
Extraordinary Items (mandatory field)	9999	306,691	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Revenue

Account	Description	GIFI	Amount	Prior year
*	Trade sales of goods and services	+ 8000	0	0
*	Sales of goods and services to related parties	+ 8020	0	0
*	Interdivisional sales	+ 8030	0	0

Sales from resource properties

*	Sales from resource properties	8040	0	0
	Petroleum and natural gas sales	8041	0	0
	Petroleum and natural gas sales to related parties	8042	0	0
	Gas marketing	8043	0	0
	Processing revenue	8044	0	0
	Pipeline revenue	8045	0	0
	Seismic sales	8046	0	0
	Mining revenue	8047	0	0
	Coal revenue	8048	0	0
	Oil sands revenue	8049	0	0
	Royalty income	8050	0	0
	Oil and gas partnership/joint venture income/loss	8051	0	0
	Mining partnership/joint venture income/loss	8052	0	0
	Other production revenue	8053	0	0
			-----	-----
	Sales from resource properties	+	0	0
			=====	=====

Total sales of goods and services = 8089 38,048,095 0
=====

Investment revenue

*	Investment revenue	8090	0	0
	Interest from foreign sources	8091	0	0
	Interest from Canadian bonds and debentures	8092	0	0
	Interest from Canadian mortgage loans	8093	0	0
	Interest from other Canadian sources	8094	0	0
	Dividend income	8095	0	0
	Dividends from Canadian sources	8096	0	0
	Dividends from foreign sources	8097	0	0
			-----	-----
	Investment revenue	+	0	0
			=====	=====

* Generic item

Interest income (financial institutions)

* Interest income (financial institutions)	8100	0	0
Loan interest	8101	0	0
Securities interest	8102	0	0
Deposits with banks interest	8103	0	0
		-----	-----
Interest income (financial institutions)	+	0	0
		=====	=====

Commission revenue

* Commission revenue	8120	0	0
Commission income on real estate transactions	8121	0	0
		-----	-----
Commission revenue	+	0	0
		=====	=====

Rental revenue

* Rental revenue	8140	0	0
Real estate rental revenue	8141	0	0
Film rental revenue	8142	0	0
		-----	-----
Rental revenue	+	0	0
		=====	=====

* Vehicle leasing	8150	0	0

Fishing revenue

* Fishing revenue	8160	0	0
Fish products	8161	0	0
Other marine products	8162	0	0
Fishing grants, credits, and rebates	8163	0	0
Fishing subsidies	8164	0	0
Compensation for loss of fishing income or property	8165	0	0
Sharesman income	8166	0	0
		-----	-----
Fishing revenue	+	0	0
		=====	=====

Realized gains/losses on disposal of assets

* Realized gains/losses on disposal of assets	8210	0	0
Realized gains/losses on sale of investments	8211	0	0
Realized gains/losses on sale of resource properties	8212	0	0
		-----	-----
Realized gains/losses on disposal of assets	+	0	0
		=====	=====

* Generic item

NPO amounts received

* NPO amounts received	8220	0	0
Membership fees	8221	0	0
Assessments	8222	0	0
Gifts	8223	0	0
Gross sales and revenues from organizational activities	8224	0	0
		-----	-----
NPO amounts received	+	0	0
		=====	=====

Other revenue

* Other revenue	8230	0	0
Foreign exchange gains/losses	8231	0	0
Income/loss of subsidiaries/affiliates	8232	0	0
Income/loss of other divisions	8233	0	0
Income/loss of joint ventures	8234	0	0
Income/loss of partnerships	8235	0	0
Realization of deferred revenues	8236	0	0
Royalty income other than resource	8237	0	0
Alberta royalty tax credits	8238	0	0
Management and administration fees	8239	0	0
Telecommunications revenue	8240	0	0
Consulting fees	8241	0	0
Subsidies and grants	8242	0	0
Sale of by-products	8243	0	0
Deposit services	8244	0	0
Credit services	8245	0	0
Card services	8246	0	0
Patronage dividends	8247	0	0
Insurance recoveries	8248	0	0
Expense recoveries	8249	0	0
Bad debt recoveries	8250	0	0
		-----	-----
Other revenue	+	0	0
		=====	=====

Total revenue

= 8299 **38,048,095** 0
=====

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

NOTES CHECKLIST

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

Part 1 - Accounting practitioner information

Does the accounting practitioner have a professional designation?..... ☐ 095 [Y/N] [**Y**]

Is the accounting practitioner connected* with the corporation?..... ☐ 097 [Y/N] [**N**]

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

Note

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

Part 2 - Type of involvement

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

Completed an auditor's report.....	☐ 198	
Completed an auditor's report.....	1	[X]
Completed a review engagement report.....	2	[]
Conducted a compilation engagement.....	3	[]

Part 3 - Reservations

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

Has the accounting practitioner expressed a reservation?..... ☐ 099 [Y/N] [**N**]

Part 4 - Other information

Were notes to the financial statements prepared? ☐ 101 Yes/No
[Y]

If "Yes," complete lines 102 to 107 below:

Are any values presented at other than cost? ☐ 102 [N]

Has there been a change in accounting policies since the last return? ☐ 103 [N]

Are subsequent events mentioned in the notes? ☐ 104 [N]

Is re-evaluation of asset information mentioned in the notes? ☐ 105 [N]

Is contingent liability information mentioned in the notes? ☐ 106 [Y]

Is information regarding commitments mentioned in the notes? ☐ 107 [Y]

Does the corporation have investments in joint venture(s) or partnership(s)? ☐ 108 [N]

If "Yes," complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? ☐ 109 []

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and extraordinary items per financial statements	306,691	A

Additions:

Amortization of tangible assets	104	1,431,789	
Charitable donations from Schedule 2	112	1,175	
Non-deductible meals and entertainment expenses	121	2,320	
Tax reserves deducted in prior year from Schedule 13	125	334,926	
Reserves from financial statements - balance at the end of the year	126	564,474	

Subtotal of additions		2,334,684	2,334,684

Other Additions:

Miscellaneous Other Additions:

600 2004 T5013 Income from Ennerconnect Limited	290	3,653	
603a 	0		
603b Ontario Specified Tax Credits	321		
603c 	0		
	321 293	321	

Subtotal of Other Additions	199	3,974	3,974

Total Additions 500		2,338,658	

Deductions:

Gain on disposal of assets per financial statements	401	8,599	
Capital cost allowance from Schedule 8	403	1,149,506	
Cumulative eligible capital deduction from Schedule 10	405	164,324	
Tax reserves claimed in current year from Schedule 13	413	672,871	
Reserves from financial statements-balance at the beginning of the year	414	38,822	

Subtotal of Deductions		2,034,122	2,034,122

Other Deductions:

Miscellaneous Other Deductions:

700	Deductible expenses capitalized for accounting	390	72,682	
701	Prior period expense adjustment	391	39,006	

Subtotal of Other Deductions		499	111,688	111,688

			Total Deductions	510 2,145,810

Net income (loss) for income tax purposes	499,539
(enter on line 300 on the T2 return)	=====

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

CHARITABLE DONATIONS AND GIFTS

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

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Canadian Diabetes Association	100
Welland and District Humane Society	100
YMCA of Niagara	300
Welland District Community Living	100
Kids Art Day	500

	Subtotal 1,100
Add: Total donations of less than \$100 each	75

Total donations in current taxation year	1,175
	=====

	Federal	Québec	Alberta
Charitable donations at the end of the preceding taxation year	0	0	0
Deduct: Charitable donations expired after five taxation years	0	0	0
	239		
Charitable donations at the beginning of the taxation year	0	0	0
	240		

Part 1 - Charitable donations (cont'd)

Add:

Charitable donations transferred
on an amalgamation or the windup
of a subsidiary.....

250

0

Total current-year charitable
donations made (enter this amount
on line 112 of Schedule 1).....

210

1,175

Subtotal (line 250 plus line 210)

1,175

1,175

1,175

1,175

Deduct: Adjustment for an acquisition of control
(for donations made after March 22, 2004).....

255

0

0

0

Total charitable donations available.....

1,175

A

1,175

1,175

Deduct: Amount applied against taxable income (cannot be
more than amount K in Part 2) (enter this amount
on line 311 on page 3 of the T2 return).....

260

1,175

1,175

1,175

Charitable donations closing balance.....

280

0

0

0

Amounts carried forward - Charitable donations

Year of origin

Federal

Québec

Alberta

1st prior year

-

2003

0

0

0

2nd prior year

-

2002

0

0

0

3rd prior year

-

2001

0

0

0

4th prior year

-

2000

0

0

0

5th prior year

-

1999

0

0

0

6th prior year *

-

1998

0

0

0

Totals.....

0

0

0

* These donations expired in the prior year.

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

Net income for tax purposes * multiplied by 75%.....

374,654

B

Taxable capital gains arising in respect of gifts of capital property:

- lines 895 and 896 of Schedule 6 multiplied by
the inclusion rate.....

0

- other.....

0

Total.....

0

225

0 C

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

227

0 D

Part 2 - Calculation of the maximum allowable deduction for charitable donations (cont'd)

The amount of the recapture of capital cost allowance in respect of charitable gifts		230	0	
			=====	
Proceeds of disposition, less outlays and expenses		0	E	
			=====	
Capital cost		0	F	
			=====	
Amount E or F, whichever is less		235	0	
			=====	
Amount on line 230 or 235, whichever is less			0	G

Subtotal (add amounts C, D, and G)			0	H
			=====	
Amount H multiplied by 25%			0	I

Subtotal (amount B plus amount I)			374,654	J
			=====	
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)			1,175	K
			=====	

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

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

Gifts to Canada, a province, or a territory at the end of the preceding taxation year			0	
Deduct: Gifts to Canada, a province, or a territory expired after five taxation years		339	0	

Gifts to Canada, a province, or a territory at the beginning of the taxation year		340	0	0
			=====	
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary		350	0	
Total current-year gifts made to Canada, a province, or a territory *.		310	0	

Subtotal (line 350 plus line 310)			0	0
			=====	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)		355	0	

Total gifts to Canada, a province, or a territory available			0	
Deduct: Amount applied against taxable income (enter this amount on line 312 on page 3 of the T2 return)		360	0	

Gifts to Canada, a province, or a territory closing balance		380	0	
			=====	

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

Part 4 - Gifts of certified cultural property

		Federal	Québec	Alberta
Gifts of certified cultural property at the end of the preceding taxation year.....		0	0	0
Deduct: Gifts of certified cultural property expired after five taxation years.....	439	0	0	0
		-----	-----	-----
Gifts of certified cultural property at the beginning of the taxation year.....	440	0	0	0
Add:				
Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary.....	450	0		
Total current-year gifts of certified cultural property.....	410	0		

Subtotal (line 450 plus line 410)	0	0	0	0
		=====		
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004).....	455	0	0	0
		-----	-----	-----
Total gifts of certified cultural property available.....		0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 313 on page 3 of the T2 return).....	460	0	0	0
		-----	-----	-----
Gifts of certified cultural property closing balance.....	480	0	0	0
		=====	=====	=====

Amounts carried forward - Gifts of certified cultural property

Year of origin		Federal	Québec	Alberta
1st prior year	2003	0	0	0
2nd prior year	2002	0	0	0
3rd prior year	2001	0	0	0
4th prior year	2000	0	0	0
5th prior year	1999	0	0	0
6th prior year *	1998	0	0	0
		-----	-----	-----
Totals		0	0	0
		=====	=====	=====

* These donations expired in the prior year.

Part 5 - Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the preceding taxation year		0	0	0
Deduct: Gifts of certified ecologically sensitive land expired after five taxation years	539	0	0	0
		-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year	540	0	0	0
Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550	0		
Total current-year gifts of certified ecologically sensitive land	510	0		

Subtotal (line 550 plus line 510)		0	0	0
		=====		
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555	0	0	0
		-----	-----	-----
Total gifts of certified ecologically sensitive land available		0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560	0	0	0
		-----	-----	-----
Gifts of certified ecologically sensitive land closing balance	580	0	0	0
		=====	=====	=====

Amounts carried forward - Gifts of certified ecologically sensitive land

Year of origin		Federal	Québec	Alberta
1st prior year	2003	0	0	0
2nd prior year	2002	0	0	0
3rd prior year	2001	0	0	0
4th prior year	2000	0	0	0
5th prior year	1999	0	0	0
6th prior year *	1998	0	0	0
		-----	-----	-----
Totals		0	0	0
		=====	=====	=====

* These donations expired in the prior year.

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

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)	A	B	Complete if payer corporation is connected	
			C	D
		*	Business Number	Taxation year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD
200 Sunlife Canada (T5)		205	210 NR	220 2004-12-31

* Connected payer corporation indicator.

Note: If your corporation's taxation year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

If payer corporation is not connected,
leave these columns blank.

	E	F	G	H	I
Name of payer corporation	Non-taxable dividend under section 83	Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	Total taxable dividends paid by connected payer corporation	Dividend refund of the connected payer corporation	Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
Sunlife Canada (T5)	0	2,421	0	0	807
	-----	-----	-----	-----	-----
Total	0	2,421	0	0	807 J
	=====	=====	=====	=====	=====
		(enter on line 320 of the T2 return)			

For dividends received from connected corporations:
Part IV tax equals: Column F x Column H / Column G

****** Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of

a dividend refund (From above) 460 2,500

Other dividends paid in the taxation year

(Total of 510 to 540) 0

Total dividends paid in the taxation year 500 2,500

Deduct:

Dividends paid out of capital dividend account 510 0

Capital gains dividends 520 0

Dividends paid on shares described in subsection 129(1.2) 530 0

Taxable dividends paid to a controlling corporation that was
bankrupt at any time in the year 540 0

Subtotal 0 0

Total taxable dividends paid in the taxation year for purposes of a dividend refund 2,500

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

CORPORATION LOSS CONTINUITY AND APPLICATION

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		499,539
Deduct: (increase a loss)		
Net capital losses deducted in the year		
(enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	2,421	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares		
- Paragraph 110(1)(d.2)	0	2,421

Subtotal (if positive, enter "0")		0
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions		0

Subtotal		0
Add: (decrease a loss)		
Current-year farm loss		0

Current-year non-capital loss (if positive, enter "0")		0
		=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		1,638,100
Deduct: Non-capital loss expired *	100	0
Non-capital losses at beginning of taxation year	102	1,638,100
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105	0
Current-year non-capital loss (from calculation above)	110	0
		1,638,100

Part 1 - Non-capital losses (cont'd)

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income (enter on line 331 of the T2 return)	130	495,943	
Amount applied against taxable dividends subject to Part IV tax	135	0	
Section 80 - Adjustments for forgiven amounts	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate		0	
Other adjustments	150	0	495,943

		Subtotal	1,142,157

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income	901	0	
Second preceding taxation year to reduce taxable income	902	0	
Third preceding taxation year to reduce taxable income	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913	0	0

Non-capital losses - Closing balance	180		1,142,157
			=====

* A non-capital loss expires as follows:

- After **7** taxation years if it arose in a taxation year ending before March 23, 2004;
or
- After **10** taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator Yes []

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

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year	200	0	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	0	
Current-year capital loss (from Schedule 6 calculation)	210	0	0
Add:			
Allowable business investment loss expired as non-capital loss	0 x 4/3 . . 220		0

		Subtotal	0
Deduct:			
Amount applied against current-year capital gain (see Note 1)	225	0	
Section 80 - Adjustments for forgiven amounts	240	0	
Other adjustments	250	0	0

		Subtotal	0

Part 2 - Capital losses (cont'd)

Continuity of capital losses and request for a carryback (cont'd)

Deduct - Request to carry back capital loss to: (see Note 2)

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year	0	951	0	
Second preceding taxation year	0	952	0	
Third preceding taxation year	0	953	0	0

Capital losses - Closing balance			280	0
				=====

Note 1

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

Note 2

Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding taxation year			0	
Deduct: Farm loss expired after 10 taxation years		300	0	
Farm losses at beginning of taxation year		302	0	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation		305	0	
Current-year farm loss		310	0	0
Deduct:				
Amount applied against taxable income (enter on line 334 of the T2 return)		330	0	
Amount applied against taxable dividends subject to Part IV tax		335	0	
Section 80 - Adjustments for forgiven amounts		340	0	
Other adjustments		350	0	0

			Subtotal	0
Deduct - Request to carry back farm loss to:				
First preceding taxation year to reduce taxable income		921	0	
Second preceding taxation year to reduce taxable income		922	0	
Third preceding taxation year to reduce taxable income		923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax		931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax		932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax		933	0	0

Farm losses - Closing balance			380	0
				=====

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 =	0	B	
	6,250	C	0
			2,500

Current-year restricted farm loss (enter this amount on line 410)			0
			=====

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0

		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0

Restricted farm losses - Closing balance	480		0
			=====

Note
The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year		0	
Deduct: Listed personal property loss expired after seven taxation years	500	0	
Listed personal property losses at beginning of taxation year	502	0	
Add: Current-year listed personal property loss (from Schedule 6)	510	0	

		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0

		Subtotal	0

Part 5 - Listed personal property losses (cont'd)

Continuity of listed personal property loss and request for a carryback (cont'd)

Deduct - Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed personal property gains.....	961	0	
Second preceding taxation year to reduce listed personal property gains.....	962	0	
Third preceding taxation year to reduce listed personal property gains.....	963	0	0

Listed personal property losses - Closing balance.....	580	0	=====

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & IV	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2003	922,953	N/A	0	N/A	0	0	922,953
2002	0	N/A	0	N/A	0	0	0
2001	715,147	N/A	0	N/A	495,943	0	219,204
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0 *
Total	1,638,100	0	0	0	495,943	0	1,142,157

Farm losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & IV	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2003	0	N/A	0	N/A	0	0	0
2002	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of Year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce -----		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2003	0	N/A	0	N/A	0	N/A	0
2002	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

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

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CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

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

Part 1 - Foreign and aggregate investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
		001	002	
The eligible portion of taxable capital gains included in income for the year	0	0	0	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	0	0	B
Net capital losses of other years claimed on line 332 on the T2 return	0		0	C
Total of amounts B and C	0	0	0	D
Amount A minus amount D (if negative, enter "0")	0	0	0	E
Total income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	2,421	0	2,421	
Other property income	0	0	0	
Total income from property	2,421	0	2,421	F
Exempt income	0	0	0	G
Amounts received from NISA Fund No. 2 (CAIS) that were included in computing the corporation's income for the year	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	2,421	0	2,421	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	0	0	J
Total of amounts G, H, I, and J	2,421	0	2,421	K

Part 1 - Foreign and aggregate investment income calculation (cont'd)

Total of amounts G, H, I, and J	2,421	0	2,421	K
Amount F minus amount K	0	0	0	L
	-----	-----	-----	
Total of amount E plus amount L	0	0	0	M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	0	069 0	082 0	N
	-----	-----	-----	
Amount M minus amount N (if negative, enter "0")	0	079 O 0	092 P 0	
	=====	=====	=====	

Note: The aggregate investment income is the aggregate world source income.

Enter amount O, foreign investment income, on line 445 of the T2 return.

Enter amount P, aggregate investment income, on line 440 of the T2 return.

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per Schedule 3	2,421	0	2,421
Less: Expenses related to such dividends			
	-----	-----	-----
Total expenses	0	0	0
	-----	-----	-----
Net taxable dividends	2,421	0	2,421
	=====	=====	=====

Part 2 - Specified partnership income

A	B	C
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200	300	310
	0	0
	0	0
	0	0
	0	0

Part 2 - Specified partnership income (cont'd)

D	E	F	G	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [business limit* x (column F / 365)] (if column C is negative, enter "0")**	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330	340
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total 350	0		Total 360	0
	=====			=====
Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) - enter as a positive amount 370				
Specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E) 380				
Total of line 370 and 380 0 J				
Column E minus column G (if negative, enter "0") (if a member of more than one partnership, calculate separately for each partnership and enter total) 385				
Amount at line 385 or line J, whichever is less 390				
Specified partnership income (line 360 plus line 390) 400				
=====				
* Use one of the following business limits to calculate column G, whichever applies: - \$225,000 if the corporation's taxation year ends in 2003; - \$250,000 if the corporation's taxation year ends in 2004; or - \$300,000 if the corporation's taxation year ends in 2005 or after. ** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income.				

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada

after deducting related expenses - from line 350 above (if the net amount is negative,

enter "0" on line O) 0 K

Add: Specified partnership loss (from line 380 above) 0 L

Subtotal 0 M

Deduct: Specified partnership income (from line 400 above) 0 N

Partnership income * (enter on line S below) 450 0 O

* If the amount on line 450 is positive, complete Schedule 70.

Part 4 - Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return 499,539 P

Deduct: Foreign business income after deducting related expenses * 500 0

Taxable capital gains minus allowable capital loss

- amount A minus amount B * (page 1) **. 0

Net property income = amount F minus amounts G, H, and N * (page 1) 2,421 Q

Personal services business income after deducting related

expenses * 520 0

2,421 2,421

Net amount 497,118 R

Deduct: Partnership income (line 450 above) 0 S

Income from active business carried on in Canada (enter on line 400 of the T2 return

- if negative, enter "0") 497,118 T

* If negative, enter a negative amount, and add instead of subtracting.

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]-[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	2,378,780	206,688	0	0	103,344	4	0	0	99,285	2,486,183
1	5,541,216	0	0	0	0	4	0	0	221,649	5,319,567
1	8,992,123	761,170	-204,920	0	380,585	4	0	0	366,712	9,181,661
1	2,710,644	189,016	263,150	0	94,508	4	0	0	122,732	3,040,078
1	1,410,126	64,332	8,349	0	32,166	4	0	0	58,026	1,424,781
8	262,861	50,311	0	0	25,155	20	0	0	57,603	255,569
10	465,329	48,902	0	14,073	17,414	30	0	0	144,823	355,335
12	20,624	116,103	0	0	58,051	100	0	0	78,676	58,051
Total	21,781,703	1,436,522	66,579	14,073	711,223		0	0	1,149,506	22,121,225

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

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

Name	Ctry	Business Number (Note)	Rela-	Number		Number	% of	Book value of capital stock	
	of		tion-	of	% of	of	pre-		
	resi-		ship	common	common	preferred	ferred		
	dence		Code	shares	shares	shares	shares		
				owned	owned	owned	owned		
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]	

WELLAND HYDRO-ELECTRIC HOLDING		863604328RC0001	1		0	0.00	0	0.00	0
WELLAND HYDRO ELECTRIC RETAIL		863759494RC0001	3		0	0.00	0	0.00	0
City of Welland		NR	3		0	0.00	0	0.00	0

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

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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 **2,347,490** A

Add: Cost of eligible capital property acquired
during the taxation year 222 0
Other adjustments 226 0

Subtotal (line 222 plus line 226) 0 x 0.75 = 0 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 0 x 0.50 = 0 C
=====

amount B minus amount C (if negative, enter "0") 0 0 D
=====

Amount transferred on amalgamation or wind-up of subsidiary 224 0 E

Subtotal (add amounts A, D, and E) 230 **2,347,490** 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 0 G
The gross amount of a reduction in respect of
a forgiven debt obligation as provided for in
subsection 80(7) 244 0 H
Other adjustments 246 0 I

(add amounts G, H, and I) 0 x 0.75 = 248 0 J
=====

Cumulative eligible capital balance (amount F minus amount J) **2,347,490** 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 0

amount K **2,347,490**
less amount from line 249 0

Current year deduction **2,347,490** x 7.00% = 250 **164,324** *
=====

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) **164,324** **164,324** L
=====

Cumulative eligible capital - Closing balance (amount K minus amount L)

(if negative, enter "0") 300 **2,183,166** M
=====

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

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

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

Amount from line K (show as positive amount) 0 N

Total of cumulative eligible capital (CEC) deductions from income
for taxation years beginning after June 30, 1988 400 0 1

Total of all amounts which reduced CEC in the current or
prior years under subsection 80(7) 401 0 2

Total of CEC deductions claimed for taxation years
beginning before July 1, 1988 402 0 3

Negative balances in the CEC account that were
included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 (if negative, enter "0") 0 0 5

Total of lines 1, 2, and 5 0 6

Amounts included in income under paragraph 14(1)(b), as that
paragraph applied to taxation years ending after June 30, 1988
and before February 28, 2000, to the extent that it is for
an amount described at line 400 0 7

Amounts at line T from Schedule 10 previous taxation
years ending after February 27, 2000 0 8

Subtotal (line 7 plus line 8) 409 0 9

Line 6 minus line 9 (if negative, enter "0") 0 0 O

Line N minus line O (if negative, enter "0") 0 P

Line 5 0 x 1/2 = 0 Q

Line P minus line Q (if negative, enter "0") 0 R

Amount R 0 x 2/3 = 0 S

Amount N or amount O, whichever is less 0 T

Amount to be included in income (amount S plus amount T)
(enter this amount on line 108 of Schedule 1) 410 0

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

CONTINUITY OF RESERVES

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009			010
	0	0	0	0	0
	=====	=====	=====	=====	=====

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
Allowance for Doubtful -Gene	5,879	0	0	5,879	0
PILs deferred revenue reserv	0	0	52,529	0	52,529
Demand side management	0	0	0	9,026	-9,026
Pension Liability	1,373,698	0	21,800	0	1,395,498
Market Ready Costs	-235,684	0	0	31,894	-267,578
Retail Service Variances	-1,439,997	0	160,177	0	-1,279,820
Reserves From Section 2 below	334,926	0	337,945	0	672,871
	-----	-----	-----	-----	-----
Totals	38,822	0	572,451	46,799	564,474
	=====	=====	=====	=====	=====

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

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	[X]	\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[X]	110 334,926	115 0	116 337,945	117 0	118 672,871
Reserve for undelivered goods and services not rendered.....	[]	130 0	135 0	136 0	137 0	138 0
Reserve for prepaid rent.....	[]	150 0	155 0	156 0	157 0	158 0
Reserve for December 31, 1995 income.....	[]	170 0	175 0	176 0	177 0	178 0
Reserve for refundable containers.....	[]	190 0	195 0	196 0	197 0	198 0
Reserve for unpaid amounts.....	[]	210 0	215 0	216 0	217 0	218 0
Other tax reserves.....	[]	230 0	235 0	236 0	237 0	238 0
Totals		270 334,926	275 0	276 337,945	277 0	278 672,871

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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

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

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

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

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

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

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

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

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

Date filed (do not use this area).....	025	Year Month Day
Enter the calendar year to which the agreement applies.....	050	Year 2004

Allocation of the business limit (cont'd)

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?..... ☐ 075 [Y/N] [**N**]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) \$	Percentage of the business limit %	Business limit allocated * \$
☐ 100 WELLAND HYDRO ELECTRIC SYSTEM See attached	☐ 200 863759692RC0001	☐ 300 1	250,000	☐ 350 100.0000 .0000	☐ 400 250,000 0
			Total	100.0000 =====	250,000 A =====

* The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

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

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

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

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

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Asso-ciation code	Business limit for the year (before the allocation)	Percentage of the business limit %	Business limit allocated \$	Part I.3 Tax
[100]	[200]	[300]		[350]	[400]	

WELLAND HYDRO-ELECTRIC HOLDING	863604328RC0001	1	250,000	.0000	0	0
WELLAND HYDRO ELECTRIC RETAIL	863759494RC0001	1	250,000	.0000	0	0
City of Welland	NR	4	250,000	.0000	0	0
TOTALS			750,000	.0000	0	0

Schedule 23-Supplementary

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

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

Do not file this agreement if no members of the related group have to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? [Y/N] [**Y**]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

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

Is this an amended agreement? [Y/N] [**N**]

Calendar year to which the agreement applies **2004**

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group		Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200		300	400	500
WELLAND HYDRO ELECTRIC SYSTEM		863759692RC0001	49,900,000	
See attached			100,000	

Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)			50,000,000 =====	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]

WELLAND HYDRO-ELECTRIC HOLDING	863604328RC0001	50,000	
WELLAND HYDRO ELECTRIC RETAIL	863759494RC0001	50,000	
City of Welland	NR	0	
TOTAL		100,000	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

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

SHAREHOLDER INFORMATION

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

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	100	200	300	400
Welland Hydro-Electric Holding Corp.	863604328RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

- Note 1:

If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.
- Note 2:

If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3:

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

BUSINESS CONSENT FORM

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4, and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 - Consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP. Business Number: 863759692RC0001

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Deloitte & Touche LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

519-650-7600

Representative's telephone number

Extension

519-650-7601

Representative's fax number

Part 2 - Details of consent

A. Which accounts?

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC		RC	
GST/HST	RT0001	☐	RT		RT	
Payroll deductions	RP0001	☐	RP		RP	
Import/Export	RM0001	☐	RM		RM	

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

- All year-ends up to:
Year Month Day
- All year-ends beginning in: and all years after that.
Year Month Day
- The following year-ends only:
Year Month Day Year Month Day

Year Month Day Year Month Day

Part 3 - Cancellation of consent to release of information to a representativeClient's name: WELLAND HYDRO ELECTRIC SYSTEM CORP.Business Number: 863759692RC0001I cancel all previous consents for all representatives. ☐

OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

_____If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name.

Representative's telephone number _____

Representative's fax number _____

Part 4 - Details of cancellation of consent**A. Which accounts?**I request that this cancellation of consent apply to all accounts. ☐

OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print the account numbers in the spaces provided.)

Corporate income tax

RC0001

☐

RC

RC

GST/HST

RT0001

☐

RT

RT

Payroll deductions

RP0001

☐

RP

RP

Import/Export

RM0001

☐

RM

RM

B. Which years?I request that this cancellation of consent apply to all years. ☐

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

 Year Month Day	 Year Month Day
 Year Month Day	 Year Month Day

Part 5 - SignaturePrint your name ROSS PEEVERTitle PRESIDENT

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here _____

Date

Year Month Day**WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED**

Appendix 27

2004 CT23 Provincial Tax Return



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

2004/
2005

CT23 Corporations Tax and Annual Return

For taxation years commencing
after December 31, 2002

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)

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

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

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide) ☐ Yes ☒ No

Page 1 of 20

Corporation's Legal Name (including punctuation) WELLAND HYDRO ELECTRIC SYSTEM CORP.			Ontario Corporations Tax Account No. (MOF) 1800215	
Mailing Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			This Return covers the Taxation Year Start year month day 2004-01-01 End year month day 2004-12-31	
Has the mailing address changed since last filed CT23 Return? ☐ Yes		Date of Change year month day	Date of Incorporation or Amalgamation year month day 2000-07-01	
Registered/Head Office Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Ontario Corporation No. (MCBS) 1426855	
Location of Books and Records 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B-5P6			Canada Customs and Revenue Agency Business No. If applicable, enter 863759692RC0001	
Name of person to contact regarding this CT23 Return ROSS PEEVER		Telephone No. 905-732-1381	Jurisdiction Incorporated ONTARIO	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS) ON CA -			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced year month day Ceased year month day ☒ Not Applicable	
Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MCBS)		Preferred Language / Langue de préférence ☒ English ☐ French ☒ anglais ☐ français		
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).		No. of Schedule(s) 0	Ministry use 	
Certification (MCBS)				
I certify that all information set out in the Annual Return is true, correct and complete. Name of Authorized Person (Print clearly or type in full) Title ☒ Director ☒ Officer ☐ Other individuals having knowledge of the Corporation's business activities				
Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.				

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2004-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections **1** & **2**

- 1** 1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private
- 3 ☐ Public
- 4 ☐ Non-share Capital
- 5 ☐ Other (specify)
- Share Capital with full voting rights
owned by Canadian Residents (nearest percent) **100** %

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

- 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)

Please "X" box(es) if applicable:

- ☐ First Year of Filing
- ☒ Amended Return
- ☐ Taxation Year End has changed - Canada Customs
and Revenue Agency approval required
- ☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)
- ☐ Final Taxation Year before Amalgamation
- ☐ Floating Fiscal Year End
- ☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario
- ☐ Acquisition of Control fed s.249(4)
- Date Control was acquired
- year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	☐	☒
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	☒	☐
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?	☐	☒

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From	690	499,539.
Subtract: Charitable donations	-		1	1,175.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-		2	0.
Subtract: Taxable dividends deductible, per federal Schedule 3	-		3	2,421.
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)	-		4	0.
Subtract: Federal Part VI.1 tax 0. X 3	-		5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From	704	495,943.
Net capital losses (page 16) 0. X inclusion rate 50.000000% =	=		714	0.
Farm losses	-	From	724	0.
Restricted farm losses	-	From	734	0.
Limited partnership losses	-	From	754	0.
Taxable Income (Non-capital loss)	=		10	0.
Addition to taxable income for unused foreign tax deduction for federal purposes	+		11	0.
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)	=		20	0.

Taxable Income		Number of Days in Taxation Year	
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 12.5000 %	Days after Dec. 31, 2002 and before Jan. 1, 2004 33 0 ÷ 73 366	= + 29 0.
Ontario Allocation			
From 10 (or 20 if applicable)	0. X 30 100.0000 % X 14.0000 %	Days after Dec. 31, 2003 34 366 ÷ 73 366	= + 32 0.
Ontario Allocation			

Income Tax Payable (before deduction of tax credits) 29 + 32 = 40 0.

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) ☐ Yes ☒ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) 50 0.

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) + 51 0.
 Add: Losses of other years deducted for federal purposes (fed.s.111) + 52 0.
 Subtract: Losses of other years deducted for Ontario purposes (s.34) - 53 0.
 = 54 0.
 Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) 55 250,000.

Ontario Business Limit Calculation

320,000 X $\frac{\text{Days after Dec. 31, 2002 and before Jan. 1, 2004 } 31 \text{ } 0 \div \text{** } 366}{\text{Days after Dec. 31, 2003 } 34 \text{ } 366 \div \text{** } 366}$ = + 46 0.
 400,000 X $\frac{\text{Days after Dec. 31, 2003 } 34 \text{ } 366 \div \text{** } 366}{\text{Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated. } 48 \text{ } 100.0000 \%}$ = + 47 400,000.
 Business Limit for Ontario purposes 46 + 47 = 44 400,000 X 48 100.0000 % = 45 400,000.
Income eligible for the IDSBC From 30 100.0000 % X 56 0. = 60 0.
 *** 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

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)

110 0.

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of 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 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

56 0.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 0. ÷ From 30 100.0000% ÷ From 78 8.5000% = 121 0.

* Ontario Allocation

Lesser of 56 or 121 122 0.

120 - 56 + 122 = 130 0.

Taxable Income

10 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

56 0.

Add: Adjustments for Surtax on Canadian-controlled private corporations

122 0.

Subtract: Taxable Income 10 0. x Allocation % to jurisdictions outside Canada .0000%

140 0.

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

141 0.

10 - 56 + 122 - 140 - 141 = 142 0.

Claim**Number of Days in Taxation Year**Days after Dec. 31, 2002
and before Jan. 1, 2004 Total Days

33 0 ÷ 73 366 = + 154 0.

Days after Dec. 31, 2003 Total Days

34 0 ÷ 73 366 = + 156 0.

143 0. X From 30 100.0000% X 1.5000% X
Lesser of 130 or 142 * Ontario Allocation143 0. X From 30 100.0000% X 2.0000% X
Lesser of 130 or 142 * Ontario Allocation

M&P claim for taxation year 154 + 156 = 160 0.

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

161 0.

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

162 0.

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R) (Attach schedule).

170 0.

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

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 0.

continued on Page 7

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.Eligible Credit From **5620** OITC Claim Form *(Attach original Claim Form)* - - - - - + **191** **0.****Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From **5798** CT23 Schedule 113 *(Attach Schedule 113)* - - - - - + **192** **321.****Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production **204**Eligible Credit From **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **193** **0.****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.Eligible Credit From **6598** CT23 Schedule 115 *(Attach Schedule 115)* - - - - - + **195** **0.**
No. of Graduates From **6596**
194 **0****Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.Eligible Credit From **6900** OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - - - - + **196** **0.****Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **197** **0.****Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From **7100** OBRITC Claim Form *(Attach original Claim Form)* - - - - - + **198** **0.****Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.Eligible Credit From **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **199** **0.****Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC). *(Attach the original Certificate of Eligibility)* - - - - - + **200** **0.****Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From **7500** OSRTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - - - - + **201** **0.****Apprenticeship Training Tax Credit (ATTC) (s.43.13)***Applies* to employment of eligible apprentices.Eligible Credit From **5898** CT23 Schedule 114 *(Attach Schedule 114)* - - - - - + **203** **0.**
No. of Apprentices From **5896**
202Other *(specify)* - - - - - + 203.1 **0.****Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **203** + 203.1 = **220** **321.****Specified Tax Credits Applied to reduce Income Tax** - - - - - = **225** **0.****Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* - - - - - = **230** **0.**To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 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**.

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	+ 350	12,953,180.
Retained earnings (if deficit, deduct) (Int.B. 3012R)	+ 351	543,468.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012R)	+ 352	630,158.
Loans and advances (Attach schedule) (Int.B. 3013R)	+ 353	14,620,993.
Bank loans (Int.B. 3013R)	+ 354	0.
Bankers acceptances (Int.B. 3013R)	+ 355	0.
Bonds and debentures payable (Int.B. 3013R)	+ 356	0.
Mortgages payable (Int.B. 3013R)	+ 357	0.
Lien notes payable (Int.B. 3013R)	+ 358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	+ 359	1,448,027.
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	+ 360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	+ 361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	+ 362	0.
Subtotal	= 370	30,195,826.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- 371	1,436,385.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- 372	0.
Total Paid-up Capital	= 380	28,759,441.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- 381	0.
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 <i>Corporations Tax Act</i> , 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	0.
Net Paid-up Capital	= 390	28,759,441.

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	0.
Mortgages due from other corporations	+ 403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+ 404	0.
Loans and advances to unrelated corporations	+ 405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+ 406	65,827.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+ 407	0.
Total Eligible Investments	= 410	65,827.

continued on Page 10

Attached Sch.
2004-12-31

Attached Sch.
2004-12-31

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Corp. Tax Acct. No. : 1800215

Year Ended:

Attached Sch.
2004-12-31

Supplement to CT23 line 406 & Sch 33 line 402
Loans and Advances

Eligible advances included in prepaid accounts
Loan to Retail Corp.

37,530.00

28,297.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

65,827.00

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WELLAND HYDRO ELECTRIC SYSTEM CORP.

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Capital Tax *continued from Page 9***Total Assets** (Int.B. 3015R)

Total Assets per balance sheet	- - - - -	+	420	34,402,004.
Mortgages or other liabilities deducted from assets	- - - - -	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	423	0.
Total Assets as adjusted	- - - - -	=	430	34,402,004.
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+	440	0.
Subtract: Amounts in 371, 372 and 381	- - - - -	-	441	1,436,385.
Subtract: Appraisal surplus if booked	- - - - -	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	443	0.
Total Assets	- - - - -	=	450	32,965,619.

Investment Allowance $(\frac{410}{450}) \times 390$ Not to exceed 410 = 460 **57,428.**

Taxable Capital 390 - 460 = 470 **28,702,013.**

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue) 480 **38,048,095.**

Total Assets (as adjusted) From 430 **34,402,004.**

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2004/2005) of the Ct23 may only be used for a taxation year that commenced after December 31, 2002.

Financial Institutions use calculations on page 13.

Important:

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

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

OR If the corporation is a member of an associated group and/or partnership, complete **Section B below** and **Section D on page 11**, and if applicable, complete **Section E or Section F on page 12**. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

		Days before Jan. 1, 2005		Total Days			
5,000,000	X	35	366	÷	73	366	= + 500 5,000,000.
		Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days			
7,500,000	X	36	0	÷	73	366	= + 501 0.
		Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days			
10,000,000	X	37	0	÷	73	366	= + 502 0.
Taxable Capital Deduction (TCD)				500	+	501	
				502	+	503	5,000,000.

SECTION C

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

C1. If 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

C2. If Taxable Capital in 470 is **equal to or less than the TCD** in 503, enter NIL in 550 on page 12 and complete the return from that point.

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

$$\begin{array}{rcl}
 + \text{ From } 470 & 0. & \\
 - \text{ From } 503 & 0. & \\
 = & 471 & 0.
 \end{array}
 \times \text{ From } 30 \text{ Ontario Allocation } 100.0000\% \times .3000\% \times 555 \text{ Days in taxation year } 366 = + 523 \text{ } 0.$$

Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

366
365 (366 if leap year)
If floating taxation year, refer to Guide.

Capital Tax Calculation *continued from Page 10***SECTION D**

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

D1. ☐ **509** (X if applicable) All corporations that you are associated with do **not** have a permanent establishment in Canada.

If Taxable Capital **470** on page 10 is equal to or less than the TCD **503** on page 10, enter NIL in **550** on page 12 and complete the return from that point.

If Taxable Capital **470** on page 10 exceeds the TCD **503** on page 10, proceed to **Section E**, enter the TCD amount in **542** in Section E, and complete Section E and the return from that point.

D2. ☒ **524** (X if applicable) One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

Taxable Capital From **470** on page 10 - - - - - + From **470** **28,702,013.**

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

See attached			+	531	2,520.
			+	532	.
			+	533	.
Aggregate Taxable Capital 470 + 531 + 532 + 533 , etc.	- - - - -		=	540	28,704,533.

If **540** above is equal to or less than the TCD **503** on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in **523** in section E on page 12, as applicable.

If **540** above is greater than the TCD **503** on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From **470** **28,702,013.** ÷ From **540** **28,704,533.** X From **503** **5,000,000.** = **541** **4,999,561.**

Transfer to **542** in Section E on page 12

S.s.69(2.1) Election Filed

☐ **591** (X if applicable)

Election filed. Attach a copy of Schedule 591 with this CT23 Return.
Proceed to **Section F** on page 12.

continued on Page 12

Capital Tax
continued from Page 12

Calculation of Capital Tax for Financial Institutions

1.1. Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in 550 on page 12, and complete the return from that point.

1.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565	0.	x	0.6%	X From	30	%	x	Days in taxation year 555 0 ÷ * 0 (366 if leap year)	= +	569	0.
Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1 Ontario Allocation											
570	0.	x	571		30	%	x	Days in taxation year 555 0 ÷ * 0 (366 if leap year)	= +	574	0.
Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount Capital Tax Rate (Refer to Guide) Ontario Allocation											

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2)	569 + 574	=	575 0.

** 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	0.
Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes		

Capital Tax – Financial Institutions	575 - 585	=	586 0.
<i>Transfer to 543 on Page12</i>			

Premium Tax (s.74.2 & 74.3) *(Refer to Guide)*

(1) Uninsured Benefits Arrangements	587 0. x 2%	=	588 0.
<i>Applies to Ontario-related uninsured benefits arrangements.</i>			
(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 .)			
<i>Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.</i>			
Deduct: Specified Tax Credits applied to reduce premium tax <i>(Refer to Guide)</i>	- 589	=	590 0.
Premium Tax	588 - 589	=	590 0.
<i>Transfer to page 17</i>			

WELLAND HYDRO ELECTRIC SYSTEM CORP.

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

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1

+ 600 499,539.

Transfer to Page 15

Add:

Federal capital cost allowance	- - - - -	+	601	1,149,506.
Federal cumulative eligible capital deduction	- - - - -	+	602	164,324.
Ontario taxable capital gain	- - - - -	+	603	0.
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	604	38,822.
Federal allowable reserves. Balance end of year	- - - - -	+	605	672,871.
Ontario non-allowable reserves. Balance end of year	- - - - -	+	606	564,474.
Ontario allowable reserves. Balance beginning of year	- - - - -	+	607	334,926.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+	608	0.
Federal resource allowance (Refer to Guide)	- - - - -	+	609	0.
Federal depletion allowance	- - - - -	+	610	0.
Federal foreign exploration and development expenses	- - - - -	+	611	0.
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	- - - - -	+	617	0.

Management fees, rents, royalties and similar payments to non-arms' length non-residents

Number of Days in Taxation Year

$$\begin{array}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|} \hline & \text{Days after} & & & & & & & & & & & & & & \\ & \text{Dec. 31, 2002 and} & & & & & & & & & & & & & & \\ & \text{before Jan. 1, 2004} & & \text{Total Days} & & & & & & & & & & & & \\ \hline 612 & 0. & \times & 5 & \div & 12.5000 & \times & 33 & 0 & \div & 73 & 366 & = & + & 633 & 0. \\ \hline \end{array}$$

$$\begin{array}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|} \hline & \text{Days after} & & & & & & & & & & & & & & \\ & \text{Dec. 31, 2003} & & \text{Total Days} & & & & & & & & & & & & \\ \hline 612 & 0. & \times & 5 & \div & 14.0000 & \times & 34 & 366 & \div & 73 & 366 & = & + & 634 & 0. \\ \hline \end{array}$$

Total add-back amount for Management fees, etc. 633 + 634 - - - - = 0. + 613 0.

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661
excluding any negative amount in 473 from Ont. CT23 Schedule 161 - - - - - + 615 0.

Add any negative amount in 473 from Ont. CT23 Schedule 161 - - - - - + 616 0.

Federal allowable business investment loss - - - - - + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) - - - - - + 614 0.

Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614 = 2,924,923. 640 2,924,923.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	- - - - -	+	650	1,149,506.
Ontario cumulative eligible capital deduction	- - - - -	+	651	164,324.
Federal taxable capital gain	- - - - -	+	652	0.
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	653	38,822.
Ontario allowable reserves. Balance end of year	- - - - -	+	654	672,871.
Federal non-allowable reserves. Balance end of year	- - - - -	+	655	564,474.
Federal allowable reserves. Balance beginning of year	- - - - -	+	656	334,926.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+	657	0.
Ontario depletion allowance	- - - - -	+	658	0.
Ontario resource allowance (Refer to Guide)	- - - - -	+	659	0.
Ontario current cost adjustment (Attach schedule)	- - - - -	+	661	0.
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+	675	0.

Subtotal of deductions for this page 650 to 659 + 661 + 675 681 2,924,923.

Transfer to Page 15

continued on Page 15

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1	From	+	600	499,539.
Total of Additions on page 14	From	=	640	2,924,923.
Sub Total of deductions on page 14	From	=	681	2,924,923.

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 0.

ONTTI Gross-up deduction calculation:

From 662	Gross-up of CCA	0.	x	100	From 662	0.	=	663	0.
				100.0000					
				Ontario Allocation					

Workplace Child Care Tax Incentive (WCCT)

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

Qualifying expenditures:	665	0.	x	30.00%	x	100	=	666	0.
						100.0000			
						Ontario Allocation			

Workplace Accessibility Tax Incentive (WATI)

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

Qualifying expenditures:	667	0.	x	100.00%	x	100	=	668	0.
						100.0000			
						Ontario Allocation			

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI)

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

Qualifying expenditures:	670	0.	x	30.00%	x	100	=	671	0.
						100.0000			
						Ontario Allocation			

Educational Technology Tax Incentive (ETTI)

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

Qualifying expenditures:	672	0.	x	15.00%	x	100	=	673	0.
						100.0000			
						Ontario Allocation			

Ontario allowable business investment loss + 678 0.

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679 0.

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 0.

Total of other deductions allowed by Ontario (Attach schedule) + 664 0.

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 2,924,923. 680 2,924,923.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 499,539.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 1,638,100	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 495,943	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
	707 0	717 0	727 0	737 0	747 0	757 0
Subtotal	495,943	0	0	0	0	0
Balance at End of Year	709 (8) 1,142,157	719 0	729 0	739 0	749 0	759 0

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 1995-12-31	817 (9) 0	860 (9) 0		850 0	870 0
801 8th preceding taxation year 1996-12-31	818 (9) 0	861 (9) 0		851 0	871 0
802 7th preceding taxation year 1997-12-31	819 (9) 0	862 (9) 0		852 0	872 0
803 6th preceding taxation year 1998-12-31	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year 1999-12-31	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year 2000-12-31	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year 2001-12-31	823 219,204	833 0	843 0	856 0	876 0
807 2nd preceding taxation year 2002-12-31	824 0	834 0	844 0	857 0	877 0
808 1st preceding taxation year 2003-12-31	825 922,953	835 0	845 0	858 0	878 0
809 Current taxation year 2004-12-31	826 0	836 0	846 0	859 0	879 0
Total	829 1,142,157	839 0	849 0	869 0	889 0

Notes:

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

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding _____ 901 _____	911 0	921 0	931 0	941 0
ii) 2nd preceding _____ 902 _____	912 0	922 0	932 0	942 0
iii) 1st preceding _____ 903 _____	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	-----	+ From 230 or 320	0.
Corporate Minimum Tax	-----	+ From 280	10,206.
Capital Tax	-----	+ From 550	70,786.
Premium Tax	-----	+ From 590	0.
Total Tax Payable	-----	= 950	80,992.
Subtract: Payments	-----	- 960	72,117.
Capital Gains Refund (s.48)	---	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	---	- 985	0.
Specified Tax Credits (Refer to Guide)	-----	- 955	0.
Other (specify) Alloc from Fed	---	-	0.
Balance	-----	= 970	8,875.
If payment due	-----	Enclosed * 990	8,875.
If overpayment: Refund (Refer to Guide)	-----	- = 975	0.
year month day			
Apply to	-----	980	0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (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)

ROSS PEEVER

Title

PRESIDENT

Full Residence Address

Signature

Date

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

Attached Sch.
2004-12-31

Attached Sch.
2004-12-31

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Corp. Tax Acct. No. : 1800215

Year Ended:

Attached Sch.
2004-12-31

Supplement to CT23 line 406 & Sch 33 line 402
Loans and Advances

Eligible advances included in prepaid accounts
Loan to Retail Corp.

37,530.00

28,297.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

65,827.00

=====

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Loans or Advances Credited or Advanced to Corporation

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Note Payable	+	13,499,953
LT customer deposits	+	300,518
Current customer deposits	+	820,522
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
	+	0
Total	=	14,620,993

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

- For use by a corporation to claim any of the following:
 - Charitable donations;
 - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- File one completed copy of this schedule with your CT23.

Part 1 - Charitable Donations

Charitable Donations at end of preceding taxation year	+	0	A
Deduct: Donations expired after 5 taxation years	-	0	B
Charitable donations at beginning of taxation year	=	0	C
Add: Donations transferred on amalgamation or wind-up of subsidiary	+	0	D
Total current year charitable donations made	+	1,175	E
Subtotal D + E	=	1,175	F
Total donations available C + F	=	1,175	G
Deduct: Amount applied against taxable income (amount T)	-	1,175	T
Charitable donations closing balance	=	0	H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	=	374,654	I
Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.			
Ontario taxable capital gains arising in respect of gifts of capital property	+	0	J
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	+	0	K
Add the lesser of:			
1. The amount of the recapture of capital cost allowance in respect of charitable gifts		0	L
2. The lesser of:			
2a. Proceeds of dispositions less outlays and expenses		0	M
2b. The capital cost		0	N
The lesser of M and N		0	O
The lesser of L and O	+	0	P
Subtotal J + K + P	=	0	Q
25% X 0	=	0	R
Maximum deduction allowable I + R	=	374,654	S
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)		1,175	T
Enter in 1 of the CT23			

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Part 3 - Gifts to Her Majesty in right of Ontario

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

Gifts to Ontario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year	 +		0
Deduct: Gifts expired after 5 years	 -		0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	 +		0
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	 +		0
Total current year gifts	 +		0
Subtotal	 =		0
Deduct: Amount applied against taxable income 2 of the CT23	 -		0
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	 =		0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
Total gifts to Her Majesty in right of Ontario	 =	0

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

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario **U**
 - Lesser of:**
 - Ontario Net Income for the taxation year **V**
 - Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation **W**

The lesser of **V** and **W** **X**
- Maximum deduction allowable** the lesser of **U** and **X** **Y**

Transfer to of the CT23

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

Gifts to Canada or a province other than Ontario at the end of the preceding year	 +		0
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	 -		0
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	 =		0
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	 +		0
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	 +		0
Subtotal	 =		0
Deduct: Amount applied against taxable income	 -		0
Gifts to Canada or a province other than Ontario closing balance	 =		0

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Part 6 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	 +	0
Deduct: Gifts of certified cultural property expired after five years	 -	0
Gifts of certified cultural property at the beginning of the taxation year	 =	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	 +	0
Total current year gifts of certified cultural property	 +	0
Subtotal	 =	0
Deduct: Amount applied against taxable income	 -	0
Gifts of certified cultural property closing balance	 =	0

Part 7 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	 +	0
Deduct: Gifts of certified ecologically sensitive land expired after five years	 -	0
Gifts of certified ecologically sensitive land at the beginning of the taxation year	 =	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	 +	0
Total current year gifts of certified ecologically sensitive land	 +	0
Subtotal	 =	0
Deduct: Amount applied against taxable income	 -	0
Gifts of certified ecologically sensitive land closing balance	 =	0

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2003-12-31	0	0	0	0	0
2002-12-31	0	0	0	0	0
2001-12-31	0	0	0	0	0
2000-12-31	0	0	0	0	0
1999-12-31	0	0	0	0	0
1998-12-31	0	0	0	0	0
Totals	0	0	0	0	0

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Part 1 - Aggregate and foreign investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
The eligible portion of taxable capital gains included in income for the year	0	0	0	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	0	0	B
Net capital losses of other years claimed at line 332 on the T2 return	0		0	C
Total of amounts B and C	0	0	0	D
Amount A minus amount D (if negative, enter "0")	0	0	0	E
Total income from property (include only income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	2,421	0	2,421	
Other property income	0	0	0	
	-----	-----	-----	
Total income from property	2,421	0	2,421	F
Exempt income	0	0	0	G
Amounts received from NISA Fund No.2 (CAIS) that were included in computing the corporation's income for the year	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	2,421	0	2,421	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	0	0	J
Total of amounts G, H, I, and J	2,421	0	2,421	K
Amount F minus amount K	0	0	0	L
Total of amount E plus amount L	0	0	0	M
Total losses from property (include only losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	0	0	0	N
Amount M minus amount N (if negative, enter "0")	0	0	0	P
	=====	=====	=====	

Note: The aggregate investment income is the aggregate world source income.

Enter amount O, foreign investment income, on line 445 of the T2 return.

Enter amount P, aggregate investment income, on line 440 of the T2 return.

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3	2,421	0	2,421
Less: Expenses related to such dividends			
	-----	-----	-----
Total expenses	0	0	0
	-----	-----	-----
Net taxable dividends	2,421	0	2,421
	=====	=====	=====

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada
after deducting related expenses - from the total of line E above (if the net amount
is negative, enter "0" on line M)

0 I

Add: Specified partnership loss (from line H.2 above)

0 J

Subtotal

0 K

Deduct: Specified partnership income (from line H.4 above)

0 L

Partnership income (enter on line P below)

0 M

Part 4 - Income from active business carried on in Canada

Net income for Ontario income tax purposes

499,539 N

Deduct: Foreign business income after deducting related expenses *

0

Taxable capital gains **minus** allowable capital loss

- amount A **minus** amount B (page 1) *

0

Net property income

- amount F **minus** amounts G, H and N (page 1) *

2,421 O

Personal services business income after deducting related

expenses *

0

2,421

2,421

Net amount

497,118

Deduct: Partnership income (line M above)

0 P

Income from active business carried on in Canada (if negative, enter "0")

497,118 Q

* If negative, enter in brackets, and add instead of subtracting.

WELLAND HYDRO ELECTRIC SYSTEM CORP.
Corp. Tax Acct. No. : 1800215

Year Ended:

Ont. Sch. 008
2004-12-31

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1 Class number	2 Ontario unde- preciated capital cost at the beginning of the year (unde- preciated 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 unde- preciated 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)	8 Reduced unde- preciated 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 unde- preciated capital cost at the end of the year (column 6 minus column 12)
1	2,378,780	206,688	0	0	2,585,468	103,344	2,482,124	4	0	0	99,285	2,486,183
1	5,541,216	0	0	0	5,541,216	0	5,541,216	4	0	0	221,649	5,319,567
1	8,992,123	761,170	-204,920	0	9,548,373	380,585	9,167,788	4	0	0	366,712	9,181,661
1	2,710,644	189,016	263,150	0	3,162,810	94,508	3,068,302	4	0	0	122,732	3,040,078
1	1,410,126	64,332	8,349	0	1,482,807	32,166	1,450,641	4	0	0	58,026	1,424,781
8	262,861	50,311	0	0	313,172	25,155	288,017	20	0	0	57,603	255,569
10	465,329	48,902	0	14,073	500,158	17,414	482,744	30	0	0	144,823	355,335
12	20,624	116,103	0	0	136,727	58,051	78,676	100	0	0	78,676	58,051
stotal	21,781,703	1,436,522	66,579	14,073	23,270,731	711,223	22,559,508		0	0	1,149,506	22,121,225

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

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use) See note 1 below	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	21,781,703	1,436,522	66,579	14,073	23,270,731	711,223	22,559,508		0	0	1,149,506	22,121,225
=====	=====	=====	=====	=====	=====	=====	=====		=====	=====	=====	=====
							Enter in boxes		[650]	[650]	[650] on the CT23	

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) 2,347,490^A

Add:

Cost of eligible capital property acquired during the taxation year	+	0^B		
Amount transferred on amalgamation or wind-up of subsidiary	+	0^C		
Other adjustments	+	0^D		
Total of B + C + D	=	0	X 0.75 =	0^E
Subtotal A + E				2,347,490^F

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	0^G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	+	0^H		
Other adjustments	+	0^I		
Total of G + H + I	=	0	X 0.75 =	0^J
Ontario cumulative eligible capital balance F – J				2,347,490^K

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

Current year deduction 2,347,490^K X 7.00%* = 164,324^L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = 2,183,166^M

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

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

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

Amount from line K above (show as a positive amount)		0^N		
Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	0¹			
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA	0²			
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	0³			
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	0⁴			
Line 3 deduct line 4	0	0⁵		
Total lines 1 + 2 + 5		0⁶		
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000		0⁷		
Deduct line 7 from line 6		0		0^O
N - O (cannot be negative)				0^P
Amount on line 5 0 X 1/2				0^Q
P - Q				0^R
Amount on line R 0 X 2/3*				0^S
Lesser of line N or line O				0^T
Amount to be included in income S + T				0

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

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

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
1.	0	0	0	0	0
2.	0	0	0	0	0
3.	0	0	0	0	0
4.	0	0	0	0	0
5.	0	0	0	0	0
6.					
Totals	0^A	0^B	0	0	0^C

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

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
Reserve for doubtful debts	334,926	0	337,945	0	672,871
Reserve for undelivered goods and services not rendered	0	0	0	0	0
Reserve for prepaid rent	0	0	0	0	0
Reserve for December 31, 1995 income	0	0	0	0	0
Reserve for refundable containers	0	0	0	0	0
Reserve for unpaid amounts	0	0	0	0	0
Other tax reserves	0	0	0	0	0
Totals	334,926^D	0^E	337,945	0	672,871^F

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

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

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Allowance for Doubtful -Gene	5,879	0	0	5,879		0
PILs deferred revenue reserv	0	0	52,529	0		52,529
Demand side management	0	0	0	9,026		-9,026
Pension Liability	1,373,698	0	21,800	0		1,395,498
Market Ready Costs	-235,684	0	0	31,894		-267,578
Retail Service Variances	-1,439,997	0	160,177	0		-1,279,820
Reserves from Part 2	334,926	0	337,945	0		672,871
Totals	38,822	0	572,451	46,799		564,474

Enter in box **653** of the CT23

Enter in box **606** of the CT23



Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Part 1: Calculation of CMT Base

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

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) - - - - - + 2100 **306,691.**

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

Provision for recovery of income taxes / benefit of current income taxes	- - - - -	+	2101	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	- - - - -	+	2102	0.
Equity income from corporations	- - - - -	+	2103	0.
Share of partnership(s)/joint venture(s) income	- - - - -	+	2104	0.
Dividends received/receivable deductible under fed.s.112	- - - - -	+	2105	2,421.
Dividends received/receivable deductible under fed.s.113	- - - - -	+	2106	0.
Dividends received/receivable deductible under fed.s.83(2)	- - - - -	+	2107	0.
Dividends received/receivable deductible under fed.s.138(6)	- - - - -	+	2108	0.

Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) **0.** X 3 - - - - - + 2109 **0.**

Subtotal - - - - - = **2,421.** - 2110 **2,421.**

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

Provision for current taxes / cost of current income taxes	- - - - -	+	2111	0.
Provision for deferred income taxes (debits) / cost of future income taxes	- - - - -	+	2112	0.
Equity losses from corporations	- - - - -	+	2113	0.
Share of partnership(s)/joint venture(s) losses	- - - - -	+	2114	0.
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	0.

Subtotal - - - - - = **0.** + 2116 **0.**

Add/Subtract:

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

** Fed.s.85	- - - - -	+	2117	0.	or -	2118	0.
** Fed.s.85.1	- - - - -	+	2119	0.	or -	2120	0.
** Fed.s.97	- - - - -	+	2121	0.	or -	2122	0.

** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years - - - - - + 2123 **0.** or - 2124 **0.**

** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years - - - - - + 2125 **0.** or - 2126 **0.**

** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years - - - - - + 2127 **0.** or - 2128 **0.**

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - - - - - - 2150 **0.**

Subtotal (Additions) - - - - - = **0.** + 2129 **0.**

Subtotal (Subtractions) - - - - - = **0.** - 2130 **0.**

** Other adjustments - - - - - ± 2131 **0.**

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 - - - - - = 2132 **304,270.**

** Share of partnership(s)/joint venture(s) **adjusted** net income/loss - - - - - ± 2133 **0.**

Adjusted net income (loss) (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) - - - - - = 2134 **304,270.**

Deduct: * CMT losses: pre-1994 Loss - - - - - + From 2210 **0.**

* CMT losses: other eligible losses - - - - - + 2211 **49,131.**

= **49,131.** - 2135 **49,131.**

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

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

CMT Base - - - - - = 2136 **255,139.**

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2) + 2201 **49,131.**

Add: Current year's losses + 2202 **0.**
Losses from predecessor corporations on amalgamation NOTE (3) + 2203 **0.**
Losses from predecessor corporations on wind-up NOTE (3) + 2204 **0.**

Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes
Subtotal = **0.** + 2207 **0.**

Adjustments (attach schedule) ± 2208 **0.**

CMT losses available 2201 + 2207 ± 2208 = 2209 **49,131.**

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income + 2210 **0.**
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4) + 2211 **49,131.**
Losses expired during the year + 2212 **0.**
Subtotal = **49,131.** - 2213 **49,131.**

Balances at End of Year NOTE (5) 2209 - 2213 = 2214 **0.**

Notes:

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1995-12-31	2260 0	2280 0
2241	8th preceding taxation year 1996-12-31	2261 0	2281 0
2242	7th preceding taxation year 1997-12-31	2262 0	2282 0
2243	6th preceding taxation year 1998-12-31	2263 0	2283 0
2244	5th preceding taxation year 1999-12-31	2264 0	2284 0
2245	4th preceding taxation year 2000-12-31	2265 0	2285 0
2246	3rd preceding taxation year 2001-12-31	2266 0	2286 0
2247	2nd preceding taxation year 2002-12-31	2267 0	2287 0
2248	1st preceding taxation year 2003-12-31	2268 0	2288 0
2249	Current taxation year 2004-12-31	2269 0	2289 0
Totals		2270 0	2290 0

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

Corporate Minimum Tax (CMT) CT23 Schedule 101

Page 3 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301 **0.**

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 **10,206.**

Gross Special Additional Tax NOTE (2) 312 on page 5 of the 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 + 2310 **10,206.**

Current year's CMT credit (if negative, enter NIL) 280 or 347 - 2305 = ... + 2310 **10,206.**

CMT Credit Carryovers from predecessor corporations NOTE (3) + 2325 **0.**

Amalgamation (x) 2315 ☐ Yes Wind-up (x) 2320 ☐ Yes

Subtotal 2301 + 2310 + 2325 = 2330 **10,206.**

Adjustments (Attach schedule) ± 2332 **0.**

CMT Credit Carryover available 2330 ± 2332 = 2333 **10,206.**

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 **0.**

CMT Credit expired during the year + 2334 **0.**

Subtotal = ... - 2335 **0.**

Balance at End of Year NOTE (4) 2333 - 2335 = 2336 **10,206.**

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).

(3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

(4) Amount in 2336 must equal sum of 2370 + 2390.

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1995-12-31	2360 0	2380 0
2341	8th preceding taxation year 1996-12-31	2361 0	2381 0
2342	7th preceding taxation year 1997-12-31	2362 0	2382 0
2343	6th preceding taxation year 1998-12-31	2363 0	2383 0
2344	5th preceding taxation year 1999-12-31	2364 0	2384 0
2345	4th preceding taxation year 2000-12-31	2365 0	2385 0
2346	3rd preceding taxation year 2001-12-31	2366 0	2386 0
2347	2nd preceding taxation year 2002-12-31	2367 0	2387 0
2348	1st preceding taxation year 2003-12-31	2368 0	2388 0
2349	Current taxation year 2004-12-31	2369 10,206	2389 0
Totals		2370 10,206	2390 0

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



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

Cooperative Education Tax Credit (CETC)

CT23 Schedule 113

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2004-12-31

Instructions for completing the CETC Claim Form

- See the reverse side for a detailed description of the Cooperative Education Tax Credit and for important changes introduced in the 2004 Ontario Budget.
- Enter the relevant details for each qualifying work placement, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each qualifying work placement.
- Enter the total tax credit claimed on line 192, page 7 of the CT23 Long, or page 4 of the CT23 Short, or page 4 of the CT8.
 - The maximum amount of credit that can be claimed in respect of each work placement is \$1,000.
- Ensure you have the following documentation (Do not include with the form or tax return.):
 - a letter of certification from the Ontario college, university other post-secondary institution, containing information as specified by the Minister, stating that the student is enrolled in a qualifying education program; or
 - a voucher for leading-edge technology programs, other than an apprenticeship, stating that the educational program meets the definition of a qualifying program in leading-edge technology and that the work performed by that student during the work placement is in a related field.
- The credit is **considered government assistance** and is therefore **to be included in income** in the year the credit is claimed.

Summary of Co-operative Education Tax Credit Claimed

Complete a separate entry for each student work placement which ended during the corporation's taxation year. The tax credit is for co-op work placements and leading-edge technology work placements. A work placement is generally considered to be a full-time work assignment for up to 4 months in duration.

Example: If a corporation, with a December 31, 2001 taxation year end, hires an eligible student from September 1, 2001 until April 30, 2002, this would be considered 2 work placements. The first work placement is September 1, 2001 to December 31, 2001 and would be claimed in the 2001 taxation year. The second placement is January 1, 2002 to April 30, 2002 and must be claimed in the 2002 taxation year.

Qualifying Work Placements

Name of University/College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates year month day	Eligible Costs of Placement (ECP)	* Credit Claimed (See notes below) (max. \$1,000 per work placement)
Niagara College	Hopson		From 2004-07-11	5749	5775
Electrical Engi	Christine	525-235-115	To 2004-09-03	2,138	321
			From	5750	5776
			To	0	0
			From	5751	5777
			To	0	0
Totals				5774	5798
				2,138	321

If insufficient space, attach schedule

Transfer to 192 on Page 7 of the CT23 Long
or Page 4 of the CT23 Short,
or Page 4 of the CT8

Note: Enter corporation's salaries & wages paid in the preceding taxation year A \$ 285,000.

If A is \$600,000 or greater use 10%. If A is \$400,000 or less use 15%.

If A is over \$400,000 but less than \$600,000 use the following formula to calculate the rate: Rate = .15 - [.05 (From A 285,000. - \$400,000) ÷ \$200,000]

Indicate rate used: 15.00%. * Credit claimed equals ECP multiplied by rate.

ONTARIO CONSENT FORM

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative
- Complete Parts 3, 4, and 5 to cancel the consent provided for an existing representative
- Complete all the parts if you want to both name a new representative and cancel an existing representative

Part 1 - Consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I consent to the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:..... **Deloitte & Touche LLP**

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual)

Address 1:..... **4210 King Street East**

Address 2:..... **Kitchener**

City:..... **ON**

Province, territory or state:.....

Country (other than Canada):.....

Postal code:..... **N2P-2G5**

Zip code or foreign postal code:.....

If you named a firm as your representative and want to specify a particular individual of that firm, enter that individual's first and last name.

Representative's name

519-650-7600

Representative's telephone number

Extension

519-650-7601

Representative's fax number

Part 2 - Details of consent

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

and all years after that.

Year Month Day

3. The following year-ends only:

Year Month Day

Year Month Day

Year Month Day

Year Month Day

Part 3 - Cancellation of the consent for the release of information to a representative

Taxpayer's name:

WELLAND HYDRO ELECTRIC SYSTEM CORP.

Ontario Corporation

Tax Account Number: **1800215**

Taxpayer's address 1:..... **950 EAST MAIN STREET**

Taxpayer's address 2:..... **P.O. BOX 280**

City:..... **WELLAND**

Province:..... **ON**

Postal code:..... **L3B-5P6**

I cancel all previous consents for all representatives.

OR

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

Address 1:.....

Address 2:.....

If you named a firm as your representative and want to cancel the consent with respect to a particular individual of that firm, enter that individual's first and last name.

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

I request that this cancellation of consent apply to all years.

OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to:

Year Month Day

2. All year-ends beginning in:

Year Month Day

and all years after that.

3. The following year-ends only:

Year Month Day

Year Month Day

Year Month Day

Year Month Day

Part 5 - Signature

Print your name **ROSS PEEVER**

Title **PRESIDENT**

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here_____

Date

Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

ONTARIO TAX INSTALMENTS

For The Taxation Year Ended: 2005-12-31

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

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

Quarterly Instalment

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2005-03-31	0	0	0	0
2005-06-30	0	0	0	0
2005-09-30	0	0	0	0
2005-12-31	0	0	0	0
	-----	-----		-----
	0	0		0
	=====	=====		=====

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2005-01-31	6,750	14,228	-7,478	0
2005-02-28	6,750	14,228	-14,956	0
2005-03-31	6,750	14,228	-22,434	0
2005-04-30	6,750	14,228	-29,912	0
2005-05-31	6,750	0	-23,162	0
2005-06-30	6,750	0	-16,412	0
2005-07-31	6,750	0	-9,662	0
2005-08-31	6,750	0	-2,912	0
2005-09-30	6,750	0	0	3,838
2005-10-31	6,750	0	0	6,750
2005-11-30	6,750	0	0	6,750
2005-12-31	6,750	0	0	6,750
	-----	-----		-----
Total	81,000	56,912		24,088
	=====	=====		=====

Indicate Instalment Method Chosen [1-3]: 1

1. 1st Instalment Base Method
2. Combined 1st and 2nd Instalment Base Method
3. Estimated Tax Method

Do not used the quarterly payment even if applicable "X" to continue monthly payments []

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

1. 1st INSTALMENT BASE METHOD

1st Instalment Base Amount (Amt (I) Below)	80,992	/	12	=	6,750

				Monthly Instalments Required	6,750
				Quarterly Instalments Required	0

2. COMBINED 1st AND 2nd INSTALMENT BASE METHOD

2nd Instalment Base Amount:					
Indicate: Income Tax, C.M.T.	0				
Capital Tax, Prem. Tax	69,722				

Total	69,722	/	12	= (A)	5,811

Each of the first 2 Instalment Payments				= (B)	5,811
Total tax from (I) below	80,992				
Less: Amount (A) above x 2	11,622				

	69,370	/	10	=	6,937

Each of the remaining 10 Instalment Payments				=	6,937
				Quarterly Instalments Required	0

3. ESTIMATED TAX METHOD

Instalment Base Amount (Amt (I) Below)	0	/	12	=	0

				Monthly Instalments Required	0
				Quarterly Instalments Required	0

— INSTALMENT BASE CALCULATION —

		1st Instalment Base Method	Estimated Tax Method
Ontario Taxable Income		0	0
		=====	=====
CALCULATION OF TAX PAYABLE			
Gross Ontario Tax	(A)	0	0
Less Total of:			
Incentive Deduction for an S.B.C., net of surtax		0	0
Manufacturing and Processing Profits Credit		0	0
Additional deduction for credit unions		0	0
Credit for foreign taxes paid		0	0
Credit for Investment in S.B.D.C.		0	0
Specified credits applied against income tax		0	0
		-----	-----
Total Deduction and Credits	(B)	0	0
Income Tax	(A) - (B) = (C)	0	0
Add: Capital Tax	(D)	70,786	0
Corporate minimum tax paid (credited)	(E)	10,206	0
Premium Tax	(F)	0	0
		-----	-----
Total Income Tax and Other Taxes	(C+D+E+F) = (G)	80,992	0
Adjustment for Short Taxation Years x 365 / number of days in year if < 365	(H)	365 / 365 80,992	365 / 365 0
Less: Total estimated current year credits		0	0
	(I)	80,992	0
		=====	=====

Appendix 28

2004 Notice of Assessments

Detach and return this REMITTANCE FORM with your payment.



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

Account No.
1800215

35
PX5005

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

2	0	0	4	1	2	3	1												

Payment Amount: \$

Total Payment
Enclosed: \$



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

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

Account No.	Reassessment Date (year, month, day)	Page
1800215	2006/11/30	2 of 3

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

REASSESSMENT NO. 101 REPLACING ASSESSMENT DATED: 2005/10/31

Tax: Federal and Provincial PIL
Assessment Interest
Total Reassessment Liability

72,603.00
1,056.39CR
71,546.61

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

122,575.00CR
41,704.73

Sub-Total

80,870.27CR
9,323.66CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of Capital Tax.

Adjustment to prior years' non-capital losses applied in the current year.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708
• Toronto (416) 920-9048 ext. 3036
• Toll-Free 1-800-262-0784 ext. 3036
• FAX (905) 433-5197



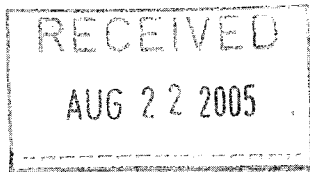
Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF ASSESSMENT

copy
Ross Peever ✓

St. John's NL A1B 3Z1



0000483

Page 1 of 6

WELLAND HYDRO-ELECTRIC SYSTEM
CORP
C/O OWEN JENKINS
PO BOX 280
WELLAND ON L3B 5P6

Date of mailing August 18, 2005
Business Number 86375 9692 RC0001
Taxation year-end December 31, 2004

RESULTS

This notice explains the results of our assessment of the T2 return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.





Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF ASSESSMENT

Page 2 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing	August 18, 2005
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2004



CORPORATION NOTICE OF ASSESSMENT

0000484

Page 3 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
August 18, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2004

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
		=====
Total Federal Tax:		\$ 0.00
		=====
	Net balance:	\$ 0.00
		=====
	Result of this assessment:	\$ 0.00
	Prior balance:	\$ 0.00
		=====
	Total balance:	\$ 0.00

Michel Dorais
Commissioner of Customs and Revenue

EXPLANATION

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

Did you know you may be eligible to file your return using our Corporation Internet Filing service. For information on eligibility criteria and the service in general, please visit www.cra.gc.ca/corporation-internet.

If you require additional information or wish to request an adjustment, contact:

St. John's Taxation Centre
Freshwater Rd and Empire Ave
St. John's NL A1B 3Z3
Phone (709) 772-6888
Fax (709) 772-3834
Toll free number 1-888-832-1728
We accept collect calls.

St. Catharines TSO
O. Box 3038 32 Church Street
St. Catharines ON L2R 3B9
11 free number 1-800-959-5525



CORPORATION NOTICE OF ASSESSMENT

Page 4 of 6

WELLAND HYDRO-ELECTRIC SYSTEM CORP

Date of mailing
August 18, 2005
Business Number
86375 9692 RC0001
Taxation year-end
December 31, 2004

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2008/04/02

WIND LAND HYDRO-ELECTRIC SYSTEM CORP.

Account No.

1800215

Statement Date
(year, month, day)

2008/04/02

Page

1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2006/12/23		OPENING BALANCE FOR: 2005/12/31	0.00	
2006/11/30	144	reassessment reversal	65,963.00CR	
2006/11/30	146	interest reversal - assessment	694.28	
2006/12/01	147	interest reversal	0.06	
2006/12/18	148	interest reversal	1.00	
2008/03/12	145	reassessment	65,894.00	
2008/03/12	149	interest - assessment *	700.72CR	
2008/03/31	155	PIL refund	74.50	
2008/04/02	159	interest *	0.12CR	0.00
2008/03/04		OPENING BALANCE FOR: 2006/12/31	4.21CR	
2007/08/09	150	assessment reversal	688,265.00CR	
2007/08/09	152	interest reversal - assessment	15,204.21CR	
2007/09/05	153	interest reversal	97.79CR	
2008/03/12	151	reassessment	669,909.00	
2008/03/12	154	interest - assessment *	14,324.70	
2008/03/31	156	PIL refund	19,367.73	
2008/04/02	158	interest *	30.22CR	0.00
		BALANCE		0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

2008/03/04		OPENING BALANCE FOR: 2007/12/31	688,272.00CR
		BALANCE	688,272.00CR
2008/03/04		OPENING BALANCE FOR: 2008/12/31	100,000.00CR
2008/03/25	157	PIL payment	30,588.11CR
		BALANCE	130,588.11CR

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of \$2,000 or more and less than \$10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

19367.73
74.50
19442.23
19,438.23
10.00
EFT 3/31 19,442.23

Tax (Re)Assessment Enquiries:

• Toronto 416 218-3283 • FAX 416 730-5593

Account Billing Enquiries & Change of Address Information:

• Toll-Free 1 800 262-0784 ext. 3036 • FAX 905 433-5197

0000027

returning as ONT. EL. Fin. created on
bank acct E (444) 14.
on 3/31/08

PURCHASE ORDER # 12953
LEDGER A/C # 222002
\$50,000.00
4/08 \$19337.51

CHECKED BY

ENTERED BY

Requisitioned by W.ARMSTRONG
Department FINANCE
P.O. Prepared by K.BROWN

Authorized by

President & CEO

Appendix 29

2005 T2 Federal Tax Return

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**BUSINESS CONSENT FORM**

Use this form to consent to the release of confidential information about your Business Number (BN) account(s) to the representative named below, or to cancel consent for an existing representative.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4 and 5 to cancel consent for an existing representative.
- Complete all parts of this form if you want to both name a new representative and cancel consent for an existing representative.

If you have questions, such as where to send this form, call us at 1-800-959-5525.

Part 1 – Consent to release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP. Business Number: 86375 9692 RC0001

I consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Deloitte & Touche LLP

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name.

(519) 650-7600

Representative's telephone number Extension

(519) 650-7601

Representative's fax number

Part 2 – Details of consent**A. Which accounts?**

I request that this consent apply to all accounts. ☒ OR

I request that this consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to authorize access to more than one account of the same type, for example RP0002 and RP0003, please print account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC	<u> </u>	RC	<u> </u>
GST/HST	RT0001	☐	RT	<u> </u>	RT	<u> </u>
Payroll deductions	RP0001	☐	RP	<u> </u>	RP	<u> </u>
Import/Export	RM0001	☐	RM	<u> </u>	RM	<u> </u>

B. Which years?

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

- All year-ends up to:
Year Month Day
- All year-ends beginning in: and all years after that.
Year Month Day
- The following year-ends only:
Year Month Day Year Month Day

Year Month Day Year Month Day

Part 3 – Cancellation of consent to release of information to a representative

Client's name: _____ Business Number: _____

I cancel all previous consents for all representatives. ☐ OR

I cancel my consent to the release of confidential information about my BN account(s) by the Canada Customs and Revenue Agency to the representative named below.

Representative's name (If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.) _____

If you named a firm as your representative, and you want to cancel the consent for a particular individual of that firm, enter that individual's first and last name. _____

Representative's telephone number _____

Representative's fax number _____

Part 4 – Details of cancellation of consent**A. Which accounts?**I request that this cancellation of consent apply to all accounts. ☐ OR

I request that this cancellation of consent apply only to the following accounts.

(Check the appropriate box or boxes. If you wish to cancel access to more than one account of the same type, for example RP0002 and RP0003, please print account numbers in the spaces provided.)

Corporate income tax	RC0001	☐	RC	_____	RC	_____
GST/HST	RT0001	☐	RT	_____	RT	_____
Payroll deductions	RP0001	☐	RP	_____	RP	_____
Import/Export	RM0001	☐	RM	_____	RM	_____

B. Which years?I request that this cancellation of consent apply to all years. ☐ OR

I request that this cancellation of consent apply only to the following years:

1. All year-ends up to: _____
Year Month Day
2. All year-ends beginning in: _____ and all years after that.
Year Month Day
3. The following year-ends only: _____
Year Month Day Year Month Day

Year Month Day Year Month Day

Part 5 – SignatureYour name ROSS PEEVER Title PRESIDENT

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here ► _____ Date _____
Year Month Day**WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED**

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**BN: **86375 9692 RC 0001**Taxation Year End: **2005-12-31**For agency use
[055]

[001] 86375 9692 RC 0001

[060] 2005 01 01

[061] 2005 12 31

[099] EP04

XXXXXXXXXXXX

[002] WELLAND HYDRO ELECTRIC SYSTEM CORP.

[003] 2

[004] _____

XXXXXXXXXXXX

[010]@ 2

[011] _____

[012] _____

[015] _____

[016] _____

[017] _____

[018] _____

[020]@ 2

[021] _____

[022] _____

[023] _____

[025] _____

[026] _____

[027] _____

[028] _____

For agency use

[091] _____

[092] _____

[093] _____

For agency use

[094] _____

[095] _____

[096] _____

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[030]@ 2

[031] _____

[032] _____

[035] _____

[036] _____

[037] _____

[038] _____

XXXXXXXXXXXXX

[040] 1 [166] _____ [220] _____

[043] _____ [167] _____ [221] _____

[063] 2 [168] _____ [226] _____

[065] _____ [169] _____ [227] _____

[067] 2 [170] _____ [231] _____

[070] 2 [171] _____ [232] _____

[071] 2 [172] _____ [233] _____

[072] 2 [173] 1 [236] 1

[076] 2 [201] 1 [237] _____

[078] 2 [202] 1 [238] _____

[080] 1 [203] 1 [242] _____

[081] _____ [204] 1 [243] _____

[082] 2 [205] _____ [244] _____

[085] _____ [206] _____ [249] _____

[150] 1 [207] 1 [250] _____

[151] _____ [208] 1 [253] _____

[160] 1 [210] 1 [254] _____

[161] _____ [212] _____ [255] _____

[162] _____ [213] 1 [256] _____

[163] _____ [216] _____

[164] _____ [217] _____

[165] _____ [218] _____

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[258]	_____	[284]	POWER DISTRIBUTION
[259]	_____	[286]	_____
[260]	_____	[288]	_____
[261]	_____	[285]	100
[262]	_____	[287]	_____
[263]	_____	[289]	_____
[264]	_____	[950]	PEEVER
[291]	2	[951]	ROSS
[292]	2	[954]	PRESIDENT
[370]	_____	[955]	_____
[435]	_____	[956]	905 732 1381
[438]	_____	[957]	1
[624]	_____	[958]	_____
[646]	_____	[959]	_____
[750]	ON		XXXXXXXXXXXXX
[801]	_____		
[815]	_____		
[894]	1		
[896]	2		
[898]	_____		
[910]	_____		
[914]	_____		
[918]	_____		
[990]	1		
	XXXXXXXXXXXXX		
[280]	2		
[281]	2		
[282]	_____		
[283]	_____		

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[300]	761 860	[440]	_____	[652]	_____
[311]	3 406	[445]	_____	[700]	_____
[312]	_____	[450]	_____		XXXXXXXXXXXXXX
[313]	_____	[600]	_____		
[314]	_____	[632]	_____	[704]	_____
[320]	2 069	[636]	_____	[708]	_____
[325]	_____	[780]	_____	[716]	_____
[331]	756 385		XXXXXXXXXXXXXX	[720]	_____
[332]	_____			[724]	_____
[333]	_____	[460]	807	[727]	_____
[334]	_____	[465]	807	[728]	_____
[335]	_____	[480]	_____	[760]	_____
[340]	_____	[485]	690	[765]	_____
[350]	_____	[712]	690	[770]	690
[355]	_____		XXXXXXXXXXXXXX		XXXXXXXXXXXXXX
[360]	_____				
	XXXXXXXXXXXXXX	[550]	_____	[784]	690
		[602]	_____	[788]	_____
[400]	759 791	[604]	_____	[792]	_____
[405]	_____	[608]	_____	[796]	_____
[410]	300 000	[616]	_____	[797]	_____
[425]	_____	[620]	_____	[800]	_____
[430]	_____	[628]	_____	[804]	_____
	XXXXXXXXXXXXXX	[637]	_____	[808]	_____
		[638]	_____	[812]	_____
[415]	45 337	[639]	_____	[816]	_____
	XXXXXXXXXXXXXX	[640]	_____	[840]	_____
		[644]	_____	[890]	690
		[648]	_____		XXXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**BN: **86375 9692 RC 0001**Taxation Year End: **2005-12-31**

Certification

I, ROSS PEEVER am an authorized signing officer of the corporation. I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

Net income (or loss) for income tax purposes from Schedule 001, or GIF1 [line 200300]	761 860
Part I tax payable [line 200700]	0
Part I.3 tax payable [line 200704]	0
Part II surtax payable [line 200708]	0
Part IV tax payable [line 200712]	690
Part IV.1 tax payable [line 200716]	0
Part VI tax payable [line 200720]	0
Part VI.1 tax payable [line 200724]	0
Part XIV tax payable [line 200728]	0
Net provincial and territorial tax payable [line 200760]	0
Provincial tax on large corporations [line 200765]	0

I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

PRESIDENT

		PRESIDENT
Date	Signature of an authorized signing officer of the corporation	Position, office or rank

T2-RETURN AND SCHEDULE INFORMATION

001

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[600] Opening adjustment to Financial Statement income

[601] _____

[602] _____

[603] Ontario Specified Tax Credits

[604] _____

[700] Closing adjustment to financial statement income

[701] _____

[702] 2005 T5013 Income from Ennerconnect Limited

[703] _____

[704] _____

XXXXXXXXXXXX

[101] _____ [118] _____ [204] _____

[102] _____ [119] _____ [205] _____

[103] _____ [120] _____ [206] _____

[104] 1 493 388 [121] 3 295 [207] _____

[105] _____ [122] _____ [208] _____

[106] _____ [123] _____ [209] _____

[107] _____ [124] _____ [210] _____

[108] _____ [125] 672 871 [211] _____

[109] _____ [126] 2 041 529 [212] _____

[110] _____ [127] _____ [213] _____

[111] _____ [199] 1 556 716 [214] _____

[112] 3 406 [500] 5 771 205 [215] _____

[113] _____ **XXXXXXXXXXXX** [216] _____

[114] _____ [217] _____

[115] _____ [201] _____ [218] _____

[116] _____ [202] _____ [219] _____

[117] _____ [203] _____ [220] _____

T2-RETURN AND SCHEDULE INFORMATION

001

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[221]	_____	[300]	_____	[401]	8 461
[222]	_____	[301]	_____	[402]	_____
[223]	_____	[302]	_____	[403]	1 164 924
[224]	_____	[303]	_____	[404]	_____
[225]	_____	[304]	_____	[405]	152 822
[226]	_____	[305]	_____	[406]	_____
[227]	_____	[306]	_____	[407]	_____
[228]	_____	[307]	_____	[408]	_____
[229]	_____	[308]	_____	[409]	_____
[230]	_____	[309]	_____	[410]	_____
[231]	_____	[310]	_____	[411]	_____
[232]	_____	[311]	_____	[413]	994 804
[233]	_____	[312]	_____	[414]	2 120 898
[234]	_____	[313]	_____	[416]	_____
[235]	_____	[314]	_____	[417]	_____
[236]	_____	[315]	_____	[499]	619 271
[237]	_____	[316]	_____	[510]	5 061 180
[238]	_____	[340]	_____		XXXXXXXXXXXXX
[290]	1 556 424	[341]	_____		
[291]	_____	[342]	_____		
[292]	_____	[343]	_____		
[293]	292	[344]	_____		
[294]	_____	[345]	_____		
	XXXXXXXXXXXXX	[346]	_____		
		[390]	618 265		
		[391]	_____		
		[392]	1 006		
		[393]	_____		
		[394]	_____		
			XXXXXXXXXXXXX		

T2-RETURN AND SCHEDULE INFORMATION

002

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[225]	_____	[410]	_____
[227]	_____	[440]	_____
[230]	_____	[450]	_____
[235]	_____	[455]	_____
[239]	_____	[460]	_____
[339]	_____	[480]	_____
[439]	_____		XXXXXXXXXXXXX
[539]	_____		
	XXXXXXXXXXXXX	[510]	_____
		[540]	_____
[210]	3 406	[550]	_____
[240]	_____	[555]	_____
[250]	_____	[560]	_____
[255]	_____	[580]	_____
[260]	3 406		XXXXXXXXXXXXX
[280]	_____		
	XXXXXXXXXXXXX		
[310]	_____		
[340]	_____		
[350]	_____		
[355]	_____		
[360]	_____		
[380]	_____		
	XXXXXXXXXXXXX		

T2-RETURN AND SCHEDULE INFORMATION

003

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[210] 1. NR * [450] _____

[460] 100 000

[220] 1. 2005 12 31 * XXXXXXXXXXXXX

[230] 1. _____ * [500] 100 000

[510] _____

[410] 1. 86360 4328 RC 0001 * [520] _____

[530] _____

[420] 1. 2005 12 31 * XXXXXXXXXXXXX
XXXXXXXXXXXXXXX

[205] 1. 2 * XXXXXXXXXXXXXXX

[240] 1. 2 069 * XXXXXXXXXXXXXXX

[250] 1. _____ *

[260] 1. _____ *

[270] 1. 690 * XXXXXXXXXXXXXXX

[320] _____

[330] _____

[335] _____

[340] _____

[345] _____

[360] 690
XXXXXXXXXXXXXXX

[430] 1. 100 000 * XXXXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

[200] 1. Sunlife Canada (T5) *

[400] 1. Welland Hydro-Electric Holding Corp *

XXXXXXXXXXXX

T2-RETURN AND SCHEDULE INFORMATION

004

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[100]	_____	[200]	_____	[402]	_____
[190]	_____	[205]	_____	[405]	_____
[300]	_____	[210]	_____	[410]	_____
[400]	_____	[220]	_____	[430]	_____
[485]	_____	[225]	_____	[440]	_____
[500]	_____	[240]	_____	[450]	_____
	XXXXXXXXXXXX	[250]	_____	[480]	_____
		[280]	_____	[941]	_____
[102]	1 142 157	[951]	_____	[942]	_____
[105]	_____	[952]	_____	[943]	_____
[110]	_____	[953]	_____		XXXXXXXXXXXX
[130]	756 385		XXXXXXXXXXXX		
[135]	_____			[502]	_____
[140]	_____	[302]	_____	[510]	_____
[150]	_____	[305]	_____	[530]	_____
[180]	385 772	[310]	_____	[550]	_____
[901]	_____	[330]	_____	[580]	_____
[902]	_____	[335]	_____	[961]	_____
[903]	_____	[340]	_____	[962]	_____
[911]	_____	[350]	_____	[963]	_____
[912]	_____	[380]	_____		XXXXXXXXXXXX
[913]	_____	[921]	_____		
	XXXXXXXXXXXX	[922]	_____		
		[923]	_____		
		[931]	_____		
		[932]	_____		
		[933]	_____		
			XXXXXXXXXXXX		

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

[602] 1. _____ *

[632] 1. _____ *

XXXXXXXXXXXXX

[600] 1. _____ *

[630] 1. _____ *

[660] 1. _____ *

XXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**BN: **86375 9692 RC 0001**Taxation Year End: **2005-12-31**

[604] 1. _____ *

[606] 1. _____ *

[608] 1. _____ *

[620] 1. _____ *

XXXXXXXXXXXXX

[634] 1. _____ *

[636] 1. _____ *

[638] 1. _____ *

[650] 1. _____ *

XXXXXXXXXXXXX

[662] 1. _____ *

[664] 1. _____ *

[670] 1. _____ *

[675] 1. _____ *

[680] 1. _____ *

XXXXXXXXXXXXX

T2-RETURN AND SCHEDULE INFORMATION

007

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[500] _____ [300] 1. _____ *

[520] _____
XXXXXXXXXXXXXX [325] 1. _____ *

[001] _____ [330] 1. _____ *

[009] _____ **XXXXXXXXXXXXXX**[019] _____
[029] _____ [340] 1. _____ *[049] _____
[059] _____ [360] _____[069] _____ **XXXXXXXXXXXXXX**[079] _____
XXXXXXXXXXXXXX [370] _____

[002] _____ [380] _____

[012] _____ [385] _____

[022] _____ [390] _____

[032] 2 069 **XXXXXXXXXXXXXX**

[042] _____ [350] _____

[052] _____ [400] _____

[062] 2 069 [450] _____

[072] _____ **XXXXXXXXXXXXXX**

[082] _____

[092] _____

XXXXXXXXXXXXXX

[310] 1. _____ *

[315] 1. _____ *

[320] 1. _____ *

XXXXXXXXXXXXXX

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[200] 1. _____ *

XXXXXXXXXXXX

T2-RETURN AND SCHEDULE INFORMATION

008

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[101] 2

[200] 1. 1

2. 1

3. 1

4. 1

5. 1

6. 8

7. 10

8. 12

9. 45 *

[211] 1. 85 647

2. _____

3. 621 012

4. 130 775

5. 22 323

6. 2 276

7. 25 906

8. 45 256

9. 22 662 *

[212] 1. 4

2. 4

3. 4

4. 4

5. 4

6. 20

7. 30

8. 100

9. 45 *

XXXXXXXXXXXXX

[201] 1. 2 486 183

2. 5 319 567

3. 9 181 661

4. 3 040 078

5. 1 424 781

6. 255 569

7. 355 335

8. 58 051

9. _____ *

[203] 1. 171 293

2. _____

3. 1 242 024

4. 261 549

5. 44 645

6. 38 661

7. 53 723

8. 90 511

9. 45 323 *

[205] 1. _____

2. _____

3. # 150 670

4. # 24 351

5. _____

6. _____

7. _____

8. _____

9. _____ *

[207] 1. _____

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

2. _____

3. 386 080

3. _____

4. 125 860

4. _____

5. 57 884

5. _____

6. 51 569

6. 34 110

7. 114 372

7. 1 911

8. 103 306

8. _____

9. 10 197 *

9. _____ *

[220]

1. 2 554 603

[213]

1. _____

2. 5 106 784

2. _____

3. 9 886 935

3. _____

4. 3 151 416

4. _____

5. 1 411 542

5. _____

6. 208 551

6. _____

7. 292 775

7. _____

8. 45 256

8. _____

9. 35 126 *

9. _____ *

XXXXXXXXXXXXX

[215]

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____ *

[217]

1. 102 873

2. 212 783

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

- [300] 1. 86360 4328 RC 0001
 2. 86375 9494 RC 0001
 3. NR *

- [400] 1. 1
 2. 3
 3. 3 *

XXXXXXXXXXXX

- [100] 1. WELLAND HYDRO-ELECTRIC HOLDING CORP.
 2. WELLAND HYDRO ELECTRIC RETAIL CORP.
 3. City of Welland *

- [200] 1. _____
 2. _____
 3. _____ *

- [500] 1. _____
 2. _____
 3. _____ *

- [550] 1. _____
 2. _____
 3. _____ *

- [600] 1. _____
 2. _____
 3. _____ *

- [650] 1. _____
 2. _____

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

3. _____ *

[700]

1. _____

2. _____

3. _____ *

XXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**BN: **86375 9692 RC 0001**Taxation Year End: **2005-12-31**

[200] 2 183 166

[222] _____

[224] _____

[226] _____

[228] _____

[230] 2 183 166

XXXXXXXXXXXXX

[242] _____

[244] _____

[246] _____

[248] _____

XXXXXXXXXXXXX

[249] _____

[250] 152 822

[300] 2 030 344

XXXXXXXXXXXXX

[400] _____

[401] _____

[402] _____

[408] _____

[409] _____

[410] _____

XXXXXXXXXXXXX

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[110] 672 871

[130] _____

[150] _____

[170] _____

[190] _____

[210] _____

[230] _____

[270] 672 871

XXXXXXXXXXXXX

[115] _____

[135] _____

[155] _____

[175] _____

[195] _____

[215] _____

[235] _____

[275] _____

XXXXXXXXXXXXX

[120] 662 873

[140] 331 931

[160] _____

[180] _____

[200] _____

[220] _____

[240] _____

[280] 994 804

XXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[002] 1. _____ *

[008] _____
XXXXXXXXXXXXXX

[003] 1. _____ *

[009] _____
XXXXXXXXXXXXXX

[004] 1. _____ *

[010] _____
XXXXXXXXXXXXXX

[001] 1. _____ *

XXXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

[025] _____

[050] 2005

[075] 2

[200] 1. 86375 9692 RC 0001

2. 86360 4328 RC 0001

3. 86375 9494 RC 0001

4. NR *

[300] 1. 1

2. 1

3. 1

4. 4 *

XXXXXXXXXXXXX

[350] 1. 100

2. _____

3. _____

4. _____ *

XXXXXXXXXXXXX

[400] 1. 300 000

2. _____

3. _____

4. _____ *

XXXXXXXXXXXXX

[100] 1. WELLAND HYDRO ELECTRIC SYSTEM CORP.

2. WELLAND HYDRO-ELECTRIC HOLDING CORP.

3. WELLAND HYDRO ELECTRIC RETAIL CORP.

4. City of Welland *

XXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

[010] _____

[020] 2

[030] 2005

- [300]
1. 86375 9692 RC 0001
 2. 86360 4328 RC 0001
 3. 86375 9494 RC 0001
 4. NR *

[500] 1. _____

2. _____

3. _____

4. _____ *

XXXXXXXXXXXXX

[400] 1. 49 842 000

2. 105 000

3. 53 000

4. _____ *

XXXXXXXXXXXXX

[200] 1. WELLAND HYDRO ELECTRIC SYSTEM CORP.

2. WELLAND HYDRO-ELECTRIC HOLDING CORP.

3. WELLAND HYDRO ELECTRIC RETAIL CORP.

4. City of Welland *

XXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**

BN: **86375 9692 RC 0001**

Taxation Year End: **2005-12-31**

[100] 1. Welland Hydro-Electric Holding Corp. *

[200] 1. 86360 4328 RC 0001 *

[300] 1. _____ *

[400] 1. 100 *

[500] 1. _____ *

XXXXXXXXXXXXX

Name: **WELLAND HYDRO ELECTRIC SYSTEM CORP.**BN: **86375 9692 RC 0001**Taxation Year End: **2005-12-31**

[3640] 37 019 745
XXXXXXXXXXXXX

[1000] _____

[1599] 37 019 745

[2599] 37 019 745

XXXXXXXXXXXXX

[2600] _____

[3499] 22 941 104

XXXXXXXXXXXXX

[3500] 12 953 180

[3540] 630 158

[3600] 495 303

[3620] 14 078 641

XXXXXXXXXXXXX

[3660] 543 468

[3680] 51 835

[3700] # 100 000

[3849] 495 303

XXXXXXXXXXXXX

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[0001] _____

[0002] _____

XXXXXXXXXXXXXX

[0003] _____

XXXXXXXXXXXXXX

[8519] 5 226 331 [9370] _____

[9369] 51 835 [9659] 0

[9899] _____ XXXXXXXXXXXXXX

[9970] 51 835

[9975] _____ [9660] _____

[9976] _____ [9898] 0

[9980] _____ XXXXXXXXXXXXXX

[9985] _____

[9990] _____

[9995] _____

[9999] 51 835

XXXXXXXXXXXXXX

[8000] _____

[8089] 43 681 399

[8230] 612 457

[8299] 44 293 856

XXXXXXXXXXXXXX

[8300] _____

[8320] 38 455 068

[8518] 38 455 068

[9367] 5 786 953

[9368] 44 242 021

XXXXXXXXXXXXXX

Name: WELLAND HYDRO ELECTRIC SYSTEM CORP.

BN: 86375 9692 RC 0001

Taxation Year End: 2005-12-31

[095] 1

[097] 2

[198] 1

[099] 2

[101] 1

[102] 2

[103] 2

[104] 2

[105] 2

[106] 1

[107] 1

[108] 2

XXXXXXXXXXXX

Ontario Tax Instalments

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Ontario tax instalments

For the taxation year ended: 2006-12-31

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

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

Quarterly instalment

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

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
2006-01-31	5,555	4,072	1,483	_____
2006-02-28	5,555	4,072	2,966	_____
2006-03-31	5,555	4,072	4,449	_____
2006-04-30	5,555	4,072	5,932	_____
2006-05-31	5,555	4,072	7,415	_____
2006-06-30	5,555	_____	_____	12,970
2006-07-31	5,555	_____	_____	5,555
2006-08-31	5,555	_____	_____	5,555
2006-09-30	5,555	_____	_____	5,555
2006-10-31	5,555	_____	_____	5,555
2006-11-30	5,555	_____	_____	5,555
2006-12-31	5,548	_____	_____	5,548
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	66,653	20,360	_____	46,293

Indicate instalment method chosen [1-3]: 1
1st Instalment base method

Do not use the quarterly payment even if applicable "X" to continue montly payments _____
If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

1 – 1st Instalment base method

1st instalment base amount (amount I below)	66,653 ÷ 12 =	5,555
Monthly instalments required	_____	5,555
Quarterly instalments required	_____	_____

2 – Combined 1st and 2nd instalment method

2nd instalment base amount:

Indicate:	Income tax, C.M.T.									
	Capital tax, prem. tax	+	72,117							
	Total	=	72,117	÷	12	=	6,010		A	
Each of the first two instalment payments									6,010	B
Total tax from I below			66,653							
Amount A above x 2			–	12,020						
			=	54,633	÷	10	=	5,464		
Each of the remaining ten instalment payments									5,464	
Quarterly instalments required										

3 – Estimated tax method

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

Instalment base calculation

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



Ontario

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

Electronic Filing Certificate
for Corporations Tax Return CT23

☐ First Year of Filing			☐ Final Taxation Year up to Dissolution	☐ Change of Control fed. s.249(4)	Corporation's Ontario Tax Account Number 1800215
☐ Amended Return			☐ Final Taxation Year before Amalgamation	Date Control was acquired: 	Date of Incorporation 2000-07-01
☐ Taxation Year End has changed (approval by Revenue Canada required)			☐ Floating Fiscal Year End		Return for Taxation Year
☐ Exempt From Filing			☒ Subject to CMT	Start 2005-01-01	End 2005-12-31
Change of Information? Yes ☐ No ☒					Revenue Canada Taxation Account Number 86375 9692 RC0001
Corporation's Legal Name WELLAND HYDRO ELECTRIC SYSTEM CORP.					Jurisdiction Incorporated ONTARIO
Mailing Address 950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B 5P6					

Transmitter Data		Certification I am an authorized signing officer of the Corporation. I certify that this Return, including all schedules and statements filed with or as part of this 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.
Transmitter Number	A0001006	
Transmitter Name:	Deloitte & Touche LLP	
Name of Person to Contact		
Telephone Number	(519) 650-7600	
Facsimile Number	(519) 650-7601	
Transmitter Address:	4210 King Steet East	
	Kitchener	
	ON N2P2G5	
Disk Reference Number	596920	
Aggregate of Total Revenue	250 44,293,856	Name ROSS PEEVER
Aggregate of Total Assets	249 37,019,745	Title PRESIDENT
Taxable Income (Non-capital Loss)	10	Full Residence address
Total Tax Payable	950 66,653	
Payments	960 73,000	
Enclosed	990	
Apply to: Year		
Apply Amount	980	
Refund	975 6,347	Yes ☒ No ☐
If Yes, Due to:		
Loss Carryback	Yes ☐ No ☒	
Overpayment	Yes ☒ No ☐	
Refundable Tax Credit	Yes ☐ No ☒	

Signature	Date	Phone Number (905) 732-1381
Ministry Use Only	Return I.D. # 86375969220060627143745000000	

Payment Advice

Enter the amount of payment and indicate taxation year.

Corporation's Ontario Tax Account Number 1800215	Date of Incorporation year month day 2000-07-01	Taxation Year End	Payment Amount
Corporation's Legal Name WELLAND HYDRO ELECTRIC SYSTEM CORP.		2004-12-31	\$
		2005-12-31	\$
		Total Payment	\$

Submit your cheque (drawn on a Canadian financial institution) or money order, in Canadian funds, payable to the Minister of Finance.

Send to: Ontario Ministry of Finance
Corporations Tax Branch
PO Box 642
33 King Street West
Oshawa ON L1H 8T1

Incomplete information will result in a delay processing an assessment.

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**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, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

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

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area**Identification****Business Number (BN)** **001** 86375 9692 RC0001**Corporation's name****002** WELLAND HYDRO ELECTRIC SYSTEM CORP.Has the corporation changed its name since the last time we were notified? **003** 1 Yes ☐ 2 No ☒If Yes, do you have a copy of the articles of amendment? . . . **004** 1 Yes ☐ 2 No ☐**Address of head office**Has the address changed since the last time we were notified? **010** 1 Yes ☐ 2 No ☒**011** 950 EAST MAIN STREET**012** P.O. BOX 280

City Province, territory, or state

015 WELLAND**016** ON

Country (other than Canada)

Postal code/ZIP code

017 L3B 5P6**Mailing address (if different from head office address)**Has the address changed since the last time we were notified? **020** 1 Yes ☐ 2 No ☒**021** c/o**022****023**

City Province, territory, or state

025 Country (other than Canada) **026** Postal code/ZIP code**027** **028****Location of books and records**Has the location of books and records changed since the last time we were notified? **030** 1 Yes ☐ 2 No ☒**031** 950 EAST MAIN STREET**032** P.O. BOX 280

City Province, territory, or state

035 WELLAND**036** ON

Country (other than Canada)

Postal code/ZIP code

037 **038** L3B 5P6**040 Type of corporation at the end of the taxation year**1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation2 ☐ Other private corporation 5 ☐ Other corporation (specify, below)3 ☐ Public corporationIf the type of corporation changed during the taxation year, provide the effective date of the change **043**

YYYY MM DD

To which taxation year does this return apply?

Taxation year start

060 2005-01-01

YYYY MM DD

Taxation year end

061 2005-12-31

YYYY MM DD

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

If Yes, provide the date

control was acquired **065**

YYYY MM DD

Is the corporation a professional corporation that is a member of a partnership?**067** 1 Yes ☐ 2 No ☒**Is this the first year of filing after:**Incorporation? **070** 1 Yes ☐ 2 No ☒Amalgamation? **071** 1 Yes ☐ 2 No ☒

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

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

If Yes, complete and attach Schedule 24.

Is this the final taxation year before amalgamation?**076** 1 Yes ☐ 2 No ☒**Is this the final return up to dissolution?****078** 1 Yes ☐ 2 No ☒**Is the corporation a resident of Canada?****080** 1 Yes ☒ 2 No ☐ If No, give the country of residence 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**

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

*** We do not print this schedule.**

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	☐	T1134-A
Did the corporation have any controlled foreign affiliates?	258	☐	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	☐	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174

Additional information

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

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

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

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

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

284 POWER DISTRIBUTION	285 100.000 %
286 _____	287 _____ %
288 _____	289 _____ %

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL. **300** 761,860 A

Deduct:

Charitable donations from Schedule 2	311	3,406
Gifts to Canada, a province, or a territory from Schedule 2	312	
Cultural gifts from Schedule 2	313	
Ecological gifts from Schedule 2	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	2,069
Part VI.1 tax deduction from Schedule 43 *	325	
Non-capital losses of preceding taxation years from Schedule 4	331	756,385
Net capital losses of preceding taxation years from Schedule 4	332	
Restricted farm losses of preceding taxation years from Schedule 4	333	
Farm losses of preceding taxation years from Schedule 4	334	
Limited partnership losses of preceding taxation 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		761,860

Subtotal (amount A **minus** amount B) (if negative, enter "0") **761,860** B

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions **355** _____ D

Taxable income (amount C **plus** amount D) **360** _____

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

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370) _____ Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 **400** 759,791 A

Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 3 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax **405** B

Calculation of the business limit:

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

225,000	x	Number of days in the taxation year in 2003	=	1
		Number of days in the taxation year	365	
250,000	x	Number of days in the taxation year in 2004	=	2
		Number of days in the taxation year	365	
300,000	x	Number of days in the taxation year after 2004	365 =	300,000 3
		Number of days in the taxation year	365	
Add amounts at lines 1, 2, and 3				300,000 4

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

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

Business limit reduction:

Amount C 300,000 x **415** *** 45,337 D = 1,208,987 E

11,250

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

Small business deduction — 16.00 % of whichever amount is the least: A, B, C, or F **430** G

(enter amount G on line 9 of page 7)

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

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

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada **minus** \$10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) x $\frac{300,000}{\text{line 4 above}}$ = ... A

Net active business income (amount from line 400) * 759,791 B

Taxable income from line 360 on page 3 **minus** 3 times the amount at line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I Tax C

Deduct:

Aggregate investment income (amount from line 440 of page 6) D

Amount C **minus** amount D (if negative, enter "0") **▶** E

Amount A, B, or E above, whichever is less F

Amount Z from Part 9 of Schedule 27 x $\frac{100}{7}$ = ... G

Amount QQ from Part 13 of Schedule 27 H

Taxable resource income from line 435 above I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less K

Total of amounts G, H, I, J, and K **▶** L

Amount F **minus** amount L (if negative, enter "0") M

Accelerated tax reduction — 7.00 % of amount M (enter amount N on line 637 of page 7) N

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

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

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	<u> </u>	A
Amount A	<u> </u>	x	Number of days in the taxation year in 2004	<u> </u>	x 2 % =	<u> </u> B
			Number of days in the taxation year	365		
Amount A	<u> </u>	x	Number of days in the taxation year in 2005	365	x 3 % =	<u> </u> C
			Number of days in the taxation year	365		
Amount A	<u> </u>	x	Number of days in the taxation year in 2006	<u> </u>	x 5 % =	<u> </u> D
			Number of days in the taxation year	365		
Amount A	<u> </u>	x	Number of days in the taxation year after 2006	<u> </u>	x 7 % =	<u> </u> E
			Number of days in the taxation year	365		
Resource deduction – total of amounts B, C, D, and E (enter amount F on line 10 of page 7)				438	<u> </u>	F

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3				<u> </u>	A	
Amount Z from Part 9 of Schedule 27	<u> </u>	x	100 / 7 =	<u> </u>	B	
Amount QQ from Part 13 of Schedule 27	<u> </u>			<u> </u>	C	
Taxable resource income from line 435 above	<u> </u>			<u> </u>	D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u> </u>			<u> </u>	E	
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least	<u> </u>			<u> </u>	F	
Aggregate investment income from line 440 of page 6	<u> </u>			<u> </u>	G	
Amount used to calculate the accelerated tax reduction (amount M of page 4)	<u> </u>			<u> </u>	H	
Total of amounts B, C, D, E, F, G, and H	<u> </u>			<u> </u>	I	
Amount A minus amount I (if negative, enter "0")				<u> </u>	J	
Amount J	<u> </u>	x	Number of days in the taxation year after 2003	365	x 7 % =	<u> </u> K
			Number of days in the taxation year	365		
General tax reduction for Canadian-controlled private corporations – amount K (enter amount L on line 638 of page 7)				<u> </u>	L	

General tax reduction**Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation**

Taxable income from line 360 on page 3				<u> </u>	M	
Amount Z from Part 9 of Schedule 27	<u> </u>	x	100 / 7 =	<u> </u>	N	
Amount QQ from Part 13 of Schedule 27	<u> </u>			<u> </u>	O	
Taxable resource income from line 435 above	<u> </u>			<u> </u>	P	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	<u> </u>			<u> </u>	Q	
Total of amounts N, O, P, and Q	<u> </u>			<u> </u>	R	
Amount M minus amount R (if negative, enter "0")				<u> </u>	S	
Amount S	<u> </u>	x	Number of days in the taxation year after 2003	365	x 7 % =	<u> </u> T
			Number of days in the taxation year	365		
General tax reduction – amount T (enter amount U on line 639 of page 7)				<u> </u>	U	

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

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

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

Deduct:

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

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

Taxable income from line 360 on page 3

Deduct:

Amount on line 400, 405, 410, or 425 on page 4,
whichever is the least

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

Foreign business income
tax credit from line 636
of page 7 x 3 = ...
x 26 2 / 3 % = ... D

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

Deduct: Corporate surtax from line 600 of page 7

Net amount E

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

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year **460** 807

Deduct: Dividend refund for the previous taxation year **465** 807

Add the total of:

Refundable portion of Part I tax from line 450 above 690

Total Part IV tax payable from line 360 of Schedule 3 690

Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation ... **480** 690

Refundable dividend tax on hand at the end of the taxation year – Amount G **plus** amount H **485** 690

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

Taxable dividends paid in the taxation year from line 460 of Schedule 3 100,000 x 1 / 3 33,333 I

Refundable dividend tax on hand at the end of the taxation year from line 485 above 690 J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8) 690

Part I tax**Base amount of Part I tax** – 38.00 % of taxable income (line 360 or amount Z, whichever applies) from page 3 **550** _____ A**Corporate surtax calculation**

Base amount from line A above _____ 1

Deduct:

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

Investment corporation deduction from line 620 below _____ 3

Federal logging tax credit from line 640 below _____ 4

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

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

28.00 % of taxable income from line 360 of page 3 a _____

28.00 % of taxed capital gains b _____ 6

Part I tax otherwise payable c _____

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

Total of lines 2 to 6 _____ 7

Net amount (line 1 **minus** line 7) _____ 8**Corporate surtax** – 4.00 % of the amount on line 8 **600** _____ BRecapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** _____ C**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**
(if it was a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6 _____ i

Taxable income from line 360 on page 3 _____

Deduct:Amount on line 400, 405, 410, or 425 of page 4,
whichever is the least _____

Net amount _____ ii

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

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

Deduct:

Small business deduction from line 430 of page 4 _____ 9

Federal tax abatement **608** _____Manufacturing and processing profits deduction from amount BB
or amount RR of Schedule 27 **616** _____Investment corporation deduction **620** _____
(taxed capital gains **624** _____)Additional deduction – credit unions from Schedule 17 **628** _____Federal foreign non-business income tax credit from Schedule 21 **632** _____Federal foreign business income tax credit from Schedule 21 **636** _____Accelerated tax reduction from amount N on page 4 **637** _____

Resource deduction from line 438 on page 5 _____ 10

General tax reduction for CCPCs from amount R on page 5 **638** _____General tax reduction from amount U on page 5 **639** _____Federal logging tax credit from Schedule 21 **640** _____Federal political contribution tax credit **644** _____Federal political contributions **646** _____Federal qualifying environmental trust tax credit **648** _____Investment tax credit from Schedule 31 **652** _____

Subtotal _____ F

Part I tax payable – Line E **minus** line F (enter amount G on line 700 of page 8) _____ G

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	690
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		690

Add provincial or territorial tax:

Provincial or territorial jurisdiction	750	Ontario
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	690 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	690
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Royalties deductible under Syncrude Remission Order	815	
Tax remitted under Syncrude Remission Order	816	
Tax instalments paid	840	
Total credits	890	690 B

Refund code **894** 1 Overpayment

Total credits 890 690

Balance (line A minus line B)

Direct deposit request

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

☐ Start ☐ Change information **910** Branch number

914 Institution number **918** Account number

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

Balance unpaid

Enclosed payment **898**

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

Certification

I, **950** PEEVER **951** ROSS **954** PRESIDENT

Last name First name Position, office, or rank

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

955 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation **956** (905) 732-1381 Telephone number

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

958 Name **959** Telephone number

Language of correspondence – Langue de correspondance

990 Indicate the language in which you would like to receive correspondence.
Indiquer la langue de correspondance de votre choix. 1 English / Anglais ☒ 2 Français / French ☐

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**GENERAL INDEX OF FINANCIAL INFORMATION – GIFI**

Form identifier 100

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

Identification of the imported corporation from the GIFI file

Name of the corporation . . . _____

Balance Sheet

Account	Description	GIFI	Amount	Prior year
Assets				
	Total current assets	1599 +	37,019,745	34,402,004
	Total tangible capital assets	2008 +		
	Total accumulated amortization of tangible capital assets	2009 -		
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 -		
	Total long-term assets	2589 +		
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	37,019,745	34,402,004

Liabilities				
	Total current liabilities	3139 +		
	Total long-term liabilities	3450 +		
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	22,941,104	34,095,313

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	14,078,641	306,691

	Total liabilities and shareholder equity	3640 =	37,019,745	34,402,004

Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	495,303	543,468

* Generic item

Shareholder Equity

Form identifier 3620

Account	Description	GIFI	Amount	Prior year
	* Common shares	3500	12,953,180	
	* Preferred shares	3520		
Contributed and other surplus				
	* Contributed and other surplus	3540	630,158	
	Contributed surplus	3541		
	Appraisal surplus	3542		
	General reserve	3543		
	Contributed and other surplus		630,158	
	* Head office account	3570		
	* Retained earnings/deficit	3600	495,303	306,691
	Total shareholder equity	3620	14,078,641	306,691

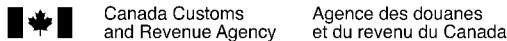
* Generic item

Retained Earnings/Deficit

Form identifier 3849

Account	Description	GIFI	Amount	Prior year
	* Retained earnings/deficit – start	3660	+	543,468
	* Net income/loss	3680	+	51,835
				306,691
Dividends declared				
	* Dividends declared	3700		100,000
	Cash dividends	3701		
	Patronage dividends	3702		
	Dividends declared		–	100,000
	* Prior period adjustments	3720	+	
Other items affecting retained earnings				
	* Other items affecting retained earnings	3740		
	Share redemptions	3741		
	Special reserves	3742		
	Currency adjustments	3743		
	Unusual revenue items	3744		
	Interfund transfer	3745		
	Other items affecting retained earnings		+	
	Retained earnings/deficit – end	3849	=	495,303
				306,691

* Generic item



GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

Income Statement

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

Account	Description	GIFI	Amount	Prior year
Income statement information				
	Total sales of goods and services	8089 +	43,681,399	38,048,095
	Cost of sales	8518 -	38,455,068	
	Gross profit/loss	8519 =	5,226,331	38,048,095
	Cost of sales	8518 +	38,455,068	
	Total operating expenses	9367 +	5,786,953	
	Total expenses (mandatory field)	9368 =	44,242,021	
	Total revenue (mandatory field)	8299 +	44,293,856	38,048,095
	Total expenses (mandatory field)	9368 -	44,242,021	
	Net non-farming income	9369 =	51,835	38,048,095
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 =	51,835	38,048,095

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 -		
	Deferred income tax provision	9995 -		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	51,835	306,691

Revenue

Form identifier 8299

Account	Description	GIFI	Amount	Prior year
	* Trade sales of goods and services	8000	+	
	* Sales of goods and services to related parties	8020	+	
	* Interdivisional sales	8030	+	
Sales from resource properties				
	* Sales from resource properties	8040		
	Petroleum and natural gas sales	8041		
	Petroleum and natural gas sales to related parties	8042		
	Gas marketing	8043		
	Processing revenue	8044		
	Pipeline revenue	8045		
	Seismic sales	8046		
	Mining revenue	8047		
	Coal revenue	8048		
	Oil sands revenue	8049		
	Royalty income	8050		
	Oil and gas partnership/joint venture income/loss	8051		
	Mining partnership/joint venture income/loss	8052		
	Other production revenue	8053		
	Sales from resource properties		+	
	Total sales of goods and services	8089	=	43,681,399
				38,048,095
Investment revenue				
	* Investment revenue	8090		
	Interest from foreign sources	8091		
	Interest from Canadian bonds and debentures	8092		
	Interest from Canadian mortgage loans	8093		
	Interest from other Canadian sources	8094		
	Dividend income	8095		
	Dividends from Canadian sources	8096		
	Dividends from foreign sources	8097		
	Investment revenue		+	
Interest income (financial institutions)				
	* Interest income (financial institutions)	8100		
	Loan interest	8101		
	Securities interest	8102		
	Deposits with banks interest	8103		
	Interest income (financial institutions)		+	
Commission revenue				
	* Commission revenue	8120		
	Commission income on real estate transactions	8121		
	Commission revenue		+	

Rental revenue

* Rental revenue	8140		
Real estate rental revenue	8141		
Film rental revenue	8142		
Rental revenue		+	

* Vehicle leasing	8150	+	

Fishing revenue

* Fishing revenue	8160		
Fish products	8161		
Other marine products	8162		
Fishing grants, credits, and rebates	8163		
Fishing subsidies	8164		
Compensation for loss of fishing income or property	8165		
Sharesman income	8166		
Fishing revenue		+	

Realized gains/losses on disposal of assets

* Realized gains/losses on disposal of assets	8210		
Realized gains/losses on sale of investments	8211		
Realized gains/losses on sale of resource properties	8212		
Realized gains/losses on disposal of assets		+	

NPO amounts received

* Non-Profit organizations amounts received	8220		
Membership fees	8221		
Assessments	8222		
Gifts	8223		
Gross sales and revenues from organizational activities	8224		
NPO amounts received		+	

Other revenue

* Other revenue	8230	612,457	
Foreign exchange gains/losses	8231		
Income/loss of subsidiaries/affiliates	8232		
Income/loss of other divisions	8233		
Income/loss of joint ventures	8234		
Income/loss of partnerships	8235		
Realization of deferred revenues	8236		
Royalty income other than resource	8237		
Alberta royalty tax credits	8238		
Management and administration fees	8239		
Telecommunications revenue	8240		
Consulting fees	8241		
Subsidies and grants	8242		
Sale of by-products	8243		
Deposit services	8244		
Credit services	8245		
Card services	8246		
Patronage dividends	8247		
Insurance recoveries	8248		
Expense recoveries	8249		
Bad debt recoveries	8250		
Other revenue		+	612,457

Total revenue	8299	=	44,293,856	38,048,095

* Generic item

Cost of Sales

Form identifier 8518

Account	Description	GIFI	Amount	Prior year
Opening inventory				
	* Opening inventory	8300		
	Opening inventory – finished goods	8301		
	Opening inventory – raw materials	8302		
	Opening inventory – goods in process	8303		
	Opening inventory		+	
	* Purchases/cost of materials	8320	+	38,455,068
	* Direct wages	8340	+	
	* Benefits on direct wages	8350	+	
	* Trades and sub-contracts	8360	+	
	* Production costs other than resource	8370	+	
Resource production costs				
	* Resource production costs	8400		
	Pipeline operations	8401		
	Drilling	8402		
	Site restoration costs	8403		
	Gross overriding royalty	8404		
	Freehold royalties	8405		
	Other producing properties rental	8406		
	Prospect/geological	8407		
	Well operating, fuel and equipment	8408		
	Well abandonment and dry holes	8409		
	Other lease rentals	8410		
	Exploration expenses	8411		
	Development expenses	8412		
	Resource production costs		+	
Crown charges				
	* Crown charges	8435		
	Crown royalties	8436		
	Crown lease rentals	8437		
	Freehold mineral tax	8438		
	Mining taxes	8439		
	Oil sand leases	8440		
	Saskatchewan resource surcharge	8441		
	Crown charges		+	

Other direct costs			
* Other direct costs	8450		
Equipment hire and operation	8451		
Log yard	8452		
Forestry costs	8453		
Logging road costs	8454		
Stumpage costs	8455		
Royalty costs	8456		
Freight in and duty	8457		
Inventory write down	8458		
Direct cost amortization of tangible assets	8459		
Direct cost amortization of natural resource assets	8460		
Overhead expenses allocated to cost of sales	8461		
Other direct costs		+	

Closing inventory			
* Closing inventory	8500		
Closing inventory – finished goods	8501		
Closing inventory – raw materials	8502		
Closing inventory – goods in process	8503		
Closing inventory		-	

Cost of sales	8518	=	38,455,068

* Generic item

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**SCHEDULE 141****NOTES CHECKLIST**

Corporation's name	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

Part 1 – Accounting practitioner information

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

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

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

Note

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

Part 2 – Type of involvement

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

Completed an auditor's report **1** ☒

Completed a review engagement report **2** ☐

Conducted a compilation engagement **3** ☐

Part 3 – Reservations

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

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

Part 4 – Other information

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

If Yes, complete lines 102 to 107 below:

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

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

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

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

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

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

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

If Yes, complete line 109 below:

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

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**SCHEDULE 1****NET INCOME (LOSS) FOR INCOME TAX PURPOSES**

Corporation's name	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

Net income (loss) after taxes and extraordinary items per financial statements 51,835 A

Add:

Amortization of tangible assets	104	1,493,388	
Charitable donations from Schedule 2	112	3,406	
Non-deductible meals and entertainment expenses	121	3,295	
Tax reserves deducted in prior year from Schedule 13	125	672,871	
Reserves from financial statements – balance at the end of the year	126	2,041,529	
Subtotal of additions		4,214,489	4,214,489

Other additions:**Miscellaneous other additions:**

600 Opening adjustment to Financial Statement income	290	1,556,424	
603b Ontario Specified Tax Credits			
Total	292		
Subtotal of other additions	293	292	
	199	1,556,716	1,556,716
Total additions	500	5,771,205	5,771,205

Deduct:

Gain on disposal of assets per financial statements	401	8,461	
Capital cost allowance from Schedule 8	403	1,164,924	
Cumulative eligible capital deduction from Schedule 10	405	152,822	
Tax reserves claimed in current year from Schedule 13	413	994,804	
Reserves from financial statements – balance at the beginning of the year	414	2,120,898	
Subtotal of deductions		4,441,909	4,441,909

Other deductions:**Miscellaneous other deductions:**

700 Closing adjustment to financial statement income	390	618,265	
702 2005 T5013 Income from Ennerconnect Limited	392	1,006	
Subtotal of other deductions	499	619,271	619,271
Total deductions	510	5,061,180	5,061,180

Net income (loss) for income tax purposes – enter on line 300 of the T2 return **761,860**

Attached Schedule with Total

Line 290 – Amount for line 600

Title Opening adjustment to financial statement income

Description	Amount	
Demand Side Management	9,026	00
Market Ready Costs	267,578	00
Retail Service Variances	1,279,820	00
Total	1,556,424	00

Attached Schedule with Total

Line 390 – Amount for line 700

Title Closing adjustment to financial statement income

Description	Amount
Demand Side Management	-331,930 00
Market Ready Costs	299,633 00
Retail Service Variances	650,562 00
Total	618,265 00

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**SCHEDULE 2****CHARITABLE DONATIONS AND GIFTS**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Welland Festival of Arts c/o Welland Museum	300
Welland and District Humane Society	100
Computers for Schools - Ontario	2,336
Welland District Community Living	100
Women's Place of South Niagara Inc.	345
Subtotal	3,181
Add: Total donations of less than \$100 each	225
Total donations in current taxation year	3,406

	Federal	Quebec	Alberta
Charitable donations at the end of the preceding taxation year			
Deduct: Charitable donations expired after five taxation years	239		
Charitable donations at the beginning of the taxation year	240		
Add:			
Charitable donations transferred on an amalgamation or the windup of a subsidiary	250		
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210	3,406	
Subtotal (line 250 plus line 210)	3,406	3,406	3,406
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	3,406	3,406	3,406
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260	3,406	3,406
Charitable donations closing balance	280		

Amounts carried forward – Charitable donations

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2000			
6 th prior year *	1999			
Total (to line A)				

* These donations expired in the current year.

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

Net income for tax purposes * multiplied by 75 %		571,395	B
Taxable capital gains arising in respect of gifts of capital property			
– lines 895 and 896 of Schedule 6, multiplied by the inclusion rate			
– other			
	Total	225	C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)		227	D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230		
Proceeds of disposition, less outlays and expenses		E	
Capital cost		F	
Amount E or F, whichever is less	235		
Amount on line 230 or 235, whichever is less		G	
	Subtotal (add amounts C, D, and G)	H	
	Amount H multiplied by 25 %	I	
	Subtotal (amount B plus amount I)	571,395	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		3,406	K

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

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

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

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

Part 4 – Gifts of certified cultural property

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2000			
6 th prior year *	1999			
Total				

* These donations expired in the current year.

Part 5 – Gifts of certified ecologically sensitive land

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2000			
6 th prior year *	1999			
Total				

* These donations expired in the current year.

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION****SCHEDULE 3**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the sections about Schedule 3 in the *T2 Corporation Income Tax Guide*.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- "X" under column B if the payer corporation is connected.

Part 1 – Dividends received during the taxation year**Do not include dividends received from foreign non-affiliates.**

Complete if payer corporation is connected

Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)		A	B	C Business Number	D Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD
200			205	210	220
1	Sunlife Canada (T5)			NR	2005-12-31
2					

Note: If your corporation's taxation year end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

		If payer corporation is not connected, leave these columns blank.				
E Non-taxable dividend under section 83	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1 / 3 *		
230	240	250	260	270		
1	2,069			690		
2						
Total (enter amount of column F on line 320 of the T2 return)						J
	2,069			690		

For dividends received from connected corporations: Part IV tax equals: $\frac{\text{Column F} \times \text{Column H}}{\text{Column G}}$

* Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1)	690
Deduct:	
Part IV.I tax payable on dividends subject to Part IV tax	320
Subtotal	690
Deduct:	
Current-year non-capital loss claimed to reduce Part IV tax	330
Non-capital losses from previous years claimed to reduce Part IV tax	335
Current-year farm loss claimed to reduce Part IV tax	340
Farm losses from previous years claimed to reduce Part IV tax	345
Total losses applied against Part IV tax	$\times 1 / 3 =$
Part IV tax payable (enter amount on line 712 of the T2 return)	360 690

Part 3 – Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation	Business Number	Taxation year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD	Taxable dividends paid to connected corporations
400	410	420	430
1 Welland Hydro-Electric Holding Corp	86360 4328 RC0001	2005-12-31	100,000
2			

Note

If your corporation's taxation year end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total 100,000

Total taxable dividends paid in the taxation year to other than connected corporations	450
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	460 100,000

Part 4 – Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (from above)	460 100,000
Other dividends paid in the taxation year (total of 510 to 540)	
Total dividends paid in the taxation year	500 100,000

Deduct:

Dividends paid out of capital dividend account	510
Capital gains dividends	520
Dividends paid on shares described in subsection 129(1.2)	530
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540
Subtotal	
Total taxable dividends paid in the taxation year for purposes of a dividend refund	100,000

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**SCHEDULE 4****CORPORATION LOSS CONTINUITY AND APPLICATION**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For information on these losses, see the *T2 Corporation Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

Part 1 – Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes	761,860
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	2,069
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	2,069
Subtotal (if positive, enter "0")	
Deduct: (increase a loss)	
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions	
Subtotal	
Add: (decrease a loss)	
Current-year farm loss	
Current-year non-capital loss (if positive, enter "0")	

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year	1,142,157
Deduct: Non-capital loss expired *	100
Non-capital losses at beginning of taxation year	102 1,142,157
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105
Current-year non-capital loss (from calculation above)	110 1,142,157
Deduct:	
Amount applied against taxable income (enter on line 331 of the T2 return)	130 756,385
Amount applied against taxable dividends subject to Part IV tax	135
Section 80 – Adjustments for forgiven amounts	140
Subsection 111(10) – Adjustments for fuel tax rebate	
Other adjustments	150 756,385
Subtotal	385,772
Deduct – Request to carry back non-capital loss to:	
First preceding taxation year to reduce taxable income	901
Second preceding taxation year to reduce taxable income	902
Third preceding taxation year to reduce taxable income	903
First preceding taxation year to reduce taxable dividends subject to Part IV tax	911
Second preceding taxation year to reduce taxable dividends subject to Part IV tax	912
Third preceding taxation year to reduce taxable dividends subject to Part IV tax	913
Non-capital losses – Closing balance	180 385,772

* A non-capital loss expires as follows:

- After 7 taxation years if it arose in a taxation year ending before March 23, 2004;
or
- After 10 taxation years if it arose in a taxation year ending after March 22, 2004.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator	190	Yes	☐
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.			

Part 2 – Capital losses**Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year	200	_____
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	_____
Current-year capital loss (from Schedule 6 calculation)	210	_____
Add:		
Allowable business investment loss expired as non-capital loss	x 4/3	220 _____
		Subtotal _____
Deduct:		
Amount applied against current-year capital gain (see Note 1)	225	_____
Section 80 – Adjustments for forgiven amounts	240	_____
Other adjustments	250	_____
		Subtotal _____
Deduct – Request to carry back capital loss to: (see Note 2)		
	Capital gain (100%)	Amount carried back (100%)
First preceding taxation year	951	_____
Second preceding taxation year	952	_____
Third preceding taxation year	953	_____
Capital losses – Closing balance		280 _____

Note 1

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

Note 2

Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 – Farm losses**Continuity of farm losses and request for a carryback**

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

Part 4 – Restricted farm losses**Current-year restricted farm loss**

Total losses for the year from farming business	485	_____	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	\$	2,500	
(Amount A above _____ – \$2,500) divided by 2 = _____	B		
\$ _____	C	2,500	
Current-year restricted farm loss (enter this amount on line 410 of page 3)		_____	

Part 4 – Restricted farm losses (continued)**Continuity of restricted farm losses and request for a carryback**

Restricted farm losses at end of preceding taxation year		
Deduct: Restricted farm loss expired after 10 taxation years	400	
Restricted farm losses at beginning of taxation year	402	
Add: Restricted farm losses transferred on an amalgamation or the windup of a subsidiary corporation	405	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	
Deduct:		
Amount applied against farming income (enter on line 333 of the T2 return)	430	
Section 80 – Adjustments for forgiven amounts	440	
Other adjustments	450	
		Subtotal
Deduct – Request to carry back restricted farm loss to:		
First preceding taxation year to reduce farming income	941	
Second preceding taxation year to reduce farming income	942	
Third preceding taxation year to reduce farming income	943	
Restricted farm losses – Closing balance		480
Note		
The total losses for the year from all farming businesses are calculated without including scientific research expenses.		

Part 5 – Listed personal property losses**Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding taxation year		
Deduct: Listed personal property loss expired after seven taxation years	500	
Listed personal property losses at beginning of taxation year	502	
Add: Current-year listed personal property loss (from Schedule 6)	510	
		Subtotal
Deduct:		
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	
Other adjustments	550	
		Subtotal
Deduct – Request to carry back listed personal property loss to:		
First preceding taxation year to reduce listed personal property gains	961	
Second preceding taxation year to reduce listed personal property gains	962	
Third preceding taxation year to reduce listed personal property gains	963	
Listed personal property losses – Closing balance		580

Part 7 – Limited partnership losses

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

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

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

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

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

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003	922,953	N/A		N/A	537,181		385,772
2002		N/A		N/A			
2001	219,204	N/A		N/A	219,204		
2000		N/A		N/A			
1999		N/A		N/A			
1998		N/A		N/A			*
Total	1,142,157				756,385		385,772

Farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			
1998		N/A		N/A			
1997		N/A		N/A			
1996		N/A		N/A			
1995		N/A		N/A			*
Total							

Restricted farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A	N/A	
2004		N/A		N/A		N/A	
2003		N/A		N/A		N/A	
2002		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2000		N/A		N/A		N/A	
1999		N/A		N/A		N/A	
1998		N/A		N/A		N/A	
1997		N/A		N/A		N/A	
1996		N/A		N/A		N/A	
1995		N/A		N/A		N/A	*
Total						N/A	

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

**CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

Part 1 – Foreign and aggregate investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
The eligible portion of taxable capital gains included in income for the year		001	002	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		009	012	B
Net capital losses of other years claimed on line 332 on the T2 return			022	C
Total of amounts B and C				D
Amount A minus amount D (if negative, enter "0")				E
Total income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	2,069		2,069	
Other property income				
Total income from property	2,069	019	032	F
Exempt income		029	042	G
Amounts received from NISA Fund No. 2 (CAIS) that were included in computing the corporation's income for the year			052	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	2,069	049	062	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		059	072	J
Total of amounts G, H, I, and J	2,069		2,069	K
Amount F minus amount K				L
Total of amount E plus amount L				M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)		069	082	N
Amount M minus amount N (if negative, enter "0")		079 O	092 P	

Note: The aggregate investment income is the aggregate world source income.

Enter amount O, foreign investment income, on line 445 of the T2 return.

Enter amount P, aggregate investment income, on line 440 of the T2 return.

Part 4 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return			761,860	P
Deduct: Foreign business income after deducting related expenses*	500			
Taxable capital gains minus allowable capital loss – amount A minus amount B* (page 1)**				
Net property income = amount F minus amount G, H, and N* (page 1)		2,069	Q	
Personal services business income after deducting related expenses*	520			
		2,069	►	2,069
		Net amount	759,791	R
Deduct: Partnership income (line 450 above)				S
Income from active business carried on in Canada (enter on line 400 of the T2 return – if negative, enter "0")			759,791	T

* If negative, **add** instead of **subtracting**.
**This amount may only be negative to the extent of any allowable business investment losses.

Canada Customs
and Revenue AgencyAgence des douanes
et du revenu du Canada**SCHEDULE 8****CAPITAL COST ALLOWANCE (CCA)**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

	1 Class number	2 Undepreciated capital cost at the beginning of the year	3 Cost of acquisitions during the year*	4 Net adjustments	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 plus column 3 plus 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)**	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance (amount on line 107 of Schedule 1)	11 Terminal loss (amount on line 404 of Schedule 1)	12 Capital cost allowance (column 8 multiplied by column 9; or a lower amount) (amount on line 403 of Schedule 1)***	13 Undepreciated capital cost at the end of the year (column 6 minus column 12)
	200	201	203	205	207		211		212	213	215	217	220
1	1	2,486,183	171,293		0	2,657,476	85,647	2,571,829	4	0	0	102,873	2,554,603
2	1	5,319,567			0	5,319,567		5,319,567	4	0	0	212,783	5,106,784
3	1	9,181,661	1,242,024	-150,670	0	10,273,015	621,012	9,652,003	4	0	0	386,080	9,886,935
4	1	3,040,078	261,549	-24,351	0	3,277,276	130,775	3,146,501	4	0	0	125,860	3,151,416
5	1	1,424,781	44,645		0	1,469,426	22,323	1,447,103	4	0	0	57,884	1,411,542
6	8	255,569	38,661		34,110	260,120	2,276	257,844	20	0	0	51,569	208,551
7	10	355,335	53,723		1,911	407,147	25,906	381,241	30	0	0	114,372	292,775
8	12	58,051	90,511		0	148,562	45,256	103,306	100	0	0	103,306	45,256
9	45		45,323		0	45,323	22,662	22,661	45	0	0	10,197	35,126
	Total	22,121,225	1,947,729	-175,021	36,021	23,857,912	955,857	22,902,055				1,164,924	22,692,988

* 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).

** The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

*** If the taxation year is shorter than 365 days, prorate the CCA claim.

See the *T2 Corporation Income Tax Guide* for more information.

Fixed Assets Reconciliation

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

Tax return			
Additions for tax purposes – Schedule 8 regular classes		1,947,729	
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	+		
less contributions 175,021	+	-175,021	
Total additions per books	=	1,772,708	1,772,708
Proceeds up to original cost – Schedule 8 regular classes		36,021	
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	+		
Add land purchased 2,547 (double negative to add)	+	-2,547	
Total proceeds per books	=	33,474	33,474
Depreciation and amortization per accounts – Schedule 1	–		1,493,388
Loss on disposal of fixed assets per accounts	–		
Gain on disposal of fixed assets per accounts	+		8,461
Net change per tax return	=		254,307

Financial statements			
Fixed assets (excluding land) per financial statements			
Closing net book value			18,957,811
Opening net book value	–		18,703,497
Net change per financial statements	=		254,314
If the amounts from the tax return and the financial statements differ, explain why below			

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

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

	Name 100	Country of resi- dence (if other than Canada) 200	Business Number (Canadian corporation only) (see note 1) 300	Rela- tion- ship code (see note 2) 400	Number of common shares owned 500	% of common shares owned 550	Number of preferred shares owned 600	% of preferred shares owned 650	Book value of capital stock 700
1.	WELLAND HYDRO-ELECTRIC HOLDI		86360 4328 RC0001	1					
2.	WELLAND HYDRO ELECTRIC RETAI		86375 9494 RC0001	3					
3.	City of Welland		NR	3					

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

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

Canada Customs
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et du revenu du Canada**SCHEDULE 10****CUMULATIVE ELIGIBLE CAPITAL DEDUCTION**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	2,183,166	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	2,183,166	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)		2,183,166	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		2,183,166	
less amount from line 249			
Current year deduction		2,183,166 x 7.00 % =	250 152,822 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		152,822	L 152,822
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	2,030,344	M

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

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

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

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

Canada Customs
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et du revenu du Canada**SCHEDULE 13****CONTINUITY OF RESERVES**

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal *Income Tax Act*.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

Description of property	Balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
001	002	003			004
1					
	008	009			010
Totals					

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial statement reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1					
2 PILs deferred revenue reserv	52,529			115,955	-63,426
3 Pension Liability	1,395,498		46,584		1,442,082
4					
Reserves from Section 2 below	672,871			9,998	662,873
Totals	2,120,898		46,584	125,953	2,041,529

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

Part 2 – Other reserves

Description	Balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
Reserve for doubtful debts ☒	110 672,871	115		9,998	120 662,873
Reserve for undelivered goods and services not rendered ☐	130	135	331,931		140 331,931
Reserve for prepaid rent ☐	150	155			160
Reserve for December 31, 1995 income ☐	170	175			180
Reserve for refundable containers ☐	190	195			200
Reserve for unpaid amounts ☐	210	215			220
Insurance corporation policy reserves ☐					
Bank reserves ☐					
Other tax reserves ☐	230	235			240
Totals	270 672,871	275	331,931	9,998	280 994,804

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.
The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs
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ALLOCATE THE BUSINESS LIMIT**

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

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

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

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

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

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

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

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

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

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

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
	WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	1	300,000	100.0000	300,000
1	WELLAND HYDRO-ELECTRIC HOLDING CORP.	86360 4328 RC0001	1	300,000		
2	WELLAND HYDRO ELECTRIC RETAIL CORP.	86375 9494 RC0001	1	300,000		
3	City of Welland	NR	4	300,000		
	Total				100.0000	300,000 A

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return. If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

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

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

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

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

T2 SCH 23 (04)



Canada Customs
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- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$50,000,000 among the members of the related group. **Do not file this agreement if no members of the related group have to pay Part I.3 tax.**
- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal *Income Tax Act*, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Agreement

Date filed (do not use this area)	.....	010	Year Month Day
Is this an amended agreement?	.....	020	1 Yes ☐ 2 No ☒
Calendar year to which the agreement applies	.....	030	Year 2005

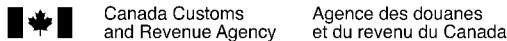
Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part 1.3 tax under subsection 181.1(3) does not have to be included.

	Names of all corporations which are members of the related group 200	Business Number (if a corporation is not registered, enter "NR") 300	Allocation of capital deduction for the year \$ 400	Taxation year end to which this agreement applies* (YYYY/MM/DD) 500
	WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	49,842,000	
1	WELLAND HYDRO-ELECTRIC HOLDING CORP.	86360 4328 RC0001	105,000	
2	WELLAND HYDRO ELECTRIC RETAIL CORP.	86375 9494 RC0001	53,000	
3	City of Welland	NR		

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

50,000,000

* Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.



SHAREHOLDER INFORMATION

Name of corporation	Business Number	Taxation year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2005-12-31

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

Name of shareholder		Business Number (Notes 1 & 3)	Social Insurance Number (Note 2 & 3)	Percentage common shares	Percentage preferred shares
100		200	300	400	500
1	Welland Hydro-Electric Holding Corp.	86360 4328 RC0001		100.000	
2					
3					
4					
5					
6					
7					
8					
9					
10					

- Note 1: If a corporate shareholder does not have a business number, "NR" must be entered to indicate the corporation is not registered.
- Note 2: If an individual shareholder does not have a social insurance number, "NA" must be entered to indicate the SIN is not available.
- Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

Ontario Consent Form

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

- Complete Parts 1, 2, and 5 to name a representative.
- Complete Parts 3, 4 and 5 to cancel consent for an existing representative.
- Complete all parts if you want to both name a new representative and cancel an existing representative.

Part 1 – Consent for the release of information to a representative

Client's name: WELLAND HYDRO ELECTRIC SYSTEM CORP.
Ontario Corporations Tax Account Number: 1800215
Client's address 1: 950 EAST MAIN STREET
Client's address 2: P.O. BOX 280
City: WELLAND
Province, territory, or state: ON
Country (other than Canada): _____
Postal code: L3B 5P6
Zip Code or Foreign postal code: _____

I consent to the release of confidential information about my Corporation tax return by the Ontario Ministry of Finance to the representative named below.

Representative's name: Deloitte & Touche LLP
(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)
If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name: _____

Address 1: 4210 King Steet East
Address 2: _____
City: Kitchener
Province, territory, or state: ON
Country (other than Canada): _____
Postal code: N2P 2G5
Zip Code or Foreign postal code: _____

(519) 650-7600 (519) 650-7601
Representative's telephone number Extension Representative's fax number

Part 2 – Details of consent

I request that this consent apply to all years. ☒ OR

I request that this consent apply only to the following years:

1. All year-ends up to: Year Month Day
2. All year-ends beginning in: Year Month Day and all years after that.
3. The following year-ends only:
Year Month Day Year Month Day
Year Month Day Year Month Day

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Part 3 – Cancellation of the consent for the release of information to a representative

Client's name: _____

I cancel all previous consent for all representatives. ☐ OR

I cancel my consent to the release of confidential information about my Corporation tax return by the Ontario Ministry of Finance to the representative named below.

Representative's name: _____

(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)

If you named a firm as your representative, and you want to specify a particular individual of that firm, enter that individual's first and last name: _____

Address 1: _____

Address 2: _____

City: _____

Province, territory, or state: _____

Country (other than Canada): _____

Postal code: _____

Zip Code or Foreign postal code: _____

Representative's telephone number

Extension

Representative's fax number

Part 4 – Details of cancellation of consent

I request that this cancellation of consent apply to all years. ☐ OR

I request that this cancellation of consent apply only to the following years:

- All year-ends up to: _____
Year Month Day
- All year-ends beginning in: _____ and all years after that.
Year Month Day
- The following year-ends only: _____
Year Month Day Year Month Day
Year Month Day Year Month Day

Part 5 – Signature

Your name ROSS PEEVER Title PRESIDENT

This form must be signed by an owner, partner, director, trustee, or officer.

Sign here ► _____ Date _____
Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

Appendix 30

2005 CT23 Provincial Tax Return



Ontario

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

2004/
2005

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2002

Corporations Tax Act – Ministry of Finance (MOF)
Corporations Information Act – Ministry of Consumer and Business Services (MCBS)

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

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

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

☒ Yes

☐ No

Page 1 of 20

Corporation's Legal Name (including punctuation)			Ontario Corporations Tax Account No. (MOF)																		
WELLAND HYDRO ELECTRIC SYSTEM CORP.			1800215																		
Mailing Address			This Return covers the Taxation Year																		
950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B 5P6			<table border="1"> <tr> <td>Start</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td>2005</td> <td>01</td> <td>01</td> </tr> <tr> <td>End</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td>2005</td> <td>12</td> <td>31</td> </tr> </table>			Start	year	month	day		2005	01	01	End	year	month	day		2005	12	31
Start	year	month	day																		
	2005	01	01																		
End	year	month	day																		
	2005	12	31																		
Has the mailing address changed since last filed CT23 Return? ☐ Yes			Date of Incorporation or Amalgamation																		
Date of Change			<table border="1"> <tr> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td>2000</td> <td>07-01</td> </tr> </table>			year	month	day		2000	07-01										
year	month	day																			
	2000	07-01																			
Registered/Head Office Address			Ontario Corporation No. (MCBS)																		
950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B 5P6			1426855																		
Location of Books and Records			Canada Customs and Revenue Agency Business No.																		
950 EAST MAIN STREET P.O. BOX 280 WELLAND ON CA L3B 5P6			<table border="1"> <tr> <td>If applicable, enter</td> </tr> <tr> <td>86375 9692 RC0001</td> </tr> </table>			If applicable, enter	86375 9692 RC0001														
If applicable, enter																					
86375 9692 RC0001																					
Name of person to contact regarding this CT23 Return	Telephone No.	Fax No.	Jurisdiction Incorporated																		
ROSS PEEVER	(905) 732-1381		ONTARIO																		
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:																		
Ontario Canada			<table border="1"> <tr> <td>Commenced</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ceased</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>			Commenced	year	month	day					Ceased	year	month	day				
Commenced	year	month	day																		
Ceased	year	month	day																		
Former Corporation Name (Extra-Provincial Corporations only) ☒ Not Applicable (MCBS)			☒ Not Applicable																		
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). ▶			Preferred Language / Langue de préférence																		
No. of Schedule(s)			☒ English anglais ☐ French français																		
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please check (X) this box. Schedule(s) A and K are not required (MCBS). ▶ ☒ No Change			Ministry Use																		

Certification (MCBS)

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

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

ROSS PEEVER

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

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

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2005-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please check (X) box(es) if applicable in sections

1 & 2

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify) ▼

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100 %

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

If applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

If applicable, enter

Specify major business activity

- 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)

Please check (X) box(es) if applicable

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed – Canada
Customs and Revenue Agency approval
required

☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s. 249(4)

Date Control was acquired

year month day

	Yes	No
Was the corporation inactive throughout the taxation year?	☐	☒
Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?	☒	☐
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?	☐	☒

Income Tax *continued from Page 4*

		Number of Days in Taxation Year							
		<table border="1"> <tr> <td>Days after Dec 31, 2002 and before Jan 1, 2004</td> <td>Total Days</td> </tr> <tr> <td>31</td> <td>365</td> </tr> </table>		Days after Dec 31, 2002 and before Jan 1, 2004	Total Days	31	365		
Days after Dec 31, 2002 and before Jan 1, 2004	Total Days								
31	365								
Calculation of IDSBC Rate	- - - - - 7 %	x	31 ÷ 73	= + 89					
		<table border="1"> <tr> <td>Days after Dec 31, 2003</td> <td>Total Days</td> </tr> <tr> <td>34</td> <td>365</td> </tr> </table>		Days after Dec 31, 2003	Total Days	34	365		
Days after Dec 31, 2003	Total Days								
34	365								
	8.5 %	x	34 ÷ 73	= + 90	8.5000				
IDSBC Rate for Taxation Year	89 + 90			= 78	8.5000				
Claim	- - - - - From 60	x	From 78	8.5000 %	= 70				

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount 400,000 in 114 below.

Surtax on Canadian-controlled Private Corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

Associated Corporation - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

*Taxable Income of the corporation	- - - - - From 10 (or 20 if applicable)	+ 80	
If you are a member of an associated group (X) 81 ☐ (Yes)			
Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Taxable Income (if loss, enter nil)
WELLAND HYDRO-ELECTRIC HOLDING CORP.	1800213	2005-12-31	+ 82
WELLAND HYDRO ELECTRIC RETAIL CORP.	1800214	2005-12-31	+ 83
City of Welland		2005-12-31	+ 84
Aggregate Taxable Income	80 + 82 + 83 + 84, etc.		= 85

		Number of Days in Taxation Year							
		<table border="1"> <tr> <td>Days after Dec 31, 2002 and before Jan 1, 2004</td> <td>Total Days</td> </tr> <tr> <td>31</td> <td>365</td> </tr> </table>		Days after Dec 31, 2002 and before Jan 1, 2004	Total Days	31	365		
Days after Dec 31, 2002 and before Jan 1, 2004	Total Days								
31	365								
320,000	x	31 ÷ 73	= + 115						
		<table border="1"> <tr> <td>Days after Dec. 31, 2003</td> <td>Total Days</td> </tr> <tr> <td>34</td> <td>365</td> </tr> </table>		Days after Dec. 31, 2003	Total Days	34	365		
Days after Dec. 31, 2003	Total Days								
34	365								
400,000	x	34 ÷ 73	= + 116	400,000					
		115 + 116	=	400,000					
(If negative, enter nil)	- - - - -			- 114	400,000				
				= 86					

		Number of Days in Taxation Year							
		<table border="1"> <tr> <td>Days after Dec 31, 2002</td> <td>Total Days</td> </tr> <tr> <td>38</td> <td>365</td> </tr> </table>		Days after Dec 31, 2002	Total Days	38	365		
Days after Dec 31, 2002	Total Days								
38	365								
Calculation of Specified Rate for Surtax	- - - - - 4.6670 %	x	38 ÷ 73	= + 97	4.6670				
	From 86	x	From 97	4.6670 %	= 87				
	From 87	x	From 60	÷ From 114	400,000				
				= 88					
Surtax Lesser of	70 or 88			= 100					

*** Note: Short Taxation Years** – Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

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

110

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

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

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

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

Eligible Canadian Profits

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 ÷ From 30 100.0000% ÷ From 78 8.5000% = 121
*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122

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

Taxable Income - - - - - + From 10

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

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

Subtract: Taxable Income 10 X Allocation % to jurisdictions outside Canada % - - - - - 140

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

10 - 56 + 122 - 140 - 141 - - - - - = 142

Claim**Number of Days in Taxation Year**

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

143 X From 30 100.0000% X 1.5% X 33 ÷ 73 365 = + 154
Lesser of 130 or 142 Ontario Allocation

Days after Dec. 31, 2003 Total Days

143 X From 30 100.0000% X 2% X 34 365 ÷ 73 365 = + 156
Lesser of 130 or 142 Ontario Allocation

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

= 161

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

= 162

Credit for Foreign Taxes Paid (s.40)

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

170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit 175

Credit Claimed 180

Subtotal of Income Tax

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

continued on Page 7

Total Assets of the corporation	- - - - -	+	240	37,019,745	•
Total Revenue of the corporation	- - - - -	+	241	44,293,856	•

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

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

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
			+ 243 •	+ 244 •
			+ 245 •	+ 246 •
			+ 247 •	+ 248 •
Aggregate Total Assets	240 + 243 + 245 + 247, etc.	- - - - -	= 249 37,019,745 •	
Aggregate Total Revenue	241 + 244 + 246 + 248, etc.	- - - - -		= 250 44,293,856 •

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	49,766 •	X From	30	100.0000 % X	4 %	=	276	1,991 •
				If negative, enter zero			Ontario Allocation				
Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule)	- - - - -				-					277	•
Subtract: Income Tax	- - - - -				-					From 190	•
Net CMT Payable (If negative, enter Nil on Page 17.)	- - - - -				=					280	1,991 •

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 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	12,197 •

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	- - - - -	+	From	190	•
	Gross CMT Payable	- - - - -	+	From	276	1,991 •
	Subtract: Foreign Tax Credit for CMT purposes	- - - - -	-	From	277	•
	If 276 – 277 is negative, enter NIL in 290	- - - - -	=		290	1,991 •
	Income Tax eligible for CMT Credit	- - - - -	=		300	•
B.	Income Tax (after deduction of specified credits)	- - - - -	+	From	230	•
	Subtract: CMT credit used to reduce income taxes	- - - - -	-		310	•
	Income Tax	- - - - -	=		320	•

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.

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2005-12-31

DOLLARS ONLY

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+	350	12,953,180
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	495,303
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	630,158
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	14,483,625
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	1,378,655
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	29,940,921
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371	654,544
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	29,286,377
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	29,286,377

Eligible Investment (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	35,188
Loans and advances to unrelated corporations	- - - - -	+	405	9,597
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	406	172,337
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407	.
Total Eligible Investments	- - - - -	=	410	217,122

continued on Page 10

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

Total Assets per balance sheet		+	420	37,019,745
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	37,019,745
Amounts in 360 and 361 (if deducted from assets)		+	440	
Subtract: Amounts in 371, 372 and 381		-	441	654,544
Subtract: Appraisal surplus if booked		-	442	
Add or Subtract: Other adjustments (specify on an attached schedule)		±	443	
Total Assets		=	450	36,365,201

Investment Allowance (÷) x - - - - - Not to exceed = 174,857.

Taxable Capital	390	–	460											=	470	29,111,520.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	44,293,856

Total Assets (as adjusted) - - - - - From 430 37,019,745 ●

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2004/2005) of the CT23 may only be used for a taxation year that commenced after December 31, 2002.

Financial Institutions use calculations on page 13.

Important:

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

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

OR If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2004/2005 CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year				
Days before Jan. 1, 2005		Total Days		
5,000,000	X	35 _____ ÷ 73 _____ 365	= +	500 _____ .
Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days		
7,500,000	X	36 _____ 365 ÷ 73 _____ 365	= +	501 _____ 7,500,000 .
Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days		
10,000,000	X	37 _____ ÷ 73 _____ 365	= +	502 _____ .
Capital Deduction (TCD)		500 + 501 + 502	=	503 _____ 7,500,000 .

SECTION C

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

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

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

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

+ From 470 _____ ●
 - From 503 _____ ●
 = 471 _____ ●

x From 30 100.0000 % x 0.3 % x 555 365 - - - - - = + 523 _____ ●

Ontario Allocation

Days in taxation year
 365 (366 if leap year)

If floating taxation year, refer to Guide.

Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

Capital Tax Calculation continued from Page 10

SECTION D

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

D1. ☐ 509 (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.
If Taxable Capital 470 on page 10 is equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.
If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to Section E, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

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

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

Taxable Capital From 470 on page 10 - - - - - + From 470 29,111,520.

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
WELLAND HYDRO-ELECTRIC HOLDING CORP.	1800213	2005-12-31	+ 531 102,448.
WELLAND HYDRO ELECTRIC RETAIL CORP.	1800214	2005-12-31	+ 532 52,694.
City of Welland		2005-12-31	+ 533 .
Aggregate Taxable Capital 470 + 531 + 532 + 533, etc.	- - - - -	= 540	29,266,662.

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

From 470 29,111,520. ÷ From 540 29,266,662. x From 503 7,500,000. = 541 7,460,243.

Transfer to 542 in Section E on page 12

Ss.69(2.1) Election Filed

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

continued on Page 12

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

1.1 Credit Unions only

For taxation years commencing **after May 4, 1999** enter NIL in **550** on page 12, and complete the return from that point.

1.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

$$\boxed{565} \times 0.6\% \times \text{From } \boxed{30} \text{ to } \boxed{100.0000}\% \times \boxed{555} \frac{365}{\text{Days in taxation year}} \div 365 \text{ (366 if leap year)} = + \boxed{569}$$

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

[570] [] x [571] [] x From [30] [100.0000] % x [555] 365 ÷ * 365 (366 if leap year) = + [574] []

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate (Refer to Guide)

Ontario Allocation

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.

[illegible]

Premium Tax 588 – 589 - - - - - = 590

Transfer to page 17

DOLLARS ONLY

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

Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1

- - - - - ± 600 761,860 ●
Transfer to page 15

Add:

Federal capital cost allowance	- - - - -	+	601	1,164,924 ●
Federal cumulative eligible capital deduction	- - - - -	+	602	152,822 ●
Ontario taxable capital gain	- - - - -	+	603	●
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	604	2,120,898 ●
Federal allowable reserves. Balance end of year	- - - - -	+	605	994,804 ●
Ontario non-allowable reserves. Balance end of year	- - - - -	+	606	2,041,529 ●
Ontario allowable reserves. Balance beginning of year	- - - - -	+	607	672,871 ●
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+	608	●
Federal resource allowance (Refer to Guide)	- - - - -	+	609	●
Federal depletion allowance	- - - - -	+	610	●
Federal foreign exploration and development expenses	- - - - -	+	611	●
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	- - - - -	+	617	●
Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼				

Number of Days in Taxation Year

$$\begin{array}{c} \text{Days after} \\ \text{Dec. 31, 2002 and} \\ \text{before Jan. 1, 2004} \end{array} \quad \begin{array}{c} \text{Total Days} \\ 365 \end{array}$$

$$\text{[612]} \times 5 / 12.5 \times \text{[33]} \div \text{[73]} \text{[365]} = + \text{[633]} \text{[365]} \text{[633]}$$

$$\begin{array}{c} \text{Days after} \\ \text{Dec. 31, 2003} \end{array} \quad \begin{array}{c} \text{Total Days} \\ 365 \end{array}$$

$$\text{[612]} \times 5 / 14 \times \text{[34]} \div \text{[73]} \text{[365]} = + \text{[634]} \text{[365]} \text{[634]}$$

Total add-back amount for Management fees, etc. 633 + 634 = 613 ●

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661
excluding any negative amount in 473 from Ont. CT23 Schedule 161 - - - - - + 615 ●

Add any negative amount in 473 from Ont. CT23 Schedule 161 - - - - - + 616 ●

Federal allowable business investment loss - - - - - + 620 ●

Total of other items not allowed by Ontario but allowed federally (Attach schedule) - - - - - + 614 ●

Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614 - - - = 7,147,848 ● 640 7,147,848 ●
Transfer to page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	- - - - -	+	650	1,164,924 ●
Ontario cumulative eligible capital deduction	- - - - -	+	651	152,822 ●
Federal taxable capital gain	- - - - -	+	652	●
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	653	2,120,898 ●
Ontario allowable reserves. Balance end of year	- - - - -	+	654	994,804 ●
Federal non-allowable reserves. Balance end of year	- - - - -	+	655	2,041,529 ●
Federal allowable reserves. Balance beginning of year	- - - - -	+	656	672,871 ●
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+	657	●
Ontario depletion allowance	- - - - -	+	658	●
Ontario resource allowance (Refer to Guide)	- - - - -	+	659	●
Ontario current cost adjustment (Attach schedule)	- - - - -	+	661	●
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+	675	●

Subtotal of deductions for this page 650 to 659 + 661 + 675 - - - - - 681 7,147,848 ●
Transfer to page 15

continued on Page 15

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1 - - - - - From $\pm$ 600 761,860 .

Total of Additions on page 14 - - - - - From = 640 7,147,848 .

Sub Total of deductions on page 14 - - - - - From = 681 7,147,848 .

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year - - - 662 .

ONTTI Gross-up deduction calculation:

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

Workplace Child Care Tax Incentive (WCCT)

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

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

Workplace Accessibility Tax Incentive (WATI)

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

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

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

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

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

Educational Technology Tax Incentive (ETTI)

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

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

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

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 7,147,848 . 680 7,147,848 .

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 761,860 .

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) 1,142,157	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) 756,385	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	707 756,385	717	727	737	747	757
Balance at End of Year	709 (8) 385,772	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 1996-12-31	817 (9)	860 (9)		850	870
801 8th preceding taxation year 1997-12-31	818 (9)	861 (9)		851	871
802 7th preceding taxation year 1998-12-31	819 (9)	862 (9)		852	872
803 6th preceding taxation year 1999-12-31	820	830	840	853	873
804 5th preceding taxation year 2000-12-31	821	831	841	854	874
805 4th preceding taxation year 2001-12-31	822	832	842	855	875
806 3rd preceding taxation year 2002-12-31	823	833	843	856	876
807 2nd preceding taxation year 2003-12-31	824 385,772	834	844	857	877
808 1st preceding taxation year 2004-12-31	825	835	845	858	878
809 Current taxation year 2005-12-31	826	836	846	859	879
Total	829 385,772	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.

WELLAND HYDRO ELECTRIC SYSTEM CORP.

1800215

2005-12-31

DOLLARS ONLY

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	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)				
Taxation Year Ending year month day				
i) 3 rd preceding	901 2002-12-31	911 921	931	941
ii) 2 nd preceding	902 2003-12-31	912 922	932	942
iii) 1 st preceding	903 2004-12-31	913 923	933	943
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	- - - - - +	From 230 or 320	•
Corporate Minimum Tax	- - - - +	From 280	1,991 •
Capital Tax	- - - - - +	From 550	64,662 •
Premium Tax	- - - - - +	From 590	•
Total Tax Payable	- - - - - =	950	66,653 •
Subtract: Payments	- - - - - -	960	73,000 •
Capital Gains Refund (s.48)	- - - - - -	965	•
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985	•
Specified Tax Credits (Refer to Guide)	- - - - - -	955	•
Other, specify Transf from Fed	- - - - - -		•
Balance	- - - - - - =	970	-6,347 •
If payment due	- - - - - Enclosed *	990	•
If overpayment: Refund (Refer to Guide)	- - - - - =	975	6,347 •
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)

ROSS PEEVER

Title

PRESIDENT

Full Residence Address

Signature

Date

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

Attached Schedule with Total

Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations

Title Supplement to CT23 line 359

Description	Amount	
Employee Benefits - Current	67,900	00
Employee Benefits - Long-Term	1,374,181	00
Adjustment for recovery of payment in lieu of tax	-63,426	00
Total	1,378,655	00

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

Description	Amount
Regulatory Assets - Market Ready Costs	299,663 00
Regulatory Assets - Retail Service Variances	650,562 00
Cumulative Book Depreciation	-6,065,148 00
Cumulative CCA claimed	5,037,193 00
Cumulative CEC claimed	732,274 00
Total	654,544 00

Attached Schedule with Total

Eligible loans and advances to related corporations (certain restrictions apply)

Title Supplement to CT23 line 406

Description	Amount	
<u>Due From Related Company</u>	<u>172,337</u>	<u>00</u>
Total	172,337	00

Attached Schedule with Total

Loans and advances to unrelated corporations

Title Supplement to CT23 line 405

Description	Amount	
<u>Eligible advances included in prepaid accounts</u>	<u>9,597</u>	<u>00</u>
Total	9,597	00

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Part 1: Calculation of CMT Base

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

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 51,835 .

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

Provision for recovery of income taxes / benefit of current income taxes + 2101 .
Provision for deferred income taxes (credits) / benefit of future income taxes + 2102 .
Equity income from corporations + 2103 .
Share of partnership(s)/joint venture(s) income + 2104 .
Dividends received/receivable deductible under fed.s.112 + 2105 2,069 .
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 = 2,069 . ▶ – 2110 2,069 .

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

Provision for current taxes / cost of current income taxes + 2111 .
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 = ... ▶ + 2116 .

Add/Subtract:

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

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

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

Subtotal (Additions) = ... ▶ + 2129 .

Subtotal (Subtractions) = ... ▶ – 2130 .

** Other adjustments ± 2131 .

Subtotal ± 2100 – 2110 + 2116 + 2129 – 2130 ± 2131 = 2132 49,766 .

** 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 49,766 .

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 49,766 .

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

CT23 Schedule 101

Corporation's Legal Name WELLAND HYDRO ELECTRIC SYSTEM CORP.	Ontario Corporations Tax Account No. (MOF) 1800215	Taxation Year End 2005-12-31

Part 2: Continuity of CMT Losses Carried Forward

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

Notes:

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1996-12-31	2260	2280
2241	8th preceding taxation year 1997-12-31	2261	2281
2242	7th preceding taxation year 1998-12-31	2262	2282
2243	6th preceding taxation year 1999-12-31	2263	2283
2244	5th preceding taxation year 2000-12-31	2264	2284
2245	4th preceding taxation year 2001-12-31	2265	2285
2246	3rd preceding taxation year 2002-12-31	2266	2286
2247	2nd preceding taxation year 2003-12-31	2267	2287
2248	1st preceding taxation year 2004-12-31	2268	2288
2249	Current taxation year 2005-12-31	2269	2289
Totals		2270	2290

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

**Corporate Minimum Tax (CMT)
CT23 Schedule 101**

Page 3 of 3

Corporation's Legal Name WELLAND HYDRO ELECTRIC SYSTEM CORP.	Ontario Corporations Tax Account No. (MOF) 1800215	Taxation Year End 2005-12-31

Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + [2301] 10,206.

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] 1,991.

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] ... = 1,991. + [2310] 1,991.

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

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

Subtotal [2301] + [2310] + [2325] = [2330] 12,197.

Adjustments (*Attach schedule*) ± [2332] .

CMT Credit Carryover available [2330] ± [2332] = [2333] 12,197.

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

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

CMT Credit expired during the year + [2334] .

Subtotal = [2335] .

Balances at End of Year NOTE (4) [2333] - [2335] = [2336] 12,197.

Notes:

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

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
[2340]	9th preceding taxation year 1996-12-31	[2360]	[2380]
[2341]	8th preceding taxation year 1997-12-31	[2361]	[2381]
[2342]	7th preceding taxation year 1998-12-31	[2362]	[2382]
[2343]	6th preceding taxation year 1999-12-31	[2363]	[2383]
[2344]	5th preceding taxation year 2000-12-31	[2364]	[2384]
[2345]	4th preceding taxation year 2001-12-31	[2365]	[2385]
[2346]	3rd preceding taxation year 2002-12-31	[2366]	[2386]
[2347]	2nd preceding taxation year 2003-12-31	[2367]	[2387]
[2348]	1st preceding taxation year 2004-12-31	[2368] 10,206	[2388]
[2349]	Current taxation year 2005-12-31	[2369] 1,991	[2389]
Totals		[2370] 12,197	[2390]

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

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

	Corporation's Pre-1994 Loss	Predecessors' Pre-1994 Loss Amalgamation	Predecessors' Pre-1994 Loss Wind-Up
Date of the last tax year end before the corp's 1st tax year commencing after 1993			
Pre-1994 Loss (per schedule)			
Less: Claimed in prior taxation years commencing after 1993			
Pre-1994 Loss available for the current year			
Less: Deducted in the current year			
(max. = adj. net income for the year)			
Expired after 10 years			
Pre-1994 Loss Carryforward			

(ii) Continuity of Other Eligible CMT Losses – Filing Corporation
(for losses occurring in tax years commencing after 1993)

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1995-12-31					
9th Prior Year	1996-12-31					
8th Prior Year	1997-12-31					
7th Prior Year	1998-12-31					
6th Prior Year	1999-12-31					
5th Prior Year	2000-12-31					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
Total						

Predecessor Corporations Only – Amalgamation

Indicate the amounts of 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
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

CMT Credit Carryovers Workchart

Filing Corporation

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1995-12-31					
9th Prior Year	1996-12-31					
8th Prior Year	1997-12-31					
7th Prior Year	1998-12-31					
6th Prior Year	1999-12-31					
5th Prior Year	2000-12-31					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31	10,206				10,206
	Total	10,206				10,206

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
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Predecessor Corporations Only – Wind-Up

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1995-12-31						
1996-12-31						
1997-12-31						
1998-12-31						
1999-12-31						
2000-12-31						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						



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Paid-Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Loans or Advances Credited or Advanced to Corporation

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Note Payable	+	13,499,953
LT customer deposits	+	466,638
Current customer deposits	+	517,034
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
Total	=	14,483,625



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Ontario Charitable Donations and Gifts

Schedule 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

- For use by a corporation to claim any of the following:
 - Charitable donations;
 - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- File one completed copy of this schedule with your CT23.

Part 1 – Charitable Donations

Charitable Donations at end of preceding taxation year	.....	+		A
Deduct: Donations expired after 5 taxation years	.....	-		B
Charitable donations at beginning of taxation year	.....	=		C
Add: Donations transferred on amalgamation or wind-up of subsidiary	.....	+		D
Total current year charitable donations made	.....	+	3,406	E
Subtotal D + E	.....	=	3,406	F
Total donations available C + F	.....	=	+	3,406 G
Deduct: Amount applied against taxable income (amount T)	.....	-	3,406	T
Charitable donations closing balance	.....	=		H

Part 2 – Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	.....	=	571,395	I
Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.				
Ontario taxable capital gains arising in respect of gifts of capital property	.....	+		J
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	.....	+		K
Add the lesser of:				
1. The amount of the recapture of capital cost allowance in respect of charitable gifts	.....			L
2. The lesser of:				
2a. Proceeds of dispositions less outlays and expenses	.....			M
2b. The capital cost	.....			N
The lesser of M and N	.....			O
The lesser of L and O	.....	+		P
Subtotal J + K + P	.....	=		Q
25% X	.....			Q
Maximum deduction allowable I + R	.....	=	571,395	S
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)	.....		3,406	T

Enter in 1 of the CT23

Corporation's Legal Name WELLAND HYDRO ELECTRIC SYSTEM CORP.	Ontario Corporations Tax Account No. (MOF) 1800215	Taxation Year End 2005-12-31

Part 3 – Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Foundation at end of the preceding taxation year	 +	
Deduct: Gifts expired after 5 years	 -	
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	 +	
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	 +	
Total current year gifts	 +	
Subtotal	 =	
Deduct: Amount applied against taxable income 2 of the CT23	 -	
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	 =	

Foundation Name	Date of Donation	Amount \$

Total gifts to Her Majesty in right of Ontario =

Part 4 – Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario **U**

2. **Lesser of:**

2a. Ontario Net Income for the taxation year **V**

2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation **W**

The lesser of **V** and **W** **X**

Maximum deduction allowable the lesser of **U** and **X** **Y**

Transfer to of the CT23

Part 5 – Gifts to Canada or a province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	 +	
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	 -	
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	 +	
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	 +	
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	 +	
Subtotal	 =	
Deduct: Amount applied against taxable income	 -	
Gifts to Canada or a province other than Ontario closing balance	 =	

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Part 6 – Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	 +	
Deduct: Gifts of certified cultural property expired after five years	 -	
Gifts of certified cultural property at the beginning of the taxation year	 +	
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	 +	
Total current year gifts of certified cultural property	 +	
Subtotal	 =	
Deduct: Amount applied against taxable income	 -	
Gifts of certified cultural property closing balance	 =	

Part 7 – Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	 +	
Deduct: Gifts of certified ecologically sensitive land expired after five years	 -	
Gifts of certified ecologically sensitive land at the beginning of the taxation year	 +	
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	 +	
Total current year gifts of certified ecologically sensitive land	 +	
Subtotal	 =	
Deduct: Amount applied against taxable income	 -	
Gifts of certified ecologically sensitive land closing balance	 =	

Part 8 – Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2000-12-31					
1999-12-31					
Totals					

Non-Capital Loss Continuity Workchart – Ontario

Non-capital losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003	922,953	N/A		N/A	537,181	385,772
2002		N/A		N/A		
2001	219,204	N/A		N/A	219,204	
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		*
Total	1,142,157				756,385	385,772

Farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		
1995		N/A		N/A		*
Total						

Restricted farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		
1995		N/A		N/A		*
Total						

* This balance expires this year and will not be available next year.



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Ontario Capital Cost Allowance Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Is the corporation electing under regulation 1101(5q)? 1 ☐ Yes 2 ☒ No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	2,486,183	171,293		0	2,657,476	85,647	2,571,829	4	0	0	102,873	2,554,603
1	5,319,567			0	5,319,567		5,319,567	4	0	0	212,783	5,106,784
1	9,181,661	1,242,024	-150,670	0	10,273,015	621,012	9,652,003	4	0	0	386,080	9,886,935
1	3,040,078	261,549	-24,351	0	3,277,276	130,775	3,146,501	4	0	0	125,860	3,151,416
1	1,424,781	44,645		0	1,469,426	22,323	1,447,103	4	0	0	57,884	1,411,542
8	255,569	38,661		34,110	260,120	2,276	257,844	20	0	0	51,569	208,551
10	355,335	53,723		1,911	407,147	25,906	381,241	30	0	0	114,372	292,775
12	58,051	90,511		0	148,562	45,256	103,306	100	0	0	103,306	45,256
45		45,323		0	45,323	22,662	22,661	45	0	0	10,197	35,126
Totals	22,121,225	1,947,729	-175,021	36,021	23,857,912	955,857	22,902,055				1,164,924	22,692,988

Enter in boxes on the CT23.

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



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Ontario Cumulative Eligible Capital Deduction Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero)	.....	2,183,166	A
Add: Cost of eligible capital property acquired during the taxation year	.. +		B
Amount transferred on amalgamation or wind-up of subsidiary	... +		C
Other adjustments	 +		D
Total of B + C + D	=		E
	x 3 / 4 =		
Subtotal A + E	=	2,183,166	F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	 +		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the Income Tax Act (Canada)	 +		H
Other adjustments	 +		I
Total of G + H + I	=		J
	x 3 / 4 =		
Ontario cumulative eligible capital balance F - J	=	2,183,166	K

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction	2,183,166	K	x	7 % *	=	152,822	L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital – closing balance K - L (if negative, enter zero)	=	2,030,344	M

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Part 2 – Amount to be included in income arising from disposition

Only complete this part only if the amount at line K is negative

Amount from line K above show as a positive amount	.....		N
Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	.....	1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA	.....	2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	.....	3	
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	.....	4	
Line 3 deduct line 4	.....	5	
Total lines 1 + 2 + 5	.....	6	
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000	.....	7	
Deduct line 7 from line 6	.....		O
N - O (cannot be negative)	.....		P
Amount on line 5	x 1 / 2		Q
P - Q	.....		R
Amount on line R	x 2 / 3		S
Lesser of line N or line O	.....		T
Amount to be included in income S + T	.....		

Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
1					
Totals	A	B			C

The total capital gains reserve at the beginning of the taxation year **A** plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary **B**, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year **C**, should also be entered on Schedule 6.

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
Reserve for doubtful debts	672,871			9,998	662,873
Reserve for undelivered goods and services not rendered			331,931		331,931
Reserve for prepaid rent					
Reserve for December 31, 1995 income					
Reserve for refundable containers					
Reserve for unpaid amounts					
Other tax reserves					
Totals	D 672,871	E	331,931	9,998	F 994,804

The amount from **D** plus the amount from **E** should be entered in **607** of the CT23.

The amount from **F** should be entered in **654** of the CT23.

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
PILs deferred revenue reserv	52,529			115,955		-63,426
Pension Liability	1,395,498		46,584			1,442,082
Reserves from Part 2	672,871			9,998		662,873
Totals	2,120,898		46,584	125,953		2,041,529

Enter in box **653** of the CT23

Enter in box **606** of the CT23



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
WELLAND HYDRO ELECTRIC SYSTEM CORP.	1800215	2005-12-31

Instructions for completing the CETC Claim Form

- Enter the relevant details for each qualifying work placement, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each qualifying work placement.
- Enter the total tax credit claimed on line **192**, page 7 of the CT23 Long, or page 4 of the CT23 Short, or page 4 of the CT8.
 - The maximum amount of credit that can be claimed in respect of each work placement is \$1,000.
- Ensure you have the following documentation (Do not include with the form or tax return.):
 - a letter of certification from the Ontario college, university other post-secondary institution, containing information as specified by the Minister, stating that the student is enrolled in a qualifying education program; or
 - a voucher for leading-edge technology programs, other than an apprenticeship, stating that the educational program meets the definition of a qualifying program in leading-edge technology and that the work performed by that student during the work placement is in a related field.
- The credit is **considered government assistance** and is therefore **to be included in income** in the year the credit is claimed.

Summary of Co-operative Education Tax Credit Claimed

Complete a separate entry for each student work placement which ended during the corporation's taxation year. The tax credit is for co-op work placements and leading-edge technology work placements. A work placement is generally considered to be a full-time work assignment for up to 4 months in duration.

Example: If a corporation, with a December 31, 2001 taxation year end, hires an eligible student from September 1, 2001 until April 30, 2002, this would be considered 2 work placements. The first work placement is September 1, 2001 to December 31, 2001 and would be claimed in the 2001 taxation year. The second placement is January 1, 2002 to April 30, 2002 and must be claimed in the 2002 taxation year.

Qualifying Work Placements

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates year month day	Eligible Costs of Placement (ECP)	* Credit Claimed (See notes below) (max. \$1,000 per work placement)
Niagara College Engineering Technolog	Tom Wilga	533 426 888	From 2005-05-24	1,948	292
			To 2005-09-02		
			From		
			To		
			From		
			To		
If insufficient space, attach schedule				5774	5798
Totals				1,948	292

If insufficient space, attach schedule

Transfer to **192** on Page 7 of the CT23 Long
or Page 4 of the CT23 Short,
or Page 4 of the CT8

Note: Enter corporation's salaries & wages paid in the preceding taxation year **A** \$ •

If **A** is \$600,000 or greater use 10%. If A is \$400,000 or less use 15%.

If **A** is over \$400,000 but less than \$600,000 use the following formula to calculate the rate:

Rate = .15 - [.05 (From **A** • - \$400,000) ÷ \$200,000]

Indicate rate used: 15.0000 %. *Credit claimed equals ECP multiplied by rate.

Corporate Taxpayer Summary

Summary of federal information

Taxation Year: 2005-01-01 to 2005-12-31Jurisdiction: OntarioCorporation is associated YCorporation is related Y

Balance due/refund (–)		Active business income	<u>759,791</u>
Net income	<u>761,860</u>	Taxable income	<u>Dividends paid 100,000</u>

Credits against part I tax

Small bus deduction
M&P deduction
Foreign tax credit
Political contributions
Investment tax credits
Abatement/Other

Federal taxes

Part I
Surtax
Part I.3
Part IV
Part I & Surtax
Other

Refunds/credits

ITC refund
Dividends refund
Instalments
Surtax credit
Other

Summary of federal carryforward/carryback information

Carryback amounts

Investment tax credits
Non-capital loss
Capital loss
Farm loss
Restricted farm loss
Surtax credit
Part I tax credit (Schedule 42)

Carryforward balances

RDTOH
Donations
Investment tax credits
Non-capital losses
Capital/L.P.P. losses
Farm losses
Restricted farm losses
Foreign business tax credit
Unused surtax credit
Capital dividend amount
Part I tax credit (Schedule 42)

Summary of provincial information – provincial income tax payable

Province	% Allocation	Taxable income	Tax payable before deduction	Deductions/credits	Net tax payable
Newfoundland and Labrador . . .					
Prince Edward Island					
Nova Scotia					
New Brunswick					
Manitoba					
Saskatchewan					
British Columbia					
Yukon Territory					
Northwest Territories					
Nunavut					
Totals per Federal T2 and Schedule 5					
Alberta (AT1)					
Ontario (CT23)	<u>100.00</u>			<u>292</u>	
Québec (CO-17)					

Summary of taxes payable to provinces and provincial carryforward amounts

Province	Taxable capital	Capital tax payable*	Income tax payable	Total tax payable	Balance due/ refund (-)
B.C. (General)			—		
B.C. (Special)			—		
Sask. (SCT-1)			—		
Manitoba (MCT-1) . .			—		
Alberta (AT1)	—	—			
Schedule 361			—		—
Schedule 342			—		—
Ontario (CT23)	29,111,520	64,662		66,653	-6,347
Québec (CO-17) . . .					

* For Québec, this includes compensation tax and special taxes

Provincial carryforwards:

	Ontario	Québec	Alberta
Non-capital losses	385,772		
Net capital/L.P.P losses			
Farm losses			
Restricted farm losses			
Donations			

Five Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information					
Taxation year end	<u>2005-12-31</u>	<u>2004-12-31</u>	<u>2003-12-31</u>	<u>2002-12-31</u>	<u>2001-12-31</u>
Balance due/refund					
Net income	<u>761,860</u>	<u>479,414</u>	<u>-955,380</u>		
Taxable income					
Active business income	<u>759,791</u>	<u>476,993</u>			
Dividends paid	<u>100,000</u>	<u>2,500</u>			
Federal taxes					
Part I					
Surtax					
Part I.3			<u>43,976</u>		
Part IV	<u>690</u>	<u>807</u>			
Other federal taxes (Parts II, IV.1, VI, VI.1, XIII.1, XIV)					
Credits against part I tax					
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other					
Refunds/credits					
ITC refund					
Dividend refund	<u>690</u>	<u>807</u>			
Instalments			<u>43,976</u>		
Other					
Ontario					
Taxable income		<u>2,294</u>			
Income tax payable before deduction		<u>321</u>			
Income tax deductions /credits	<u>292</u>	<u>321</u>			
Net income tax payable					
Taxable capital	<u>29,111,520</u>	<u>29,038,562</u>	<u>28,240,637</u>		
Capital tax payable	<u>64,662</u>	<u>72,117</u>	<u>69,722</u>		
Total tax payable	<u>66,653</u>	<u>72,117</u>	<u>69,722</u>		
Balance due/refund	<u>-6,347</u>	<u>-41,583</u>	<u>-294,153</u>		

Appendix 31

2005 Notice of Assessments

Detach and return this REMITTANCE FORM with your payment.



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800215

35
PX5005

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

2	0	0	5	1	2	3	1												

Payment Amount: \$

Total Payment
Enclosed: \$



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

Account No.	Reassessment Date (year, month, day)	Page
1800215	2006/11/30	3 of 3

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

REASSESSMENT NO. 106 REPLACING ASSESSMENT DATED: 2006/10/04

Tax: Federal and Provincial PIL
Assessment Interest
Total Reassessment Liability

65,963.00
694.28CR
65,268.72

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

73,000.00CR
7,015.76

Sub-Total

65,984.24CR
715.52CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of Capital Tax.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 820-9048 ext. 3036
- FAX (905) 433-5197

ario

Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800215

35
PX5003

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
C/O ROSS PEEVER
950 EAST MAIN ST
P O BOX 280
WELLAND
L3B 5P6

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

2	0	0	5	1	2	3	1

Payment Amount: \$

Total Payment Enclosed:



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2005/01/01 to 2005/12/31

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

ASSESSMENT NO. 77

Account No.	Assessment Date (year, month, day)	Page
1800215	2006/10/04	2 of 2

Tax: Federal and Provincial PIL
Assessment Interest
Total Assessment Liability

66,653.00
657.81CR
65,995.19

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

73,000.00CR

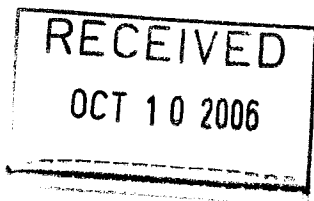
Sub-Total

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

73,000.00CR
7,004.81CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate



Notice of Assessments
Provincial 2005



St. John's NL A1B 3Z1

Page 1 of 4

WELLAND HYDRO-ELECTRIC SYSTEM
CORP
C/O ROSS PEEVER
PO BOX 280
WELLAND ON L3B 5P6

Date of mailing	March 4, 2008
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2005

0002118

CORPORATION NOTICE OF REASSESSMENT

RESULTS

For tax years ending in 2009 or later, corporations that have a permanent establishment in Ontario will need to file a harmonized "T2 Corporation Income Tax Return" with the Canada Revenue Agency (CRA). The harmonized return will include the following Ontario corporation taxes: corporate income tax, including refundable tax credits, corporate minimum tax, capital tax, and special additional tax on life insurance corporations.

Please send your combined Ontario and federal corporation tax instalment payments for tax years ending in 2009 or later to the CRA. For some corporations this may require making combined payments to the CRA as early as February 2008.

For information on how to calculate your instalment payments, please visit our Web site at: www.cra.gc.ca/t2return

This notice explains the results of our reassessment of the T2 Corporation Income Tax Return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Reassessment : \$ 0.00

Please refer to the Summary and Explanation for additional information.



WELLAND HYDRO-ELECTRIC SYSTEM CORP

Page 2 of 4

Date of mailing	March 4, 2008
Business Number	86375 9692 RC0001
Taxation year-end	December 31, 2005

CORPORATION NOTICE OF REASSESSMENT

SUMMARY OF REASSESSMENT

	\$ Previous	\$ Reassessed	\$ Adjustment
Federal Tax:			
Part I	0.00	0.00	0.00
Part I.3	0.00	0.00	0.00
Part II	0.00	0.00	0.00
Part III.1	0.00	0.00	0.00
Part IV	0.00	0.00	0.00
Part IV.1	0.00	0.00	0.00
Part VI	0.00	0.00	0.00
Part VI.1	0.00	0.00	0.00
Part XIII.1	0.00	0.00	0.00
Part XIV	0.00	0.00	0.00
			=====
Total Federal Tax Adjustment:			\$ 0.00
			=====
		Net balance:	\$ 0.00
			=====
		Result of this reassessment:	\$ 0.00

William V. Baker
Commissioner of Revenue

EXPLANATION

We have adjusted the T2 return based on a further review.

We have revised the taxable income to correct a mathematical error.

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

The Canada Revenue Agency also offers the convenience of Direct Deposit. For information about this service, please visit our Web site at www.cra.gc.ca or contact the number provided below.

If you require additional information or wish to request an adjustment, contact:

St. John's Taxation Centre
Freshwater Rd and Empire Ave
St. John's NL A1B 3Z3
Fax (709) 772-3834

St. Catharines TSO
P. O. Box 3038 32 Church Street
St. Catharines ON L2R 3B9
toll free number 1-800-959-5525

Appendix 32

March 1, 2002 to February 29, 2004 PILS Recoveries

2002 Rate Year

Effective Date
Conclusion Date

Mar. 1, 2002
Feb. 28, 2004.

Rate Class	Approved Rates		Q4 2001 PILS Portion				2002 PILS Portion			
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
Residential	\$ 9.93	\$ 0.0082	\$ 0.0470	\$ 0.000038	\$ 0.8589	\$ 0.000703				
General Service < 50 kW	\$ 14.72	\$ 0.0042	\$ 0.0692	\$ 0.000020	\$ 1.2652	\$ 0.000367				
General Service > 50 kW	\$ 146.45	\$ 0.5195	\$ 0.5851	\$ 0.002980	\$ 10.7911	\$ 0.054497				
Large Use	\$ 8,162.75	\$ 0.4444	\$ 38.7812	\$ 0.002062	\$ 709.2917	\$ 0.037713				
Sentinel Lights	\$ 0.28	\$ 0.4908	\$ 0.0013	\$ 0.002405	\$ 0.0238	\$ 0.043986				
Street Lights	\$ 0.14	\$ 0.4866	\$ 0.0007	\$ 0.002289	\$ 0.0122	\$ 0.041872				
Unmetered Loads	\$ 14.72	\$ 0.0042	\$ 0.0692	\$ 0.000020	\$ 1.2652	\$ 0.000367				

Customer Counts

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	18,615	18,634	18,599	18,670	18,638	18,695	18,663	18,741	18,727	18,748	18,741	18,775	18,757	18,788	18,795	18,816	18,816	18,861	18,855	18,864	18,927	18,956	18,951	19,023		
General Service < 50 kW	1,655	1,644	1,655	1,653	1,657	1,659	1,653	1,648	1,654	1,644	1,648	1,651	1,645	1,649	1,659	1,656	1,653	1,653	1,656	1,650	1,646	1,639	1,647	1,652		
General Service > 50 kW	241	240	240	240	241	240	241	241	240	239	238	238	241	238	238	238	238	237	237	239	238	236	237	236		
Large Use	2	1	1	1	1	1	1	1	1	1	1	3	3	3	3	3	3	3	3	3	3	3	3			
Sentinel Lights	758	750	758	760	759	757	758	752	753	746	750	751	748	748	728	750	749	748	748	746	746	744	744	744		
Street Lights	6,445	6,444	6,444	6,444	6,444	6,444	6,445	6,449	6,478	6,493	6,493	6,493	6,495	6,494	6,505	6,510	6,510	6,509	6,504	6,503	6,504	6,509	6,510	6,510		
Unmetered Loads	168	168	171	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173		

Billing Determinants

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	12,479,543	11,333,711	12,296,972	13,896,920	17,765,586	17,509,291	13,881,761	12,662,317	12,441,938	13,837,761	14,301,925	12,701,396	12,774,596	11,216,703	11,308,680	12,612,851	15,647,595	15,503,897	12,683,263	12,267,822	12,508,308	14,084,399	14,781,628	13,288,179		
General Service < 50 kW	3,961,155	3,664,109	3,702,972	3,916,454	4,529,405	4,520,423	3,993,034	3,780,437	3,882,706	4,230,104	4,506,240	4,188,448	4,167,684	3,509,734	3,448,910	3,675,121	3,995,268	3,938,234	3,617,609	3,605,877	3,765,288	4,044,695	4,408,137	4,085,324		
General Service > 50 kW	50,010	50,838	50,295	55,874	55,945	49,569	49,371	47,456	48,214	45,947	36,486	35,818	38,417	35,730	36,496	33,777	34,467	35,837	35,607	35,111	35,524	34,971	35,326	34,417		
Large Use	20,458	21,058	13,754	12,454	13,320	13,572	13,686	13,640	13,800	25,284	24,597	24,776	24,070	24,500	23,954	24,696	24,113	24,579	24,487	24,472	23,810	25,622	22,097			
Sentinel Lights		212	230	242	256	240	252	245	248	246	223	246	236	240	234	245	246	246	235	240	232	242	233	227		
Street Lights	1,069	1,069	1,069	1,074	1,074	1,074	1,074	1,077	1,079	1,081	1,081	1,081	1,081	1,081	1,082	1,082	1,082	1,081	1,081	1,080	1,082	1,082	1,082			
Unmetered Loads	57,004	53,259	66,127	101,819	105,215	105,216	101,741	104,773	101,327	104,703	104,705	94,571	104,704	101,327	104,578	100,796	104,059	103,858	100,507	103,266	98,734	101,517	100,616	94,716		

Calculated PILS Revenue

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	26,111	25,279	25,961	27,212	30,050	29,911	27,194	26,361	26,185	27,238	27,576	26,421	26,459	25,332	25,407	26,392	28,641	28,575	26,480	26,180	26,415	27,610	28,122	27,080		
General Service < 50 kW	3,740	3,611	3,640	3,720	3,963	3,962	3,750	3,661	3,709	3,890	3,942	3,823	3,807	3,558	3,547	3,631	3,751	3,729	3,609	3,596	3,652	3,751	3,902	3,784		
General Service > 50 kW	5,594	5,631	5,599	5,920	5,936	5,558	5,448	5,488	5,480	5,338	4,783	4,745	4,928	4,740	4,784	4,627	4,656	4,740	4,744	4,705	4,685	4,694	4,630			
Large Use	2,310	1,586	1,295	1,243	1,378	1,292	1,288	1,297	1,291	1,297	3,250	3,223	3,230	3,202	3,219	3,197	3,227	3,203	3,222	3,218	3,218	3,191	3,263			
Sentinel Lights	30	29	30	30	31	31	30	30	30	30	30	29	30	30	29	30	30	30	30	29	30	29	30			
Street Lights	130	130	130	130	130	131	130	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131			
Unmetered Loads	246	244	254	270	272	272	270	271	270	271	271	267	271	270	271	270	271	271	270	271	269	270	267			
Total	38,162	36,509	36,910	38,526	41,658	41,156	38,220	37,199	37,095	38,136	39,983	38,639	38,856	37,262	37,389	38,279	40,707	40,680	38,485	38,130	38,421	39,668	40,412			

Appendix 33

March 1, 2004 to February 28, 2005 PILS Recoveries

2002 Rate Year

Effective Date
Conclusion Date

Mar. 1, 2002
Feb. 28, 2004.

Rate Class	Approved Rates				Q4 2001 PILS Portion				2002 PILS Portion			
	Fixed	Variable			Fixed	Variable			Fixed	Variable		
Residential	\$ 9.93	\$	0.0082	\$	0.05	\$	0.00004	\$	0.86	\$	0.0007	
General Service < 50 kW	\$ 14.72	\$	0.0042	\$	0.07	\$	0.00002	\$	1.27	\$	0.0004	
General Service > 50 kW	\$ 146.45	\$	0.5195	\$	0.59	\$	0.00208	\$	10.70	\$	0.0545	
Large Use	\$ 8,162.75	\$	0.4444	\$	38.78	\$	0.00206	\$	709.29	\$	0.0377	
Sentinel Lights	\$ 0.28	\$	0.4908	\$	0.00	\$	0.00240	\$	0.02	\$	0.0440	
Street Lights	\$ 0.14	\$	0.4866	\$	0.00	\$	0.00229	\$	0.01	\$	0.0419	
Unmetered Loads	\$ 14.72	\$	0.0042	\$	0.07	\$	0.00002	\$	1.27	\$	0.0004	

Customer Counts

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	18,615	18,634	18,599	18,670	18,638	18,695	18,663	18,741	18,727	18,748	18,741	18,775	18,757	18,788	18,795	18,816	18,816	18,861	18,855	18,864	18,927	18,956	18,951	19,023		
General Service < 50 kW	1,655	1,644	1,655	1,653	1,657	1,659	1,653	1,648	1,654	1,644	1,648	1,651	1,645	1,649	1,659	1,656	1,653	1,653	1,656	1,650	1,646	1,639	1,647	1,652		
General Service > 50 kW	241	240	240	240	241	240	241	240	240	239	238	238	241	238	238	238	238	237	237	239	238	236	237	236		
Large Use	2	1	1	1	1	1	1	1	1	1	1	3	3	3	3	3	3	3	3	3	3	3	3			
Sentinel Lights	758	750	758	760	759	757	758	752	753	746	750	751	748	748	728	750	749	750	748	748	746	746	744	744		
Street Lights	6,445	6,444	6,444	6,444	6,444	6,444	6,445	6,469	6,478	6,493	6,493	6,493	6,495	6,494	6,505	6,510	6,510	6,509	6,504	6,503	6,504	6,509	6,510	6,510		
Unmetered Loads	168	168	171	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173	173		

Billing Determinants

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	12,479,543	11,333,711	12,296,972	13,896,920	17,765,586	17,509,291	13,881,761	12,662,317	12,441,938	13,837,761	14,301,925	12,701,396	12,774,596	11,216,703	11,308,680	12,612,851	15,647,595	15,503,897	12,683,263	12,267,822	12,508,308	14,084,399	14,781,628	13,288,179		
General Service < 50 kW	3,961,155	3,664,109	3,702,972	3,916,454	4,529,405	4,520,423	3,993,034	3,780,437	3,882,706	4,230,104	4,506,240	4,188,448	4,167,684	3,509,734	3,448,910	3,675,121	3,995,268	3,938,234	3,617,609	3,605,877	3,765,288	4,044,695	4,408,137	4,085,324		
General Service > 50 kW	50,010	50,838	50,295	55,874	55,945	49,569	49,371	47,456	48,214	45,947	36,486	35,818	38,417	35,730	36,496	33,777	34,467	35,937	35,607	35,111	35,524	34,971	35,326	34,417		
Large Use	20,458	21,058	13,754	12,454	13,086	13,572	13,800	13,640	13,800	25,284	24,597	24,776	24,070	24,500	23,954	24,696	24,113	24,579	24,487	24,472	23,810	25,622	22,097	22,857		
Sentinel Lights	240	212	230	242	256	252	245	240	248	246	223	246	236	236	240	234	245	246	235	240	232	242	233	227		
Street Lights	1,069	1,069	1,069	1,074	1,074	1,074	1,074	1,077	1,079	1,081	1,081	1,081	1,081	1,081	1,082	1,082	1,082	1,081	1,081	1,080	1,082	1,082	1,082	1,082		
Unmetered Loads	57,004	53,259	66,127	101,819	105,215	105,216	101,741	104,773	101,327	104,703	104,705	94,571	104,704	101,327	104,578	100,796	104,059	103,858	100,507	103,266	98,734	101,517	100,616	94,716		

Calculated PILS Revenue

Rate Class	2002												2003												2004	
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb		
Residential	26,111	25,279	25,961	27,212	30,050	29,911	27,194	26,361	26,185	27,238	27,576	26,421	26,459	25,332	25,407	26,392	28,641	28,575	26,480	26,180	26,415	27,610	28,122	27,080		
General Service < 50 kW	3,740	3,611	3,640	3,720	3,963	3,962	3,750	3,661	3,709	3,830	3,942	3,823	3,807	3,558	3,547	3,631	3,751	3,729	3,609	3,596	3,652	3,751	3,902	3,784		
General Service > 50 kW	5,594	5,631	5,599	5,920	5,936	5,558	5,558	5,448	5,480	5,338	4,783	4,745	4,928	4,740	4,784	4,627	4,656	4,740	4,744	4,704	4,705	4,685	4,694	4,630		
Large Use	2,310	1,586	1,295	1,243	1,278	1,292	1,288	1,297	1,291	1,297	3,250	3,223	3,230	3,202	3,219	3,197	3,227	3,203	3,222	3,218	3,218	3,191	3,263	3,123		
Sentinel Lights	30	29	30	30	31	31	30	30	30	30	30	29	30	30	29	30	30	30	30	29	30	29	29	29		
Street Lights	130	130	130	130	130	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131		
Unmetered Loads	246	244	254	270	272	272	270	271	270	271	271	267	271	270	271	270	271	271	270	271	269	270	270	267		
Total	38,162	36,509	36,910	38,526	41,658	41,156	38,220	37,199	37,095	38,136	39,983	38,639	38,856	37,262	37,389	38,279	40,707	40,680	38,485	38,130	38,421	39,668	40,412	39,046		

Appendix 34

March 1, 2005 to April 30, 2006 PILS Recoveries

2005 Rate Year

Effective Date	Mar. 1, 2005
Conclusion Date	Apr. 30, 2006

Rate Class	Approved Rates		PILS Portion	
	Fixed	Variable	Fixed	Variable
Residential	\$ 10.51	\$ 0.0123	\$ -	\$ 0.0018
General Service < 50 kW	\$ 15.61	\$ 0.0072	\$ -	\$ 0.0009
General Service > 50 kW	\$ 157.53	\$ 1.2701	\$ -	\$ 0.1223
Large Use	\$ 8,641.82	\$ 1.2675	\$ -	\$ 0.1114
Sentinel Lights	\$ 0.30	\$ 1.5140	\$ -	\$ 0.1595
Street Lights	\$ 0.15	\$ 1.2539	\$ -	\$ 0.1067
Unmetered Loads	\$ 15.61	\$ 0.0072	\$ -	\$ 0.0009

Billing Determinants

Rate Class	2005										2006			
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	13,039,561	11,503,318	12,924,867	15,316,297	18,992,425	17,679,015	13,740,655	12,892,529	12,866,072	14,327,203	14,217,836	12,514,380	12,692,087	11,192,185
General Service < 50 kW	4,491,591	3,949,630	4,039,132	4,477,804	4,973,586	4,730,978	4,193,311	4,043,615	4,128,592	4,534,733	4,558,178	4,202,130	4,436,755	3,905,428
General Service > 50 kW	37,005	34,183	35,148	36,412	35,829	35,851	34,374	34,883	34,808	35,192	33,678	33,573	34,916	32,735
Large Use	24,771	23,943	24,269	25,357	23,996	24,635	25,151	25,306	24,767	24,836	23,682	23,503	24,351	22,865
Sentinel Lights	237	227	243	235	241	242	233	241	238	246	246	222	248	241
Street Lights	1,086	1,084	1,084	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,090	1,090	1,090	1,090
Unmetered Loads	107,261	97,825	102,309	97,825	102,309	100,073	97,816	102,028	97,552	102,028	99,773	93,268	108,276	99,012

Calculated PILS Revenue

Rate Class	2005										2006			
	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Residential	24,073	21,237	23,862	28,277	35,063	32,639	25,368	23,802	23,753	26,451	26,249	23,104	23,432	20,663
General Service < 50 kW	4,071	3,579	3,661	4,058	4,507	4,288	3,800	3,665	3,742	4,110	4,131	3,808	4,021	3,539
General Service > 50 kW	4,526	4,180	4,298	4,453	4,382	4,384	4,204	4,266	4,257	4,304	4,119	4,106	4,270	4,003
Large Use	2,760	2,668	2,704	2,826	2,674	2,745	2,803	2,820	2,760	2,767	2,639	2,619	2,713	2,548
Sentinel Lights	38	36	39	38	38	39	37	38	38	39	39	35	40	39
Street Lights	116	116	116	116	116	116	116	116	116	116	116	116	116	116
Unmetered Loads	97	89	93	89	93	91	89	92	88	92	90	85	98	90
Total	35,681	31,906	34,772	39,856	46,874	44,301	36,416	34,799	34,754	37,879	37,383	33,873	34,690	30,998