

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 86360 5929 RC0001

Corporation's name 002 NIAGARA-ON-THE-LAKE HYDRO INC.

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

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 X

To which taxation year does this return apply?

Taxation year start 060 2005-01-01 Taxation year end 061 2005-12-31

011 P.O. Box 460

012 8 Henegan Road

City Province, territory, or state

015 Virgil 016 ON

Country (other than Canada) Postal code/Zip code

017 018 L0S 1T0

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

If Yes, provide the date control was acquired 065

Mailing address (if different from head office address)

Has the address changed since the last time we were notified? 020 1 Yes 2 No X

Is the corporation a professional corporation that is a member of a partnership?

067 1 Yes 2 No X

021 c/o

022

023

City Province, territory, or state

025 026

Country (other than Canada) Postal code/Zip code

027 028

Is this the first year of filing after:

Incorporation? 070 1 Yes 2 No X

Amalgamation? 071 1 Yes 2 No X

If Yes, complete lines 030 to 038 and attach Schedule 24.

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 X

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

072 1 Yes 2 No X

If Yes, complete and attach Schedule 24.

031 P.O. BOX 460,

032 8 HENEGAN ROAD

City Province, territory, or state

035 Virgil 036 ON

Country (other than Canada) Postal code/Zip code

037 038 L0S 1T0

Is this the final taxation year before amalgamation?

076 1 Yes 2 No X

Is this the final return up to dissolution?

078 1 Yes 2 No X

Type of corporation at the end of the taxation year

1 X Canadian-controlled private corporation (CCPC)

2 Other private corporation

3 Public corporation

4 Corporation controlled by a public corporation

5 Other corporation (specify, below)

Is the corporation a resident of Canada?

080 1 Yes X 2 No If No, give the country of residence on line 081 and complete and attach Schedule 97.

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

082 1 Yes 2 No X

If Yes, complete and attach Schedule 91.

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

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

091 092 093 094 095 096

Attachments

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

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

	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
Is the corporation an associated Canadian-controlled private corporation?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	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 <input type="checkbox"/>	11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	213 <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	36
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

* We do not print this schedule.

Attachments – continued from page 1

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 <input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258 <input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259 <input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260 <input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261 <input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262 <input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263 <input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264 <input type="checkbox"/>	T1174

Additional information

Is the corporation inactive?	280 1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter Yes for first-time filers)	281 1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity?	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 <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284 Electrical Distribut	285 99.000 %
	286	287 %
	288	289 %
Did the corporation immigrate to Canada during the taxation year?	291 1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the taxation year?	292 1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	504,575	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction from Schedule 43 *	325		
Non-capital losses of preceding taxation years from Schedule 4	331		
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		B
	Subtotal (amount A minus amount B) (if negative, enter "0")	504,575	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	504,575	
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)		504,575	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	504,575	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	504,575	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	C

- Notes:
- For CCPCs that are not associated, enter the amount from line 4 on 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 on line 410.

Business limit reduction:

Amount C	x	415 ***	D	=		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 on line 636 without reference to the corporate tax reductions under section 123.4.
- *** Large corporation tax
- The large corporation tax to be entered on 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	300,000	=		A
		line 4 above			
Net active business income (amount from line 400) *				504,575	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				504,575	C
Deduct:					
Aggregate investment income (amount from line 440 of page 6)			D		
Amount C minus amount D (if negative, enter "0")		504,575		504,575	E
Amount A, B, or E above, whichever is less					F
Amount Z from Part 9 of Schedule 27	x	100 / 7	=		G
Amount QQ from Part 13 of Schedule 27					H
Taxable resource income (amount from line 435 of page 5)					I
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)					J
Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less					K
Total of amounts G, H, I, J, and K					L
Amount F minus amount L (if negative, enter "0")					M
Accelerated tax reduction – 7.00 % of amount M (enter amount N on line 637 of page 7)					

- * If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.
- ** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]				435	A
Amount A	x	Number of days in the taxation year in 2004	x 2 % =		B
		Number of days in the taxation year	365		
Amount A	x	Number of days in the taxation year in 2005	365 x 3 % =		C
		Number of days in the taxation year	365		
Amount A	x	Number of days in the taxation year in 2006	x 5 % =		D
		Number of days in the taxation year	365		
Amount A	x	Number of days in the taxation year after 2006	x 7 % =		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	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				504,575	A
Amount Z from Part 9 of Schedule 27	x	100 / 7 =			B
Amount QQ from Part 13 of Schedule 27					C
Taxable resource income from line 435 above					D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)					E
Amount on line 400, 405, 410, or 425 on page 4, whichever is the least					F
Aggregate investment income from line 440 of page 6					G
Amount used to calculate the accelerated tax reduction (amount M of page 4)					H
Total of amounts B, C, D, E, F, G, and H					I
Amount A minus amount I (if negative, enter "0")				504,575	J
Amount J	x	Number of days in the taxation year after 2003	365 x 7 % =	35,320	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)				35,320	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					M
Amount Z from Part 9 of Schedule 27	x	100 / 7 =			N
Amount QQ from Part 13 of Schedule 27					O
Taxable resource income from line 435 above					P
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)					Q
Total of amounts N, O, P, and Q					R
Amount M minus amount R (if negative, enter "0")					S
Amount S	x	Number of days in the taxation year after 2003	365 x 7 % =		T
		Number of days in the taxation year	365		
General tax reduction – amount T (enter amount U on line 639 of page 7)					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 3 504,575

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 =

504,575 x 26 2 / 3 % = 134,553 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 8) 111,612

Deduct: Corporate surtax from line 600 of page 7 5,651

Net amount 105,961 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

Deduct: Dividend refund for the previous taxation year 465

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from line 360 of Schedule 3

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

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

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 x 1 / 3 I

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

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 of page 8)

Part I tax

Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) from page 3 550 191,739 A

Corporate surtax calculation

Base amount from line A above 191,739 1

Deduct:

10 % of taxable income (line 360 or amount Z, whichever applies) from page 3 . . . 50,458 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 50,458 7

Net amount (line 1 minus line 7) 141,281 8

Corporate surtax – 4.00 % of the amount on line 8 600 5,651 B

Recapture 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 3 504,575

Deduct:

Amount on line 400, 405, 410, or 425 of page 4, whichever is the least

Net amount 504,575 504,575 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) 197,390 E

Deduct:

Small business deduction from line 430 of page 4 9

Federal tax abatement 608 50,458

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 L on page 5 638 35,320

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

Apprenticeship job creation tax credit 11

Subtotal 85,778 85,778 F

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8) 111,612 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	111,612
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	
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		111,612

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 Québec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	111,612 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations 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	
Refund code	894	
Overpayment		
Balance (line A minus line B)		111,612 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:

<input type="checkbox"/> Start	<input type="checkbox"/> 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.
Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid	111,612
Enclosed payment	898
	111,612

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	<input type="checkbox"/>	2 No	<input checked="" type="checkbox"/>
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Certification

I, 950	WORMWELL	951	PHILIP	954	Mgr of Finance and Administrat	
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	2006-06-22	Signature of the authorized signing officer of the corporation		956	(905) 468-4235	
Date (yyyy/mm/dd)				Telephone number		
Is the contact person the same as the authorized signing officer? If No, complete the information below						
957	1 Yes	<input checked="" type="checkbox"/>	2 No	<input type="checkbox"/>		
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	<input checked="" type="checkbox"/>	2 Français / French	<input type="checkbox"/>
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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Taxation year end
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	Year Month Day 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. For more information, see the T2 *Corporation Income Tax Guide*.
- 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*.

Net income (loss) after taxes and extraordinary items per financial statements 432,086 A

Add:			
Provision for income taxes – current	101	✓ 220,588	
Interest and penalties on taxes	103	✓ 2,777	
Amortization of tangible assets	104	✓ 1,132,564	
Subtotal of additions		1,355,929	1,355,929

Other additions:

Miscellaneous other additions:			
600 Change in employee future benefits	290	✓ 15,780	
Subtotal of other additions	199	15,780	15,780
Total additions	500	1,371,709	1,371,709

Deduct:

Gain on disposal of assets per financial statements	401	✓ 13,678	
Capital cost allowance from Schedule 8	403	1,279,910	
Cumulative eligible capital deduction from Schedule 10	405	✓ 1,321	
Subtotal of deductions		1,294,909	1,294,909

Other deductions:

Miscellaneous other deductions:			
700 Change in regulatory assets	390	✓ 4,311	
Subtotal of other deductions	499	4,311	4,311
Total deductions	510	1,299,220	1,299,220

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 504,575

CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 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	504,575
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)	
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	
Subtotal (if positive, enter "0")	
Deduct: (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	
Deduct: Non-capital loss expired *	100
Non-capital losses at beginning of taxation year	102
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
Deduct:	
Amount applied against taxable income (enter on line 331 of the T2 return)	130
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
Subtotal	
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

- * 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	<input type="checkbox"/>
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	23,386
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	
Current-year capital loss (from Schedule 6 calculation)	210	23,386
Add:		
Allowable business investment loss expired as non-capital loss	x 4/3	220
Deduct:		Subtotal
Amount applied against current-year capital gain (see Note 1)	225	23,386
Section 80 – Adjustments for forgiven amounts	240	
Other adjustments	250	
		Subtotal
		23,386
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
		23,386

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	
	\$ 6,250	C
Current-year restricted farm loss (enter this amount on line 410 of page 3)		2,500

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) <div></div>						

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) <div></div>					

CAPITAL COST ALLOWANCE (CCA)

Name of corporationNIAGARA-ON-THE-LAKE HYDRO INC.

Is the corporation electing under regulation 1101(5q)?1011 Yes2 NoX

Business Number86360 5929 RC0001

Taxation year end
Year Month Day
2005-12-31

Is the corporation electing under regulation 1101(5q)?

1011 Yes2 NoX

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Undepreciated capital cost at the beginning of the year	Cost of acquisitions during the year*	Net adjustments	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Undepreciated capital cost (column 2 plus column 3 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)**	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance (amount on line 107 of Schedule 1)	Terminal loss (amount on line 404 of Schedule 1)	Capital cost allowance (column 8 multiplied by column 9; or a lower amount) (amount on line 403 of Schedule 1)***	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	8,416,325	851,880		0	9,268,205	425,940	8,842,265	4	0	0	353,691	8,914,514
2	4,135,106			0	4,135,106		4,135,106	6	0	0	248,106	3,887,000
3	4,108,813	2,128,383		408	6,236,788	1,063,988	5,172,800	4	0	0	206,912	6,029,876
4	794,300			0	794,300		794,300	6	0	0	47,658	746,642
5	330,839	48,564		0	379,403	24,282	355,121	4	0	0	14,205	365,198
6	134,975			0	134,975		134,975	6	0	0	8,099	126,876
7	695,525	1,071		0	696,596	536	696,060	4	0	0	27,842	668,754
8	374,811			0	374,811		374,811	6	0	0	22,489	352,322
9	24,015	14,735		0	38,750	7,368	31,382	20	0	0	6,276	32,474
10	157,602	15,817		0	173,419	7,909	165,510	20	0	0	33,102	140,317
11	48,145			0	48,145		48,145	30	0	0	14,444	33,701
12	128,234	100,736		0	228,970	50,368	178,602	100	0	0	178,602	50,368
13	225,765	29,457		19,935	235,287	4,761	230,526	30	0	0	69,158	166,129
14	133,216			0	133,216		133,216	20	0	0	26,643	106,573
15	3,052	22,340		0	25,392	11,170	14,222	8	0	0	1,138	24,254
16	2,917			0	2,917		2,917	20	0	0	583	2,334
17	22,890			0	22,890		22,890	8	0	0	1,831	21,059
18	8,527			0	8,527		8,527	10	0	0	853	7,674
19	4,862			0	4,862		4,862	20	0	0	972	3,890
20	133,791	111,043		0	244,834	55,522	189,312	4	0	0	7,572	237,262
21	56,443			0	56,443		56,443	6	0	0	3,387	53,056
22	5,273	17,664		0	22,937	8,832	14,105	45	0	0	6,347	16,590
Total	19,945,426	3,341,690		20,343	23,266,773	1,660,676	21,606,097				1,279,910	21,986,863

* 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.

T2 SCH 8 (99)





Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 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.	Niagara-on-the-Lake Energy Inc.		86376 1490 RC0001	1	1,001	100.000			6,901,334
2.	Energy Services Niagara Inc.		86360 6125 RC0001	3					
3.	Town of Niagara-on-the-Lake		NR	4					

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.

T2 SCH 9(99)

Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 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	18,877	A
Add:	Cost of eligible capital property acquired during the taxation year	222		
	Other adjustments	226		
	Subtotal (line 222 plus line 226)		$\times 3 / 4 =$	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	$\times 1 / 2 =$	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	18,877	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)		$\times 3 / 4 =$	248 J
Cumulative eligible capital balance (amount F minus amount J)			18,877	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		18,877	
	less amount from line 249			
Current year deduction		18,877	$\times 7.00 \% =$	250 1,321 *
	(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		1,321	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300	17,556	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 _____	



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SCHEDULE 23

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

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one 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 2005

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
	NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	1	300,000		
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001	1	300,000		
2	Energy Services Niagara Inc.	86360 6125 RC0001	1	300,000	100.0000	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.

PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Taxation year end Year Month Day
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 RC0001	2005-12-31

- 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 of 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	1,906,328
Capital stock (or members' contributions if incorporated without share capital)	103	2,632,307
Retained earnings	104	1,010,546
Contributed surplus	105	
Any other surpluses	106	4,269,026
Deferred unrealized foreign exchange gains	107	
All loans and advances to the corporation	108	6,901,333
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	4,878,362
Any dividends declared but not paid by the corporation before the end of the year	110	
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	
Proportion of the amount, if any, by which the total of all amounts (see note below) for the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses	112	

Subtotal 21,597,902 ▶ 21,597,902 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121	
Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122	
Any amount deducted under subsection 135(1) in computing income under Part I for the year, to the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above	123	
The amount of deferred unrealized foreign exchange losses at the end of the year	124	
Subtotal		▶

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 21,597,902

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	
A loan or advance to another corporation (other than a financial institution)	402	699,489
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend receivable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d))	406	
An interest in a partnership (see note 1 below)	407	48,877
Investment allowance for the year	490	748,366

- Notes:
- 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.
 - 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)].
 - 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)	21,597,902	C
Deduct: Investment allowance for the year (line 490)	748,366	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	20,849,536

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)	20,849,536	x	Taxable income earned in Canada	610	504,575	=	Taxable capital employed in Canada	690	20,849,536
			Taxable income		504,575				

- Notes:
- Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 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.
 - In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada	701	
--	-----	--

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada	711	
---	-----	--

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada	712	
--	-----	--

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)	713	
--	-----	--

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

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")	790	
---	-----	--

- Notes:
- 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 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies)		20,849,536
Deduct:	Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 46,790,000
Excess of taxable capital employed in Canada over capital deduction		811
Line 811	$\frac{\text{Number of days in the taxation year before 2004}}{\text{Number of days in the taxation year}} \times 0.00225000$	F
Line 811	$\frac{\text{Number of days in the taxation year in 2004}}{\text{Number of days in the taxation year}} \times 0.00200000$	G
Line 811	$\frac{\text{Number of days in the taxation year in 2005}}{\text{Number of days in the taxation year}} \times 0.00175000$	H
Line 811	$\frac{\text{Number of days in the taxation year in 2006}}{\text{Number of days in the taxation year}} \times$	I
Line 811	$\frac{\text{Number of days in the taxation year in 2007}}{\text{Number of days in the taxation year}} \times$	J

Note: The Part 1.3 tax rate is reduced to 0% for the days in the taxation year that are after 2005.

Subtotal (add amounts F to J) K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:

Amount K $\times \frac{\text{Number of days in the year (365)}}{365} =$ L

Gross Part 1.3 tax (amount K or L, whichever applies) **820**

Part 6 – Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)		20,849,536	M
Deduct:	Line 801 above $\times \frac{1}{5}$	9,358,000	N
Excess (amount M minus amount N) (if negative, enter "0")		11,491,536	O
Amount O	$11,491,536 \times 0.00225 =$	25,856	P

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:

Amount P $\times \frac{\text{Number of days in the year (365)}}{365} =$ Q

Gross Part 1.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies) **821** 25,856

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

b) line 700 from the T2 return

a

b

R

In any other case, enter amount c or d at line S, whichever is less:

c) line 600 from the T2 return

d) line 700 from the T2 return

5,651

x

line 690 of this schedule

line 500 of this schedule

20,849,536

20,849,536

=

5,651

c

111,612

d

5,651

S

Current-year surtax credit available (amount R or S, whichever applies)

830

5,651

Part 8 – Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)

Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821)

5,651

25,856

Current-year unused surtax credit (if negative, enter "0")

850

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)

Deduct:

Current-year surtax credit applied (line 820 or 830, whichever is less)

Unused surtax credit from previous years applied (amount from line 320 on Schedule 37)

Subtotal (cannot be more than amount on line 820)

T

U

Net Part I.3 tax payable (amount T minus amount U)

Enter this amount at line 704 of the T2 return.

861

862

870

ORPORATE TAXPREP / TAXPREP DES SOCIÉTÉS - EP05

Page 4 of 4



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

SCHEDULE 36

AGREEMENT AMONG RELATED CORPORATIONS – PART 1.3 TAX

- 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 1.3 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 <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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		Business Number (if a corporation is not registered, enter "NR")	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies* (YYYY/MM/DD)
200		300	400	500
NIAGARA-ON-THE-LAKE HYDRO INC.		86360 5929 RC0001	46,790,000	
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001	10,000	
2	Energy Services Niagara Inc.	86360 6125 RC0001	3,200,000	

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
NIAGARA-ON-THE-LAKE HYDRO INC.	86360 5929 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.


		Provide only one number per shareholder				
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual or trust)		Business Number	Social Insurance Number	Trust Number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	Niagara-on-the-Lake Energy Inc.	86376 1490 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Government Services (MGS) **Annual Return**. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17. Corporations that **do not** meet the EFF criteria but **do** meet the Short-Form criteria, may request and file the **CT23 Short-Form Return** (see page 2).

The **Annual Return** (common page 1 and MGS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MGS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide) ☒ Yes ☐ No **Page 1 of 20**

Corporation's Legal Name (including punctuation) NIAGARA-ON-THE-LAKE HYDRO INC.		
Mailing Address P.O. Box 460 8 Henegan Road Virgil ON CA L0S 1T0		
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes	Date of Change	year month day
Registered/Head Office Address P.O. Box 460 8 Henegan Road Virgil ON CA L0S 1T0		
Location of Books and Records P.O. BOX 460, 8 HENEGAN ROAD Virgil ON CA L0S 1T0		
Name of person to contact regarding this CT23 Return PHILIP WORMWELL	Telephone No. (905) 468-4235	Fax No.
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS) Ontario Canada		
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MGS)		
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). No. of Schedule(s) <div style="border: 1px solid black; width: 100px; height: 20px;"></div>		
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). <input checked="" type="checkbox"/> No Change		

Ministry Use	
Ontario Corporations Tax Account No. (MOF) 1800140	
This Return covers the Taxation Year	
Start	year month day 2005-01-01
End	year month day 2005-12-31
Date of Incorporation or Amalgamation year month day 2000-07-01	
Ontario Corporation No. (MGS)	1424833
Canada Revenue Agency Business No. If applicable, enter 86360 5929 RC0001	
Jurisdiction Incorporated	Ontario
If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
Commenced	year month day
Ceased	year month day
<input checked="" type="checkbox"/> Not Applicable	
Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
Ministry Use 	

Certification (MGS)

I certify that all information set out in the **Annual Return** is true, correct and complete.

Name of Authorized Person (Print clearly or type in full)

PHILIP WORMWELL

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.

NIAGARA-ON-THE-LAKE HYDRO INC.

1800140

2005-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Please check applicable (X) box(es) and complete required information.

Type of corporation

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

Share Capital with full voting rights
owned by Canadian Residents (nearest percent) 100 %

- 2** 1 ☐ Family Farm corporation s.1(2)
- 2 ☐ Family Fishing corporation s.1(2)
- 3 ☐ Mortgage Investment corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage subsidiary s.61(4)
- 6 ☐ Bank s.1(2)
- 7 ☐ Loan and Trust corporation s.61(4)
- 8 ☐ Non-resident corporation s.2(2)(a) or (b)
- 9 ☐ Non-resident corporation s.2(2)(c)
- 10 ☐ Mutual Fund corporation s.48
- 11 ☐ Non-resident owned Investment corporation s.49
- 12 ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- 14 ☐ Bare Trustee corporation
- 15 ☐ Branch of Non-resident s.63(1)
- 16 ☐ Financial institution prescribed by Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- 19 ☒ Hydro successor, municipal electrical utility or subsidiary of either
- 20 ☐ Producer and seller of steam for uses other than for the generation of electricity
- 21 ☐ Insurance Exchange s.74.4
- 22 ☐ Farm Feeder Finance Co-operative corporation
- 23 ☐ Professional corporation (incorporated professionals only)

- ☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- ☐ Amended Return
- ☐ Taxation year end change – Canada Revenue Agency approval required
- ☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)
- ☐ Final taxation year before amalgamation
- ☐ The corporation has a floating fiscal year end
- ☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year
- If checked, date control was acquired year month day
- ☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- ☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- ☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

- ☐ ☒ Was the corporation inactive throughout the taxation year?
- ☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

- ☐ ☒ the Carry-back of a Loss?
- ☒ ☐ an Overpayment?
- ☐ ☒ a Specified Refundable Tax Credit?
- ☐ ☒ Are you a member of a Partnership or Joint Venture?

Complete if applicable

Ontario Retail Sales Tax Vendor
Permit no. (Use head office no.)

Ontario Employer Health Tax
Account no. (Use head office no.)

Specify major business activity

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	- - - - -	±	From	690	504,575
Subtract: Charitable donations	- - - - -	-		1	
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	- - - - -	-		2	
Subtract: Taxable dividends deductible, per federal Schedule 3	- - - - -	-		3	
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)	- - - - -	-		4	
Subtract: Federal Part VI.1 tax	- - - - - x 3	-		5	
Subtract: Prior years' losses applied – Non-capital losses	- - - - -	-	From	704	
	From 715				
Net capital losses (page 16)	- - - - - x inclusion rate	-		714	
Farm losses	- - - - -	-	From	724	
Restricted farm losses	- - - - -	-	From	734	
Limited partnership losses	- - - - -	-	From	754	
Taxable Income (Non-capital loss)	- - - - -	=		10	504,575
Addition to taxable income for unused foreign tax deduction for federal purposes	- - - - -	+		11	
Adjusted Taxable Income	10 + 11 (if 10 is negative, enter 11)	=		20	504,575

Taxable Income

From	10 (or 20 if applicable)	504,575	x	30	100.0000%	x	12.5%	x	33	÷	73	365	= +	29	
					Ontario Allocation										
From	10 (or 20 if applicable)	504,575	x	30	100.0000%	x	14%	x	34	365 ÷ 73	365	= +	32	70,641	
					Ontario Allocation										
Income Tax Payable (before deduction of tax credits)	29 + 32											=	40	70,641	

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	
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51		
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	- 53		
	=	54	
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	- - - - -	55	

Ontario Business Limit Calculation

320,000	x	31	÷	**	365	= +	46		
400,000	x	34	365 ÷ **	365	= +	47	400,000		
Business Limit for Ontario purposes	46 + 47	=	44	400,000	x	48	%	=	45
Income eligible for the IDSBC	- - - - -	From	30	100.0000%	x	56		=	60
				***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

NIAGARA-ON-THE-LAKE HYDRO INC.

1800140

2005-12-31

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

Number of Days in Taxation Year

Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

31 ÷ 73 365

7 %

x

=

+ 89

Days after Dec. 31, 2003

Total Days

34 365 ÷ 73 365

8.5 %

x

=

+ 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

504,575

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)

Niagara-on-the-Lake Energy Inc.

1800139

2005-12-31

+

82

Energy Services Niagara Inc.

1800074

2005-12-31

+

83

+

84

Aggregate Taxable Income

80

+

82

+

83

+

84

, etc.

=

85

504,575

Number of Days in Taxation Year

Days after Dec. 31, 2002
and before Jan. 1, 2004

Total Days

320,000 x 31 ÷ 73 365

=

+ 115

Days after Dec. 31, 2003

Total Days

400,000 x 34 365 ÷ 73 365

=

+ 116

400,000

115

+

116

=

400,000

-

114

400,000

(If negative, enter nil)

=

86

104,575

Number of Days in Taxation Year

Days after Dec. 31, 2002

Total Days

38 365 ÷ 73 365

Calculation of Specified Rate for Surtax

4.6670 %

x

=

+ 97

4.6670

From 86

104,575

x

From 97

4.6670 %

=

87

4,881

From 87

4,881

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 - - - - - + 120

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 10 504,575

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 10 504,575 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 - - - - - = 142 504,575

Claim

143 X From 30 100.0000% X 1.5% X 33 ÷ 73 365 = + 154
Lesser of 130 or 142 Ontario Allocation

143 X From 30 100.0000% X 2% X 34 365 ÷ 73 365 = + 156
Lesser of 130 or 142 Ontario Allocation

Number of Days in Taxation Year			
Days after Dec. 31, 2002 and before Jan. 1, 2004		Total Days	
33	73	365	

Number of Days in Taxation Year			
Days after Dec. 31, 2003		Total Days	
34	73	365	

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 70,641

continued on Page 7

Income Tax continued from Page 6

Specified Tax Credits (Refer to Guide)

Ontario Innovation Tax Credit (OITC) (s.43.3) <i>Applies</i> to scientific research and experimental development in Ontario.		
Eligible Credit	From 5620 OITC Claim Form (Attach original Claim Form)	+ 191
Co-operative Education Tax Credit (CETC) (s.43.4) <i>Applies</i> to employment of eligible students.		
Eligible Credit	From 5798 CT23 Schedule 113 (Attach Schedule 113)	+ 192
Ontario Film & Television Tax Credit (OFTTC) (s.43.5)		
<i>Applies</i> to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.		
Eligible Credit	From 5850 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility)	+ 193
Graduate Transitions Tax Credit (GTTC) (s.43.6)		
<i>Applies</i> to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005.		
Eligible Credit	From 6598 CT23 Schedule 115 (Attach Schedule 115)	+ 195
Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)		
<i>Applies</i> to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.		
Eligible Credit	From 6900 OBPTC Claim Form (Attach both the original Claim Form and the Certificate of Eligibility)	+ 196
Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)		
<i>Applies</i> to labour relating to computer animation and special effects on an eligible production.		
Eligible Credit	From 6700 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility)	+ 197
Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)		
<i>Applies</i> to qualifying R&D expenditures under an eligible research institute contract.		
Eligible Credit	From 7100 OBRITC Claim Form (Attach original Claim Form)	+ 198
Ontario Production Services Tax Credit (OPSTC) (s.43.10)		
<i>Applies</i> to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.		
Eligible Credit	From 7300 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility)	+ 199
Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)		
<i>Applies</i> to qualifying labour expenditures of eligible products for the taxation year.		
Eligible Credit	From 7400 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility)	+ 200
Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)		
<i>Applies</i> to qualifying expenditures in respect of eligible Canadian sound recordings.		
Eligible Credit	From 7500 OSRTC Claim Form (Attach both the original Claim Form and the Certificate of Eligibility)	+ 201
Apprenticeship Training Tax Credit (ATTC) (s.43.13)		
<i>Applies</i> to employment of eligible apprentices.		
Eligible Credit	From 5898 CT23 Schedule 114 (Attach Schedule 114)	+ 203
Other (specify)		+ 203.1
Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 + 203.1		= 220
Specified Tax Credits <i>Applied to reduce Income Tax</i>		= 225
Income Tax 190 – 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative)		= 230 70,641

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.

DOLLARS ONLY

Total Assets of the corporation - - - - - + 240 24,972,516 .

Total Revenue of the corporation - - - - - + 241 17,232,189 .

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 X (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
Niagara-on-the-Lake Energy Inc.	1800139	2005-12-31	+ 243 7,056,102 .	+ 244 266 .
Energy Services Niagara Inc.	1800074	2005-12-31	+ 245 1,083,747 .	+ 246 253,219 .
			+ 247 .	+ 248 .
Aggregate Total Assets	240 + 243 + 245 + 247 , etc.	- - - - -	= 249 33,112,365 .	
Aggregate Total Revenue	241 + 244 + 246 + 248 , etc.	- - - - -		= 250 17,485,674 .

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 652,674 .	X From	30 100.0000 % X	4 %	=	276 26,107 .
			If negative, enter zero			Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule)	- - - - -							277 .
Subtract: Income Tax	- - - - -					From	190	70,641 .
Net CMT Payable (If negative, enter Nil on Page 17.)	- - - - -						=	280 -44,534 .

If 280 is less than zero and you do not have a CMT credit carryover, transfer 230 from Page 7 to Income Tax Summary, on Page 17.

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

If 280 is greater than or equal to zero, transfer 230 to Page 17 and transfer 280 to Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers.

CMT Credit Carryover available From Schedule 101 - - - - - From 2333 .

Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	- - - - -							+ From	190	70,641 .
	Gross CMT Payable	- - - - -							+ From	276	26,107 .
	Subtract: Foreign Tax Credit for CMT purposes	- - - - -							- From	277	.
	If 276 - 277 is negative, enter NIL in 290	- - - - -							=		26,107 .
	Income Tax eligible for CMT Credit	- - - - -							=	300	44,534 .
B.	Income Tax (after deduction of specified credits)	- - - - -							+ From	230	70,641 .
	Subtract: CMT credit used to reduce income taxes	- - - - -							-	310	.
	Income Tax	- - - - -							=	320	70,641 .

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 .

NIAGARA-ON-THE-LAKE HYDRO INC.

1800140

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DOLLARS ONLY

Capital Tax (Refer to Guide and Int.B. 3011R)

If your corporation is a Financial Institution (s.58(2)), complete lines **480** and **430** on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and the Gross Revenue and Total Assets as calculated on page 10 in **480** and **430** are both \$3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in **550** on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

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

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

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(2)(a) or 2(2)(b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable Income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+ 350	2,632,307
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	+ 351	1,010,546
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+ 352	4,269,026
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+ 353	6,901,333
Bank loans (Int.B. 3013R)	- - - - -	+ 354	4,878,362
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	X 1,906,328
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	✓ 36,000
Subtotal	- - - - -	= 370	21,633,902
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	- 371	X 906,836
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	20,727,066
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	20,727,066

Eligible Investments (Refer to Guide and Int.B. 3015R)

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+ 402	
Mortgages due from other corporations	- - - - -	+ 403	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 404	
Loans and advances to unrelated corporations	- - - - -	+ 405	✓ 11,600
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+ 406	✓ 687,889
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+ 407	✓ 4,309
Total Eligible Investments	- - - - -	= 410	703,798

continued on Page 10

Total Assets (Int.B. 3015R)

DOLLARS ONLY

Total Assets per balance sheet	- - - - -	+ 420	24,957,600.
Mortgages or other liabilities deducted from assets	- - - - -	+ 421	
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+ 422	<input checked="" type="checkbox"/> 14,916.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	- 423	
Total Assets as adjusted	- - - - -	= 430	24,972,516.
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+ 440	
Subtract: Amounts in 371 , 372 and 381	- - - - -	- 441	906,836.
Subtract: Appraisal surplus if booked	- - - - -	- 442	
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	+ 443	
Total Assets	- - - - -	= 450	24,065,680.

Investment Allowance $(\frac{410}{450}) \times 390$ - - - - - Not to exceed 410 = 460 606.161[illegible]

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	-	-	-	480	17,232,189
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[illegible]

Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.

Financial Institutions use calculations on page 13.

Important: If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

OR If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C below, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.

OR If the corporation is a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in **550** on page 12 and complete the return from that point.

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year				
	Days before Jan. 1, 2005		Total Days	
5,000,000 ×	<input type="text" value="35"/> _____ ÷ <input type="text" value="73"/> _____	<input type="text" value="365"/>	= + <input type="text" value="500"/>	_____.
	Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days	
7,500,000 ×	<input type="text" value="36"/> _____ ÷ <input type="text" value="73"/> _____	<input type="text" value="365"/>	= + <input type="text" value="501"/>	_____ 7,500,000.
	Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days	
10,000,000 ×	<input type="text" value="37"/> _____ ÷ <input type="text" value="73"/> _____	<input type="text" value="365"/>	= + <input type="text" value="502"/>	_____.
Taxable Capital Deduction (TCD) <input type="text" value="500"/> + <input type="text" value="501"/> + <input type="text" value="502"/> = <input type="text" value="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 **470** is equal to or less than the TCD in **503**, enter NIL in **550** on page 12 and complete the return from that point.

C3. If Taxable Capital in **470** exceeds the TCD in **503**, complete the following calculation and transfer the amount from **523** to **543** on page 12, and complete the return from that point.

+ From 470 _____
 - From 503 _____
 = 471 _____

x From 30 _____ 100.0000 % x 0.3 % x 555 _____ 365 _____ - - - - - = + 523 _____
 Ontario Allocation 365 (366 if leap year)

Transfer to 543 on page 12 and complete the return from that point

continued on Page 11

If floating taxation year, refer to Guide.

Transfer to **543** on page 12 and complete the return from that point.

NIAGARA-ON-THE-LAKE HYDRO INC.

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DOLLARS ONLY

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 filedTaxable Capital From ☐ 470 on page 10 - - - - - + From ☐ 470 20,120,905.

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
Niagara-on-the-Lake Energy Inc.	1800139	2005-12-31	+ <input type="checkbox"/> 531 11,251.
Energy Services Niagara Inc.	1800074	2005-12-31	+ <input type="checkbox"/> 532 640,078.
			+ <input type="checkbox"/> 533 .
Aggregate Taxable Capital <input type="checkbox"/> 470 + <input type="checkbox"/> 531 + <input type="checkbox"/> 532 + <input type="checkbox"/> 533, etc.			= <input type="checkbox"/> 540 20,772,234.

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 20,120,905. ÷ From ☐ 540 20,772,234. × From ☐ 503 7,500,000. = ☐ 541 7,264,832.

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.)

565 \times 0.6% \times From 30 100.0000% \times 555 365 \div * 365 (366 if leap year) = + 569

Days in taxation year

Ontario Allocation

Lesser of adjusted
Taxable Paid Up Capital
and Basic Capital Amount
in accordance with
Division B.1

570 \times 571 \times From 30 100.0000% \times 555 365 \div * 365 (366 if leap year) = + 574

Days in taxation year

Ontario Allocation

Adjusted Taxable
Paid Up Capital
in accordance with
Division B.1 in excess
of Basic Capital Amount

Capital Tax Rate
(Refer to Guide)

Capital Tax for Financial Institutions – other than Credit Unions (before Section 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 \times 2% = 588

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - - - - - 589

Premium Tax 588 - 589 = 590

Transfer to page 17

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

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

± 600 504,575.
Transfer to Page 15

Add:

Federal capital cost allowance	- - - - -	+	601	1,279,910.
Federal cumulative eligible capital deduction	- - - - -	+	602	1,321.
Ontario taxable capital gain	- - - - -	+	603	.
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	604	.
Federal allowable reserves. Balance end of year	- - - - -	+	605	.
Ontario non-allowable reserves. Balance end of year	- - - - -	+	606	.
Ontario allowable reserves. Balance beginning of year	- - - - -	+	607	.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+	608	.
Federal resource allowance (Refer to Guide)	- - - - -	+	609	.
Federal depletion allowance	- - - - -	+	610	.
Federal foreign exploration and development expenses	- - - - -	+	611	.
All 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

Days after
Dec. 31, 2002 and
before Jan. 1, 2004

Total Days

$$612 \times .5 / 12.5 \times 33 \div 73 = 365 \div 73 = 633$$

Days after
Dec. 31, 2003

Total Days

$$612 \times .5 / 14 \times 34 \div 73 = 365 \div 73 = 634$$

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 = 1,281,231. 640 1,281,231.
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	- - - - -	+	650	1,279,910.
Ontario cumulative eligible capital deduction	- - - - -	+	651	1,321.
Federal taxable capital gain	- - - - -	+	652	.
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	653	.
Ontario allowable reserves. Balance end of year	- - - - -	+	654	.
Federal non-allowable reserves. Balance end of year	- - - - -	+	655	.
Federal allowable reserves. Balance beginning of year	- - - - -	+	656	.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+	657	.
Ontario depletion allowance	- - - - -	+	658	.
Ontario resource allowance (Refer to Guide)	- - - - -	+	659	.
Ontario current cost adjustment (Attach schedule)	- - - - -	+	661	.
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+	675	.

Subtotal of deductions for this page 650 to 659 + 661 + 675 = 1,281,231. 681
Transfer to Page 15

continued on Page 15

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DOLLARS ONLY Y

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 $\frac{+}{-}$ 600 504,575.

Total of Additions on page 14 - - - - - From = 640 1,281,231.

Sub Total of deductions on page 14 - - - - - From = 681 1,281,231.

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

ONTTI Gross-up deduction calculation:

Gross-up of CCA

From X =

From =

Ontario Allocation

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: $665 \times 30\% \times 100 = 666$

From 30 100.0000

Ontario allocation

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

Qualifying expenditures: $667 \times 100\% \times 100 = 668$

From 30 100.0000

Ontario allocation

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures: $670 \times 30\% \times 100 = 671$

From 30 100.0000

Ontario allocation

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\text{Qualifying expenditures: } 672 \times 15\% \times \frac{100}{100.0000} = 673$$

Ontario allowable business investment loss	- - - - - +	678
--	-------------	-----

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679

Amount added to income federally for an amount that was negative on
federal form T661, line 454 or 455 (if filed after June 30, 2003) - - - - - + 677

Total of other deductions allowed by Ontario (Attach schedule) - - - - - + 664

Total of Deductions $\boxed{681} + \boxed{663} + \boxed{666} + \boxed{668} + \boxed{671} + \boxed{673} + \boxed{678} + \boxed{679} + \boxed{677} + \boxed{664}$ = 1,281,231. \blacktriangleright $\boxed{680}$ 1,281,231.

Net income (loss) for Ontario Purposes $\boxed{600} + \boxed{640} - \boxed{680} = \boxed{560}$ 504,575.

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2) 23,386	720 (2)	730	740	750
Add:						
Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract:						
Utilized during the year to reduce taxable income	704 (2)	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
Subtotal	707	717	727	737	747	757
Balance at End of Year	709 (8)	719 23,386	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 1997-09-30	817 (9)	860 (9)		850	870
801	8th preceding taxation year 1998-09-30	818 (9)	861 (9)		851	871
802	7th preceding taxation year 1999-09-30	819 (9)	862 (9)		852	872
803	6th preceding taxation year 2000-09-30	820	830	840	853	873
804	5th preceding taxation year 2001-09-30	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	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	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.

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

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

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

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses				Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss				910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income							
	Predecessor Ontario Corporation's Tax Account No. (MOF)		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 70,641.

Corporate Minimum Tax - - - - - + From 280 .

Capital Tax - - - - - + From 550 38,568.

Premium Tax - - - - - + From 590 .

Total Tax Payable - - - - - = 950 109,209.

Subtract: Payments - - - - - - 960 217,187.

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

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

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

Other, specify - - - - - .

Balance - - - - - = 970 -107,978.

If payment due - - - - - Enclosed * 990 .

If overpayment: Refund (Refer to Guide) - - - = 975 107,978.

year month day

Apply to 980 (Includes credit interest)

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)

PHILIP WORMWELL

Title

Mgr of Finance and Administrat

Full Residence Address

Signature

Date

2006-06-22

* 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.)

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

Corporation's Legal Name NIAGARA-ON-THE-LAKE HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800140	Taxation Year End 2005-12-31
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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 432,086.

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

Provision for recovery of income taxes / benefit of current income taxes + 2101
Provision for deferred income taxes (credits) / benefit of future income taxes + 2102
Equity income from corporations + 2103
Share of partnership(s)/joint venture(s) income + 2104
Dividends received/receivable deductible under fed.s.112 + 2105
Dividends received/receivable deductible under fed.s.113 + 2106
Dividends received/receivable deductible under fed.s.83(2) + 2107
Dividends received/receivable deductible under fed.s.138(6) + 2108
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) x 3 + 2109

Subtotal = – 2110

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

Provision for current taxes / cost of current income taxes + 2111 220,588
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 = 220,588 + 2116 220,588.

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 652,674.

** 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 652,674.

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 652,674.

Transfer to CMT Base on Page 8 of the CT23 or Page 6 of the CT23

CT23 Schedule 101

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	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 = + 2207

Adjustments (attach schedule) ± 2208

CMT losses available 2201 + 2207 ± 2208 = 2209

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

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

Losses expired during the year + 2212

Subtotal = - 2213

Balances at End of Year NOTE (5) 2209 - 2213 = 2214

Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where 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 1997-09-30	2260	2280
2241	8th preceding taxation year 1998-09-30	2261	2281
2242	7th preceding taxation year 1999-09-30	2262	2282
2243	6th preceding taxation year 2000-09-30	2263	2283
2244	5th preceding taxation year 2001-09-30	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.

CT23 Schedule 101

Corporation's Legal Name NIAGARA-ON-THE-LAKE HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800140	Taxation Year End 2005-12-31
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Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) + 2301

Add: Current year's CMT Credit (280 on page 8 of the CT23
or 347 on page 6 of the CT8. If negative, enter NIL) + From 280 or 347

Gross Special Additional Tax NOTE (2) 312 on page 5 of CT8.

(Life Insurance corporations only.

Others enter NIL.) + From 312

Subtract Income Tax

(190 on page 6 of the CT23 or
page 4 of the CT8) - From 190

Subtotal (If negative, enter NIL) ... = 2305

Current year's CMT credit (If negative, enter NIL) 280 or 347 - 2305 = 2310

CMT Credit Carryovers from predecessor corporations NOTE (3) + 2325

Amalgamation (X) 2315 Yes Wind-up (X) 2320 Yes

Subtotal 2301 + 2310 + 2325 = 2330

Adjustments (Attach schedule) ± 2332

CMT Credit Carryover available 2330 ± 2332 = 2333

Transfer to Page 8 of the CT23 or Page 6 of the CT8

Subtract: CMT Credit utilized during the year to reduce income tax

(310 on page 8 of the CT23 or 351 on page 6 of the CT8.) + From 310 or 351

CMT Credit expired during the year + 2334

Subtotal = 2335

Balances at End of Year NOTE (4) 2333 - 2335 = 2336

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in 2336 must equal 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 1997-09-30	2360	2380
2341	8th preceding taxation year 1998-09-30	2361	2381
2342	7th preceding taxation year 1999-09-30	2362	2382
2343	6th preceding taxation year 2000-09-30	2363	2383
2344	5th preceding taxation year 2001-09-30	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	2388
2349	Current taxation year 2005-12-31	2369	2389
Totals		2370	2390

The sum of amounts 2370 + 2390
must equal amount in 2336.

Corporate Minimum Tax (CMT)
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name NIAGARA-ON-THE-LAKE HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800140	Taxation Year End 2005-12-31
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CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

	Corporation's Pre-1994 Loss	Predecessors' Pre-1994 Loss Amalgamation	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	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
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
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	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
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	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	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
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 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
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
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
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Name of Partnership or Joint Venture	Share of Partnership Using Profit Sharing Ratio (%)	Partnership/Joint Venture Paid-up Capital	Corporation's Share of Partnership/Joint Venture Paid-up Capital
The Ennerconnect Limited Partnership	1.2312 %	2,923,977	+ 36,000
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+

Total

Transfer to 362 of the CT23

=

36,000

[illegible]

Total



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	2005-12-31

Name of Partnership or Joint Venture	Share of Partnership Using Profit Sharing Ratio (%)	Partnership/Joint Venture Total Assets	Corporation's Share of Partnership/Joint Venture Total Assets
The Ennerconnect Limited Partnership	1.2312 %	1,211,523	+ 14,916
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
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	%		+
	%		+
	%		+
	%		+
	%		+
	%		+
	%		+

Total = 14,916
Transfer to 422 of the CT23

Corporation's Legal Name

NIAGARA-ON-THE-LAKE HYDRO INC.

Ontario Corporations Tax Account No. (MOF)

1800140

Taxation Year End

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 12 minus column 13)
1	8,416,325	851,880		0	9,268,205	425,940	8,842,265	4	0	0	353,691	8,914,514
2	4,135,106			0	4,135,106		4,135,106	6	0	0	248,106	3,887,000
1	4,108,813	2,128,383		408	6,236,788	1,063,988	5,172,800	4	0	0	206,912	6,029,876
2	794,300			0	794,300		794,300	6	0	0	47,658	746,642
1	330,839	48,564		0	379,403	24,282	355,121	4	0	0	14,205	365,198
2	134,975			0	134,975		134,975	6	0	0	8,099	126,876
1	695,525	1,071		0	696,596	536	696,060	4	0	0	27,842	677,54
2	374,811			0	374,811		374,811	6	0	0	22,489	352,322
8	24,015	14,735		0	38,750	7,368	31,382	20	0	0	6,276	32,474
See schedule	930,717	297,057		19,935	1,207,839	138,562	1,069,277					
Totals	19,945,426	3,341,690		20,343	23,266,773	1,660,676	21,606,097				344,632	863,207
											1,279,910	21,986,863

Enter in boxes 650 650 650 on the CT23.

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

Ontario Capital Cost Allowance Schedule 8

Corporation's Legal Name		Ontario Corporations Tax Account No. (MOF)				Taxation Year End																			
NIAGARA-ON-THE LAKE HYDRO INC.		1800140				2005-12-31																			
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)	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)	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)
8		157,602		15,817	0	173,419	7,909	165,510	20	0	33,102	140,317													
10		48,145			0	48,145		48,145	30	0	14,444	33,701													
12		128,234		100,736	0	228,970	50,368	178,602	100	0	178,602	50,368													
10		225,765		29,457	19,935	235,287	4,761	230,526	30	0	69,158	166,129													
8		133,216			0	133,216		133,216	20	0	26,643	106,573													
17		3,052		22,340	0	25,392	11,170	14,222	8	0	1,138	24,254													
8		2,917			0	2,917		2,917	20	0	583	2,334													
17		22,890			0	22,890		22,890	8	0	1,831	21,059													
6		8,527			0	8,527		8,527	10	0	853	7,674													
8		4,862			0	4,862		4,862	20	0	972	3,890													
1		133,791		111,043	0	244,834	55,522	189,312	4	0	7,572	237,262													
2		56,443			0	56,443		56,443	6	0	3,387	53,056													
45		5,273		17,664	0	22,937	8,832	14,105	45	0	6,347	16,590													
Totals		930,717		297,057	19,935	1,207,839	138,562	1,069,277			344,632	863,207													



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
NIAGARA-ON-THE-LAKE HYDRO INC.	1800140	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) 18,877 A

Add: Cost of eligible capital property acquired during the taxation year .. + B

Amount transferred on amalgamation or wind-up of subsidiary + C

Other adjustments + D

Total of B + C + D = x 3 / 4 = E**Subtotal A + E** = 18,877 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 + GThe gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + H

Other adjustments + I

Total of G + H + I = x 3 / 4 = J**Ontario cumulative eligible capital balance F - J** = 18,877 K*If K is negative, enter zero at line M and proceed to Part 2***Current year deduction** 18,877 K x 7 % * = 1,321 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) = 17,556 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