

March 30, 2012

Ms. Kirsten Walli
Ontario Energy Board
PO Box 2319
27th Floor, 2300 Yonge Street
Toronto, Ontario M4P 1E4

Re: Final Disposition of Account 1562 Deferred Payments in Lieu of Taxes
Rate Zone: Chatham-Kent
Board File No.: EB-2012-0097

Dear Ms. Walli,

Please find enclosed the application of Entegrus – Chatham-Kent for the final disposition of the former Chatham-Kent Hydro's Account 1562 Deferred Payments in Lieu of Taxes.

If you have any questions or concerns regarding this application, please do not hesitate to contact me at (519) 352-6300 ext. 243 or via email at: regulatory@entegrus.com.

Regards,

[Original Signed By]

Andrya Eagen
Senior Regulatory Specialist
Phone: (519) 352-6300 Ext. 243
Email: andrya.eagen@entegrus.com

cc: Dan Charron, President
Chris Cowell, Chief Financial and Regulatory Officer
David Ferguson, Director of Regulatory Affairs and Administration

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Application for Final Disposition of Account 1562 Deferred PILs

Rate Zone: Chatham-Kent
Board File No.: EB-2012-0097
Date Filed: March 30, 2012

Corporate Background & Name Change

On August 31, 2011, Chatham-Kent Hydro Inc. (“CKH”) applied to the Ontario Energy Board (“Board”) for leave to amalgamate Middlesex Power Distribution Corporation (“MPDC”) with CKH in application EB-2011-0328/0329. On December 16, 2011, the Board approved the amalgamation, and on January 11, 2012 CKH notified the Board that this transaction was complete. On January 20, 2012, CKH received its amended licence and notification that the MPDC licence had been canceled.

Subsequently, on January 31, 2012, CKH applied to the Board to amend the company name on its Electricity Distribution Licence (ED-2002-0563) to Entegrus Powerlines Inc. The Board approved this change and issued an updated licence on February 24, 2012.

Basis for the Application

On June 24, 2011, the Board issued a Decision and Order in the EB-2008-0381 Account 1562 Deferred Payments in Lieu of Taxes (“PILs”) Combined Proceeding (the “Combined Proceeding”). In that Decision and Order, the Board directed distributors subject to Section 93 of *The Electricity Act, 1998* to apply for final disposition of the balance in account 1562 in their next general rates application (either IRM or cost of service).

On September 16, 2011, the former CKH filed its 2012 IRM rate application (EB-2011-0163) for what is now the Entegrus – Chatham-Kent rate zone. This application included detailed evidence supporting the disposition of the Account 1562 for Deferred PILs balances (“Account 1562”). In that filing, Entegrus reflected a balance in Account 1562 of approximately \$1.2 million for recovery from ratepayers. This balance and the Account 1562 evidence was predicated on the company’s understanding at the time of the Board’s Decision and Order in the Combined Proceeding.

Subsequently, CKH came to understand that the methodologies that it had employed for the September 2011 Account 1562 portion of the application included multiple departures from the Deferred PILs methodology established by the Board in the Combined Proceeding. CKH notified the Board of these findings in a letter dated October 28, 2011. The following departures were identified in detail to the Board in a follow-up letter from CKH to the Board on November 1, 2011:

1. Interest Charges (re: Interest Clawback): The determination of the type of interest charges that specifically relate to deemed borrowing levels, including considerations of the nature of interest charges on customer deposits; and
2. Regulatory Reserves: The treatment of accounting reserves associated with regulatory assets.

CKH noted that the impact of these departures appeared to be material to its Account 1562 balance and to rates, although the precise magnitude of the impact had not yet been firmly established. CKH advised the Board that it would undertake a full review of its Account 1562 with assistance from external expertise, and that it was expected that this review would produce updated Account 1562 evidence. CKH therefore requested Board approval to file a separate application for disposition of its Account 1562 balance, no later than April 1, 2012.

On November 2, 2011, the Board granted CKH's request to withdraw the disposition of Account 1562 from its 2012 IRM application on the basis that the evidence filed supporting the disposition of Account 1562 was not consistent with the various decisions made in the course of the Combined Proceeding. The Board indicated that it expected CKH to address the disposition of Account 1562 in a stand-alone application to be filed no later than April 1, 2012. Accordingly, on November 4, 2011, CKH filed updated 2012 IRM rate application evidence, exclusive of Account 1562. The Board issued a decision and order in CKH's 2012 IRM rate application on March 23, 2012.

Application

Entegrus has now completed its review of Account 1562 and submits herein a complete stand-alone application for the final disposition of Account 1562 Deferred PILs. The review included an investigation into the identified departures from the Combined Proceeding, as noted above, as well as a detailed check of all other components of the application. The review was conducted with assistance from external consultants.

Entegrus has prepared its Application in accordance with the Combined Proceeding and the additional direction provided by the Board decision of December 22, 2011 in regard to Hydro One Brampton Networks (EB-2011-0174).

The application submitted herein reflects amendments to the evidence originally filed (and later withdrawn) as part of the Entegrus 2012 IRM application filed on September 16, 2011 and accordingly reflects an adjusted principal balance for Account 1562. Entegrus believes that it has appropriately addressed its previously identified departures from the Combined Proceeding in this Application. Please see **Attachment 32** for a variance analysis between the balance requested in the original September 2011 evidence and the disposition requested in this Application.

The disposition balance requested in this Application also differs from the December 31, 2010 and December 31, 2011 RRR filings due to principal adjustments as well as associated carry charge adjustments. Entegrus will not be requesting updates to the RRR filings since all associated adjustments will be captured in Entegrus' ledger in 2012. This ensures all RRR filings align with the audited financial statements.

Entegrus seeks approval to recover from customers the calculated balance of Account 1562 principal balance as at April 30, 2006 of \$6,865, and associated carrying charges to April 30, 2012 of \$95,422, by way of a variable rate rider.

Entegrus requests that this rate rider be included in its Tariff of Rates and Charges effective for a one year period commencing November 1, 2012. Please see **Attachment 1** for further details around the calculation of the proposed rate rider.

Entegrus further requests that its application of Account 1562 be disposed of expeditiously by way of written hearing.

Supporting Evidence

Below is a summary the detailed documentation supporting this Application and the respective attachment references. Where possible, Entegrus has provided this information in its original editable electronic format. However, in some cases the historical records available internally to Entegrus exist only in hardcopy and have therefore been scanned into Adobe PDF format.

Attachment 2 provides a detailed continuity schedule calculating the balance in Account 1562, including the following inputs:

- a) Board Approved PILs Proxy Amounts: These amounts are based on the approved PILs amounts from the Board's decisions for 2001 to 2005 distribution rates and have been verified to the respective approved rate schedules and included as part of this application as follows:
 - i. The 2001 PILs Proxy Amount of \$481,632 was approved in EB-2002-0090 on April 5, 2002. Please see **Attachment 3** for a copy of the original SIMPIL model and **Attachment 4** for a copy of the signed EB-2002-0090 Decision.
 - ii. The 2002 PILs Proxy Amount of \$1,497,696 was also approved in EB-2002-0090 on April 5, 2002. CKH was unable to locate a copy of the original SIMPIL model for this period. However, please refer to **Attachment 5** for a copy of the original 2004 SIMPIL approved for the same amount. As noted above, a copy of the signed EB-2002-0090 Decision is included in **Attachment 4**.
 - iii. The 2004 PILs Proxy Amount of \$1,497,696 was approved in EB-2004-0022 on March 14, 2004. Please see **Attachment 5** for a copy of the original SIMPIL model and **Attachment 6** for a copy of the signed EB-2004-0022 Decision and Order.
 - iv. The 2005 PILs Proxy Amount of \$1,714,352 was approved in EB-2005-0017 on March 29, 2005. Please see **Attachment 7** for a copy of the original SIMPIL model and **Attachment 8** for a copy of the signed EB-2005-0017 Decision and Order.
- b) True-Up Variance Account Adjustment: These adjustments are calculated utilizing the revised SIMPIL models (TAXCALC worksheet) for the taxation years 2001-2005. The revised SIMPIL models are based on the Halton Hills model methodology from the Combined Proceeding, as recommended by the Board. Entegrus believes that it has addressed any errors that have arisen from the SIMPIL models that were previously released.

These revised SIMPIL models have been balanced to source documents, including the final tax returns, re-assessments where applicable, and audited financial statements. Supporting documentation for these models are as follows:

- i. Please see **Attachment 9** for the 2001 Revised SIMPIL Model resulting in a true-up of liability of \$15,952. Please see **Attachment 10** for supporting 2001 Financial Statements and **Attachment 11** for supporting 2001 Tax Returns and Assessment Notices.
- ii. Please see **Attachment 12** for the 2002 Revised SIMPIL Model resulting in a true-up of liability of \$4,703. Please see **Attachment 13** for supporting 2002 Financial Statements and **Attachment 14** for supporting 2002 Tax Returns and Assessment Notices.
- iii. Please see **Attachment 15** for the 2003 Revised SIMPIL Model resulting in a true-up of liability of \$71,889. Please see **Attachment 16** for supporting 2003 Financial Statements and **Attachment 17** for supporting 2003 Tax Returns and Assessment Notices.
- iv. Please see **Attachment 18** for the 2004 Revised SIMPIL Model resulting in a true-up of liability of \$216,617. Please see **Attachment 19** for supporting 2004 Financial Statements and **Attachment 20** for supporting 2004 Tax Returns and Assessment Notices.
- v. Please see **Attachment 21** for the 2005 Revised SIMPIL Model resulting in a true-up of liability of \$44,707. Please see **Attachment 22** for supporting 2005 Financial Statements and **Attachment 23** for supporting 2005 Tax Returns and Assessment Notices.

In the SIMPIL models, items that should not true up to ratepayers under the methodology have been isolated onto sheet "TAXCALC3". Items that are included in the true-up are reflected on sheet "TAXCALC" or "TAXCALC2" for each tax period.

Entegrus notes that while the CKH 2001 taxation period and the 2004 and 2005 taxation years are statute barred (i.e. no longer open for tax audit), the CKH 2002 and 2003 taxation years remain open. This is the result of a tax objection made by CKH in 2005 related to Ministry of Revenue 2002 and 2003 tax re-assessment adjustments shown in **Attachment 24**. It is further noted that detailed Ministry of Finance statements of adjustment for the taxation years 2002, 2003 and 2005, where re-assessments occurred, were not available internally. Accordingly, Entegrus contacted the Ministry of Finance to obtain a summary statement of the re-assessments for 2001-2005 shown in Attachment 24. Entegrus proceeded to obtain additional details of the re-assessment via discussion with the Ministry, also shown in Attachment 24.

Entegrus was recently notified that the Ministry of Revenue intends to review the tax objection for 2002 and 2003. However, Entegrus is uncertain as to the timeline for ultimate resolution. Accordingly, in order that this Account 1562 application may be handled expeditiously, Entegrus wishes to note the following:

- (i) The 2002 tax re-assessment disallowances by the Ministry of Finance relate to the treatment of loans and advances in the context of Federal LCT and Ontario Capital Tax. CKH paid additional Federal LCT of \$17,615 and additional Ontario Capital Tax of \$23,822 as a result of these adjustments. While CKH has objected to this tax treatment, the re-assessment disallowances to Federal LCT and Ontario Capital Tax do not result in true-ups in the SIMPIL model. Entegrus therefore submits that the ultimate resolution of the 2002 tax objection will have no negative impact to ratepayers in the context of the Account 1562 disposition.
 - (ii) The 2003 tax re-assessment disallowances by the Ministry of Finance relate to the treatment of bad debts and other miscellaneous items, as well as adjustments to the amount of tax loss carryforwards that CKH applied against taxable income. CKH paid additional Federal Part I Tax of \$108,872 and additional Ontario Income Tax of \$59,169 as a result of these adjustments. While CKH has objected to this tax treatment, CKH notes that tax loss carryforwards do not result in true-ups in the SIMPIL model. Further, CKH has treated the bad debt and other miscellaneous item adjustments as a non-true-up item (please refer to 2003 “TAXREC 3 No True-up” worksheet), such that the ratepayer is not charged for the additional taxes paid by CKH as a result of this disallowance. Entegrus therefore submits that the ultimate resolution of the 2003 tax objections will have no negative impact to ratepayers in the context of the Account 1562 disposition.
 - (iii) Entegrus confirms that it has no plans to file additional tax objections on the CKH 2002 and 2003 tax returns. Entegrus further confirms that the CKH 2001 tax period and the CKH 2004 and 2005 tax years are statute barred.
- c) PILs Amounts Billed to Customers: Collections from customers have been defined as the amounts billed to customers up to April 2006. To comply with Board methodology in terms of unbilled revenue at April 2006, Entegrus followed an approach similar to that of EnWin in the Combined Proceeding. Specifically, Entegrus compiled customer counts, consumption and demand information for the period from January 1 to April 30, 2006 after April 30, and then multiplied these billing determinants by the appropriate rates. The following attachments support the calculation of PILs amounts billed to customers.
 - i. Please see **Attachment 25** for a detailed calculation of revenue collected from customers.
 - ii. During the 2001 to 2006 period when PILs rates were in effect, CKH had up to 11 different rate zones per rate class, with each rate zone having a different distribution rates per rate class. However, the billing determinants for that time period are available internally only in aggregate. For this reason, CKH has adopted a weighted

average approach to each rate class. Specifically, a weighted average PILs sliver rate was determined for each rate class and applied to the aggregate billing determinants corresponding to each rate class. Please see **Attachment 26** for details of this calculation.

- iii. Please see **Attachment 27** for the original RAM model for rates effective from March 1, 2002 to March 31, 2004. These rates were originally approved in the Decision and Order for EB-2002-0090 (Attachment 4 of this Application).
- iv. Please see **Attachment 28** for the original RAM model for rates effective from April 1, 2004 to March 31, 2005 approved in Decision and Order for EB-2004-0022 (Attachment 6 of this Application).
- v. Please see **Attachment 29** for the original RAM model for rates effective from April 1, 2005 to April 30, 2006, approved in the Decision and Order for EB-2005-0017 (Attachment 8 of this Application).

Interest Charges (re: Interest Clawback)

On December 22, 2011, the Board issued its Decision and Order on Hydro One Brampton Networks Inc.'s ("HOBNI") 2012 Incentive Regulation Rate Application EB-2011-0174. The Board's Decision addressed the Review and Disposition of Account 1562 and provided further direction and clarification on the treatment of interest charges in the determination of the excess interest expense claw-back. Specifically, the Board findings on this matter state:

- the components which will comprise interest expense for purposes of the true-up calculations based on HOBNI's evidence in this case are interest on long-term debt, accounting amortization of deferred debt costs, foreign exchange and interest expense (other);
- the Board is not persuaded that interest income should be netted against interest expense in the SIMPIL true-up calculations since this treatment is not consistent with cost of service filing instructions;
- the impacts of regulatory assets and liabilities should be excluded from the determination of the balance in account 1562 deferred PILs;
- interest expense related to customer deposits is not recovered in cost of service applications and therefore should be excluded in the SIMPIL calculations; and
- capitalized interest and its reversal in the tax calculations nets to zero, and this treatment is consistent with prior guidance issued by the Board.

For accounting classification purposes, CKH has historically grouped long-term debt interest expense with other miscellaneous interest charges, the majority of which relates to interest expense on customer deposits. This grouping is reflected as "Interest" on the face of the CKH income statements for the periods 2001-2005.

A reconciliation of the interest ledger account for 2001-2005 by component is included as **Attachment 30**, which notes the Entegrus interest ledger account is inclusive of:

- Interest on debt;
- Interest on customer security deposits, and;
- Interest on capital tax.

Entegrus specifically confirms that its interest ledger account for 2001-2005 does not include:

- Any netting of interest income against interest expense (including interest income on regulatory assets)
- Any interest expense on IESO prudentials;
- Any amortization of debt issue costs, debt discounts or debt premiums; and;

Entegrus further confirms that no interest expense was capitalized for 2001-2005.

Based on the HOBNI decision referenced above, for the purpose of calculating the interest clawback in the models, CKH has included only interest on debt. CKH has specifically excluded interest on customer security deposits and interest on capital tax from the claw-back calculations in the models.

This treatment is consistent with CKH's original treatment of interest in its September 16, 2011 evidence, which was later withdrawn. At that time, this treatment was considered a departure from the Combined Proceeding and was therefore described as such by CKH to the Board in a letter dated November 1, 2011. However, Entegrus believes that this interest treatment is now consistent with Board precedent in accordance with the HOBNI decision reference above.

Accordingly, the models submitted herein by Entegrus include a line item (for instance, see "TAXCALC" line 202 of CKH's 2005 model) to remove the interest on customer security deposits and the interest on capital tax from the balance used as a basis for comparison in the true-up calculation.

Regulatory Reserves

In its original application of September 16, 2011, CKH properly excluded regulatory assets and liabilities, when they were created or collected, in the calculation of the final balance in its PILs account 1562. Specifically, these non-true-up items were isolated onto sheet "TAXCALC3" in the models. However, CKH originally treated the accounting reserves related to uncertainty regulatory assets as true-up items by including these items on the "Tax Reserves" schedule in the models. This was done based on CKH's understanding that accounting reserves for regulatory assets were inherently not regulatory assets or liabilities, and therefore could be treated as true-up items.

This departure from the Combined Proceeding was described by CKH to the Board in a letter dated November 1, 2011.

Although accounting reserves for regulatory assets are not specifically referenced in the Combined Proceeding decision, it has become clear to Entegrus that for the purposes of consistency and

symmetry, these accounting reserves are to be treated in a similar manner to regulatory assets and liabilities for the purpose of Account 1562 disposition.

Entegrus has therefore now treated accounting reserves related to regulatory assets as non true-up items (isolated on sheet "TAXCALC3" in the models) and has reflected the corresponding changes in its SIMPIL models.

Tax Rates

For the taxation period ended December 31, 2001, CKH incurred a loss and thus had no taxable income. For the 2002 taxation year, CKH utilized the associated loss carry forwards to reduce taxable income. For the purposes of calculating the tax impact and gross-up on the TAXCALC sheet for 2001 and 2002, Entegrus has utilized the maximum tax rate guidance shown on page 17 of the Board's Combined Proceeding decision for the purpose of true-up calculations. The use of the maximum tax rate is consistent with CKH's tax rate experience once it became taxable in 2003-2005. Similarly, in the SIMPIL models, CKH has utilized the maximum tax rate guidance shown on page 17 of the Combined Proceeding decision to derive combined rates and gross-up rates. Entegrus notes that the gross-up rates utilized in the SIMPIL models exclude the surtax rate of 1.12%.

Entegrus excluded variances associated with capital tax in the income tax true-up reconciliation, with the understanding that capital tax should not be trued-up for income tax purposes.

A chart summarizing the tax rates utilized by CKH in the models is included as **Attachment 31**.

Entegrus believes that the combined rates and gross-up rates described above, which were utilized to determine the true-up amounts under the SIMPIL methodology, are appropriate and in accordance with the Board's direction in the Combined Proceeding.

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Attachment 1
Proposed Rate Rider Calculation

Proposed Rate Rider

Entegrus has allocated the April 30, 2012 Account 1562 balance to each customer class based on its Test Year distribution revenue that was approved in the Entegrus Chatham-Kent rate zone 2010 Cost of Service Electricity Distribution Rate Application (EB-2009-0261), as directed in the 2012 IRM Rate Generator Model – Tab 10. Table 1 below sets out the allocation of the April 30, 2012 Account 1562 balance by each customer class and calculates the proposed Rate Riders for disposition.

Entegrus requests that these rate riders be included in its Tariff of Rates and Charges effective for a one year period commencing November 1, 2012.

The following reasons support Entegrus' request for a one year disposition period commencing November 1, 2012:

- A November 1, 2012 date is proposed to allow sufficient time for the regulatory process for the current Application, since the new distribution rates approved in EB-2011-0163 are effective for May 1, 2012;
- In terms of the new May 1, 2012 distribution rates, customer rate communications (exclusive of the impact of the proposed PILs rate riders herein), including newspaper advertisements, brochures and letters are already currently in progress for the rate period commencing May 1, 2012;
- Entegrus plans on filing an application for smart meter cost recovery and prudence review in the second quarter of 2012, so the timing of any corresponding rate rider could coincide with a November 1, 2012 date;
- Combining both changes into a November 1, 2012 rate change may alleviate customer confusion by ensuring one coordinated rate change in a relatively short period of time.

Entegrus Powerlines Inc. - Chatham-Kent

Table 1: PILs Disposition Rate Rider Calculation

Effective November 1, 2012 to October 31, 2013

PILs Disposition Amount					\$102,287.45	
Rate Class	Unit	Metered kWh	Metered kW	Distribution Revenue	Allocate to Rate Class	Rate Rider
Residential	\$/kWh	207,045,763	-	\$6,987,788.91	\$54,580.28	\$0.0003
GS<50	\$/kWh	90,210,202	-	\$1,904,385.17	\$14,874.79	\$0.0002
GS>50	\$/kW	189,939,282	494,092	\$1,458,956.13	\$11,395.63	\$0.0231
Intermediate	\$/kW	139,888,648	382,377	\$2,357,967.49	\$18,417.63	\$0.0482
Intermediate w/Self Gen	\$/kW	32,205,190	87,305	\$239,136.13	\$1,867.85	\$0.0214
Unmetered Scattered	\$/kWh	1,081,178	-	\$12,863.68	\$100.48	\$0.0001
Sentinel Lighting	\$/kW	347,118	1,079	\$18,247.24	\$142.53	\$0.1321
Street Lighting	\$/kW	5,757,195	18,365	\$116,284.10	\$908.27	\$0.0495
Standby Power		-				
Total		666,474,576	983,218	\$13,095,628.85	\$102,287.45	

Attachment 2
Account 1562 Detailed Continuity Schedule

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2001												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,544	\$321,088	\$0
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,544	\$160,544	\$160,544	\$481,632
True-Up Variance Adjustment						\$0							\$0
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,544	\$321,088	\$481,632	\$481,632
<u>Interest</u>													
Prescribed Rate										7.25%	7.25%	7.25%	
Days in Month										31	30	31	
Opening Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$957	\$0
Carrying Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$957	\$1,977	\$2,934
Closing Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$957	\$2,934	\$2,934

Description	2002												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$481,632	\$606,440	\$731,248	\$689,622	\$647,995	\$606,369	\$548,791	\$507,165	\$465,539	\$423,912	\$382,286	\$340,660	\$481,632
Board Approved PILs Proxy Amts	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$124,808	\$1,497,696
True-Up Variance Adjustment						-\$15,952							-\$15,952
Rate Recoveries	\$0	\$0	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$166,434	-\$1,664,343
Closing Balance	\$606,440	\$731,248	\$689,622	\$647,995	\$606,369	\$548,791	\$507,165	\$465,539	\$423,912	\$382,286	\$340,660	\$299,034	\$299,034
<u>Interest</u>													
Prescribed Rate	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$2,934	\$5,899	\$9,272	\$13,775	\$17,884	\$21,874	\$25,488	\$28,867	\$31,990	\$34,764	\$37,374	\$39,652	\$2,934
Carrying Charges	\$2,966	\$3,373	\$4,503	\$4,109	\$3,990	\$3,613	\$3,379	\$3,123	\$2,774	\$2,610	\$2,278	\$2,098	\$38,816
Closing Balance	\$5,899	\$9,272	\$13,775	\$17,884	\$21,874	\$25,488	\$28,867	\$31,990	\$34,764	\$37,374	\$39,652	\$41,750	\$41,750

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2003												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$299,034	\$298,475	\$297,917	\$297,359	\$296,801	\$296,243	\$290,982	\$290,424	\$289,866	\$289,308	\$288,750	\$288,192	\$299,034
Board Approved PILs Proxy Amts	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$164,944	\$1,979,328
True-Up Variance Adjustment						-\$4,703							-\$4,703
Rate Recoveries	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$165,502	-\$1,986,025
Closing Balance	\$298,475	\$297,917	\$297,359	\$296,801	\$296,243	\$290,982	\$290,424	\$289,866	\$289,308	\$288,750	\$288,192	\$287,634	\$287,634
<u>Interest</u>													
Prescribed Rate	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$41,750	\$43,591	\$45,251	\$47,085	\$48,857	\$50,685	\$52,450	\$54,242	\$56,030	\$57,758	\$59,539	\$61,260	\$41,750
Carrying Charges	\$1,841	\$1,660	\$1,834	\$1,772	\$1,828	\$1,765	\$1,792	\$1,788	\$1,727	\$1,781	\$1,721	\$1,775	\$21,284
Closing Balance	\$43,591	\$45,251	\$47,085	\$48,857	\$50,685	\$52,450	\$54,242	\$56,030	\$57,758	\$59,539	\$61,260	\$63,034	\$63,034

Description	2004												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$287,634	\$257,036	\$226,438	\$195,840	\$214,650	\$233,461	\$180,382	\$199,193	\$218,003	\$236,814	\$255,624	\$274,435	\$287,634
Board Approved PILs Proxy Amts	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$134,842	\$1,618,104
True-Up Variance Adjustment						-\$71,889							-\$71,889
Rate Recoveries	-\$165,440	-\$165,440	-\$165,440	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$116,031	-\$1,540,603
Closing Balance	\$257,036	\$226,438	\$195,840	\$214,650	\$233,461	\$180,382	\$199,193	\$218,003	\$236,814	\$255,624	\$274,435	\$293,246	\$293,246
<u>Interest</u>													
Prescribed Rate	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
Days in Month	31	29	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$63,034	\$64,805	\$66,286	\$67,680	\$68,847	\$70,169	\$71,560	\$72,671	\$73,897	\$75,196	\$76,655	\$78,178	\$63,034
Carrying Charges	\$1,771	\$1,481	\$1,394	\$1,167	\$1,322	\$1,391	\$1,111	\$1,227	\$1,299	\$1,458	\$1,523	\$1,690	\$16,833
Closing Balance	\$64,805	\$66,286	\$67,680	\$68,847	\$70,169	\$71,560	\$72,671	\$73,897	\$75,196	\$76,655	\$78,178	\$79,868	\$79,868

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2005												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$293,246	\$299,473	\$305,701	\$311,929	\$306,103	\$300,277	\$77,835	\$72,009	\$66,183	\$60,358	\$54,532	\$48,706	\$293,246
Board Approved PILs Proxy Amts	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$138,349	\$1,660,188
True-Up Variance Adjustment						-\$216,617							-\$216,617
Rate Recoveries	-\$132,121	-\$132,121	-\$132,121	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$144,175	-\$1,693,936
Closing Balance	\$299,473	\$305,701	\$311,929	\$306,103	\$300,277	\$77,835	\$72,009	\$66,183	\$60,358	\$54,532	\$48,706	\$42,881	\$42,881
<u>Interest</u>													
Prescribed Rate	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$79,868	\$81,673	\$83,339	\$85,221	\$87,080	\$88,965	\$90,754	\$91,233	\$91,677	\$92,071	\$92,443	\$92,768	\$79,868
Carrying Charges	\$1,806	\$1,666	\$1,882	\$1,859	\$1,885	\$1,789	\$479	\$443	\$394	\$372	\$325	\$300	\$13,200
Closing Balance	\$81,673	\$83,339	\$85,221	\$87,080	\$88,965	\$90,754	\$91,233	\$91,677	\$92,071	\$92,443	\$92,768	\$93,068	\$93,068

Description	2006												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$42,881	\$45,054	\$47,227	\$49,400	\$51,573	\$51,573	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$42,881
Board Approved PILs Proxy Amts	\$142,863	\$142,863	\$142,863	\$142,863	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$571,451
True-Up Variance Adjustment						-\$44,707							
Rate Recoveries	-\$140,690	-\$140,690	-\$140,690	-\$140,690	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$562,759
Closing Balance	\$45,054	\$47,227	\$49,400	\$51,573	\$51,573	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$51,573
<u>Interest</u>													
Prescribed Rate	7.25%	7.25%	7.25%	4.14%	4.14%	4.14%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$93,068	\$93,332	\$93,582	\$93,873	\$94,041	\$94,223	\$94,398	\$94,425	\$94,452	\$94,477	\$94,504	\$94,530	\$93,068
Carrying Charges	\$264	\$251	\$291	\$168	\$181	\$175	\$27	\$27	\$26	\$27	\$26	\$27	\$1,489
Closing Balance	\$93,332	\$93,582	\$93,873	\$94,041	\$94,223	\$94,398	\$94,425	\$94,452	\$94,477	\$94,504	\$94,530	\$94,557	\$94,557

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2007												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	5.14%	5.14%	5.14%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$94,557	\$94,584	\$94,608	\$94,635	\$94,661	\$94,687	\$94,713	\$94,740	\$94,767	\$94,793	\$94,823	\$94,852	\$94,557
Carrying Charges	\$27	\$24	\$27	\$26	\$27	\$26	\$27	\$27	\$26	\$30	\$29	\$30	\$325
Closing Balance	\$94,584	\$94,608	\$94,635	\$94,661	\$94,687	\$94,713	\$94,740	\$94,767	\$94,793	\$94,823	\$94,852	\$94,882	\$94,882

Description	2008												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	5.14%	5.14%	5.14%	4.08%	4.08%	4.08%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	
Days in Month	31	29	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$94,882	\$94,912	\$94,940	\$94,970	\$94,993	\$95,016	\$95,039	\$95,059	\$95,078	\$95,097	\$95,117	\$95,136	\$94,882
Carrying Charges	\$30	\$28	\$30	\$23	\$24	\$23	\$20	\$20	\$19	\$20	\$19	\$20	\$274
Closing Balance	\$94,912	\$94,940	\$94,970	\$94,993	\$95,016	\$95,039	\$95,059	\$95,078	\$95,097	\$95,117	\$95,136	\$95,155	\$95,155

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2009												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	2.45%	2.45%	2.45%	1.00%	1.00%	1.00%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$95,155	\$95,170	\$95,182	\$95,197	\$95,202	\$95,208	\$95,214	\$95,217	\$95,220	\$95,223	\$95,227	\$95,230	\$95,155
Carrying Charges	\$14	\$13	\$14	\$6	\$6	\$6	\$3	\$3	\$3	\$3	\$3	\$3	\$78
Closing Balance	\$95,170	\$95,182	\$95,197	\$95,202	\$95,208	\$95,214	\$95,217	\$95,220	\$95,223	\$95,227	\$95,230	\$95,233	\$95,233

Description	2010												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.89%	0.89%	0.89%	1.20%	1.20%	1.20%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$95,233	\$95,236	\$95,239	\$95,242	\$95,245	\$95,249	\$95,252	\$95,257	\$95,262	\$95,267	\$95,274	\$95,281	\$95,233
Carrying Charges	\$3	\$3	\$3	\$3	\$3	\$3	\$5	\$5	\$5	\$7	\$7	\$7	\$55
Closing Balance	\$95,236	\$95,239	\$95,242	\$95,245	\$95,249	\$95,252	\$95,257	\$95,262	\$95,267	\$95,274	\$95,281	\$95,288	\$95,288

Attachment 2

Entegrus Powerlines Inc. - Chatham-Kent

Detailed Continuity Schedule: Account 1562 Deferred PILs

Description	2011												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	
Opening Balance	\$95,288	\$95,296	\$95,304	\$95,313	\$95,321	\$95,330	\$95,338	\$95,346	\$95,355	\$95,363	\$95,372	\$95,380	\$95,288
Carrying Charges	\$9	\$8	\$9	\$8	\$9	\$8	\$9	\$9	\$8	\$9	\$8	\$9	\$101
Closing Balance	\$95,296	\$95,304	\$95,313	\$95,321	\$95,330	\$95,338	\$95,346	\$95,355	\$95,363	\$95,372	\$95,380	\$95,389	\$95,389

Description	2012												
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
<u>Principal</u>													
Opening Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
Board Approved PILs Proxy Amts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
True-Up Variance Adjustment						\$0							
Rate Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Balance	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865	\$6,865
<u>Interest</u>													
Prescribed Rate	1.47%	1.47%	1.47%	1.47%									
Days in Month	31	29	31	30									
Opening Balance	\$95,389	\$95,397	\$95,405	\$95,414	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,389
Carrying Charges	\$9	\$8	\$9	\$8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33
Closing Balance	\$95,397	\$95,405	\$95,414	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422	\$95,422

GRAND TOTAL	\$102,287.45												
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Attachment 3
2001 Original SIMPIL Model

	A	B	C	D
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"			
2	REGULATORY INFORMATION (REGINFO)			
3				
4	Utility Name Chatham-Kent Hydro			Amount
5	2001 PILs Reconciliation			
6				
7	BACKGROUND			
8	Has the utility reviewed section 149(1) ITA to			
9	confirm that it is not subject to regular corporate			
10	tax (and therefore subject to PILs)?		Y	
11				
12	Was the utility recently acquired by Hydro One			
13	and now subject to s.89 & 90 PILs?		N	
14				
15	Accounting Year End		31-Dec-01	
16				
17	MARR NO TAX CALCULATIONS			
18	SHEET #7 FINAL RUD MODEL DATA			
19	(FROM 1999 FINANCIAL STATEMENTS)			
20	USE BOARD-APPROVED AMOUNTS			
21				
22	Rate base (wires-only)			45,653,588
23				
24	Common Equity Ratio (CER)			50.00%
25				
26	1-CER			50.00%
27				
28	Target Return On Equity			6.05%
29				
30	Debt rate			7.25%
31				
32	Market Adjusted Revenue Requirement			3,035,964
33				
34	1999 return from RUD Sheet #7			786,476
35				
36	Total Incremental revenue			2,249,488
37	Input Board-approved dollar amounts phased-in			
38				
39	Amount allowed in 2001, Year 1			1,077,000
40	Amount allowed in 2002, Year 2			1,077,000
41	Amount allowed in 2003, Year 3			95,515
42				
43	Equity			22,826,794
44				
45	Return at target ROE			1,381,021
46				
47	Debt			22,826,794
48				
49	Deemed interest amount in EBIT			1,654,943
50				
51	Phase-in of interest - Year 1			1,015,805
52	$((D34+D39)/D32)*D49$			
53	Phase-in of interest - Year 2			1,602,891
54	$((D34+D39+D40)/D32)*D49$			
55	Phase-in of interest - Year 3 (D49)			1,654,943

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	Initial	Source	Deferral	Deferral	Deferral	Source	M of F	M of F	M of F	Source
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate		Account	Account	Account		Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)			Foot-	Variance	Variance	Allowance	Foot-	Variance	Variance		Foot-
4	("Wires-only" business - see Tab TAXREC)			note	G-C	Explanation		note	K-G	Explanation	(June)	note
5	2001 PILs Reconciliation		\$	#	\$		\$	#	\$		\$	#
6												
7	Utility Name Chatham-Kent Hydro										Column	
8	Reporting period - January 25, 2002										Brought	
9											Forward	
10											From	
11											TAXREC	
12	II) CORPORATE INCOME TAXES											
13												
14	ACCOUNTING INCOME											
15	Regulatory Net Income	1		1A	465,869		465,869	1B	-1,486,068		-1,020,199	1C
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	<i>Additions: To Accounting Income</i>											
20	Depreciation & Amortization	2		2A	633,252		633,252	2B	23,603		656,854	2C
21	Federal Large Corporation Tax	3		3A	0			3B	0		0	3C
22	Employee Benefit Plans - Accrued, Not Paid	4		4A	78,750		78,750	4B	-78,750		0	4C
23	Change in Tax Reserves	5		5A	0		0	5B	654,860		654,860	5C
24	Regulatory Adjustments	6		6A	0			6B	0		0	6C
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Item #1	7		7A	0			7B	0		0	7C
27	"Material" Item #2	7		7A	0			7B	0		0	7C
28	Other Additions (not "Material")	7		7A	0			7B	2,381		2,381	7C
29	<i>Deductions: From Accounting Income</i>											
30	Capital Cost Allowance	8		8A	-229,702		-229,702	8B	-504,674		-734,376	8C
31	Employee Benefit Plans - Paid Amounts	9		9A	-54,000		-54,000	9B	54,000		0	9C
32	Items Capitalized for Regulatory Purposes	10		10A	0			10B	0		0	10C
33	Regulatory Adjustments	11		11A	0		0	11B	0		0	11C
34	Interest Expense Deemed/ Incurred	12		12A	-253,951		-253,951	12B	-168,392		-422,343	12C
35	Other Deductions (See Tab entitled "TAXREC")											
36	"Material" Item #1	13		13A	0			13B	-169,924		-169,924	13C
37	"Material" Item #2	13		13A	0			13B	-470,820		-470,820	13C
38	Other Deductions (not "Material")	13		13A	0			13B	-38,623		-38,623	13C
39												
40	REGULATORY TAXABLE INCOME		0		640,217		640,217		-2,182,407		-1,542,190	
41	(sum of above)											
42												
43	CORPORATE INCOME TAX RATE											
44	Deemed %	14	40.62%	14A	0.0000%		40.62%	14B	0.0000%		40.6200%	14C
45												
46	REGULATORY INCOME TAX											
47	Taxable Income x Rate		0		260,056		260,056		-260,056		0	
48												
49	Miscellaneous Tax Credits	15		15A	0			15B	0			15C
50												
51	Total Regulatory Income Tax		0		260,056		260,056		-260,056		0	
52												
53												
54												
55												
56	II) CAPITAL TAXES											
57												
58	<i>Ontario</i>											
59	Base	16		16A	45,653,588		45,653,588	16B	4,109,055		49,762,643	16C
60	Less: Exemption	17		17A	-5,000,000		-5,000,000	17B	1,624,818		-3,375,182	17C
61	Deemed Taxable Capital		0		40,653,588		40,653,588		5,733,873		46,387,461	

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	Initial	Source	Deferral	Deferral	Deferral	Source	M of F	M of F	M of F	Source
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate		Account	Account	Account		Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)			Foot-	Variance	Variance	Allowance	Foot-	Variance	Variance		Foot-
4	("Wires-only" business - see Tab TAXREC)			note	G-C	Explanation		note	K-G	Explanation	(June)	note
5	2001 PILs Reconciliation		\$	#	\$		\$	#	\$		\$	#
62												
63	Rate (.3%)	18	0.3000%	18A	0.0000%		0.3000%	18B	0.0000%		0.3000%	18C
64												
65	Net Amount (Taxable Capital x Rate)		0		30,490		30,490		4,586		35,077	
66												
67	Federal (LCT)											
68	Base	19		19A	45,653,588		45,653,588	19B	4,211,296		49,864,884	19C
69	Less: Exemption	20		20A	-10,000,000		-10,000,000	20B	3,620,962		-6,379,038	20C
70	Deemed Taxable Capital		0		35,653,588		35,653,588		7,832,258		43,485,846	
71												
72	Rate (.225%)	21	0.2250%	21A	0.0000%		0.2250%	21B	0.0000%		0.2250%	21C
73												
74	Gross Amount (Taxable Capital x Rate)		0		20,055		20,055		4,607		24,662	
75	Less: Federal Surtax	22	0	22A	-7,170		-7,170	22B	7,170		0	22C
76												
77	Net LCT		0		12,885		12,885		11,777		24,662	
78												
79												
80	III) INCLUSION IN RATES MARCH 2002											
81												
82	IncomeTax (grossed-up)	23	0	23A	429,845		429,845	23B	-429,845			n/a
83	LCT (grossed-up)	24	0	24A	21,297		21,297	24B	-21,297			n/a
84	Ontario Capital Tax	25	0	25A	30,490		30,490	25B	-30,490			n/a
85												
86												
87	Total S. 93 PILs Rate Adjustment		0		481,632		481,632		-481,632			
88												
89												
90												
91												
92	IV) FUTURE TRUE-UPS (post June 2002)								DR / (CR)			
93	Amount in M of F Filing Variance (Column I) that											
94	the Board orders added/subtracted from rates											
95	EBIT	1								No true-up		
96	Depreciation & Amortization	2								No true-up		
97	Federal Large Corporation Tax	3								No true-up		
98	Employee Benefit Plans - Accrued, Not Paid	4							-78,750	True-up		
99	Change in Tax Reserves	5							654,860	True-up		
100	Regulatory Adjustments	6							0	True-up		
101	Other additions "Material" Item #1	7							0	True-up		
102	Other additions "Material" Item #2	7							0	True-up		
103	Other additions (not "Material")	7								No true-up		
104	Capital Cost Allowance	8								No true-up		
105	Employee Benefit Plans - Paid Amounts	9							54,000	True-up		
106	Items Capitalized for Regulatory Purposes	10							0	True-up		
107	Regulatory Adjustments	11							0	True-up		
108	Interest Adjustment for Tax Purposes (Cell I135)	12							0	True-up-See Below		
109	Other deductions "Material" Item #1	13							-169,924	True-up		
110	Other deductions "Material" Item #2	13							-470,820	True-up		
111	Other deductions (not "Material")	13								No true-up		
112	Miscellaneous Tax Credits	15							0	True-up		
113												
114	Deferral Account Entry (Positive Entry=Debit)								-10,634	True-up		
115												
116												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	Initial	Source	Deferral	Deferral	Deferral	Source	M of F	M of F	M of F	Source
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate		Account	Account	Account		Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)			Foot-	Variance	Variance	Allowance	Foot-	Variance	Variance		Foot-
4	("Wires-only" business - see Tab TAXREC)			note	G-C	Explanation		note	K-G	Explanation	(June)	note
5	2001 PILs Reconciliation		\$	#	\$		\$	#	\$		\$	#
117	V) INTEREST PORTION OF TRUE-UP											
118												
119	Variance Caused By Phase-in of Deemed Debt											
120												
121	Total deemed interest (REGINFO CELL D49)								-1,654,943			
122	Interest phased-in - (Deferral Account Cell G34)								253,951			
123												
124	Variance due to phase-in of debt stucture								-1,400,991			
125	according to Rate Handbook											
126												
127	Other Interest Variances (ie Borrowing Levels											
128	Above Deemed Debt per Rate Handbook)											
129												
130	Interest deducted on MoF filing (Cell K34)								-422,343			
131	Total deemed interest (REGINFO CELL D49)								1,654,943			
132												
133	Variance caused by excess debt								1,232,600			
134												
135	Interest Adjustment for Tax Purposes Cell I108								0	True-up Amount- Used above		
136												
137	Total Interest Variance (Cell I34)								-168,392			
138												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
7	Utility Name Chatham-Kent Hydro					
8	2001 PILs Reconciliation					
9						
10	Note: Carry forward Wires-only Data to Tab "TAXCALC"					
11	Column K					
12	I) CORPORATE INCOME TAXES					
13	(Input unconsolidated financial statement data					
14	submitted with tax returns as applicable)					
15	Revenue	1	709,556		709,556	
16	Other Income	2	193,301		193,301	
17	Expenses					
18	Administration	3	711,620		711,620	
19	Distribution	4	554,582		554,582	
20	Operations and Maintenance	5			0	
21	Depreciation and Amortization	6	656,854		656,854	
22	Municipal Property Taxes	7			0	
23	Ontario Capital Tax	8			0	
24	Federal LCT	9			0	
25						
26	Net Income Before Interest & Income Taxes EBIT	10	-1,020,199	0	-1,020,199	1C
27						
28	BOOK TO TAX ADDITIONS:					
29	Depreciation & Amortization		656,854	0	656,854	2C
30	Federal Large Corporation Tax		0	0	0	3C
31	Employee benefit plans-accrued, not paid				0	4C
32	Change in tax reserves		654,860		654,860	5C
33	Regulatory adjustments				0	6C
34	Other additions "Material" Item #1				0	7C
35	Other additions "Material" Item #2				0	7C
36			1,311,714	0	1,311,714	
37	Other Additions: (From T2 S1)					
38	Recapture of CCA				0	7C
39	Non-deductible expenses:				0	7C
40	Club dues and fees				0	7C
41	Meals and entertainment		2,381		2,381	7C
42	Automobile				0	7C
43	Life insurance premiums				0	7C
44	Company pension plans				0	7C
45	Advertising				0	7C
46	Interest and penalties on taxes				0	7C
47	Legal and accounting fees				0	7C
48	Debt issue expenses				0	7C
49	Capital items expensed				0	7C
50	All crown charges, royalties, rentals				0	7C
51	Deemed dividend income				0	7C
52	Deemed interest on loans to non-residents				0	7C
53	Deemed interest received				0	7C
54	Development expenses claimed				0	7C
55	Dividend stop-loss adjustments				0	7C
56	Dividends credited to investment account				0	7C
57	Investment tax credit				0	7C
58	Financing fees deducted in books				0	7C
59	Foreign accrual property income				0	7C

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
60	Foreign affiliate property income				0	7C
61						
62	Federal reassessment amounts				0	7C
63	Gain on settlement of debt				0	7C
64	Interest paid on income debentures				0	7C
65	Gain on sale of eligible capital property				0	7C
66	Loss on disposal of assets				0	7C
67	Reserves from financial statements- end of year				0	7C
68	Holdbacks				0	7C
69	Taxable capital gains				0	7C
70	Political donations- book				0	7C
71	Charitable donations- book				0	7C
72	Capitalized interest				0	7C
73	Deferred and prepaid- beginning of year				0	7C
74	Tax reserves deducted in prior year				0	7C
75	Loss from joint ventures				0	7C
76	Loss from subsidiaries				0	7C
77	Limited partnership losses				0	7C
78	Sales tax assessments				0	7C
79	Share issue expenses				0	7C
80	Write-down of capital property				0	7C
81					0	
82	<i>Other Additions:</i>				0	7C
83						
84	<i>Total Other Additions</i>		2,381	0	2,381	7C
85						
86	<i>Total Additions</i>		1,314,095	0	1,314,095	
87						
88	BOOK TO TAX DEDUCTIONS:					
89	Capital cost allowance		-734,376		-734,376	8C
90	Employee benefit plans-paid amounts				0	9C
91	Items capitalized for regulatory purposes				0	10C
92	Regulatory adjustments				0	11C
93	Interest expense incurred		-422,343		-422,343	12C
94	Other deductions "Material" Item #1 Tax reserves current		-169,924		-169,924	13C
95	Other deductions "Material" Item #2 Reserves F/S beg yr		-470,820		-470,820	13C
96			-1,797,463	0	-1,797,463	
97	<i>Other deductions: (From T2 S1)</i>					
98	Grossed up Part VI.1 tax (preferred shares)				0	13C
99	Amortization of eligible capital expenditures				0	13C
100	Amortization of debt and equity issue cost				0	13C
101	Loss carryback to prior period				0	13C
102	Contributions to deferred income plans				0	13C
103	Contributions to pension plans				0	13C
104	Income from subsidiaries				0	13C
105	Income from joint ventures				0	13C
106	Gain on disposal of assets		-13,904		-13,904	13C
107	Terminal loss				0	13C
108	Cumulative eligible capital deduction		-24,719		-24,719	13C
109	Allowable business investment loss				0	13C
110	Holdbacks				0	13C
111	Deferred and prepaids- end of year				0	13C
112	Tax reserves claimed in current year				0	13C
113	Reserves from F/S- beginning of year				0	13C

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
114	Patronage dividends				0	13C
115	Accrued dividends- current year				0	13C
116	Bad debts				0	13C
117						
118						
119	Exempt income under section 81				0	13C
120	Contributions to environmental trust				0	13C
121	Other income from financial statements				0	13C
122	Charitable donations - tax basis				0	13C
123	Gifts to Canada or a province				0	13C
124	Cultural gifts				0	13C
125	Ecological gifts				0	13C
126	Taxable dividends s. 112, 113 or ss. 138(6)				0	13C
127	Non-capital losses-preceding years				0	13C
128	Net-capital losses- preceding years				0	13C
129	Limited partnership losses- preceding years				0	13C
130	Other deductions:				0	13C
131					0	
132					0	
133	Total Other Deductions		-38,623	0	-38,623	13C
134						
135	Total Deductions		-1,836,086	0	-1,836,086	
136						
137						
138	TAXABLE INCOME		-1,542,190	0	-1,542,190	
139						
140						
141						
142						
143						
144	ONTARIO CAPITAL TAX					
145						
146	PAID-UP CAPITAL					
147						
148	Paid-up capital stock		23,523,425		23,523,425	
149	Retained earnings (if deficit, deduct)		1,410,537		1,410,537	
150	Capital and other surplus excluding				0	
151	appraisal surplus				0	
152	Loans and advances		24,445,986		24,445,986	
153	Bank loans				0	
154	Bankers acceptances				0	
155	Bonds and debentures payable				0	
156	Mortgages payable				0	
157	Lien notes payable				0	
158	Deferred credits				0	
159	Contingent, investment, inventory and		484,936		484,936	
160	similar reserves				0	
161	Other reserves not allowed as deductions				0	
162	Share of partnership(s), joint venture(s)				0	
163	paid-up capital				0	
164	Sub-total		49,864,884	0	49,864,884	
165	Subtract:					
166	Amounts deducted for income tax				0	

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
167	purposes in excess of amounts booked		-102,241		-102,241	
168	Deductible R&D expenditures and ONTTI				0	
169	costs deferred for income tax				0	
170					0	
171	Total (Net) Paid-up Capital		49,762,643	0	49,762,643	
172						
173	ELIGIBLE INVESTMENTS					
174						
175	Bonds, lien notes, interest coupons				0	
176	Mortgages due from other corporations				0	
177	Shares in other corporations				0	
178	Loans and advances to unrelated corporations				0	
179	Eligible loans and advances to related				0	
180	corporations				0	
181	Share of partnership(s) or joint venture(s)				0	
182	eligible investments				0	
183						
184	Total Eligible Investments		0	0	0	
185						
186						
187						
188	TOTAL ASSETS					
189						
190	Total assets per balance sheet		62,146,175		62,146,175	
191	Mortgages or other liabilities deducted from				0	
192	assets				0	
193	Share of partnership(s)/ joint venture(s) total				0	
194	assets				0	
195	Subtract: Investment in partnership(s)/joint				0	
196	venture(s)				0	
197						
198	Total assets as adjusted		62,146,175	0	62,146,175	
199						
200	Add: (if deducted from assets)					
201	Contingent, investment, inventory and				0	
202	similar reserves				0	
203	Other reserves not allowed as deductions				0	
204	Subtract:				0	
205	Amounts deducted for income tax				0	
206	purposes in excess of amounts booked		-102,241		-102,241	
207	Deductible R&D expenditures and ONTTI				0	
208	costs deferred for income tax				0	
209	Subtract: Appraisal surplus if booked				0	
210	Add or subtract: Other adjustments		1	1	2	
211						
212	Total Assets		62,043,935	1	62,043,936	
213						
214	Investment Allowance					
215						
216	(Total Eligible Investments / Total Assets) x					
217	Net paid-up capital		0	0	0	
218						
219	Taxable Capital					
220						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
221	Net paid-up capital		49,762,643	0	49,762,643	
222	Subtract: Investment Allowance		0	0	0	
223					0	
224	Taxable Capital		49,762,643	0	49,762,643	
225						
226	Capital Tax Calculation					
227						
228	Taxable capital		49,762,643	0	49,762,643	16C
229						
230	Deduction from taxable capital up to \$5,000,000		-3,375,182		-3,375,182	17C
231						
232	Net Taxable Capital		46,387,461	0	46,387,461	
233						
234	Rate 0.3%		0.3000%	0.3000%	0.3000%	18C
235						
236	Days in taxation year		92	92	92	
237	Divide days by 365		0.2521	0.2521	0.2521	
238						
239	Ontario Capital Tax		35,077	0	35,077	
240						
241						
242						
243	LARGE CORPORATION TAX					
244						
245	CAPITAL					
246						
247	ADD:					
248	Reserves that have not been deducted in				0	
249	computing income for the year under Part I		484,936		484,936	
250	Capital stock		23,523,425		23,523,425	
251	Retained earnings		1,410,537		1,410,537	
252	Contributed surplus				0	
253	Any other surpluses				0	
254	Deferred unrealized foreign exchange gains				0	
255	All loans and advances to the corporation		24,445,986		24,445,986	
256	All indebtedness- bonds, debentures, notes,				0	
257	mortgages, bankers acceptances, or similar				0	
258	obligations				0	
259	Any dividends declared but not paid				0	
260	All other indebtedness outstanding for more				0	
261	than 365 days				0	
262						
263	Subtotal		49,864,884	0	49,864,884	
264						
265	DEDUCT:					
266	Deferred tax debit balance				0	
267	Any deficit deducted in computing				0	
268	shareholders' equity				0	
269	Any patronage dividends 135(1) deducted in				0	
270	computing income under Part I included in				0	
271	amounts above				0	
272	Deferred unrealized foreign exchange losses				0	
273						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	Source
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	Foot-
4			Return			note
5						#
6						
274	Subtotal		0	0	0	
275						
276	Capital for the year		49,864,884	0	49,864,884	
277						
278	INVESTMENT ALLOWANCE					
279						
280	Shares in another corporation				0	
281	Loan or advance to another corporation				0	
282	Bond, debenture, note, mortgage, or				0	
283	similar obligation of another corporation				0	
284	Long term debt of financial institution				0	
285	Dividend receivable from another corporation				0	
286	Debts of corporate partnerships that were not				0	
287	exempt from tax under Part I.3				0	
288	Interest in a partnership				0	
289						
290	Investment Allowance		0	0	0	
291						
292						
293	TAXABLE CAPITAL					
294						
295	Capital for the year		49,864,884	0	49,864,884	
296						
297	Deduct: Investment allowance		0	0	0	
298						
299	Taxable Capital for taxation year		49,864,884	0	49,864,884	19C
300						
301	Deduct: Capital Deduction \$10,000,000		-6,379,038		-6,379,038	20C
302						
303	Taxable Capital		43,485,846	0	43,485,846	
304						
305	Rate .225%		0.22500%	0.22500%	0.22500%	21C
306						
307	Days in year		92	92	92	
308	Divide days by 365		0.2521	0.2521	0.2521	
309						
310	Gross Part I.3 Tax LCT		24,662	0	24,662	
311						
312	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
313						
314	Federal Surtax = Taxable Income x Surtax Rate		-17,273	0	-17,273	
315						
316	Net Part I.3 Tax LCT Payable		41,934	0	41,934	
317	(If surtax is greater than Gross LCT, then zero)					
318						
319						
320						

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Attachment 4

Decision and Order EB-2002-0090
Rates Effective March 1, 2002

Ontario Energy
Board
P.O. Box 2319
26th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie
de l'Ontario
C.P. 2319
26e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY PRIORITY POST

April 5, 2002

Dave Kenney
President
Chatham-Kent Hydro Inc.
320 Queen Street
P.O. Box 70
Chatham, ON
N7M 5K2

Dear Mr. Kenney:

**Re: Chatham-Kent Hydro Inc.
March 2002 LDC Rate Adjustments
Board File No. RP-2002-0081/EB-2002-0090**

The Board has today issued its Decision and Order in the above matter and an executed copy is enclosed herewith.

Yours truly,



Peter H. O'Dell
Assistant Board Secretary

Encl.



RP-2002-0081

EB-2002-0090

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

AND IN THE MATTER OF an Application by
Chatham-Kent Hydro Inc. for an order or orders
approving or fixing just and reasonable rates.

BEFORE: Paul Vlahos
Vice Chair and Presiding Member

George Dominy
Vice Chair and Member

DECISION AND ORDER

On December 21, 2001 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for the March 1, 2002 distribution rate adjustments. Supplemental instructions were issued on January 18, 2002.

Chatham-Kent Hydro Inc. is an amalgamated utility formed in 1998. It serves the 11 former service areas of Blenheim, Bothwell, Chatham, Dresden, Erieau, Merlin, Ridgetown, Thamesville, Tilbury, Wallaceburg and Wheatley. The utility elected to maintain 11 separate rate schedules in its RP-2000-0033 application dealing with 2001 rates and proposed to implement rate harmonization over the next five years, which was accepted by the Board.

Chatham-Kent Hydro Inc. ("the Applicant") filed an Application ("the Application"), dated February 6, 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

The Applicant filed a revised application ("the Revised Application") dated March 22, 2002.

The Board published a generic Notice in newspapers across Ontario informing ratepayers of the distribution rate adjustments to be effective March 1, 2002 and providing the opportunity for ratepayers to participate in the proceeding or comment on the utility's application. In response to the Board's generic Notice, the Board received a total of 148 submissions in the form of a letter, facsimile, or e-mail. The total may be apportioned to the following four categories:

- 100 were copies of a template submission seeking an oral hearing, wanting to make oral submissions, claiming that rates are not just and reasonable. Another 9 were of the same template but indicated they did not wish to make an oral submission.
- 10 indicated that there should be an oral hearing and wanted to make a submission.
- 11 indicated that there should be an oral hearing but did not wish to make an oral submission.
- 18 made substantive submissions.

In some cases the submission named a specific electricity distributor, in other cases it did not. The Applicant was not named in any of the submissions.

By letter dated February 11, 2002 the Board directed electricity distributors to serve the Notice to the municipal corporation in the distributors' service area. No submissions were received.

The Applicant applied to adjust its distribution rates for the following:

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$1,077,000.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$481,632.
- the 2002 Payments in Lieu of Taxes (PILs), \$1,497,696.
- a change in the Applicant's late payment penalty and a provision for the revenue losses incurred by this change, \$200,000.

As required in the Electricity Distribution Rate Handbook and ordered by the Board in RP-2000-0033, the Applicant proposed in the current application to break-out the revenue requirement for the general service rate class into the less than 50 kW and greater than 50 kW sub-groups for each of its 11 service areas. The Applicant also proposed to harmonize these general service rates into one rate for each of the sub-groups and similarly harmonize street lighting rates.

Copies of the Application and supporting material are available for review at the Board's offices.

While the Board has considered all of the evidence filed in this proceeding, the Board has only referenced the evidence to the extent necessary to provide background to its findings.

Board Findings

As noted above, a number of persons have written to the Board requesting that the Board hold an oral hearing in the matter of the applications by electricity distributors.

Under subsection 5.1(2) of the *Statutory Powers Procedure Act*, the Board shall not hold a written hearing where a party satisfies it that there is good reason not to hold a written hearing, in which case the Board will proceed by way of an oral or electronic hearing. Good reasons for proceeding by way of an oral hearing may include the existence of questions of credibility in which the Board will be assisted by the ability to observe the demeanor of witnesses or the complexity of evidence which parties should have the ability to test through cross-examination. Another good reason may be where an oral hearing would allow the Board to more expeditiously deal with an application.

The persons who have requested an oral hearing have not cited any such reasons but have in most cases merely stated that “the rates are not just and reasonable” and that they “would like the opportunity to present to the Board on this matter”.

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario’s electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this

framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board's jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability of the government to make changes to Ontario's electricity system in the future. These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.

Therefore, the Board has decided not to hold an oral hearing in this matter.

While the Board accepts the Applicant's harmonization proposals for purposes of setting rates for 2002, the Board notes that these proposals differ from those presented by the Applicant and accepted by the Board in the RP-2000-0033 proceeding. The Board expects the Applicant to file the following information with the Board as soon as possible:

- 1) how the current harmonization plan differs from the harmonization plan approved in the RP-2000-0033 proceeding;
- 2) why the Applicant's harmonization plans have been changed; and
- 3) an updated harmonization plan and related schedules showing the rate impacts of these plans for each year of the harmonization plan.

In addition, the Board also notes that the Applicant has requested that certain charges related to standard installations be included on the rate schedule. At this time, the Board will consider these charges to be pass-through charges and while the Applicant may continue to charge these standard installation charges, it will not include these charges on the rate schedule.


Subject to the above, the Board finds that the Applicant's proposals in the Revised Application conform with the Board's earlier decisions, directives and guidelines and the resulting rates are just and reasonable.

THE BOARD ORDERS THAT:

- 1) The rates set out in Appendix "A" of this Order are approved effective March 1, 2002.
- 2) The Applicant shall notify its customers of the rate changes coincident with the first bill reflecting the new rates.

DATED at Toronto, April 5, 2002.

ONTARIO ENERGY BOARD



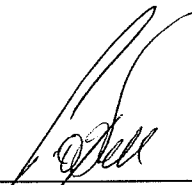
Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0081
EB-2002-0090

April 5, 2002

ONTARIO ENERGY BOARD

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

Peter H. O'Dell
Assistant Board Secretary

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
Effective March 1, 2002

RP-2002-0081
EB-2002-0090

Service Area -- Blenheim

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$4.08
Distribution Volumetric Rate	(per kWh)	\$0.0037
Cost of Power Rate	(per kWh)	\$0.0831

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0797

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0797

GENERAL SERVICE TIME OF USE

Monthly Service Charge	(per month)	\$2,346.99
Distribution Volumetric Rate	(per kW)	\$1.1100
Cost of Power - Winter Peak	(per kW)	\$8.5400
Cost of Power - Summer Peak	(per kW)	\$7.4600
Cost of Power - Winter Peak	(per kWh)	\$0.0689
Cost of Power - Winter Off Peak	(per kWh)	\$0.0412
Cost of Power - Summer Peak	(per kWh)	\$0.0582
Cost of Power - Summer Off Peak	(per kWh)	\$0.0306

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Schedule of Rates and Charges - Page 2
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Service Area -- Blenheim

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$1.90
Distribution Volumetric Rate	(per kW)	\$1.1100
Cost of Power Demand Rate	(per kW)	\$24.9700

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand service at less than 115 kV	(per kW)	\$0.60
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Effective March 1, 2002

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Service Area -- Blenheim

SPECIFIC SERVICE CHARGES

Late Payment Charge	(per month)			1.50%
	(per annum)			19.56%
Returned Cheque			\$	9.00
Account Set-Up			\$	8.80
Reconnect Charges	During Regular Hours		\$	17.60
	After Hours		\$	125.00
Arrears Certificate			\$	10.00
Dispute Meter Agents Fee			\$	10.00
Diversity Adjustment Credit	(per kW)	Winter	\$	-
(discontinued at Market Opening)		Summer	\$	-

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
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Service Area -- Bothwell

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.56
Distribution Volumetric Rate	(per kWh)	\$0.0119
Cost of Power Rate	(per kWh)	\$0.0783

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0751

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0751

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$3.26
Distribution Volumetric Rate	(per kW)	\$0.9400
Cost of Power Demand Rate	(per kW)	\$24.5700

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 2
Effective March 1, 2002

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Service Area -- Bothwell

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
Effective March 1, 2002

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Service Area -- Chatham

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.93
Distribution Volumetric Rate	(per kWh)	\$0.0112
Cost of Power Rate	(per kWh)	\$0.0766

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0734

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0734

GENERAL SERVICE TIME OF USE

Monthly Service Charge	(per month)	\$4,588.58
Distribution Volumetric Rate	(per kW)	\$1.4200
Cost of Power - Winter Peak	(per kW)	\$9.3900
Cost of Power - Summer Peak	(per kW)	\$5.4600
Cost of Power - Winter Peak	(per kWh)	\$0.0691
Cost of Power - Winter Off Peak	(per kWh)	\$0.0413
Cost of Power - Summer Peak	(per kWh)	\$0.0583
Cost of Power - Summer Off Peak	(per kWh)	\$0.0307

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 2
 Effective March 1, 2002

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Service Area -- Chatham

LARGE USER

Monthly Service Charge	(per month)	\$11,298.32
Distribution Volumetric Rate	(per kW)	\$1.8700
Cost of Power - Winter Peak	(per kW)	\$8.1500
Cost of Power - Summer Peak	(per kW)	\$4.6600
Cost of Power - Winter Peak	(per kWh)	\$0.0689
Cost of Power - Winter Off Peak	(per kWh)	\$0.0412
Cost of Power - Summer Peak	(per kWh)	\$0.0582
Cost of Power - Summer Off Peak	(per kWh)	\$0.0306

STAND-BY CHARGE

Service Charge	(per kW)	\$1.02
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BACK-UP POWER

Distribution Volumetric Rate-Winter	(per kW)	\$1.7300
Distribution Volumetric Rate-Summer	(per kW)	\$1.2900
Distribution Volumetric Rate-Winter Peak	(per kWh)	\$0.0088
Distribution Volumetric Rate-Winter Off Peak	(per kWh)	\$0.0048
Distribution Volumetric Rate-Summer Peak	(per kWh)	\$0.0072
Distribution Volumetric Rate-Summer Off Peak	(per kWh)	\$0.0033
Cost of Power - Winter Peak	(per kW)	\$12.0500
Cost of Power - Summer Peak	(per kW)	\$9.0500
Cost of Power - Winter Peak	(per kWh)	\$0.0683
Cost of Power - Winter Off Peak	(per kWh)	\$0.0409
Cost of Power - Summer Peak	(per kWh)	\$0.0577
Cost of Power - Summer Off Peak	(per kWh)	\$0.0304

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.90
Distribution Volumetric Rate	(per kW)	\$0.8500
Cost of Power Demand Rate	(per kW)	\$23.5600

Chatham-Kent Hydro Inc.
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Service Area -- Chatham

STREET LIGHTS (Non Time of Use)

Monthly Service Charge	(per customer)	\$5,227.07
Distribution Volumetric Rate	(per kW)	\$2.3100
Cost of Power Demand Rate	(per kW)	\$24.4600

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand service at less than 115 kV	(per kW)	\$0.60
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Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 4
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Service Area -- Chatham

SPECIFIC SERVICE CHARGES

Late Payment	(per month)		1.50%
	(per annum)		19.56%
Returned Cheque		\$	9.00
Account set-up costs		\$	8.80
Reconnect Charges - During Regular Hours		\$	17.60
After Hours		\$	125.00
Arrears Certificate		\$	10.00
Dispute Meter Agents Fee		\$	10.00
Diversity Adjustment (per kW)	Winter	\$	2.19
(discontinued at Market Opening)	Summer	\$	1.81

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
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EB-2002-0090

Service Area -- Dresden

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.98
Distribution Volumetric Rate	(per kWh)	\$0.0106
Cost of Power Rate	(per kWh)	\$0.0775

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0744

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0744

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.65
Distribution Volumetric Rate	(per kW)	\$0.9100
Cost of Power Demand Rate	(per kW)	\$24.7600

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 2
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Service Area -- Dresden

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment (per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
Effective March 1, 2002

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Service Area -- Eriean

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.20
Distribution Volumetric Rate	(per kWh)	\$0.0089
Cost of Power Rate	(per kWh)	\$0.0744

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0713

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0713

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.87
Distribution Volumetric Rate	(per kW)	\$0.1700
Cost of Power Demand Rate	(per kW)	\$0.0000

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 2
Effective March 1, 2002

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Service Area -- Erieau

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

Chatham-Kent Hydro Inc.
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Service Area -- Merlin

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.25
Distribution Volumetric Rate	(per kWh)	\$0.0114
Cost of Power Rate	(per kWh)	\$0.0744

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0713

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0713

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.44
Distribution Volumetric Rate	(per kW)	\$0.0300
Cost of Power Demand Rate	(per kW)	\$23.6900

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Service Area -- Merlin

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand service at less than 115 kV	(per kW)	\$0.60
--	----------	--------

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

Chatham-Kent Hydro Inc.
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Service Area -- Ridgelytown

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.10
Distribution Volumetric Rate	(per kWh)	\$0.0121
Cost of Power Rate	(per kWh)	\$0.0752

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0743

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0743

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.73
Distribution Volumetric Rate	(per kW)	\$0.8400
Cost of Power Demand Rate	(per kW)	\$23.0900

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges - Page 2
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Service Area -- Ridgeway

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

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Schedule of Rates and Charges
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Service Area -- Thamesville

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$7.55
Distribution Volumetric Rate	(per kWh)	\$0.0067
Cost of Power Rate	(per kWh)	\$0.0775

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0702

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0702

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.75
Distribution Volumetric Rate	(per kW)	\$1.0500
Cost of Power Demand Rate	(per kW)	\$23.4800

Chatham-Kent Hydro Inc.
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 Effective March 1, 2002

RP-2002-0081
 EB-2002-0090

Service Area -- Thamesville

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment (per kW) (discontinued at Market Opening)	Winter	\$ -
	Summer	\$ -

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
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Service Area -- Tilbury

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$11.32
Distribution Volumetric Rate	(per kWh)	\$0.0096
Cost of Power Rate	(per kWh)	\$0.0731

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0721

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0721

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.04
Distribution Volumetric Rate	(per kW)	\$0.9400
Cost of Power Demand Rate	(per kW)	\$22.1000

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RP-2002-0081
EB-2002-0090

Service Area -- Tilbury

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand service at less than 115 kV	(per kW)	\$0.60
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SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
After Hours		\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW)	Winter	\$ -
(discontinued at Market Opening)	Summer	\$ -

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
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EB-2002-0090

Service Area -- Wallaceburg

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.93
Distribution Volumetric Rate	(per kWh)	\$0.0128
Cost of Power Rate	(per kWh)	\$0.0739

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0709

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0709

LARGE USER

Monthly Service Charge	(per month)	\$13,421.94
Distribution Volumetric Rate	(per kW)	\$1.9900
Cost of Power - Winter Peak	(per kW)	\$7.4700
Cost of Power - Summer Peak	(per kW)	\$5.8800
Cost of Power - Winter Peak	(per kWh)	\$0.0689
Cost of Power - Winter Off Peak	(per kWh)	\$0.0412
Cost of Power - Summer Peak	(per kWh)	\$0.0582
Cost of Power - Summer Off Peak	(per kWh)	\$0.0306

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EB-2002-0090

Service Area -- Wallaceburg

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.66
Distribution Volumetric Rate	(per kW)	\$0.6900
Cost of Power Demand Rate	(per kW)	\$22.9200

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

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EB-2002-0090

Service Area -- Wallaceburg

SPECIFIC SERVICE CHARGES

Late Payment	(per month)		1.50%
	(per annum)		19.56%
Returned Cheque		\$	9.00
Account set-up costs		\$	8.80
Reconnect Charges - During Regular Hours		\$	17.60
After Hours		\$	125.00
Arrears Certificate		\$	10.00
Dispute Meter Agents Fee		\$	10.00
Diversity Adjustment ((per kW)	Winter	\$	2.19
(discontinued at Market Opening)	Summer	\$	1.81

Chatham-Kent Hydro Inc.
Schedule of Rates and Charges
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EB-2002-0090

Service Area -- Wheatley

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31

Summer: All Hours, April 1 through September 30

Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.

Off Peak: All Other Hours.

Cost of Power rates valid only until subsection 26(1) of the Electricity Act, 1998 comes into effect.

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.74
Distribution Volumetric Rate	(per kWh)	\$0.0084
Cost of Power Rate	(per kWh)	\$0.0781

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0069
Cost of Power Rate	(per kWh)	\$0.0749

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$0.9600
Cost of Power Demand Rate	(per kW)	\$0.0000
Cost of Power Energy Rate	(per kWh)	\$0.0749

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.09
Distribution Volumetric Rate	(per kW)	\$0.5100
Cost of Power Demand Rate	(per kW)	\$26.3700

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 EB-2002-0090

Service Area -- Wheatley

UNMETERED SCATTERED LOADS

Un-metered scattered loads are applied on a per-site basis to the rated loads multiplied by the monthly hours of use.

Cable Television	Monthly Service Charge	(per month)	\$3.53
	Distribution Volumetric Rate	(per kWh)	\$0.0047
	Cost of Power Demand Rate	(per kWh)	\$0.0974
Phone Booths	Monthly Service Charge	(per month)	\$0.75
	Distribution Volumetric Rate	(per kWh)	\$0.0045
	Cost of Power Demand Rate	(per kWh)	\$0.0920
Traffic Lights	Monthly Service Charge	(per month)	\$3.36
	Distribution Volumetric Rate	(per kWh)	\$0.0049
	Cost of Power Demand Rate	(per kWh)	\$0.1009
Railway Crossings	Monthly Service Charge	(per month)	\$2.33
	Distribution Volumetric Rate	(per kWh)	\$0.0056
	Cost of Power Demand Rate	(per kWh)	\$0.1139
Bus Shelters	Monthly Service Charge	(per month)	\$3.86
	Distribution Volumetric Rate	(per kWh)	\$0.0086
	Cost of Power Demand Rate	(per kWh)	\$0.1719

TRANSFORMER

Losses: adjustment shall be made in accordance with Section IV, clause 7 of the Standard Application of Rates until replaced by the Transformer Loss provisions in the Rate Handbook

Allowance for Ownership: per kW of billing demand		
service at less than 115 kV	(per kW)	\$0.60

SPECIFIC SERVICE CHARGES

Late Payment	(per month)	1.50%
	(per annum)	19.56%
Returned Cheque		\$ 9.00
Account set-up costs		\$ 8.80
Reconnect Charges - During Regular Hours		\$ 17.60
	After Hours	\$ 125.00
Arrears Certificate		\$ 10.00
Dispute Meter Agents Fee		\$ 10.00
Diversity Adjustment ((per kW) (discontinued at Market Opening)	Winter	\$ -
	Summer	\$ -

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Attachment 5
2004 Original SIMPIL Model

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				Version 2004.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: Chatham-Kent Hydro Inc.				
4	Reporting period: 2004				
5					
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			45,653,588	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.05%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			3,035,964	
42					
43	1999 return from RUD Sheet #7			786,476	786,476
44					
45	Total Incremental revenue			2,249,488	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			1,077,000	1,077,000
48	Amount allowed in 2002			1,077,000	1,077,000
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				2,940,476
54					
55	Equity			22,826,794	
56					
57	Return at target ROE			1,381,021	
58					
59	Debt			22,826,794	
60					
61	Deemed interest amount in 100% of MARR			1,654,943	
62					
63	Phase-in of interest - Year 1 (2001)			1,015,805	
64	((D43+D47)/D41)*D61				
65	Phase-in of interest - Year 2 (2002)			1,602,891	
66	((D43+D47+D48)/D41)*D61				
67	Phase-in of interest - Year 3 (2003) and forward			1,602,891	
68	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
69					
70					
71	SIMPIL MODEL 2004				

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
7	Utility Name: Chatham-Kent Hydro Inc.											
8	Reporting period: 2004											
9	Days in reporting period:	366	days								Column	
10	Total days in the calendar year:	366	days								Brought	
11											From	
12											TAXREC	
13	II) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E53	1	2,940,476						1,098,867		4,039,343	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	2,533,000						233,963		2,766,963	
21	Employee Benefit Plans - Accrued, Not Paid	3	318,500						354,178		672,678	
22	Tax reserves - beginning of year	4							154,633		154,633	
23	Reserves from financial statements - end of year	4							1,315,396		1,315,396	
24	Regulatory Adjustments - increase in income	5							0		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6							2,426,498		2,426,498	
27	Other Additions (not "Material") "TAXREC"	6							1,719		1,719	
28	"Material Items from "TAXREC 2" worksheet	6							400,000		400,000	
29	Other Additions (not "Material") "TAXREC 2"	6							4,417		4,417	
30												
31	Deductions: Input positive numbers											
32	Capital Cost Allowance and CEC	7	1,835,114						844,356		2,679,470	
33	Employee Benefit Plans - Paid Amounts	8	275,000						-275,000		0	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10	0						0		0	
36	Interest Expense Deemed/ Incurred	11	1,602,891						93,984		1,696,875	
37	Tax reserves - end of year	4							134,967		134,967	
38	Reserves from financial statements - beginning of year	4							1,468,848		1,468,848	
39	Contributions to deferred income plans	3							0		0	
40	Contributions to pension plans	3							0		0	
41	Interest capitalized for accounting but deducted for tax	11							0		0	
42	Other Deductions (See Tab entitled "TAXREC")											
43	"Material" Items from "TAXREC" worksheet	12							3,221,649		3,221,649	
44	Other Deductions (not "Material") "TAXREC"	12							0		0	
45	Material Items from "TAXREC 2" worksheet	12							0		0	
46	Other Deductions (not "Material") "TAXREC 2"	12							0		0	
47												
48	TAXABLE INCOME/ (LOSS)		2,078,971						11,478,475	Before loss C/F	2,579,838	
49												
50	BLENDED INCOME TAX RATE											
51	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%						-38.6200%		0.00%	
52												
53	REGULATORY INCOME TAX		802,899						-15,543	Actual	787,356	
54												
55												
56	Miscellaneous Tax Credits	14							0	Actual	0	
57												
58	Total Regulatory Income Tax		802,899						-15,543	Actual	787,356	
59												
60												
61	II) CAPITAL TAXES											
62												
63	Ontario											
64	Base	15	45,653,588						11,243,483		56,897,071	
65	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000						-341,188		4,658,812	
66	Taxable Capital		40,653,588						10,902,295		52,238,259	
67												
68	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69												
70	Ontario Capital Tax		121,961						34,754		156,715	
71												
72	Federal Large Corporations Tax											
73	Base	18	45,653,588						13,995,720		59,649,308	
74	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000						36,820,000		46,820,000	
75	Taxable Capital		35,653,588						50,815,720		12,829,308	
76												
77	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						-0.0250%		0.2000%	
78												
79	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		80,221						-54,562		25,659	
80	Less: Federal Surtax 1.12% x Taxable Income	21	23,284						1,130		24,414	
81												
82	Net LCT		56,936						-53,432		1,245	
83												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	(*Wires-only* business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
84	III) INCLUSION IN RATES											
85												
86	Income Tax Rate used for gross- up (exclude surtax)		37.50%									
87												
88	Income Tax (proxy tax is grossed-up)	22	1,284,638							Actual 2004	787,356	
89	LCT (proxy tax is grossed-up)	23	91,098							Actual 2004	1,245	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	121,961							Actual 2004	156,715	
91												
92												
93	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	1,497,696							Actual 2004	945,315	
94	RAM DECISION											
95												
96												
97	IV) FUTURE TRUE-UPS											
98	IV a) Calculation of the True-up Variance								DR/(CR)			
99	In Additions:											
100	Employee Benefit Plans - Accrued, Not Paid	3							354,178			
101	Tax reserves deducted in prior year	4							154,633			
102	Reserves from financial statements-end of year	4							1,315,396			
103	Regulatory Adjustments	5							0			
104	Other additions "Material" Items TAXREC	6							2,426,498			
105	Other additions "Material" Items TAXREC 2	6							400,000			
106	In Deductions - positive numbers											
107	Employee Benefit Plans - Paid Amounts	8							-275,000			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							0			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							41,932			
111	Tax reserves claimed in current year	4							134,967			
112	Reserves from F/S beginning of year	4							1,468,848			
113	Contributions to deferred income plans	3							0			
114	Contributions to pension plans	3							0			
115	Other deductions "Material" Items TAXREC	12							3,221,649			
116	Other deductions "Material" Item TAXREC 2	12							0			
117												
118	Total TRUE-UPS before tax effect	26						=	58,309			
119												
120	Income Tax Rate (excluding surtax) from 2004 Utility's tax return							x	35.00%			
121												
122	Income Tax Effect on True-up adjustments							=	20,408			
123												
124	Less: Miscellaneous Tax Credits	14							0			
125												
126	Total Income Tax on True-ups								20,408			
127												
128	Income Tax Rate used for gross-up (exclude surtax)								35.00%			
129												
130	TRUE-UP VARIANCE ADJUSTMENT								31,397			
131												
132	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
133												
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	2,078,971			
135												
136	REVISED CORPORATE INCOME TAX RATE							x	36.12%			
137												
138	REVISED REGULATORY INCOME TAX							=	750,924			
139												
140	Less: Revised Miscellaneous Tax Credits							-	0			
141												
142	Total Revised Regulatory Income Tax							=	750,924			
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							-	802,899			
145												
146	Regulatory Income Tax Variance							=	(51,974)			
147												
148	Ontario Capital Tax											
149	Base							=	45,653,588			
150	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	5,000,000			
151	Revised deemed taxable capital							=	40,653,588			
152												
153	Rate - Tab Tax Rates cell C54							x	0.3000%			
154												
155	Revised Ontario Capital Tax							=	121,961			
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)							-	121,961			
157	Regulatory Ontario Capital Tax Variance							=	0			
158												
159	Federal LCT											
160	Base							=	45,653,588			
161	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	50,000,000			
162	Revised Federal LCT							=	(4,346,412)			
163												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
164	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51								0.2000%			
165												
166	Gross Amount								0			
167	Less: Federal surtax							-	0			
168	Revised Net LCT							=	0			
169												
170	Less: Federal LCT reported in the initial estimate column (Cell C82)							-	56,936			
171	Regulatory Federal LCT Variance							=	(56,936)			
172												
173	Actual Income Tax Rate used for gross-up (exclude surtax)								35.00%			
174												
175	Income Tax (grossed-up)							+	(79,960)			
176	LCT (grossed-up)							+	(87,594)			
177	Ontario Capital Tax							+	0			
178												
179	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							=	(167,554)			
180												
181	TRUE-UP VARIANCE (from cell I130)							+	31,397			
182												
183	Total Deferral Account Entry (Positive Entry = Debit)							=	(136,157)			
184	<i>(Deferral Account Variance + True-up Variance)</i>											
185												
186												
187												
188	V) INTEREST PORTION OF TRUE-UP											
189	Variance Caused By Phase-in of Deemed Debt											
190												
191	Total deemed interest (REGINFO)								1,654,943			
192	Interest phased-in (Cell C36)								1,602,891			
193												
194	Variance due to phase-in of debt component of MARR in rates								52,052			
195	according to the Board's decision											
196												
197	Other Interest Variances (i.e. Borrowing Levels											
198	Above Deemed Debt per Rate Handbook)											
199	Interest deducted on MoF filing (Cell K36+K41)								1,696,875			
200	Total deemed interest (REGINFO CELL D61)								1,654,943			
201												
202	Variance caused by excess debt								41,932			
203												
204	Interest Adjustment for Tax Purposes (carry forward to Cell I110)								41,932			
205												
206	Total Interest Variance								10,119			
207												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
6	Section A: Identification:					
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2004					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		57,067	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	60,246,512		60,246,512	
32	Distribution Revenue	+	10,896,318		10,896,318	
33	Other Income	+	1,242,272		1,242,272	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line		0			
37			0			
38	Costs and Expenses:					
39	Cost of energy purchased	-	60,246,512		60,246,512	
40	Administration	-	1,332,124		1,332,124	
41	Customer billing and collecting	-	1,477,513		1,477,513	
42	Operations and maintenance	-	2,522,647		2,522,647	
43	Amortization	-	2,766,963		2,766,963	
44	Ontario Capital Tax	-	0		0	
45		-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	4,039,343	0	4,039,343	
51	Less: Interest expense for accounting purposes	-	1,696,875		1,696,875	
52	Provision for payments in lieu of income taxes	-	860,883		860,883	
53	Net Income (loss)	=	1,481,585	0	1,481,585	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	860,883	0	860,883	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	2,766,963	0	2,766,963	
62	Employee benefit plans-accrued, not paid	+	672,678	0	672,678	
63	Tax reserves - beginning of year	+	154,633	0	154,633	
64	Reserves from financial statements- end of year	+	1,315,396	0	1,315,396	
65	Regulatory adjustments	+			0	
66	Material addition items from TAXREC 2	+	400,000	0	400,000	
67	Other addition items (not Material) from TAXREC 2	+	4,417	0	4,417	
68						
69	Subtotal		6,174,970	0	6,174,970	
70						
71	Other Additions: (Please explain the nature of the additions)					
72	Recapture of CCA	+			0	
73	Non-deductible meals and entertainment expense	+			0	
74	Capital items expensed	+			0	
75	Depreciation	+	157,508		157,508	
76	Donations	+			0	
77	Interest earned on taxes	+	1,719		1,719	
78	RSVA and deferred regulatory asset	+	2,268,990		2,268,990	
79	Total Other Additions	=	2,428,217	0	2,428,217	
80						
81	Total Additions	=	8,603,187	0	8,603,187	
82						
83	Recap Material Additions:					
84			0	0	0	
85			0	0	0	
86			0	0	0	
87	Depreciation		157,508	0	157,508	
88			0	0	0	
89			0	0	0	
90	RSVA and deferred regulatory asset		2,268,990	0	2,268,990	
91	Total Other additions >materiality level		2,426,498	0	2,426,498	
92	Other deductions (less than materiality level)		1,719	0	1,719	
93	Total Other Additions		2,428,217	0	2,428,217	
94						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	2,596,146		2,596,146	
97	Cumulative eligible capital deduction	-	83,324		83,324	
98	Employee benefit plans-paid amounts	-			0	
99	Items capitalized for regulatory purposes	-			0	
100	Regulatory adjustments :	-			0	
101	CCA	-			0	
102	other deductions	-			0	
103	Tax reserves - end of year	-	134,967	0	134,967	
104	Reserves from financial statements- beginning of year	-	1,468,848	0	1,468,848	
105	Contributions to deferred income plans	-			0	
106	Contributions to pension plans	-			0	
107	Interest capitalized for accounting deducted for tax	-			0	
108	Material deduction items from TAXREC 2	-	0	0	0	
109	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
110						
111	Subtotal	=	4,283,285	0	4,283,285	
112	Other deductions (Please explain the nature of the deductions)					
113	Charitable donations - tax basis	-			0	
114	Gain on disposal of assets	-	103,666		103,666	
115	Current years capital taxes	-	156,322		156,322	
116	Deductible costs included in regulatory assets	-	2,961,661		2,961,661	
117		-			0	
118	Total Other Deductions	=	3,221,649	0	3,221,649	
119						
120	Total Deductions	=	7,504,934	0	7,504,934	
121						
122	Recap Material Deductions:					
123		-	0	0	0	
124	Gain on disposal of assets	-	103,666	0	103,666	
125	Current years capital taxes	-	156,322	0	156,322	
126		-	2,961,661	0	2,961,661	
127		-	0	0	0	
128	Total Other Deductions exceed materiality level	-	3,221,649	0	3,221,649	
129	Other Deductions less than materiality level	-	0	0	0	
130	Total Other Deductions	-	3,221,649	0	3,221,649	
131						
132	TAXABLE INCOME	=	2,579,838	0	2,579,838	
133	DEDUCT:					
134	Non-capital loss applied positive number	-			0	
135	Net capital loss applied positive number	-			0	
136		-			0	
137	NET TAXABLE INCOME	=	2,579,838	0	2,579,838	
138						
139	FROM ACTUAL TAX RETURNS					
140	Net Federal Income Tax (Must agree with tax return)	+	482,179		482,179	
141	Net Ontario Income Tax (Must agree with tax return)	+	305,177		305,177	
142	Subtotal	=	787,356	0	787,356	
143	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
144	Total Income Tax	=	787,356	0	787,356	
145						
146	FROM ACTUAL TAX RETURNS					
147	Net Federal Income Tax Rate (Must agree with tax return)				0.00%	
148	Net Ontario Income Tax Rate (Must agree with tax return)				0.00%	
149	Blended Income Tax Rate		0.00%		0.00%	
150						
151	Section D: Detailed calculation of Ontario Capital Tax					
152						
153	ONTARIO CAPITAL TAX					
154	(From Ontario CT23)					
155	PAID-UP CAPITAL					
156						
157	Paid-up capital stock	+	23,523,425		23,523,425	
158	Retained earnings (if deficit, deduct)	+/-	4,726,800		4,726,800	
159	Capital and other surplus excluding	+			0	
160	appraisal surplus	+			0	
161	Loans and advances	+	29,165,034		29,165,034	
162	Bank loans	+			0	
163	Bankers acceptances	+			0	
164	Bonds and debentures payable	+			0	
165	Mortgages payable	+			0	
166	Lien notes payable	+			0	
167	Deferred credits	+			0	
168	Contingent, investment, inventory and similar reserves	+	2,234,049		2,234,049	
169	Other reserves not allowed as deductions	+			0	
170	Share of partnership(s), joint venture(s) paid-up capital	+			0	
171	Sub-total	=	59,649,308	0	59,649,308	
172	Subtract:					
173	Amounts deducted for income tax purposes in excess of amounts booked	-	2,752,237		2,752,237	
174	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
175	Total (Net) Paid-up Capital	=	56,897,071	0	56,897,071	
176						
177	ELIGIBLE INVESTMENTS					
178						
179	Bonds, lien notes, interest coupons	+			0	
180	Mortgages due from other corporations	+			0	
181	Shares in other corporations	+			0	
182	Loans and advances to unrelated corporations	+			0	
183	Eligible loans and advances to related corporations	+			0	
184	Share of partnership(s) or joint venture(s) eligible investments	+			0	
185						
186	Total Eligible Investments	=	0	0	0	
187						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
188						
189	TOTAL ASSETS					
190						
191	Total assets per balance sheet	+	69,193,905		69,193,905	
192	Mortgages or other liabilities deducted from assets	+			0	
193	Share of partnership(s)/ joint venture(s) total assets	+			0	
194	Subtract: Investment in partnership(s)/joint venture(s)	-			0	
195						
196	Total assets as adjusted	=	69,193,905	0	69,193,905	
197						
198	Add: (if deducted from assets)					
199	Contingent, investment, inventory and similar reserves	+			0	
200	Other reserves not allowed as deductions	+			0	
201	Subtract:				0	
202	Amounts deducted for income tax purposes in excess of amounts booked	-	2,752,237		2,752,237	
203	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
204	Subtract: Appraisal surplus if booked	-			0	
205	Add or subtract: Other adjustments	+/-			0	
206						
207	Total Assets	=	66,441,668	0	66,441,668	
208						
209						
210	Investment Allowance		0	0	0	
211						
212	Taxable Capital					
213						
214	Net paid-up capital	+	56,897,071	0	56,897,071	
215	Subtract: Investment Allowance	-	0	0	0	
216						
217	Taxable Capital	=	56,897,071	0	56,897,071	
218						
219	Capital Tax Calculation					
220	Deduction from taxable capital up to maximum of \$5,000,000		4,658,812	0	4,658,812	
221	(Input in tab Tax Rates)					
222	Net Taxable Capital		52,238,259	0	52,238,259	
223						
224	Rate		0.3000%	0.3000%	0.3000%	
225						
226	Days in taxation year		366	366	366	
227	Divide days by 366		1.00	1.00	1.00	
228						
229	Ontario Capital Tax (Must agree with CT23 return)		156,715	0	156,715	
230						
231	Section E: Detailed calculation of Large Corporation Tax					
232						
233	LARGE CORPORATION TAX					
234	(From Federal Schedule 33)					
235	CAPITAL					
236	ADD:					
237	Reserves that have not been deducted in computing income for the year under Part I	+	2,234,049		2,234,049	
238	Capital stock	+	23,523,425		23,523,425	
239	Retained earnings	+	4,726,800		4,726,800	
240	Contributed surplus	+			0	
241	Any other surpluses	+			0	
242	Deferred unrealized foreign exchange gains	+			0	
243	All loans and advances to the corporation	+	29,165,034		29,165,034	
244	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
245	Any dividends declared but not paid	+			0	
246	All other indebtedness outstanding for more than 365 days	+			0	
247						
248	Subtotal	=	59,649,308	0	59,649,308	
249						
250	DEDUCT:					
251	Deferred tax debit balance	-			0	
252	Any deficit deducted in computing shareholders' equity	-			0	
253	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
254	Deferred unrealized foreign exchange losses	-			0	
255						
256	Subtotal	=	0	0	0	
257						
258	Capital for the year		59,649,308	0	59,649,308	
259						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
260	INVESTMENT ALLOWANCE					
261						
262	Shares in another corporation	+			0	
263	Loan or advance to another corporation	+	0		0	
264	Bond, debenture, note, mortgage, or	+			0	
265	similar obligation of another corporation	+			0	
266	Long term debt of financial institution	+			0	
267	Dividend receivable from another corporation	+			0	
268	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
269	Interest in a partnership	+			0	
270						
271	Investment Allowance	=	0	0	0	
272						
273						
274	TAXABLE CAPITAL					
275						
276	Capital for the year	=	59,649,308	0	59,649,308	
277						
278	Deduct: Investment allowance	-	0	0	0	
279						
280	Taxable Capital for taxation year	=	59,649,308	0	59,649,308	
281						
282	Deduct: Capital Deduction - maximum of \$50,000,000	-	46,820,000	0	46,820,000	
283	(Input in tab 'Tax Rates')					
284	Taxable Capital	=	12,829,308	0	12,829,308	
285						
286	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.20000%	0.20000%	0.20000%	
287						
288	Days in year		366	366	366	
289	Divide days by 366		1.0000	1.0000	1.0000	
290						
291	Gross Part I.3 Tax LCT (Must agree with tax return)	=	25,659	0	25,659	
292						
293	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
294						
295	Less: Federal Surtax = Actual Surtax from tax return	-	24,414		24,414	
296						
297	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	1,245	0	1,245	
298	(If surtax is greater than Gross LCT, then zero)					
299						
300	Section F: Income and Capital Taxes					
301						
302	RECAP FROM ABOVE:					
303	Total Income Taxes	+	787,356	0	787,356	
304	Ontario Capital Tax	+	156,715	0	156,715	
305	Federal Large Corporations Tax	+	1,245	0	1,245	
306						
307	Total income and capital taxes	=	945,315	0	945,315	
308						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2004.1	
6						
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		154,633		154,633	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		154,633	0	154,633	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		134,967		134,967	
27	Reserve for goods & services ss.20(1)(m)		0		0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		134,967	0	134,967	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other		1,468,848		1,468,848	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,468,848	0	1,468,848	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		57,067			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+	0		0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+	400,000		400,000	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment		4,417		4,417	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Debt financing expenses	+			0	
45		+			0	
46		+			0	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+			0	
54	Total Additions	=	404,417	0	404,417	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62	Charitable donations		400,000	0	400,000	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		400,000	0	400,000	
96	Other additions less than materiality level		4,417	0	4,417	
97	Total Additions		404,417	0	404,417	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-			0	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule 8	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-			0	
105	Bad debts	-			0	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-				
111	Imputed interest on Reg Assets	-			0	
112		-			0	
113		-			0	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121		-			0	
122	Total Deductions	=	0	0	0	
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137			0	0	0	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		0	0	0	
147	Other deductions less than materiality level		0	0	0	
148	Total Deductions		0	0	0	
149						

	A	B	C	D	E	F	G	H	I	J
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"									
2	Corporate Tax Rates				Version 2004.1					
3	Exemptions, Deductions, or Thresholds				RRR # 2.1.8					
4	Utility Name: Chatham-Kent Hydro Inc.									
5	Reporting period: 2004									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications									
9	Income Range		0		200,001					
10	RAM 2002		to		to	>700,000				
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		0.00%							
15	and Ontario blended		19.12%		34.12%	38.62%				
16	Blended rate		19.12%	0.00%	34.12%	38.62%				
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25	Table 2									
26	Expected Rates and Exemptions for 2004									
27	Income Range		0	250,001	400,001	>1,128,000				
28	Expected Rates 2004		to	to	to					
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2004								
32	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
33	Ontario		5.50%	5.50%	9.75%	14.00%				
34	Blended rate		18.62%	27.62%	31.87%	36.12%				
35										
36	Capital Tax Rate		0.300%							
37	LCT rate		0.200%							
38	Surtax		1.12%							
39	Ontario Capital Tax Exemption ***	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2004 Tax Returns									
45	Income Range		0	250,001	400,001	>1,128,000				
46			to	to	to					
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2004								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%	22.12%				
51	Ontario		5.50%	5.50%	9.75%	14.00%				
52	Blended rate		18.62%	27.62%	31.87%	36.12%				
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.200%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM								
58	Federal Large Corporations Tax Exemption *	MAX \$50MM								
59	* Include copies of the actual tax return allocation calculations in your submission:									
60	Ontario CT23 page 11; federal T2 Schedule 36									
61										
62										
63										
64	SIMPIL MODEL 2004									

	A	B	C	D
1		SECTION 93 PILs TAX GROSS-UP "SIMPIL"		
2		Filing Requirements related to the "SIMPIL" model		Version 2004.1
3		Utility Name: Chatham-Kent Hydro Inc.		RRR # 2.1.8
4		Reporting period: 2004		
5				
6				
7				
8				
9		Documents to be submitted to the Board when filing the Ministry of Finance Column information:		
10		(Stage 3 filing: normally in July of the year following the reporting period)		
11				
12		Please file 3 copies of each paper document and 1 CD or disk		
13				
14	1)	REGINFO	<input type="checkbox"/>	
15				
16	2)	TAXCALC	<input type="checkbox"/>	
17				
18	3)	TAXREC	<input type="checkbox"/>	
19				
20	4)	Tax Reserves	<input type="checkbox"/>	
21				
22	5)	TAXREC 2	<input type="checkbox"/>	
23				
24	6)	Tax Rates	<input type="checkbox"/>	
25				
26	7)	Checklist	<input type="checkbox"/>	
27				
28	8)	Background Questionnaire	<input type="checkbox"/>	
29				
30	9)	PILs Variance Analysis	<input type="checkbox"/>	
31				
32	10)	Financial statements used to prepare tax returns if different from the audited financial statements submitted to the Board in April 2005	<input type="checkbox"/>	
33				
34	11)	Electronic Excel format of the SIMPIL worksheets	<input type="checkbox"/>	
35				
36	12)	Notices of assessments, and any re-assessments, for:		
37		2001	<input type="checkbox"/>	
38		2002	<input type="checkbox"/>	
39		2003	<input type="checkbox"/>	
40		2004	<input type="checkbox"/>	
41				
42	13)	Schedules or pages from CT23 and T2 tax returns	<input type="checkbox"/>	
43				
44				
45				
46				
47				
48				
49				
50				

	A	B	C
1		SECTION 93 PILs TAX GROSS-UP "SIMPIL"	
2		Background Questionnaire	Version 2004.1
3		Utility Name: Chatham-Kent Hydro Inc.	RRR # 2.1.8
4		Reporting period: 2004	
5			
6	1	Does the company engage in non-regulated activities?	
7		Answer:	No
8			
9			
10		If the answer to question 1 is "NO", please skip questions 2 to 6.	
11			
12	2	Please identify the types of non-wire operations carried on by the LDC.	
13		Answer:	
14			
15			
16			
17	3	Does the LDC intend to transfer the non-wire operations to a separate legal entity and the expected date?	
18		Answer:	
19			
20			
21			
22	4	Please identify the percentage and amount of gross revenues arising from non-wire operations.	
23		Answer:	
24			
25			
26	5	Please identify the percentage and amount of operating expense incurred pertaining to non-wire operations.	
27		Answer:	
28			
29			
30	6	Please identify the percentage and amount of depreciation and capital cost allowance expenses pertaining to non-wire operations.	
31		Answer:	
32			
33			
34			
35	7	Did the company incur any OPEBs (post employment benefits other than pensions) for accounting and tax purposes? (Please identify the amount.)	
36		Answer:	
37			
38			
39	8	Did the company have any reserves for accounting and tax purposes? (Please identify the amount.)	
40		Answer:	
41			
42			
43			
44			

	A	B	C	D	E	F	G	H	I	J	K	N	O
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"												
2	Analysis of Account 1562:	Deferred Payment in lieu of Taxes											
3	Utility Name:	Chatham-Kent Hydro Inc.											Version 2004.1
4	Reporting period:	2004											RRR # 2.1.8
5			Sign Convention: + for increase; - for decrease										
6													
7													
8													
9	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		
10	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		Total
11													
12	Opening balance:	=			0		0		0		0		0
13	Initial Estimate PILs Rate Adjustment (1)	+/-					0		0				0
14	True-up Variance Adjustment (2)	+/-									31,397		31,397
15	Deferral Account Variance Adjustment (3)	+/-									-167,554		-167,554
16	Adjustments to reported prior years' variances (4)												0
17	Carrying charges	+/-											0
18	PILs collected from customers - Proxy (5)	-	0										0
19													
20	Ending balance: # 1562		0		0		0		0		-136,157		-136,157
21													
22	PILs collected from customers - Reg Assets (6)	-	0		0		0		0		0		0
23													
24	Note:												
25	The purposes of this worksheet is to show the movement in Account 1562.												
26	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities												
27													
28	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery.												
29	Answer:												
30													
31													
32													
33	(1) (i) From the Initial Estimate Column, under Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.												
34	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.												
35	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.												
36	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.												
37	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.												
38													
39													
40	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I130, of the TAXCALC spreadsheet												
41													
42	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I179, of the TAXCALC spreadsheet												
43													
44	(4) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.												
45													
46	(5) This should equal the actual kWhs for the period (including net unbilled at period end), multiplied by the PILs proxy rates												
47	from the Q4 2001 and 2002 PILs worksheets for 2002, 2003 and January 1 to March 31, 2004.												
48	In 2004, use the Board-approved 2002 PILs proxy rate for the period April 1 to December 31, 2004 added to the result from												
49	the sentence above for January 1 to March 31, 2004.												
50													
51	(6) Any interim PILs recovery from the Reg Asset decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes												
52	will have to include amounts from 1562 and from 1590.												
53													
54													
55													
56													
57													
58													
59													
60													

Attachment 6

Decision and Order EB-2004-0022
Rates Effective March 1, 2004

Ontario Energy
Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656

Commission de l'Énergie
de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4
Téléphone; (416) 481-1967
Télécopieur: (416) 440-7656



March 15, 2004

Dave Kenney
President
Chatham-Kent Hydro Inc.
320 Queen Street
P.O. Box 70
Chatham ON
N7M 5K2

Dear Mr. Kenney:

**Re: Distribution Rate Application
Board Decision and Order and Interim Rate Schedule**

Attached is the Board's Decision and Order and Interim Rate Schedule with respect to your company's distribution rate application regarding the partial recovery of Regulatory Assets.

Yours truly,

Peter H. O'Dell
Assistant Secretary

cc. Intervenors of record



RP-2004-0036
EB-2004-0022

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

AND IN THE MATTER OF an Application by Chatham-
Kent Hydro Inc. for an order or orders approving or fixing
just and reasonable rates.

BEFORE: Bob Betts
Presiding Member

Paul Vlahos
Member

DECISION AND ORDER

On January 15, 2004 the Ontario Energy Board ("the Board") issued filing guidelines to all electricity distribution utilities for distribution rate adjustments related to the recovery of Regulatory Assets, to be effective March 1, 2004 and implemented on April 1, 2004.

The Applicant filed an application for such adjustment. Notice of the proceeding was published on February 5, 2004 in major newspapers in the province.

While the Board had originally intended to approve the disposal of RSVA amounts on a final basis, on analysis of the applications by distributors and the reporting of RSVA amounts in these applications, the Board has now determined that all rate changes should be interim. In the Board's view, it would be premature to set these rates final based on the quality of the data contained in many of the applications and the fact that the audit sampling process by the Board has not been completed.

The Board received some interventions in these proceedings, mainly concerned with Phase Two of the process. The only intervenor to make specific submissions on Phase One of the proceeding was the School Energy Coalition, ("SEC") who objected to any interim increase in rates over and above the RSVA amounts on the basis that appropriate

evidence had not been filed on these amounts. The Board is not convinced by SEC's arguments and sees no reason that Phase One cannot proceed. Phase One only contemplates partial recovery on an interim basis at this time. In Phase Two, the Board will review all applications to ensure that only prudent and reasonably incurred costs are recovered over the four year period mandated by the Minister.

In light of the above, the Board finds that it is in the public interest to order as follows.

THE BOARD ORDERS THAT:

- 1) The rate schedule attached is approved on an interim basis, effective March 1, 2004, to be implemented on April 1, 2004. All other rates currently in effect that are not shown on the attached schedule remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2004 implementation date, the new rates shall be implemented with the first billing cycle for electricity taken or considered to have been taken from April 1, 2004.
- 2) The Applicant shall notify its customers of the rate changes by including the brochure provided by the Board through a different process, no later than with the first customer bill reflecting the new rates, and provide to the Board samples of any other notices sent by the Applicant to its customers with respect to the rate changes. The Board expects the Applicant to provide notice to all customers about the rate changes, no later than with the first bill reflecting the new rates.

DATED at Toronto, March 15, 2004

ONTARIO ENERGY BOARD

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

Peter H. O'Dell
Assistant Secretary

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Blenheim

RESIDENTIAL

Monthly Service Charge	(per month)	\$4.08
Distribution Volumetric Rate	(per kWh)	\$0.0035

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

GENERAL SERVICE TIME OF USE

Monthly Service Charge	(per month)	\$2,346.99
Distribution Volumetric Rate	(per kW)	\$1.0700

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.79
Distribution Volumetric Rate	(per kW)	\$0.4300

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Bothwell

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.56
Distribution Volumetric Rate	(per kWh)	\$0.0112

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$3.26
Distribution Volumetric Rate	(per kW)	\$0.9900

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Chatham

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.93
Distribution Volumetric Rate	(per kWh)	\$0.0106

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

GENERAL SERVICE TIME OF USE

Monthly Service Charge	(per month)	\$4,588.58
Distribution Volumetric Rate	(per kW)	\$1.5400

LARGE USER

Monthly Service Charge	(per month)	\$11,298.32
Distribution Volumetric Rate	(per kW)	\$1.8800

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.90
Distribution Volumetric Rate	(per kW)	\$0.6100

STREET LIGHTS (Non Time of Use)

Monthly Service Charge	(per customer)	\$5,227.07
Distribution Volumetric Rate	(per kW)	\$2.5600

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Dresden

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.98
Distribution Volumetric Rate	(per kWh)	\$0.0102

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.65
Distribution Volumetric Rate	(per kW)	\$0.6100

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Erieau

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.20
Distribution Volumetric Rate	(per kWh)	\$0.0098

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.00
Distribution Volumetric Rate	(per kW)	\$0.0000

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Merlin

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.25
Distribution Volumetric Rate	(per kWh)	\$0.0098

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.44
Distribution Volumetric Rate	(per kW)	\$0.1700

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Ridgetown

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.10
Distribution Volumetric Rate	(per kWh)	\$0.0103

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.73
Distribution Volumetric Rate	(per kW)	\$0.4300

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2002

RP-2004-0036
EB-2004-0022

Service Area -- Thamesville

RESIDENTIAL

Monthly Service Charge	(per month)	\$7.55
Distribution Volumetric Rate	(per kWh)	\$0.0087

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.75
Distribution Volumetric Rate	(per kW)	\$1.2300

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Tilbury

RESIDENTIAL

Monthly Service Charge	(per month)	\$11.32
Distribution Volumetric Rate	(per kWh)	\$0.0080

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.04
Distribution Volumetric Rate	(per kW)	\$0.6100

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Wallaceburg

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.93
Distribution Volumetric Rate	(per kWh)	\$0.0121

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kW)	\$1.0900

LARGE USER

Monthly Service Charge	(per month)	\$13,421.94
Distribution Volumetric Rate	(per kW)	\$2.1700

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.66
Distribution Volumetric Rate	(per kW)	\$0.4500

Interim Rates
Chatham-Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges
Effective Date: March 1, 2004
Implementation Date: April 1, 2004

RP-2004-0036
EB-2004-0022

Service Area -- Wheatley

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.74
Distribution Volumetric Rate	(per kWh)	\$0.0081

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$35.02
Distribution Volumetric Rate	(per kWh)	\$0.0064

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$152.96
Distribution Volumetric Rate	(per kWh)	\$1.0900

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.30
Distribution Volumetric Rate	(per kW)	\$0.4300

ONT ENERGY BOARD

JOB #387

	DATE	TIME	TO/FROM	MODE	MIN/SEC	PGS	STATUS
001	3/15	1:32P	702092#915193514059	EC--S	02' 32"	015	OK

Ontario Energy
Board

P.O. Box 2319
2300 Yonge Street
26th. Floor

Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656

Commission de l'Énergie
de l'Ontario

C.P. 2319
2300, rue Yonge
26e étage

Toronto ON M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7656



FACSIMILE/TÉLÉCOPIE

DATE:

NAME: Dave Kenney

COMPANY: Chatham-Kent Hydro Inc.

FAX NO. & CITY: 1-519-351-4059

FROM: Peter O'Dell

FILE NO. _____

FAX NO. (416) 440-7656

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Board
P.O. Box 2319
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Toronto ON M4P 1E4
Telephone: (416) 481-1967
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C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7656



March 30, 2004

Dave Kenney
President
Chatham-Kent Hydro Inc.
320 Queen Street
P.O. Box 70
Chatham ON
N7M 5K2

Dear Mr. Kenney:

**Re: Distribution Rate Application
Revised Board Decision and Order
RP-2004-0036/EB-2004-0022**

Attached is the Board's amendment to its Decision and Order with respect to your company's distribution rate application regarding the partial recovery of Regulatory Assets.

Yours truly,

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

Peter H. O'Dell
Assistant Secretary

cc. Intervenors of record



RP-2004-0036
EB-2004-0022

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

AND IN THE MATTER OF an Application by Chatham-
Kent Hydro Inc. for an order or orders approving or fixing
just and reasonable rates.

BEFORE: Bob Betts
Presiding Member

Paul Vlahos
Member

Amendment to DECISION AND ORDER

On March 15, 2004 the Ontario Energy Board ("the Board") issued its Decision and Order in this proceeding. The Board orders that the Decision and Order is hereby amended with the following additions:

The Applicant also applied for recovery of amounts outside of the filing guidelines. Specifically, the Applicant requested to continue its rate harmonization plans in its 11 different service areas, started in the 2002 rate adjustment process.

In his letter to the Board authorizing the Board to proceed with allowing the recovery of Regulatory Assets, the Minister of Energy requested that the Board report on any anomalies in the applications. At this time, the Board will approve only the portion of the application that conforms to the guidelines. The Applicant's other request will be reported as an anomaly to the Minister along with the Board's recommendation regarding this part of the applicant's proposal.

The rate schedule issued with the Decision and Order remains as issued.

DATED at Toronto, March 30, 2004

ONTARIO ENERGY BOARD

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

Peter H. O'Dell
Assistant Secretary

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Attachment 7
2005 Original SIMPIL Model

SECTION 93 PILs TAX GROSS-UP
Updated March 9, 2005

PROXY CALCULATION FOR 2005

PILS2005.V1.1

REGULATORY INFORMATION (REGINFO)

Utility Name:
File Number:

Chatham-Kent Hydro ED-2002-0563

RP-2005-0013

EB-2005-0017

Reporting period:

January 1, 2005 - December 31, 2005

Days in reporting period:

365

Total days in the calendar year:

354

BACKGROUND

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

Yes

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

100.00%

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

4. Accounting Year End

Dec-31

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

Rate base (wires-only)

\$45,654,000.00

Common Equity Ratio (CER)

50.00%

1-CER

50.00%

Target Return On Equity (%) (1)

9.88%

Debt rate

7.25%

Market Adjusted Revenue Requirement

\$3,910,265

1999 return from RUD Sheet #7

\$786,000

Total Incremental revenue

\$3,124,265

Amount allowed in 2001, Year 1

\$1,041,422

Amount allowed in 2002, Year 2

\$1,041,422

Amount allowed in 2003, Year 3 (2)

\$1,041,422

Based on Board's
Decision (RP-2000-0069)

Board-Approved
Amounts

\$1,077,000

\$1,077,000

\$95,515

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

\$200,000

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

66%

Total Regulatory Income

\$3,910,265

Regulatory Income

\$786,000

\$1,077,000

\$1,077,000

\$970,265

\$0

Equity

\$22,827,000

Return at target ROE

\$2,255,308

Debt

\$22,827,000

Deemed interest amount in EBIT

\$1,654,958

Notes:

(1) Chatham-Kent Hydro (CK H) applied for and received approval for a return on equity of 6.05%.

In order to participate in Conservation and Demand Management (CDM) programs CK H is applying for a rate change that is equivalent to an ROE of 9.88%.

CK H obtained approval from the Minister of Energy to apply to the OEB for the one time rate change for CDM expenditures.

(2) CK H had Board approval for \$95,515 for the third phase of the original application.

The rate change proposed for CDM is the remaining amount of \$970,265.

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 Updated March 9, 2005 TAX CALCULATIONS (TAXCALC)		ITEM	Proxy Calculation	Comments
Utility Name: Chatham-Kent Hydro ED-2002-0563 Reporting Period: January 1, 2005 - December 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 354			\$	
<u>I) CORPORATE INCOME TAXES</u>				
Regulatory Net Income		1	\$3,910,265	
BOOK TO TAX ADJUSTMENTS				
Additions:				
Depreciation & Amortization		2	\$2,533,000	
Employee Benefit Plans - Accrued, Not Paid		3	\$0	
Tax reserves deducted in prior year		4	\$0	
Reserves from financial statements-end of year		4	\$0	
Regulatory Adjustments		5	\$0	
Other Additions				
"Material" Items		6	\$0	
Other Additions		6	\$0	
"Material" Items		6	\$0	
Other Additions		6	\$0	
Deductions:				
Capital Cost Allowance and CEC		7	\$1,835,114	
Employee Benefit Plans - Paid Amounts		8	\$0	
Items Capitalized for Regulatory Purposes		9	\$0	
Regulatory Adjustments		10	\$0	
Interest Expense Deemed		11	\$1,654,958	
Tax reserves claimed in current year		4	\$0	
Reserves from F/S beginning of year		4	\$0	
Contributions to deferred income plans		3	\$0	
Contributions to pension plans		3	\$0	
Interest capitalized for accounting but deducted for tax		11	\$0	
Other Deductions				
"Material" Items		12	\$0	
C&DM 2005 Incremental OM&A expenses per C&DM Plan		12	\$130,000	
Material Items		12	\$0	
Other Deductions		12	\$0	
<u>REGULATORY TAXABLE INCOME</u>			\$2,823,194	
<u>CORPORATE INCOME TAX RATE</u>				
Deemed %		13	36.12%	
<u>REGULATORY INCOME TAX</u>			\$1,019,737	
Taxable Income x Rate				
Miscellaneous Tax Credits		14	\$0	
Total Regulatory Income Tax			\$1,019,737	

SECTION 93 PILs TAX GROSS-UP PROXY CALCULATION FOR 2005 Updated March 9, 2005 TAX CALCULATIONS (TAXCALC)	ITEM	Proxy Calculation	Comments
Utility Name: Chatham-Kent Hydro ED-2002-0563 Reporting Period: January 1, 2005 - December 31, 2005 Days in Reporting Period: 365 Total days in the calendar year: 354		\$	
Percentage used to determine the exemptions for capital tax and large corporations tax		100%	
<u>II) CAPITAL TAXES</u> <i>Ontario</i> Rate Base Less: Exemption Deemed Taxable Capital Rate (.3%)	15 16 17	\$45,654,000 \$7,500,000 \$38,154,000 0.3000%	
Net Amount (Taxable Capital x Rate)		\$118,019	
<i>Federal (LCT)</i> Base Less: Exemption Deemed Taxable Capital Rate (.175%) Gross Amount (Taxable Capital x Rate) Less: Federal Surtax	18 19 20 21	\$45,654,000 \$50,000,000 \$0 0.1750% \$0 \$0	
Net LCT		\$0	
<u>III) INCLUSION IN RATES</u> Income Tax Rate used for gross- up Income Tax (grossed-up) LCT (grossed-up) Ontario Capital Tax	22 23 24	36.12% \$1,596,333 \$0 \$118,019	
Total S. 93 PILs Rate Adjustment (Enter this amount in the 2005 RAM, Sheet #4, cell G14)	25	\$1,714,352	

SECTION 93 PILs TAX GROSS-UP "SIMPIL"

Corporate Tax Rates for 2005

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

Conservation and Demand Management Tax Forecast

Utility Name: Chatham-Kent Hydro ED-2002-0563

File Number: RP-2005-0013

EB-2005-0017

	Jan - Dec 2005		Jan - Dec 2006		Jan - Sept 30 th 2007		Total		2004		Total Applied in CDM	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Capital	\$255,000	66%	\$100,000	56%	\$100,000	63%	\$455,000	63%	\$250,000	91%	\$705,000	71%
Tax Deductible Expense	\$130,000	34%	\$80,000	44%	\$60,000	38%	\$270,000	37%	\$25,000	9%	\$295,000	30%
Total	\$385,000	100%	\$180,000	100%	\$160,000	100%	\$725,000	100%	\$275,000	100%	\$1,000,000	100%

Notes:

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

Attachment 8

Decision and Order EB-2005-0017
Rates Effective April 1, 2005

Ontario Energy
Board
P.O. Box 2319
26th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie
de l'Ontario
C.P. 2319
26e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



March 29, 2005

BY PRIORITY POST

David Kenney
President
Chatham-Kent Hydro Inc.
320 Queen Street
P.O. Box 70
Chatham ON
N7M 5K2

Dear Mr. Kenney:

**Re: 2005 Electricity Distribution Rates
Board Decision and Order
Board File No. RP-2005-0013/EB-2005-0017**

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

Yours truly,

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

Peter H. O'Dell
Assistant Board Secretary



RP-2005-0013
EB-2005-0017

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

AND IN THE MATTER OF an Application by
Chatham-Kent Hydro for an order or orders
approving or fixing just and reasonable rates.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

Paul Vlahos
Member

Pamela Nowina
Member

DECISION AND ORDER

Background and Application

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

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

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

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

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

The Applicant filed an application on January 17, 2005. On March 8, 2005, the Applicant filed a revised application for adjustments to their rates for the following amounts:

MARR: \$ 970,265

2005 PILs Proxy: \$ 1,714,352

Regulatory Assets Second Tranche: \$ 587,958

Submissions

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

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

SEC made specific submissions for this application stating that the Board should approve the additional increase in the Applicant's MARR in order to fund the C & DM plan. SEC based its position on the fact that the rate increase proposed in this application still leaves the Applicant in the lower cost category of distributors.

The full record of the proceeding is available for review at the Board's offices.

Board Findings

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

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

The Board will issue a separate decision on cost awards.

THE BOARD ORDERS THAT:

- 1) The rate schedules attached as Appendix "A" is approved effective March 1, 2005, to be implemented on April 1, 2005. All other rates currently in effect that are not shown on the attached schedules remain in force. If the Applicant's billing system is not capable of prorating to accommodate the April 1, 2005 implementation date, the new rates shall be implemented with the first billing cycle for electricity consumed or estimated to have been consumed after April 1, 2005.

- 2) The Applicant shall notify its customers of the rate changes, no later than with the first bill reflecting the new rates and include the brochure provided by the Board.

DATED at Toronto, March 29, 2005

ONTARIO ENERGY BOARD

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

Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2005-0013
EB-2005-0017

March 29, 2005

ONTARIO ENERGY BOARD

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

Service Area - Blenheim

RESIDENTIAL

Monthly Service Charge	(per month)	\$3.68
Distribution Volumetric Rate	(per kWh)	\$0.0047

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$2,302.37
Distribution Volumetric Rate	(per kW)	\$1.4066

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$1.71
Distribution Volumetric Rate	(per kW)	\$1.5968

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

Service Area - Bothwell

RESIDENTIAL

Monthly Service Charge	(per month)	\$13.87
Distribution Volumetric Rate	(per kWh)	\$0.0158

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$3.14
Distribution Volumetric Rate	(per kW)	\$3.4860

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

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

Service Area - Chatham

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.33
Distribution Volumetric Rate	(per kWh)	\$0.0149

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

GENERAL SERVICE (Time of Use)

Monthly Service Charge	(per month)	\$3,857.51
Distribution Volumetric Rate	(per kW)	\$2.0767

LARGE USE

Monthly Service Charge	(per month)	\$10,069.07
Distribution Volumetric Rate	(per kW)	\$2.6159

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.85
Distribution Volumetric Rate	(per kW)	\$3.1413

STREET LIGHTS (Non Time of Use)

Monthly Service Charge	(per customer)	\$5,164.94
Distribution Volumetric Rate	(per kW)	\$3.2973

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

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

Service Area - Dresden

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.33
Distribution Volumetric Rate	(per kWh)	\$0.0141

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.52
Distribution Volumetric Rate	(per kW)	\$3.1589

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

Service Area - Erieau

RESIDENTIAL

Monthly Service Charge	(per month)	\$9.74
Distribution Volumetric Rate	(per kWh)	\$0.0122

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.87
Distribution Volumetric Rate	(per kW)	\$0.1700

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

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

Service Area - Merlin

RESIDENTIAL

Monthly Service Charge	(per month)	\$13.58
Distribution Volumetric Rate	(per kWh)	\$0.0143

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.52
Distribution Volumetric Rate	(per kW)	\$0.5153

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

Service Area - Ridgetown

RESIDENTIAL

Monthly Service Charge	(per month)	\$13.49
Distribution Volumetric Rate	(per kWh)	\$0.0166

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.55
Distribution Volumetric Rate	(per kW)	\$2.4812

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

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

Service Area - Thamesville

RESIDENTIAL

Monthly Service Charge	(per month)	\$7.06
Distribution Volumetric Rate	(per kWh)	\$0.0086

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$3.12
Distribution Volumetric Rate	(per kW)	\$4.0124

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

RP-2005-0013

EB-2005-0017

Effective Date: March 1, 2005

Implementation Date: April 1, 2005

Service Area - Tilbury

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.72
Distribution Volumetric Rate	(per kWh)	\$0.0125

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$3.69
Distribution Volumetric Rate	(per kW)	\$2.7418

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

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

RP-2005-0013
EB-2005-0017

Service Area - Wheatley

RESIDENTIAL

Monthly Service Charge	(per month)	\$10.10
Distribution Volumetric Rate	(per kWh)	\$0.0112

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$2.02
Distribution Volumetric Rate	(per kW)	\$1.0667

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

Chatham - Kent Hydro Inc.
Schedule of Changed Distribution Rates and Charges

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

RP-2005-0013
EB-2005-0017

Service Area - Wallaceburg

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.22
Distribution Volumetric Rate	(per kWh)	\$0.0169

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$32.23
Distribution Volumetric Rate	(per kWh)	\$0.0099

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$133.86
Distribution Volumetric Rate	(per kW)	\$1.3815

LARGE USE

Monthly Service Charge	(per month)	\$12,771.82
Distribution Volumetric Rate	(per kW)	\$2.6573

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$4.60
Distribution Volumetric Rate	(per kW)	\$3.4065

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

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Attachment 9
Revised 2001 SIMPIL Model

Disposition of Balance Recorded in Account 1562 Deferred PILs

Distributor	Chatham-Kent Hydro Inc.
OEB File Number	EB-2012-0097
Filing Year	2001

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Chatham-Kent Hydro Inc.			Colour Code	
4	Reporting period: 2001			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	92	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?	Y/N		Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?	Y/N		N	
16					
17	Is the utility a non-profit corporation?	Y/N		N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?	OCT	Y/N	Y	
20		LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT		68%	
22		LCT		64%	
23					
24	Accounting Year End	Date		31-Dec-01	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			45,653,588	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.05%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			3,035,964	
42					
43	1999 return from RUD Sheet #7			786,476	786,476
44					
45	Total Incremental revenue			2,249,488	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			1,077,000	1,077,000
48	Amount allowed in 2002				0
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,863,476
55					
56	Equity			22,826,794	
57					
58	Return at target ROE			1,381,021	
59					
60	Debt			22,826,794	
61					
62	Deemed interest amount in 100% of MARR			1,654,943	
63					
64	Phase-in of interest - Year 1 (2001)			1,015,805	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			1,015,805	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			1,015,805	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			1,654,943	
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS						Version 2009.1	
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5								
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2001							
8								
9	Days in reporting period:	92	days				Column Brought From TAXREC	
10	Total days in the calendar year:	365	days					
11								
12			\$		\$			
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	465,869		-1,486,068		-1,020,199	
17	BOOK TO TAX ADJUSTMENTS							
18	Additions:							
19	Depreciation & Amortization	2	633,252		23,602		656,854	
20	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
21	Tax reserves - beginning of year	4	78,750		-78,750		0	
22	Reserves from financial statements - end of year	4			654,860		654,860	
23	Regulatory Adjustments - increase in income	5			0		0	
24	Other Additions (See Tab entitled "TAXREC")	6			0		0	
25	"Material" Items from "TAXREC" worksheet	6			0		0	
26	Other Additions (not "Material") "TAXREC"	6			0		0	
27	"Material" Items from "TAXREC 2" worksheet	6			0		0	
28	Other Additions (not "Material") "TAXREC 2"	6			0		0	
29	Items on which true-up does not apply "TAXREC 3"				2,381		2,381	
30								
31	Deductions: Input positive numbers							
32	Capital Cost Allowance and CEC	7	229,702		529,393		759,095	
33	Employee Benefit Plans - Paid Amounts	8	54,000		-54,000		0	
34	Items Capitalized for Regulatory Purposes	9			0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
36	Interest Expense Deemed/ Incurred	11	253,951		168,392		422,343	
37	Tax reserves - end of year	4			169,924		169,924	
38	Reserves from financial statements - beginning of year	4			470,820		470,820	
39	Contributions to deferred income plans	3			0		0	
40	Contributions to pension plans	3			0		0	
41	Interest capitalized for accounting but deducted for tax	11			0		0	
42	Other Deductions (See Tab entitled "TAXREC")							
43	"Material" Items from "TAXREC" worksheet	12			13,904		13,904	
44	Other Deductions (not "Material") "TAXREC"	12			0		0	
45	Material Items from "TAXREC 2" worksheet	12			0		0	
46	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
47	Items on which true-up does not apply "TAXREC 3"				0		0	
48								
49	TAXABLE INCOME/ (LOSS)		640,218		(2,182,408)	Before loss C/F	(1,542,190)	
50								
51	BLENDED INCOME TAX RATE							
52	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	40.62%		0.0000%		40.62%	
53								
54	REGULATORY INCOME TAX		260,056		-260,056	Actual	0	
55								
56	Miscellaneous Tax Credits	14			0	Actual	0	
57								
58	Total Regulatory Income Tax		260,056		-260,056	Actual	0	
59								
60	II) CAPITAL TAXES							
61	Ontario							
62	Base	15	45,653,588		4,109,055		49,762,643	
63	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-1,624,818		3,375,182	
64	Taxable Capital		40,653,588		2,484,237		46,387,461	
65								
66	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
67								
68	Ontario Capital Tax		30,490		29,536	Overpaid	60,026	
69								
70	Federal Large Corporations Tax							
71	Base	18	45,653,588		4,211,296		49,864,884	
72	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		-3,620,962		6,379,038	
73	Taxable Capital		35,653,588		590,334		43,485,846	
74								
75	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
76								
77	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)	21	20,055		20,959		41,014	
78	Less: Federal Surtax 1.12% x Taxable Income		7,170		-7,170		0	
79	Net LCT		12,885		28,129		41,014	
80								
81	III) INCLUSION IN RATES							
82	Income Tax Rate used for gross- up (exclude surtax)		39.50%					
83								
84	Income Tax (proxy tax is grossed-up)	22	429,845			Actual 2001	0	
85	LCT (proxy tax is grossed-up)	23	21,297			Actual 2001	24,662	
86	Ontario Capital Tax (no gross-up since it is deductible)	24	30,490			Actual 2001	35,077	
87								
88	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION	25	481,633			Actual 2002	59,739	
89								
90	IV) FUTURE TRUE-UPS							
91	IV a) Calculation of the True-up Variance				DR/(CR)			
92	In Additions:							
93	Employee Benefit Plans - Accrued, Not Paid	3			0			
94	Tax reserves deducted in prior year	4			-78,750			
95	Reserves from financial statements-end of year	4			654,860			
96	Regulatory Adjustments	5			0			
97	Other additions "Material" Items TAXREC	6			0			
98	Other additions "Material" Items TAXREC 2	6			0			
99	In Deductions - positive numbers							
100	Employee Benefit Plans - Paid Amounts	8			-54,000			
101	Items Capitalized for Regulatory Purposes	9			0			
102	Regulatory Adjustments	10			0			
103	Interest Adjustment for tax purposes (See Below - cell I204)	11			0			
104	Tax reserves claimed in current year	4			169,924			
105	Reserves from F/S beginning of year	4			470,820			
106	Contributions to deferred income plans	3			0			
107	Contributions to pension plans	3			0			
108	Other deductions "Material" Items TAXREC	12			13,904			
109	Other deductions "Material" Item TAXREC 2	12			0			
110								
111	Total TRUE-UPS before tax effect	26			-24,538			
112								

	A	B	C	D	E	F	G	H
		ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
1	PILs TAXES						Version 2009.1	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS							
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5								
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2001							
8								
9	Days in reporting period:	92	days				Column Brought From TAXREC	
10	Total days in the calendar year:	365	days					
11								
12			\$		\$			
13								
122	Income Tax Rate (including surtax) from 2001 Utility's tax return			x	40.62%			
123				=	-9.967			
124	Income Tax Effect on True-up adjustments							
125					0			
126	Less: Miscellaneous Tax Credits							
127					-9.967			
128	Total Income Tax on True-ups							
129					39.50%			
130	Income Tax Rate used for gross-up (exclude surtax)							
131					(16.475)			
132	TRUE-UP VARIANCE ADJUSTMENT							
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	640,218			
137								
138	REVISED CORPORATE INCOME TAX RATE (including Surtax)			x	40.62%			
139				=	260,056			
140	REVISED REGULATORY INCOME TAX							
141					0			
142	Less: Revised Miscellaneous Tax Credits							
143					260,056			
144	Total Revised Regulatory Income Tax							
145					260,056			
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							
147					0			
148	Regulatory Income Tax Variance							
149								
150	Ontario Capital Tax							
151	Base				45,653,588			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39				5,000,000			
153	Revised deemed taxable capital				40,653,588			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156					30,741			
157	Revised Ontario Capital Tax				30,490			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				251			
159	Regulatory Ontario Capital Tax Variance							
160								
161	Federal LCT							
162	Base				45,653,588			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40				10,000,000			
164	Revised Federal LCT				35,653,588			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
167					20,220			
168	Gross Amount				7,170			
169	Less: Federal surtax				13,050			
170	Revised Net LCT							
171					12,885			
172	Less: Federal LCT reported in the initial estimate column (Cell C82)				165			
173	Regulatory Federal LCT Variance							
174					39.50%			
175	Actual Income Tax Rate used for gross-up (exclude surtax)							
176					0			
177	Income Tax (grossed-up)			+	272			
178	LCT (grossed-up)			+	251			
179	Ontario Capital Tax							
180					523			
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							
182								
183	TRUE-UP VARIANCE (from cell I130)			+	(16,475)			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)				(15,952)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				1,654,943			
194	Interest phased-in (Cell C36)				1,015,805			
195					639,138			
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision							
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)				422,343			
201	Interest deducted on MoF filing (Cell K36+K41)				5,149	(Interest on customer deposits and capital tax)		
202	Less: Interest components excluded for true-up calculation purposes				417,194			
203	Adjusted Interest				1,654,943			
204	Total deemed interest (REGINFO CELL D61)							
205					0			
206	Variance caused by excess debt							
207					0			
208	Interest Adjustment for Tax Purposes (carry forward to Cell I110)							
209								
210	Total Interest Variance				639,138			

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2001					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year: 92 days					
12						
13	Please enter the Materiality Level : 0 < - enter materiality level					
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	16,213,708		16,213,708	
32	Distribution Revenue	+	709,556		709,556	
33	Other Income	+	193,301		193,301	
34	Miscellaneous income	+	0		0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	16,213,708		16,213,708	
40	Administration	-	430,314		430,314	
41	Customer billing and collecting	-	281,306		281,306	
42	Operations and maintenance	-	554,582		554,582	
43	Amortization	-	656,854		656,854	
44	Ontario Capital Tax	-			0	
45	Reg Assets	-			0	
46	Municipal property taxes	-			0	
47	Federal LCT	-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	-1,020,199	0	-1,020,199	
51	Less: Interest expense for accounting purposes	-	422,343		422,343	
52	Provision for payments in lieu of income taxes	-			0	
53	Net Income (loss)	=	-1,442,542	0	-1,442,542	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	0	0	0	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	656,854	0	656,854	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	654,860	0	654,860	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		2,381	0	2,381	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		1,314,095	0	1,314,095	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
81						
82	Total Additions	=	1,314,095	0	1,314,095	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	734,376		734,376	
98	Cumulative eligible capital deduction	-	24,719		24,719	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :				0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	169,924	0	169,924	
105	Reserves from financial statements- beginning of year	-	470,820	0	470,820	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		0	0	0	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	1,399,839	0	1,399,839	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-	13,904		13,904	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	13,904	0	13,904	
121						
122	Total Deductions	=	1,413,743	0	1,413,743	
123						
124	Recap Material Deductions:					
125			0	0	0	
126	Gain on disposal of assets		13,904	0	13,904	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		13,904	0	13,904	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		13,904	0	13,904	
133						
134	TAXABLE INCOME	=	-1,542,190	0	-1,542,190	
135	DEDUCT:					
136	Non-capital loss applied	-			0	
137	Net capital loss applied	-			0	
138					0	
139	NET TAXABLE INCOME	=	(1,542,190)	0	(1,542,190)	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	0		0	
144	Subtotal	=	0	0	0	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	0	0	0	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%	*****	0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	0	0	0	

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
157	Ontario Capital Tax	+	35,077		35,077	
158	Federal Large Corporations Tax	+	24,662		24,662	
159						
160	Total income and capital taxes	=	59,739	0	59,739	
161						
162						

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5		0			Version 2009.1	
6						
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2001					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13						0
14	Reserve for doubtful accounts ss. 20(1)(l)		0			0
15	Reserve for goods & services ss.20(1)(m)					0
16	Reserve for unpaid amounts ss.20(1)(n)					0
17	Debt and share issue expenses ss.20(1)(e)					0
18	OPEB					0
19	Other - Please describe					0
20						0
21						0
22	Total (carry forward to the TAXREC worksheet)		0	0		0
23						
24	End of Year:					
25						0
26	Reserve for doubtful accounts ss. 20(1)(l)		169,924			169,924
27	Reserve for goods & services ss.20(1)(m)					0
28	Reserve for unpaid amounts ss.20(1)(n)					0
29	Debt and share issue expenses ss.20(1)(e)					0
30	OPEB		0			0
31	Other - Please describe					0
32						0
33						0
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		169,924	0		169,924
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41						0
42						0
43	Environmental					0
44	Allowance for doubtful accounts		0			0
45	Inventory obsolescence					0
46	Property taxes					0
47	OPEB		470,820			470,820
48	Other - Please describe					0
49						0
50	Total (carry forward to the TAXREC worksheet)		470,820	0		470,820
51						
52	End of Year:					
53						0
54						0
55	Environmental					0
56	Allowance for doubtful accounts		169,924			169,924
57	Inventory obsolescence					0
58	Property taxes					0
59	OPEB		484,936			484,936
60	Regulatory Reserves					0
61						0
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		654,860	0		654,860
64						
65						

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2001					
10	Number of days in taxation year:		92			
11	Materiality Level:		0			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2001					
10	Number of days in taxation year:		92			
11	Materiality Level:		0			
12						
13						
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96		-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1	PILs TAXES					
2	TAX RETURN RECONCILIATION (TAXREC 3)					
3	Shareholder-only Items should be shown on TAXREC 3					
4	ITEMS ON WHICH TRUE-UP DOES NOT APPLY					
5	(for "wires-only" business - see s. 72 OEB Act)					
6		LINE	M of F	Non-wires	Wires-only	
7			Corporate	Eliminations	Tax	
8	Utility Name: Chatham-Kent Hydro Inc.	0	Tax		Return	
9			Return			Version 2009.1
10						
11	Reporting period: 2001					
12	Number of days in taxation year:			92		
13						
14	Section C: Reconciliation of accounting income to taxable income					
15	Add:					
16						
17	Recapture of capital cost allowance	+				0
18	CCA adjustments	+				0
19	CEC adjustments	+				0
20	Gain on sale of non-utility eligible capital property	+				0
21	Gain on sale of utility eligible capital property	+				0
22	Loss from joint ventures or partnerships	+				0
23	Deemed dividend income	+				0
24	Loss in equity of subsidiaries and affiliates	+				0
25	Loss on disposal of utility assets	+				0
26	Loss on disposal of non-utility assets	+				0
27	Depreciation in inventory -end of year	+				0
28	Depreciation and amortization adjustments	+				0
29	Dividends credited to investment account	+				0
30	Non-deductible meals	+	2,381			2,381
31	Non-deductible club dues	+				0
32	Non-deductible automobile costs	+				0
33	Donations - amount per books					0
34	Interest and penalties on unpaid taxes					0
35	Management bonuses unpaid after 180 days of year end					0
36	Imputed interest expense on Regulatory Assets					0
37		+				0
38	Ontario capital tax adjustments	+				0
39	Changes in Regulatory Asset balances	+				0
40		+				0
41	<i>Other Additions: (please explain in detail the nature of the item)</i>	+				0
42		+				0
43		+				0
44		+				0
45		+				0
46		+				0
47	Total Additions on which true-up does not apply	=	2,381	0		2,381
48						
49	Deduct:					
50						
51	CCA adjustments	-				0
52	CEC adjustments	-				0
53	Depreciation and amortization adjustments	-				0
54	Gain on disposal of assets per financial statements	-				0
55	Financing fee amortization - considered to be interest expense for PILs	-				0
56	Imputed interest income on Regulatory Assets	-				0
57	Donations - amount deductible for tax purposes	-				0
58	Income from joint ventures or partnerships	-				0
59		-				0
60		-				0
61		-				0
62		-				0
63		-				0
64	Ontario capital tax adjustments to current or prior year	-				0
65		-				0
66	Changes in Regulatory Asset balances	-				0
67		-				0
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-				0
69		-				0
70		-				0
71		-				0
72		-				0
73	Total Deductions on which true-up does not apply	=	0	0		0
74						
75						

	A	B	C	D	E	F	G
1	PILs TAXES						
2	Corporate Tax Rates						
3	Exemptions, Deductions, or Thresholds						
4	Utility Name: Chatham-Kent Hydro Inc.						
5	Reporting period: 2001						
6							
7							
8	Rates Used in 2001 RAM PILs Applications for 2002					Table 1	
9	Income Range		0 to 200,000		200,001 to 700,000	>700,000	
10	RAM 2002	Year					
11							
12	Income Tax Rate						
13	Proxy Tax Year	2002					
14	Federal (Includes surtax)		13.12%		26.12%	26.12%	
15	and Ontario blended		6.00%		6.00%	12.50%	
16	Blended rate		19.12%		34.12%	38.62%	
17							
18	Capital Tax Rate		0.300%				
19	LCT rate		0.225%				
20	Surtax		1.12%				
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000				
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000				
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing						
24							
25							
26	Expected Income Tax Rates for 2001 and Capital Tax Exemptions for 2002					Table 2	
27	Income Range		0 to 200,000		200,001 to 700,000	>700,000	
28	Expected Rates	Year					
29							
30	Income Tax Rate						
31	Current year	2001					
32	Federal (Includes surtax)	2001	13.12%		26.12%	26.12%	
33	Ontario	2001	6.00%		6.00%	12.50%	
34	Blended rate	2001	19.12%		32.12%	38.62%	
35							
36	Capital Tax Rate	2001	0.300%				
37	LCT rate	2001	0.225%				
38	Surtax	2001	1.12%				
39	Ontario Capital Tax Exemption *** 2001	MAX \$5MM	5,000,000				
40	Federal Large Corporations Tax Exemption *** 2001	MAX \$10MM	10,000,000				
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.						
42							
43							
44	Input Information from Utility's Actual 2001 Tax Returns					Table 3	
45	Income Range		0 to 200,000		200,001 to 700,000	>700,000	
46		Year					
47							
48	Income Tax Rate						
49	Current year	2001					
50	Federal (Includes surtax)		13.12%		28.12%	28.12%	
51	Ontario		6.00%		6.00%	12.50%	
52	Blended rate		19.12%		34.12%	40.62%	
53							
54	Capital Tax Rate		0.300%				
55	LCT rate		0.225%				
56	Surtax		1.12%				
57	Ontario Capital Tax Exemption *	MAX \$5MM	3,375,182				
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	6,379,038				
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36						
60							
61							
62							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	PILs TAXES															
2	Analysis of PILs Tax Account 1562:															
3	Utility Name: Chatham-Kent Hydro Inc.															
4	Reporting period: 2001															
5	Version 2009.1															
6	0															
7																
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006			
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total	
10																
11	Opening balance:	=	0		-15,952		-15,952		-15,952		-15,952		-15,952		0	
12	Board-approved PILs tax proxy from Decisions (1)	+/-													0	
13	True-up Variance Adjustment Q4, 2001 (2)	+/-	-16,475												-16,475	
14	True-up Variance Adjustment (3)	+/-													0	
15	Deferral Account Variance Adjustment Q4, 2001 (4)	+/-	523												523	
16	Deferral Account Variance Adjustment (5)	+/-													0	
17	Adjustments to reported prior years' variances (6)	+/-													0	
18	Carrying charges (7)	+/-													0	
19	PILs billed to (collected from) customers (8)	-	0												0	
20																
21	Ending balance: # 1562		-15,952		-15,952		-15,952		-15,952		-15,952		-15,952		-15,952	
22																
23																
24																
25																
26																
27																
28																
29																
30																
31	Uncollected PILs															
32																
33	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.															
34	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.															
35																
36	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:															3
37																
38	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.															
39	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.															
40	If the Board gave more than one decision in the year, calculate a weighted average proxy.															
41	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.															
42	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.															
43	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.															
44	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.															
45	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.															
46																
47	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be															
48	true-up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.															
49																
50	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.															
51	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.															
52																
53	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be															
54	true-up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.															
55																
56	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.															
57	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.															
58																
59	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.															
60																
61	(7) Carrying charges are calculated on a simple interest basis.															
62																
63	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate															
64	components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the															
65	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.															
66	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.															
67																
68	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied															
69	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;															
70	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.															
71	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,															
72	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.															
73																
74	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,															
75	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used															
76	to calculate the recovery for the period January 1 to March 31, 2005.															
77																
78																
79	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes															
80	will have to include amounts from 1562 and from 1590.															
81																
82																

Attachment 10
2001 Financial Statements

Financial Statements of

CHATHAM-KENT HYDRO INC.

December 31, 2001

Deloitte & Touche LLP
55 King Street West, Suite 700
Kitchener, Ontario N2G 4W1
Canada

Tel: (519) 576-0880
Fax: (519) 576-0209
www.deloitte.ca

**Deloitte
& Touche**

Notice to Reader

We have compiled the balance sheet of Chatham-Kent Hydro Inc. as at December 31, 2001 and the statement of earnings and retained earnings for the period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.



Chartered Accountants

April 16, 2001

**Deloitte
Touche
Tohmatsu**

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Statement of Earnings and Retained Earnings	2
Notes to the Financial Statements	3-4

CHATHAM-KENT HYDRO INC.

Balance Sheet

December 31, 2001

(Unaudited - See Notice to Reader)

ASSETS

CURRENT

Cash	\$ 742,001
Accounts receivable (Note 3)	3,249,342
Accounts receivable - unbilled revenue	6,402,940
Due from Municipality	10,185,115
Due from Chatham-Kent Utility Services Inc.	694,509
Inventories	678,102
Prepaid expenses	89,933
	<hr/> 22,041,942

CAPITAL

39,372,910

OTHER

Transition costs recoverable	722,755
Computer software	8,568
	<hr/> 40,104,233
	<hr/> \$ 62,146,175

LIABILITIES

CURRENT

Accounts payable	\$ 7,717,147
Due to Water/Wastewater Municipal departments	952,696
Due to Chatham-Kent Energy Inc.	3,266,448
Current portion of customer deposits	345,000
	<hr/> 12,281,291

LONG-TERM

Note payable	23,523,326
Employee future benefits (Note 6)	484,936
Long-term portion of customer deposits	922,660
	<hr/> 24,930,922
	<hr/> 37,212,213

SHAREHOLDERS' EQUITY

Share capital (Note 10)	23,523,425
Surplus (deficit)	1,410,537
	<hr/> 24,933,962
	<hr/> \$ 62,146,175

CHATHAM-KENTHYDRO INC.**Statement of Earnings and Retained Earnings****For the Three Months Ended December 31, 2001****(Unaudited - See Notice to Reader)**

SERVICE REVENUE	
Residential	\$ 5,495,721
General service	12,310,854
Street lighting	144,539
	<u>17,951,114</u>
Change in unbilled revenue	(1,027,850)
	<u>16,923,264</u>
 COST OF POWER	
	<u>16,213,708</u>
GROSS MARGIN ON SERVICE REVENUE	<u>709,556</u>
 OTHER OPERATING REVENUE	
	<u>193,301</u>
OPERATING INCOME	<u>902,857</u>
 OPERATING AND MAINTENANCE EXPENSE	
Distribution	<u>554,582</u>
 ADMINISTRATIVE EXPENSE	
Billing and collection	281,306
General administration	430,314
Interest	422,343
	<u>1,133,963</u>
 DEPRECIATION	
	<u>656,854</u>
	<u>2,345,399</u>
 NET PROFIT (LOSS)	
	<u>(1,442,542)</u>
 DEFICIT, BEGINNING OF PERIOD	
	<u>2,853,079</u>
SURPLUS, (DEFICIT) END OF PERIOD	<u>\$ 1,410,537</u>

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2001

(Unaudited – See Notice to Reader)

1. NATURE OF OPERATIONS

Chatham-Kent Hydro Inc. ("the Company") was incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

The Company is wholly-owned by Chatham-Kent Energy Inc. which in turn is wholly-owned by the Municipality of Chatham-Kent ("the Municipality").

The principal activity of the Company is to distribute electricity to customers within the Municipality of Chatham-Kent, under the license issued by the Ontario Energy Board ("OEB").

Other activities of the Company are to provide energy services, meter services, and street lighting services.

Under a Municipality by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division ("the Commission") and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to the Company at October 1, 2000 was \$47,046,751. In consideration for the transfer the Company issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326. Shares valued at \$23,523,425 have been issued to Chatham-Kent Energy Inc.

Certain regulations of section 93 of *the Electricity Act, 1998 (Ontario)*, if enacted, will permit the assets transferred to be adjusted to reflect fair market value. It is anticipated that this adjustment will take place at either the date of transfer of assets (October 1, 2000) or the date of market opening, which is anticipated to be May 2002. The adjustment will result in issuance of further debt and equity as consideration at the ratio stipulated in the transfer by-law.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2001

(Unaudited – See Notice to Reader)

2. NOTE PAYABLE

The note payable is due to the Municipality. The structure of the note payable is under negotiation. The Company has accrued an interest expense of \$1,387,444 in the current year at a rate of 7.04% and is expected to pay interest of the same amount in 2002.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued

2,000 common shares

\$ 23,523,425

Attachment 11
2001 Tax Returns



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

2001 CT23 Corporations Tax and Annual Return

For taxation years
commencing after May 4, 1999

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

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

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

MCBS Annual Return Required? (Refer to Guide)

Yes ☒ No ☐

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation) and Mailing Address

CHATHAM-KENT HYDRO INC.

320 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Has address changed since last filed CT23 Return?

Yes ☐

Date
of Change

year month day

Registered/Head Office Address

320 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Location of Books and Records

320 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Name of person to contact regarding this CT23 Return

DAVID KENNEY

Telephone No.

519-352-6300

Fax No.

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

ON CA

Former Corporation Name (Extra-Provincial Corporations only)

(Not Applicable) ☒

(MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s)

0

If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).

☒ No
change

Ontario Corporations Tax Account No. (MOF)

7265360

This CT23 Return covers the Taxation Year

Start

year month day
2001-10-01

End

year month day
2001-12-31

Date of Incorporation or Amalgamation

year month day
2000-10-01

Ontario
Corporation No.
(MCBS)

1440759

Canada Customs and Revenue Agency
(formerly Revenue Canada) Business No.

If applicable, enter

894290014RC0001

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

(Not Applicable) ☒

Preferred Language/Langue de préférence

English
anglais

☒

French
français

☐

Ministry use



Certification (MCBS)

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

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

DAVID KENNEY

Title: ☒ Director ☐ Officer ☐ Other Individual having knowledge of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

CT23 Corporations Tax Return

Notification continued (for CT23 filers only)

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

☐ 1 Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

☒ 2 Other Private

☐ 3 Public

☐ 4 Non-share Capital

☐ 5 Other (specify)

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

- ☐ 2
- ☐ 1 Family Farm Corporation s.1 (2)
- ☐ 2 Family Fishing Corporation s.1 (2)
- ☐ 3 Mortgage Investment Corporation s.47
- ☐ 4 Credit Union s.51
- ☐ 5 Bank Mortgage Subsidiary s.61 (4)
- ☐ 6 Bank s.1 (2)
- ☐ 7 Loan and Trust Corporation s.61 (4)
- ☐ 8 Non-resident Corporation
s.2(2)(a) or (b)
- ☐ 9 Non-resident Corporation s.2(2)(c)
- ☐ 10 Mutual Fund Corporation s.48
- ☐ 11 Non-resident owned investment
Corporation s.49

- ☐ 12 Non-resident ship or aircraft under reciprocal
agreement with Canada s.28(b)
- ☐ 14 Bare Trustee Corporation
- ☐ 15 Branch of Non-residents s.63(1)
- ☐ 16 Financial institution prescribed by
Regulation only
- ☐ 17 Investment Dealer
- ☐ 18 Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale
- ☒ 19 Hydro successor, Municipal Electrical Utility
or subsidiary of either
- ☐ 20 Producer and seller of steam for uses other
than for the generation of electricity
- ☐ 21 Insurance Exchange s.74.4

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

if applicable, enter

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

if applicable, enter

Specify major business activity

ELECTRICAL DISTRIBUTION

Please "X" box(es) if applicable:

☒ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☒ ☐

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☐ ☒

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

Income Tax

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

Income (loss) for Ontario purposes (per reconciliation schedule, page 16)	±	From 690	-1,542,190.
Subtract: Charitable donations	-	1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule)	-	4	0.
Subtract: Federal Part VI.1 tax	0. X 9/4	5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From 704	0.
Net capital losses	From 715 (page 17) 0. X inclusion rate 50.0000% =	714	0.
Farm losses	-	From 724	0.
Restricted farm losses	-	From 734	0.
Limited partnership losses	-	From 754	0.
Taxable Income (Non-capital loss)		10	-1,542,190.
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)	=	20	0.

Taxable Income

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

Note: The rate change effective October 1, 2001 has not yet received legislative authority at the time of printing.

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

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

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

(X) ☐ Yes ☒ No

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

Number of Days in Taxation Year	
Days after Dec 31, 2000 and before Oct 1, 2001	Total Days
0 X 557 0 ÷ 73 92	
X From 55 0 ÷ 200,000	= + 42 0.
Days after Sept 30, 2001 and before Jan 1, 2003	
0 X 69 0 ÷ 73 92	
X From 55 0 ÷ 200,000	= + 43 0.
Ontario enhancement of federal business limit	42 + 43 = 85
Business Limit for Ontario purposes	55 + 44 = 99
Income eligible for the IDSBC	From 30 100.0000% X 56 0. = 60 0.

* Note: Ontario Allocation for IDSBC purposes may differ from continued on Page 5

30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
.....	7.00%	74	0 ÷ 73	92	= + 75 .0000.
.....	7.50%	76	0 ÷ 73	92	= + 77 .0000.
.....	6.50%	69	92 ÷ 73	92	= + 79 6.5000.
IDSBC Rate for Taxation Year				75 + 77 + 79	= 78 6.5000.
Claim	From 60	0	X From 78	6.5000%	= 70 0.

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

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

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

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

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

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

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

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

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

Taxation Year End

**** Taxable Income**
(if loss, enter nil)

See attached		+ 82	0.
		+ 83	.
		+ 84	.
Aggregate Taxable Income	80 + 82 + 83 + 84 , etc.	= 85	0.

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract:	0 X	558	0 ÷ 73	92	= + 111 0.
	0 X	557	0 ÷ 73	92	= + 112 0.
	0 X	556	0 ÷ 73	92	= + 113 0.
				111 + 112 + 113	= 0.
(If negative, enter nil)					= 86 0.

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
Calculation of Specified Rate for Surtax	4.67%	74	0 ÷ 73	92	= + 92 .0000
	5.00%	76	0 ÷ 73	92	= + 93 .0000
	4.3330%	69	92 ÷ 73	92	= + 95 4.3330
Specified rate of surtax for Taxation Year				92 + 93 + 95	= 94 .0000
From 86		0	X From 94	.0000%	= 87 0.
From 87		0	X From 60	0 ÷ From 114	= 88 0.
Surtax Lesser of 70 or 88		= 100 0			

Continued on Page 6

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** (Attach schedule)

110 0.

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies to** Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

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

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

Eligible Canadian Profits

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 0. ÷ From 30 0.000% ÷ From 78 6.5000% = 121 0.
* Ontario Allocation

Lesser of 56 or 121

120 - 56 + 122

Taxable Income

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)

Add: Adjustments for Surtax on Canadian-controlled private corporations

Subtract: Taxable Income From 10 0. X Allocation % to jurisdictions outside Canada 0.000%

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses

10 - 56 + 122 - 140 - 141

im

Number of Days in Taxation Year

Days before Oct 1, 2001		Total Days	
0	÷	73	92

143 0. X From 30 0.000% X 2.0000% X = + 0.

Lesser of 130 or 142 * Ontario Allocation

Days after Sept 30, 2001 and before Jan 1, 2003		Total Days	
69	÷	73	92

143 0. X From 30 0.000% X 1.5000% X = + 0.

Lesser of 130 or 142 * Ontario Allocation

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 0.

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

162 0.

Note: The M&P for corporations that generate electrical energy for sale, or produce steam for use in the generation of electrical energy for sale, or produce steam for sale for uses other than the generation of electricity, has not yet received legislative authority at the time of printing. (Refer to Guide.)

Credit for Foreign Taxes Paid (s.40)**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) (Attach schedule).

170 0.

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

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 0.*continued on Page 7*

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to research and development in Ontario.*Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.*Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies to employment of eligible unemployed graduate students.*Eligible Credit From **6598** Summary Schedule G + **195** 0.No. of Graduates From **6596**
194 0**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.*Eligible Credit From **6900** OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies to labour relating to computer animation and special effects on an eligible production.*Eligible Credit From **6700** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form) + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.*Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*Eligible Credit From **7400** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*Eligible Credit From **7500** OSRTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss = **230** 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 18**.

OR

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

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Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

* Total Assets of the corporation + [240] 62,146,175.
 * Total Revenue of the corporation + [241] 67,141,210.

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

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

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

Taxation Year End

* Total assets

* Total Revenue

See attached + [243] 28,428,494. + [244] 1,342,643.

..... + [245] + [246]

..... + [247] + [248]

Aggregate Total Assets [240] + [243] + [245] + [247], etc. = [249] 90,574,669.

Aggregate Total Revenue [241] + [244] + [246] + [248], etc. = [250] 68,483,853.

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

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

Gross CMT Payable CMT Base From [2135] 0. X From [30] 100.0000% X 4% = [276] 0.
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - [277] 0.

Subtract: Income Tax - From [190] 0.

Net CMT Payable (If negative, enter Nil on Page 18.) = [280] 0.

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

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

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

CMT Credit Carryover available From [2307] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From [190] 0.

Gross CMT Payable + From [276] 0.

Subtract: Foreign Tax Credit for CMT purposes - From [277] 0.

If [276] - [277] is negative, enter NIL in [290] = [290] 0.

Income Tax eligible for CMT Credit = [300] 0.

B. Income tax (after deduction of specified credits) + From [230] 0.

Subtract: CMT credit used to reduce income taxes - [310] 0.

Income Tax = [320] 0.

Transfer to page 18

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

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

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Capital Tax (Refer to Guide)

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock	+	[350]	23,523,425.
Retained earnings (If deficit, deduct)	±	[351]	1,410,537.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+	[352]	0.
Loans and advances (Attach schedule)	+	[353]	24,445,986.
Bank loans	+	[354]	0.
Bankers acceptances	+	[355]	0.
Bonds and debentures payable	+	[356]	0.
Mortgages payable	+	[357]	0.
Notes payable	+	[358]	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	+	[359]	0.
Contingent, investment, inventory and similar reserves	+	[360]	484,936.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+	[361]	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+	[362]	0.
Subtotal	=	[370]	49,864,884.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	-	[371]	102,241.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	-	[372]	0.
Total Paid-up Capital	=	[380]	49,762,643.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	-	[381]	0.
Net Paid-up Capital	=	[390]	49,762,643.

Eligible Investments (Refer to Guide)

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

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

continued on Page 10

Year Ended: 2001-12-31

Accounting Depreciation
CCA
CEC

[illegible]

Total	102,241.00
-------	------------

Year Ended: 2001-12-31 Attached Sch.

Note payable		23,523,326.00
Customer Deposits		922,660.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
Total	=====	24,445,986.00

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Capital Tax *continued from Page 9***Total Assets**

Total Assets per balance sheet	+	420	62,146,175.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	62,146,175.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	102,241.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	62,043,934.
Investment Allowance $(\frac{410 + 450}{2}) \times 390$		460	0.
Taxable Capital 390 - 460	=	470	49,762,643.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	16,923,264.
Total Assets (as adjusted)	From 430	62,146,175.

Calculation of Capital Tax for all corporations except Financial Institutions*Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.**Financial Institutions use calculations on page 14.)***Important:**

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

OR If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B on pages 10 to 11 and select and complete the one specific subsection (e.g. B4) that applies to the corporation.

OR If the corporation IS a member of an associated group and/or partnership, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

B1. If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B2. If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B3. If taxable capital, 470 on page 10, is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

continued on Page 11

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Capital Tax Calculation *continued from page 10*

B4: If taxable capital, 470 on page 10, exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 543 on page 13 and complete the return from that point.

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365 (366 if leap year)

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

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

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365 (366 if leap year)

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

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

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365 (366 if leap year)

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

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

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

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

B5: If taxable capital, 470 on page 10, exceeds \$3,600,000, complete the following calculation and transfer the amount From 502 to 543 on page 13 and complete the return from that point.

From 470 0. X From 30 100.0000% X .3000% X 0 = 502.1 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year before Oct 1, 2001 555

From 470 Exemption 0. X From 30 100.0000% X .3000% X 92 = 502.2 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Sept 30, 2001 92

Note: The \$5 million deduction from Taxable Paid Up Capital has not yet received legislative authority at the time of printing

Total Capital Tax for the taxation year 502.1 + 502.2 = 502 0.

If floating taxation year, refer to Guide.

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Capital Tax Calculation *continued from page 11***SECTION C**

If the corporation is a member of an associated group and/or partnership, complete the following, and

(x) ☐ 510 ☒ (Yes)Taxable Capital + From ☐ 470 49,762,643.Name of associated corporations or related partners (Canadian & foreign)
If insufficient space, attach scheduleOntario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

Taxable Capital

See attached

+ ☐ 511 23,955,810.+ ☐ 512+ ☐ 513Aggregate Taxable Capital ☐ 470 + ☐ 511 + ☐ 512 + ☐ 513, etc. = ☐ 520 73,718,453.If ☐ 520 is greater
than \$2,000,000If ☐ 520 is greater than \$2,000,000 and the taxation year ends,

- prior to January 1, 2000 and ☐ 520 is less than \$2,400,000;

OR • after December 31, 1999 and before January 1, 2001 and ☐ 520 is less than \$2,800,000;OR • after December 31, 2000 and before January 1, 2002 and ☐ 520 is less than \$3,200,000;OR • after December 31, 2001 and before January 1, 2003 and ☐ 520 is less than \$3,600,000;

the corporation must compute the following ratio before calculating its Capital Tax in Section E.

From ☐ 470 0. ÷ From ☐ 520 0. = ☐ 521 .0000Note: ☐ 521 cannot exceed 1.00000**SECTION D**Section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital,
on this page, is \$2,000,000 or less.Enter NIL in ☐ 550 on page 13 and complete the return from that point.

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

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, on page 12, exceeds \$2,000,000.

1. If aggregate taxable capital 520 exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 543 and complete the return from that point.

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

(a) From 470 0. x .3000% = + 490 0.
 Deduct: From 520 0. x 1.5% x 0.0000 = - 492 0.
 (\$2,400,000 - 0.) x 1.5% x 0.0000 = - 492 0.
 (504 = 490 - 492) = 504 0. x 100.0000% x 0 = + 505 0.
 Days in taxation year after May 4, 1999 and before Jan 1, 2000 552
 Ontario Allocation ** 365 (366 if leap year)

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

(b) From 470 0. x .3000% = + 490 0.
 Deduct: From 520 0. x 0.75% x 0.0000 = - 493 0.
 (\$2,800,000 - 0.) x 0.75% x 0.0000 = - 493 0.
 (506 = 490 - 493) = 506 0. x 100.0000% x 0 = + 507 0.
 Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553
 Ontario Allocation ** 365 (366 if leap year)

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

(c) From 470 0. x .3000% = + 490 0.
 Deduct: From 520 0. x 0.5% x 0.0000 = - 495 0.
 (\$3,200,000 - 0.) x 0.5% x 0.0000 = - 495 0.
 (509 = 490 - 495) = 509 0. x 100.0000% x 0 = + 522 0.
 Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 557
 Ontario Allocation ** 365 (366 if leap year)

Total Capital Tax for the taxation year 505 + 507 + 522 = 508 0.
 Transfer to 543 and complete the return from that point.

E2. If the aggregate taxable capital 520 on page 12, exceeds \$3,600,000 complete the following calculation and transfer the amount From 502 to 543 on this page, and complete the return from that point.

(a) From 470 49,762,643. x From 30 100.0000% x .3000% x 0 = 502.1 0.
 Days in taxation year before Oct 1, 2001 555
 Ontario Allocation ** 365 (366 if leap year)

(b) Exemption is the lesser of:
 i) 5,000,000

Taxable Paid up Capital of all Corporations in Associated Group (if any) from 520 + 73,718,453.
 Minus portion attributable to corporations without a permanent establishment in Canada - 0.

ii) TPUC of all corporations post September 30, 2001 = 73,718,453.

Lesser of i) and ii) 5,000,000.

TPUC from 470 x 49,762,643.

TPUC of all corporations post September 30, 2001 = 73,718,453.

Exemption for this corporation = 3,375,182.

From 470 Exemption 3,375,182. x From 30 100.0000% x .3000% x 92 = 502.2 35,077.
 Days in taxation year after Sept 30, 2001 92
 Ontario Allocation ** 365 (366 if leap year)

Note: The \$5 million deduction from Taxable Paid Up Capital has not yet received legislative authority at the time of printing.

Total Capital Tax for the taxation year 502.1 + 502.2 = 502 35,077.

* floating taxation year, refer to Guide.

transfer to 543 and complete the return from that point.

Capital Tax before application of specified credits

Subtract: Specified Tax Credits applied to reduce capital tax payable (Re

Capital Tax 543 - 546

continued on Page 14

= 543 35,077.

= 546 0.

= 550 35,077.

Transfer to Page 18

Capital Tax *continued from page 13***Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**

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

I.2. Other than Credit Unions

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

$$\begin{array}{l} \text{565} \quad 0. \times 0.00\% \quad \text{X From } 30 \quad \text{Ontario Allocation} \quad \text{X } 555 \quad 0 \div 0 \text{ (366 if leap year)} = + \text{569} \quad 0. \\ \text{Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1} \end{array}$$

$$\begin{array}{l} \text{570} \quad 0. \times 571 \quad 0.00\% \quad \text{X From } 30 \quad \text{Ontario Allocation} \quad \text{X } 555 \quad 0 \div 0 \text{ (366 if leap year)} = + \text{574} \quad 0. \\ \text{Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount} \end{array}$$

Capital Tax for Financial Institutions – other than Credit Unions (before Sections II)

$$\text{569} + \text{574} = \text{575} \quad 0.$$

** If floating taxation year, refer to Guide.

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.)

$$\text{Allowable Credit for Eligible Investments} \dots \dots \dots - \text{585} \quad 0.$$

Financial institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

$$\text{Capital Tax – Financial Institutions} \quad \text{575} - \text{585} \dots \dots \dots = \text{586} \quad 0.$$

Transfer to **543** on Page 13

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

$$\begin{array}{l} \text{(1) Uninsured Benefits Arrangements} \dots \dots \dots \text{587} \quad 0. \times 2\% \dots \dots = \text{588} \quad 0. \\ \text{Applies to Ontario-related uninsured benefits arrangements.} \end{array}$$

(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.

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \dots \dots \dots - \text{589} \quad 0.$$

$$\text{Premium Tax} \quad \text{588} - \text{589} \dots \dots \dots = \text{590} \quad 0.$$

Transfer to, page 18

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

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

+ 600 -1,542,190.

Transfer to page 16

Add:

Federal capital cost allowance	+ 601	734,376.
Federal cumulative eligible capital deduction	+ 602	24,719.
Ontario taxable capital gain	+ 603	0.
Federal non allowable reserves. Balance beginning of year	+ 604	470,820.
Federal allowable reserves. Balance end of year	+ 605	169,924.
Ontario non-allowable reserves. Balance end of year	+ 606	654,860.
Ontario allowable reserves. Balance beginning of year	+ 607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

Number of Days in Taxation Year

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

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

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

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

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

Federal allowable business investment loss + 620 0.

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

Subtotal of Additions 601 to 611 + 613 + 620 + 614 = 2,054,699. 640 2,054,699.

Transfer to page 16

CHATHAM-KENT HYDRO INC.

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

Continued from Page 15

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

From \pm 600 -1,542,190.

Subtotal of Additions

From = 640 2,054,699.

Deduct:

Ontario capital cost allowance	+ 650	734,376.
Ontario cumulative eligible capital deduction	+ 651	24,719.
Federal taxable capital gain	+ 652	0.
Ontario non-allowable reserves. Balance beginning of year	+ 653	470,820.
Ontario allowable reserves. Balance end of year	+ 654	169,924.
Federal non-allowable reserves. Balance end of year	+ 655	654,860.
Federal allowable reserves. Balance beginning of year	+ 656	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+ 657	0.
Ontario depletion allowance	+ 658	0.
Ontario resource allowance	+ 659	0.
Ontario research and development super allowance (Attach schedule)	+ 660	0.
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	+ 674	0.
Ontario current cost adjustment (Attach schedule)	+ 661	0.

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

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

662 0.

ONTTI Gross-up deduction calculation:

From 2	Gross-up of CCA	0.	x	100	- From 662	0.	= 663	0.
From 30	Ontario Allocation	0.0000						

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

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

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

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

Number of Employees accommodated 669 0

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

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

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

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

Ontario allowable business investment loss + 678 0.

Total of other deductions allowed by Ontario (Attach schedule) + 664 0.

Subtotal of Deductions 650 to 660 + 674 + 661 + 663 + 666 + 668 + 671 + 673 + 678 + 664 = 2,054,699. 680 2,054,699.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 -1,542,190.

Transfer to Page 4

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 0	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses	701 1,542,190	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 1,542,190	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 0	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	
Subtotal	707 0	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 1,542,190	719 0	729 0	739 0	749 0	759 0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustments required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800				850 0	870 0
801				851 0	871 0
802				852 0	872 0
803	820 0	830 0	840 0	853 0	873 0
804	821 0	831 0	841 0	854 0	874 0
805	822 0	832 0	842 0	855 0	875 0
806	823 0	833 0	843 0	856 0	876 0
807	824 0	834 0	844 0	857 0	877 0
808	825 0	835 0	845 0	858 0	878 0
809	826 1,542,190	836 0	846 0	859 0	879 0
Total	829 1,542,190	839 0	849 0	869 0	889 0

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

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

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

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

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

Application of Losses

Total amount of loss

Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income

	Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day
i) 3rd preceding	901	
ii) 2nd preceding	902	
iii) 1st preceding	903	
Total loss to be carried back		

Balance of loss available for carry-forward

Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
910 1,542,190	920 0	930 0	940 0
911 0	921 0	931 0	941 0
912 0	922 0	932 0	942 0
913 0	923 0	933 0	943 0
From 706 0	From 716 0	From 726 0	From 736 0
919 1,542,190	929 0	939 0	949 0

Summary

Income tax	..... + From 230 or 320	0.
Corporate Minimum Tax	..... + From 280	0.
Capital Tax	..... + From 550	35,077.
Premium Tax	..... + From 590	0.
Total Tax Payable	..... = 950	35,077.
Subtract: Payments	..... - 960	153,298.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
Balance	..... = 970	-118,221.
If payment due	..... Enclosed *	990 0.
If overpayment: Refund (Refer to Guide)	.. = 975	118,221.
Apply to	year month day	980 0.

(Includes credit interest)

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

Certification

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

Name (please print)

DAVID KENNEY

Title

PRESIDENT

Full Residence Address

Signature

Date

2002-07-02

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

Attached Sch.

Year Ended: 2001-12-31

Accounting Depreciation
CCA
CEC

[illegible]

Total

=====

102,241.00

Year Ended: 2001-12-31 Attached Sch.

Note payable	23,523,326.00
Customer Deposits	922,660.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	24,445,986.00

CHATHAM-KENT HYDRO INC.

7265360

2001-12-31

DOLLARS ONLY

**Corporate Minimum Tax - Schedule A:
Calculation of CMT Base**

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP)



± [2100] -1,442,542.

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

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

Subtotal = [2109] 0.

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

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

Subtotal = [2115] 0.

Add/Subtract:

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

** Fed.s.85	+	[2116]	0.	or -	[2117]	0.
** Fed.s.85.1	+	[2118]	0.	or -	[2119]	0.
** Fed.s.97	+	[2120]	0.	or -	[2121]	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	+	[2122]	0.	or -	[2123]	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	+	[2124]	0.	or -	[2125]	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	+	[2126]	0.	or -	[2127]	0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not
otherwise deducted in determining CMT adjusted net income

- [2150] 0.

Subtotal (Additions) = [2128] 0.

Subtotal (Subtractions) = [2129] 0.

** Other adjustments ± [2130] 0.

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] -1,442,542.

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

Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.) = [2133] -1,442,542.

Deduct: * CMT losses: pre-1994 Loss + From [2210] 0.

* CMT losses: other eligible losses + From [2211] 0.

= [2134] 0.

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

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

CMT Base = [2135] 0.

Transfer to CMT Base on Page 8

DOLLARS ONLY

Corporate Minimum Tax (CMT)



Schedule B: Continuity of CMT Losses Carried Forward

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

Add: Current year's losses + **2202** 1,442,542.

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

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

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

Subtotal = 1,442,542. + **2207** 1,442,542.

Adjustments (attach schedule) ± **2208** 0.

CMT losses available **2201** + **2207** ± **2208** = **2209** 1,442,542.

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

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

Losses expired during the year + **2212** 0.

Subtotal = 0. - **2213** 0.

Balances at End of Year (5) **2209** - **2213** = **2214** 1,442,542.

Notes:

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

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

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

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

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2001-12-31	2260 1,442,542	2280 0
2241		2261 0	2281 0
2242		2262 0	2282 0
2243		2263 0	2283 0
2244		2264 0	2284 0
2245		2265 0	2285 0
2246		2266 0	2286 0
2247		2267 0	2287 0
2248		2268 0	2288 0
2249		2269 0	2289 0
Totals		2270 1,442,542	2290 0

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

DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



Balance at Beginning of year (1) + **2301** 0.

Add: Current year's CMT Credit (**280** on page 8. If negative, enter NIL) + From **280** 0.

CMT Credit Carryovers from predecessor corporations (2) + **2302** 0.

Amalgamation (x) **2303** ☐ Yes Wind-up (x) **2304** ☐ Yes

Subtotal = 0. + **2305** 0.

Adjustments (Attach schedule) ± **2306** 0.

CMT credit carryover available **2301** + **2305** ± **2306** = **2307** 0.
Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) + From **310** 0.

CMT Credit expired during the year + **2308** 0.

Subtotal = 0. - **2309** 0.

Balance at End of Year (3) **2307** - **2309** = **2310** 0.

Notes:

- Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
 - 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))
- Amount in **2310** must equal sum of **2370** + **2390**.

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2001-12-31	2360	2380
		0	0
2341		2361	2381
		0	0
2342		2362	2382
		0	0
2343		2363	2383
		0	0
2344		2364	2384
		0	0
2345		2365	2385
		0	0
2346		2366	2386
		0	0
2347		2367	2387
		0	0
2348		2368	2388
		0	0
2349		2369	2389
		0	0
Totals		2370	2390
		0	0

The sum of amounts **2370** + **2390**
must equal amount in **2310**.

CHATHAM-KENT HYDRO INC.

Corp. Tax Acct. No. : 7265360

Year Ended: 2001-12-31

CT23-Supp.

ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS

Name of Associated Corporation	Ontario Corp.		Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)
	Tax Number	Taxation Year end				
CHATHAM-KENT ENERGY INC.	1800231	2001-12-31	3,274,864	26,999,349	220,854	0
CHATHAM-KENT UTILITY SERVICES	1800233	2001-12-31	680,946	1,429,145	1,121,789	0
CHATHAM-KENT CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT			20,000,000	0	0	0
TOTALS			23,955,810	28,428,494	1,342,643	0

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).

Ontario CT23 Supplementary

Summary of Capital Cost Allowance

	UCC at Beginning of Year [200] [201]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203] - [207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	30,922,734	3,253,967	0	0	1,626,983	4	0	0	328,173	33,848,528
3	2,421,235	3,765	0	0	1,882	20	0	0	122,152	2,302,848
10	2,036,539	316,684	0	13,904	151,390	30	0	0	165,443	2,173,876
12	33,000	9,520	0	0	4,760	100	0	0	9,518	33,002
2	6,640,000	0	0	0	0	6	0	0	100,419	6,539,581
17	430,000	0	0	0	0	8	0	0	8,671	421,329
Total	42,483,508	3,583,936	0	13,904	1,785,015		0	0	734,376	45,319,164

Ontario Cumulative Eligible Capital Deduction
Schedule 10

(taxation years 2000 and later)

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter zero).....	0	A
Add: Cost of eligible capital property acquired during the taxation year.....	0	B
Amount transferred on amalgamation or wind-up of subsidiary.....	0	C
Other adjustments.....	1,868,000	D
Total of B + C + D.....	1,868,000	E
Subtotal A + E.....	1,401,000	F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year.....	0	G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the "Income Tax Act" (Canada).....	0	H
Other adjustments.....	0	I
Total of G + H + I.....	0	J
Ontario cumulative eligible capital balance F - J.....	1,401,000	K
"If K is negative, enter zero at line M and proceed to Part 2"		
Current year deduction 1,401,000 K x 7.00% *.....	24,719	L
* "The maximum current year deduction is 7%. However, you can claim any amount up to the maximum."		
Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero).....	1,376,281	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

Do not complete this part only if the amount at line K is negative

Amount from line K above "show as a positive amount".....			0	N
Total cumulative eligible capital deductions from income for taxation years commencing before July 1, 1988.	0	1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA.	0	2		
Total of cumulative eligible capital deductions claimed for taxation years commencing after June 30, 1988.	0	3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years commencing after June 30, 1988.	0	4		
Line 3 deduct line 4.	0		0	5
Total lines 1 + 2 + 5.			0	6
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000.			0	7
Deduct line 7 from line 6.			0	
				0 O
N - O (cannot be negative).				0 P
Amount on line 5	0	x 1/2.		0 Q
P - Q.				0 R
Amount on line R	0	x 2/3 *.		0 S
Lesser of line N or line O.				0 T
Amount to be included in income S + T For taxation years ending before February 28, 2000, line N - line Q.			0	

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

Ontario Continuity of Reserves
Schedule 13

For use by corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 - Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	0 A	0 B	0	0	0 C

The total capital gains reserve at the beginning of the taxation year **A** plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary **B**, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year **C**, should also be entered on Schedule 6.

Financial Statement Reserves (not deductible)

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
EMPLOYEE FUTURE BENEFITS	470,820	0	14,116	0	484,936
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Reserves from Section 3 below	0	0	169,924	0	169,924
Totals	470,820	0	184,040	0	654,860

Part 2 - Other reserves

Description	[X]	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
Reserve for doubtful debts.....	[X]	0	0	169,924	0	169,924
Reserve for undelivered goods and services not rendered.....	[]	0	0	0	0	0
Reserve for prepald rent.....	[]	0	0	0	0	0
Reserve for December 31, 1995 Income.....	[]	0	0	0	0	0
Reserve for refundable containers.....	[]	0	0	0	0	0
Reserve for unpaid amounts.....	[]	0	0	0	0	0
Other tax reserves.....	[]	0	0	0	0	0
Totals		0 D	0 E	169,924	0	169,924 F

The amount from D plus the amount from E should be entered in **607** of the CT23.
The amount from F should be entered in **654** of the CT23.

CHATHAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended: 2001-12-31

ONT Auth. Let

— **CONSENT FORM FOR ONTARIO** —

This form authorizes the Minister of Ontario to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.

The purpose of this form is:

to authorize ☒ a third party representative or
to cancel ☐ a third party representative

— **1. Client identification** —

Name and address of the corporation
CHATHAM-KENT HYDRO INC.
320 QUEEN STREET
P.O. BOX 70
CHATHAM
ON
N7M-5K2

Corporation account number. 7265360

— **2. Authorized third party identification** —

Authorized individual or firm name
Deloitte & Touche LLP
55 King Street West
Suite 700
Telephone number: 519-576-0880

— **3. Details of authorization** —

Indicate period for which authorization or cancellation applies:

All taxation years ☒ ☐
or
Specific year(s) ☐ ☐ ☐ ☐
or
All years prior to ☐ ☐

— **4. Authorized signature (client or authorized signing officer)** —

PRESIDENT

519-352-6300

2002-07-02

Signature of client
or authorized signing
officer

Title

Telephone
number

Date

We will not accept this form unless it is signed.

T2 CORPORATION INCOME TAX RETURN

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2000 T2 Corporation Income Tax Guide*.

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

055 Do not use this area

Identification

Business Number (BN) 001 894290014RC0001

002 Corporation's name

CHATHAM-KENT HYDRO INC.

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

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

Address of head office

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

011 320 QUEEN STREET

012 P.O. BOX 70

City Province, territory, or state

015 CHATHAM

Country (other than Canada) Postal Code/ZIP code

017 N7M-5K2

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022 _____

023 _____

City Province, territory, or state

025 _____

Country (other than Canada) Postal code/ZIP code

027 _____

Location of books and records

031 320 QUEEN STREET

032 P.O. BOX 70

City Province, territory, or state

035 CHATHAM

Country (other than Canada) Postal Code/ZIP code

037 N7M-5K2

040 Type of corporation at the end of the taxation year

1 ☐ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation

2 ☒ Other private corporation 5 ☐ Other corporation (please specify, below)

3 ☐ Public corporation

If not private (3, 4 or 5), is the corporation subject to Part IV tax? Yes ☐ No ☐

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

YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start Taxation year end

060 2001-10-01

YYYY/MM/DD

061 2001-12-31

YYYY/MM/DD

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

If yes, provide the date control was acquired **065** _____

YYYY/MM/DD

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

Is this the first year of filing after:

Incorporation? **070** 1 Yes ☐ 2 No ☒

Amalgamation? **071** 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year? **072** 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

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

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

Is the corporation a resident of Canada?

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

081 _____

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

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

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

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not print these schedules.

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

Guide Item	Yes	Schedule
Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	160 <input type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents	162 <input type="checkbox"/>	11
33 If you answered <i>yes</i> 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
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
43 Has the corporation had any non-arm's-length transactions with a non-resident?	171 <input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 <input type="checkbox"/>	
46 Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
53 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
76-79 Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
80,102 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
67-74 Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
128 Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
1 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
100 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
55 Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
56 Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
57 Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
58 Is the corporation claiming reserves of any kind?	213 <input checked="" type="checkbox"/>	13
59 Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
60 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
146 Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
127 Was the corporation carrying on business in Canada while not a Canadian corporation?	220 <input type="checkbox"/>	20 *
115 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
151 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
108 Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
118 Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
61 Is the corporation claiming any scientific research and experimental development expenditures?	232 <input type="checkbox"/>	T661
121 Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
121 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
121 Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
125 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
125 Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
126 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
126 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
122 Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
125 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
125 For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251 <input type="checkbox"/>	40
125 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252 <input type="checkbox"/>	41
148 Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131

Corporation's name
CHATHAM-KENT HYDRO INC.

Business Number
894290014RC0001

Taxation year-end
2001-12-31

Attachments - continued from page 2

Guide item

Yes Schedule

149	Is the corporation claiming a film or video production services tax credit refund?	254	<input type="checkbox"/>	T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	255	<input type="checkbox"/>	T1134-A
44	Did the corporation have any controlled foreign affiliates?	256	<input type="checkbox"/>	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	257	<input type="checkbox"/>	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	258	<input type="checkbox"/>	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	259	<input type="checkbox"/>	T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?		<input type="checkbox"/>	T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?		<input type="checkbox"/>	T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?		<input type="checkbox"/>	T1174
—	Is the corporation claiming the BC mining exploration tax credit?		<input type="checkbox"/>	421
—	Is the corporation claiming the BC SR&ED tax credit?		<input type="checkbox"/>	T666

Additional information

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

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

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

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

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

284	<u>ELECTRICAL DISTRIB.</u>	285	<u>100</u> %
286		287	<u>0</u> %
288		289	<u>0</u> %

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL 300 -1,542,190 A

Deduct:

Charitable donations from Schedule 2	311	<u>0</u>
Gifts to Canada or a province from Schedule 2	312	<u>0</u>
Cultural gifts from Schedule 2	313	<u>0</u>
Ecological gifts from Schedule 2	314	<u>0</u>
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	<u>0</u>
Part VI.1 tax deduction from Schedule 43	325	<u>0</u>
Non-capital losses of preceding taxation years from Schedule 4	331	<u>0</u>
Net-capital losses of preceding taxation years from Schedule 4	332	<u>0</u>
Restricted farm losses of preceding taxation years from Schedule 4	333	<u>0</u>
Farm losses of preceding taxation years from Schedule 4	334	<u>0</u>
Limited partnership losses of preceding taxation years from Schedule 4	335	<u>0</u>
Taxable capital gains or taxable dividends allocated from a central credit union	340	<u>0</u>
Prospector's and grubstaker's shares	350	<u>0</u>
Subtotal		<u>0</u> B
Subtotal (amount A minus amount B)		<u>0</u> C

Add:

Section 110.5 additions	355	<u>0</u> D
Taxable income (amount C plus amount D)	360	<u>0</u>
Income exempt under paragraph 149(1)(t)	370	<u>0</u>
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		<u>0</u> Z

Small business deduction

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

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

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

Business limit (for associated corporations, enter business limit from Schedule 23) 410 0 C

Reduction to business limit:

Amount C 0 x 415 ** 0 D = 0 E

11,250

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

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

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

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

Accelerated tax reduction

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

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

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

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of line 636 on page 7 0 C

Deduct:

Aggregate investment income (amount from line 440 of page 6). 0 D

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

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

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

Amount QQ from Part 13 of Schedule 27 0 H

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

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

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

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

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

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

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

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

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

General tax reduction

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

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

Corporation's name
CHATHAM-KENT HYDRO INC.

Business Number
894290014RC0001

Taxation year-end
2001-12-31

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

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

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

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

0
0 x 26 2/3% = 0 D

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

Deduct corporate surtax from line 600 of page 7 0

Net amount 0 E

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

Refundable dividend tax on hand

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

Deduct dividend refund for the previous taxation year 455 0

0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

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

Net refundable dividend tax on hand transferred from a predecessor

corporation on amalgamation, or from a wound-up subsidiary corporation 480 0

0 B

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

Dividend refund

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

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

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

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

Corporation's name
CHATHAM-KENT HYDRO INC.

Business Number
894290014RC0001

Taxation year-end
2001-12-31

Part I tax

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

Corporate surtax calculation

Base amount from line A above 0 1

Deduct:

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

Investment corporation deduction from line 620 below 0 3

Federal logging tax credit from line 640 below 0 4

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

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

28.00 % of taxable Income from line 360 of page 3 0 a

28.00 % of taxed capital gains 0 b 6

Part I tax otherwise payable 0 c

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

Total of lines 2 to 6 0 7

Net amount (line 1 minus line 7) 0 8

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

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

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

Aggregate investment income from line 440 on page 6 0 i

Taxable income from line 360 on page 3 0

Deduct:

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

Net amount 0 ii

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

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

Deduct:

Small business deduction from line 430 of page 4 0 9

Federal tax abatement 608 0

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

Investment corporation deduction 620 0
(taxed capital gains 624 0)

Additional deduction - credit unions from Schedule 17 628 0

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

Federal foreign business income tax credit from Schedule 21 636 0

Accelerated tax reduction from amount O of page 4 637 0

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

General tax reduction from amount L of page 5 639 0

Federal logging tax credit from Schedule 21 640 0

Federal political contribution tax credit 644 0

Federal political contributions 646 0

Federal qualifying environmental trust tax credit 648 0

Investment tax credit from Schedule 31 652 0

Part VI tax credit from Schedule 42 656 0

Part I.3 tax credit from Schedule 37 660 0

Subtotal 0 F

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

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	24,662
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		24,662

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750	ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760	0	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	0	
		0	0
Total tax payable	770		24,662 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0	
Dividend refund from page 6	784	0	
Federal capital gains refund from Schedule 18	788	0	
Federal qualifying environmental trust tax credit refund	792	0	
Canadian film or video production tax credit refund from Form T1131	796	0	
Film or video production services tax credit refund from Form T1177	797	0	
Tax withheld at source	800	0	
Total payments on which tax has been withheld	801	0	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	0	
Provincial and territorial capital gains refund from Schedule 18	808	0	
Provincial and territorial refundable tax credits from Schedule 5	812	0	
Royalties deductible under Syncrude Remission Order	815	0	
Tax remitted under Syncrude Remission Order	816	0	
Tax instalments paid	840	24,662	
Total credits	890	24,662	24,662 B
Refund code	894	0	
Overpayment		0	
Balance (line A minus line B)			0

Direct deposit request

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

<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.
We do not charge or refund a difference of less than \$2.

Balance unpaid 0
Enclosed payment 898 0

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

896 1 Yes ☐ 2 No ☒

Certification

I, 950 KENNEY	951 DAVID	954 PRESIDENT
Last name in block letters	First name in block letters	Position, office or rank
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.		
955 2002-07-02	Signature of an authorized signing officer of the corporation	956 519-352-6300
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If no, complete the information below		
958	959	1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
Name in block letters	Telephone number	

Language of correspondence - Langue de correspondance

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

1 English/Anglais ☒ 2 Français/French ☐

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

T INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and
extraordinary items per financial statements. -1,442,542 A

Additions:

Amortization of tangible assets.	<div>104</div>	656,854	
Non-deductible meals and entertainment expenses.	<div>121</div>	2,381	
Reserves from financial statements - balance at the end of the year.	<div>126</div>	654,860	- Schedule 13
		<hr/>	
Subtotal of additions.		1,314,095	1,314,095

Other Additions:

Subtotal of Other Additions.	<div>199</div>	0	0
		<hr/>	
Total Additions	<div>500</div>	1,314,095	1,314,095

Deductions:

Gain on disposal of assets per financial statements.	<div>401</div>	13,904	
Capital cost allowance from Schedule 8.	<div>403</div>	734,376	
Cumulative eligible capital deduction from Schedule 10.	<div>405</div>	24,719	
Tax reserves claimed in current year from Schedule 13.	<div>413</div>	169,924	} Schedule 13
Reserves from financial statements - balance at the beginning of the year.	<div>414</div>	470,820	
		<hr/>	
Subtotal of Deductions.		1,413,743	1,413,743

Other Deductions:

Subtotal of Other Deductions.	<div>499</div>	0	0
		<hr/>	
Total Deductions	<div>510</div>	1,413,743	1,413,743

Net income (loss) for income tax purposes. -1,542,190
(enter on line 300 on the T2 return) =====

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

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

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

Part 1 - Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes.	-1,542,190	
Deduct: (increase a loss)		
Net capital losses deducted in the year		
(enter as a positive amount).	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6).	0	
Amount of Part VI.1 tax deductible.	0	
Amount deductible as prospector's and grubstaker's shares		
- Paragraph 110(1)(d.2).	0	0

Subtotal (if positive, enter "0")	-1,542,190	
Deduct: (increase a loss)		
Section 110.5 - Addition for foreign tax deductions.		0

Subtotal	-1,542,190	
Add: (decrease a loss)		
Current-year farm loss.		0

Current-year non-capital loss (if positive, enter "0").	-1,542,190	=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year.		0	
Deduct: Non-capital loss expired after seven taxation years.	100	0	
Non-capital losses at beginning of			
taxation year.	102	0	
Add: Non-capital losses transferred on amalgamation or			
wind-up of subsidiary corporation.	105	0	
Current-year non-capital loss (from calculation above).	110	1,542,190	1,542,190

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

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

		Subtotal	1,542,190
Deduct - Request to carry back non-capital loss to:			
First preceding taxation year to reduce taxable income.	901	0	
Second preceding taxation year to reduce taxable income.	902	0	
Third preceding taxation year to reduce taxable income.	903	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax.	911	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax.	912	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax.	913	0	0

Non-capital losses - Closing balance.	180		1,542,190
			=====

— Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator.	190	Yes	[]
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.			

Part 2 - Capital losses

— Continuity of capital losses and request for a carryback

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

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

		Subtotal	0
Deduct - Request to carry back capital loss to: (see note 2)			
	Capital gain (100%)	Inclusion Rate	Amount carried back (100%)
First preceding taxation year.	0	0.00	951 0
Second preceding taxation year.	0	0.00	952 0
Third preceding taxation year.	0	0.00	953 0

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

Part 2 - Capital losses**Continuity of capital losses and request for a carryback (cont'd)**

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

Note 1

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

Note 2

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

Part 3 - Farm losses**Continuity of farm losses and request for a carryback**

Farm losses at end of preceding taxation year.		0	
Deduct: Farm loss expired after 10 taxation years.	300	0	
Farm losses at beginning of taxation year.	302	0	
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation.	305	0	
Current-year farm loss.	310	0	0
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return).	330	0	
Amount applied against taxable dividends subject to Part IV tax.	335	0	
Section 80 - Adjustment forgiven amount.	340	0	
Other adjustments.	350	0	0
		Subtotal	0
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income.	921	0	
Second preceding taxation year to reduce taxable income.	922	0	
Third preceding taxation year to reduce taxable income.	923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax.	931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax.	932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax.	933	0	0
Farm losses - Closing balance.	380	0	

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

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

Part 4 - Restricted farm losses**— Current-year restricted farm loss**

Net losses for the year from farming business.	485	0	A
Less the deductible farm loss:			
\$2,500 plus B or C, whichever is less.	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0 B			
	6,250 C	0	2,500
Current-year restricted farm loss (enter this amount on line 410).		0	

— Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year.	0		
Deduct: Restricted farm loss expired after 10 taxation years.	400	0	
Restricted farm losses at beginning of taxation year.	402	0	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation.	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1).	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return).	430	0	
Section 80 - Adjustments for forgiven amounts.	440	0	
Other adjustments.	450	0	0
		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income.	941	0	
Second preceding taxation year to reduce farming income.	942	0	
Third preceding taxation year to reduce farming income.	943	0	0
Restricted farm losses - Closing balance.	480	0	

Note

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

Part 5 - Listed personal property losses**— Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding taxation year.	0		
Deduct: Listed personal property loss expired after seven taxation years.	500	0	
Listed personal property losses at beginning of taxation year.	502	0	
Add: Current-year listed personal property loss (from Schedule 6).	510	0	
		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6).	530	0	
Other adjustments.	550	0	0
		Subtotal	0
Deduct - Request to carry back listed personal property loss to:			
First preceding taxation year to reduce listed personal property gains.	961	0	
Second preceding taxation year to reduce listed personal property gains.	962	0	
Third preceding taxation year to reduce listed personal property gains.	963	0	0
Listed personal property losses - Closing balance.	580	0	

Summary of Capital Cost Allowance

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

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203] - [207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	30,922,734	3,253,967	0	0	1,626,983	4	0	0	328,173	33,848,528
8	2,421,235	3,765	0	0	1,882	20	0	0	122,152	2,302,848
10	2,036,539	316,684	0	13,904	151,390	30	0	0	165,443	2,173,876
12	33,000	9,520	0	0	4,760	100	0	0	9,518	33,002
2	6,640,000	0	0	0	0	6	0	0	100,419	6,539,581
17	430,000	0	0	0	0	8	0	0	8,671	421,329
Total	42,483,508	3,583,936	0	13,904	1,785,015		0	0	734,376	45,319,164

$$(201 + 211) \times 212 \times 665 \times 92 = CCA$$

... need to provide for the # of days

CHATHAM-KENT HYDRO INC.

Sch. 009

Account/Business No.: 894290014RC0001 Year Ended: 2001-12-31
 RELATED AND ASSOCIATED CORPORATIONS

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

related corporation(s)

ociated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
CHATHAM-KENT ENERGY INC.		894286012RC0001	1	2,000	100.00	0	0.00	23,689,711
CHATHAM-KENT UTILITY SERVICES		863560967RC0001	3	0	0.00	0	0.00	0
THE CORPORATION OF THE MUNICIPAL		866337058RC0001	3	0	0.00	0	0.00	0

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

Relationship code:

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

The relationship code represents the relationship that the corporation named has to the filing corporation.

For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide".
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at end of preceding taxation year**(if negative, enter "0") **200** 0 A**Add:**Cost of eligible capital property acquired during
the taxation year. **222** 0 BAmount transferred on amalgamation or wind-up
of subsidiary. **224** 0 COther adjustments. **226** 1,868,000 D

(add amounts B, C, and D) 1,868,000 x 0.75 = 1,401,000 E

Subtotal (amount A plus amount E) **230** 1,401,000 F**Deduct:**Proceeds of sale (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year. **242** 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7). **244** 0 HOther adjustments. **246** 0 I(add amounts G, H, and I) 0 x 0.75 = **248** 0 J**Cumulative eligible capital balance (amount F minus amount J)** 1,401,000 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)**Current year deduction** amount K 1,401,000 x 7.00% = **250** 24,719 L
(enter amount L at line 405 of Schedule 1)**Cumulative eligible capital - Closing balance** **300** 1,376,281 M
Amount K minus amount L (if negative, enter "0")**Note**

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

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

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

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

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988. **400** 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7). **401** 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988. **402** 0 3Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988. **408** 0 4

Line 3 minus line 4. 0 0 5

Total of lines 1, 2, and 5. 0 6

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

Line 6 minus line 7. 0 0 O

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

Amount on line 5 0 x 1/2. 0 Q

Line P minus line Q. 0 R

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

Lesser of line N or line O. 0 T

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

line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q. **410** 0* For taxation years ending after February 27, 2000, and before October 18, 2000,
use fraction 8/9 to calculate line S.

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

CONTINUITY OF RESERVES

(1998 and later taxation years)

For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.

References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".

- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	0	0	0	0	0

Total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
EMPLOYEE FUTURE BENEFITS	470,820	0	14,116	0	484,936
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Reserves From Section 3 below	0	0	169,924	0	169,924
Totals	470,820	0	184,040	0	654,860

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year			
	[X]	\$	\$	\$	\$	\$			
Reserve for doubtful debts.....	[X]	110	0	115	0	169,924	120	169,924	
Reserve for undelivered goods and services not rendered.....	[]	130	0	135	0	0	140	0	
Reserve for prepaid rent.....	[]	150	0	155	0	0	160	0	
Reserve for December 31, 1995 income.....	[]	170	0	175	0	0	180	0	
Reserve for refundable containers.....	[]	190	0	195	0	0	200	0	
Reserve for unpaid amounts.....	[]	210	0	215	0	0	220	0	
Other tax reserves.....	[]	230	0	235	0	0	240	0	
Totals		270	0	275	0	169,924	0	280	169,924

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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

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

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

Filing date (for departmental use only)

100

Year Month Day

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

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	484,936	E F B
Capital stock (or members' contributions if incorporated without share capital)	103	23,523,425	Share Capital
Retained earnings.	104	1,410,537	E & F
Contributed surplus.	105	0	
Any other surpluses.	106	0	
Deferred unrealized foreign exchange gains.	107	0	
All loans and advances to the corporation.	108	24,445,986	Note Payable + LT und. Capital
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations.	109	0	
Any dividends declared but not paid by the corporation before the end of the year.	110	0	
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year.	111	0	

Part 1 - Capital (cont'd)

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

112 0

Subtotal 49,864,884 49,864,884 A

Deduct the following amounts:

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

Any deficit deducted in computing the shareholders' equity. 122 0

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

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

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

The amount of deferred unrealized foreign exchange losses. 124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0"). 190 49,864,884

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

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

Part 2 - Investment allowance**Add the carrying value at the end of the year of the following assets of the corporation:**

A share of another corporation. 401 0

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

A bond, debenture, note, mortgage, or similar obligation of another corporation

(other than a financial institution). 403 0

Long-term debt of a financial institution. 404 0

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

A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,
a partnership all of the members of which, throughout the year, were other corporations

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

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

An interest in a partnership. 407 0

Investment allowance for the year. 490 0

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

Part 3 - Taxable capital

Capital for the year (line 190). 49,864,884 C

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

Taxable capital for the taxation year

(amount C minus amount D) (if negative, enter "0"). 500 49,864,884

Part 4 - Taxable capital employed in Canada - Canadian resident corporation

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

Taxable capital for the year (line 500)	49,864,884	X	Taxable income earned in Canada	610	1,000	Taxable capital employed in Canada	690	49,864,884
			Taxable income		1,000			

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

Part 5 - Taxable capital employed in Canada - Non-resident corporation

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

Total of all amounts 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 carried on during the year through a permanent establishment in Canada. 701 0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada. 711 0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year in Canada. 712 0

Amount of 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 in Canada. 713 0

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

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

Part 6 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada for the year (line 690 or 790, whichever applies). 49,864,884

Deduct: Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36). 801 6,379,038

Excess of taxable capital employed in Canada over capital deduction. 811 43,485,846

Gross Part I.3 tax: Line 811 43,485,846 x .2250% = 97,843 F

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

Amount F 97,843 x Number of days in the year 92 = 24,662 G

365

Gross Part I.3 tax (amount F or G, whichever applies). 820 24,662

Part 7 - Calculation of current year surtax credits

Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable. This is called the surtax credit.

Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.

Refer to subsection 181.1(7) of the Act when calculating the amount deductible in respect of a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

Current year surtax credit equals current year Canadian surtax payable.

Canadian surtax payable

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

a) line 600 from the T2 return. 0
 b) line 700 plus line 660 from the T2 return. 0 H

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

c) line 600 from the T2 return 0 x line 690 of this schedule 49,864,884 = 0

 49,864,884
 line 500 of this schedule

d) line 700 plus line 660 from the T2 return. 0
 Current year surtax credit (amount H or I, whichever applies). 830 0

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

Amount on line 830. 0
 Part I.3 tax before deducting surtax credits (line 820). 24,662 J

Net amount -24,662 K

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

Note: The portion of amount K carried forward should be entered at line 660 of the T2 return.

If the amount on line K is "negative," it represents the amount of unused surtax credit of other years that may be applied to reduce Part I.3 tax payable in the current year. 24,662 M

Part 9 - Calculation of current year unused surtax credit

Amount K (if positive). 0

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

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

Part 10 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)		24,662	N
Less the following amounts:			
Current year surtax credit applied			
the lesser of lines 820 and 830	861	0	
Unused surtax credit from prior years applied	862	0	
Total (cannot exceed amount on line 820)		0	0 O
Net Part 1.3 tax payable (amount N minus amount O)			
Enter this amount at line 704 of the T2 return	870	24,662	
		=====	

Attached Sch.

Year Ended: 2001-12-31

Customer deposits
Note Payable

[illegible]

Total	24,445,986.00
-------	---------------

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

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

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.

Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

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

In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.

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

Agreement

Year Month Day

Date filed (for departmental use only) [010]

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

Enter the calendar year to which the agreement applies. [030] Year 2001

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

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
CHATHAM-KENT HYDRO INC.	894290014RC0001	6,379,038	
See attached		3,620,962	

Total (not to exceed \$10,000,000)		10,000,000	
		=====	

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

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

CHATHAM-KENT HYDRO INC.

Sch. 036-Supp.

Account/Business No.: 894290014RC0001 Year Ended: 2001-12-31

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

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

Names of all corporations which are members of the related group	Business Number (Note 1) [300]	Allocation of capital deduction for the year [400]	Taxation year end to which this agreement applies (Note 2) [500]
CHATHAM-KENT ENERGY INC.	894286012RC0001	3,236,921	2001-12-31
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	384,041	2001-12-31
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	866337058RC0001	0	2001-12-31
TOTAL		3,620,962	

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

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

Schedule 36 - Supplementary

CHATHAM-KENT HYDRO INC.

Sch. 050

Account/Business No.: 894290014RC0001

Year Ended: 2001-12-31

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

SHAREHOLDER INFORMATION

(1998 and later taxation years)

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

Name of shareholder

Business
NumberSocial
Insurance
NumberPercentage
common
sharesPercentage
preferred
shares

(note 1)

(note 2)

100

200

300

400

500

CHATHAM-KENT ENERGY INC.

894286012RC0001

100.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

0.00 0.00

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

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

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

— BUSINESS CONSENT FORM —

This form authorizes Revenue Canada to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.

The purpose of this form is:

to authorize
or to cancel

☒ a third party representative
☐ a third party representative

— 1. Client identification —

Name and address:

CHATHAM-KENT HYDRO INC.
320 QUEEN STREET
P.O. BOX 70
CHATHAM
ON
N7M-5K2

Indicate one of the following:

Business Number (BN) for:

All accounts 894290014
or Specific program account type
or Specific account

Other Clients:

or Employer remittance account number

— 2. Authorized third party identification —

Name of authorized individual AND/OR the firm:

Deloitte & Touche LLP
35 King Street West
Suite 700
Telephone: 519-576-0880

— 3. Details of authorization —

Indicate the period for which authorization or cancellation applies:

All taxation years ☒
or
Specific year(s) [] []
or
All years prior to []

— 4. Authorized signature (client or authorized signing officer) —

Signature of client or authorized
signing officer

PRESIDENT

Title

Telephone number 519-352-6300

Date signed 2002-07-02

We will not accept this form unless it is signed.



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

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/10/01 to 2001/12/31

CHATHAM-KENT HYDRO INC.

ASSESSMENT NO. 3

Account No.	Assessment Date (year, month, day)	Page
1800232	2002/09/27	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

59,739.00 ✓
2,038.83CR
57,700.17

SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

Sub-Total

177,960.38CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

177,960.38CR
120,260.21CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Tax Assessment as per Company Estimate.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5583

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

002 PX5003

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Attachment 12
Revised 2002 SIMPIL Model

Disposition of Balance Recorded in Account 1562 Deferred PILs

Distributor	Chatham-Kent Hydro Inc.
OEB File Number	EB-2012-0097
Filing Year	2002

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Chatham-Kent Hydro Inc.			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?	Y/N		Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?	Y/N		N	
16					
17	Is the utility a non-profit corporation?	Y/N		N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?	OCT	Y/N	Y	
20		LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT		99%	
22		LCT		62%	
23					
24	Accounting Year End	Date		12-31-2002	
25					
26	MARR NO TAX CALCULATIONS				
27	SHEET #7 FINAL RUD MODEL DATA				
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			45,653,588	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			6.05%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			3,035,964	
42					
43	1999 return from RUD Sheet #7			786,476	786,476
44					
45	Total Incremental revenue			2,249,488	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			1,077,000	1,077,000
48	Amount allowed in 2002			1,077,000	1,077,000
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				2,940,476
55					
56	Equity			22,826,794	
57					
58	Return at target ROE			1,381,021	
59					
60	Debt			22,826,794	
61					
62	Deemed interest amount in 100% of MARR			1,654,943	
63					
64	Phase-in of interest - Year 1 (2001)			1,015,805	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			1,602,891	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			1,602,891	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			1,654,943	
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS							
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days					
10	Total days in the calendar year:	365	days				Column Brought From TAXREC	
11							\$	
12			\$		\$			
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	2,940,476		639,376		3,579,852	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	2,533,000		311,353		2,844,353	
21	Employee Benefit Plans - Accrued, Not Paid	3	318,500		-318,500		0	
22	Tax reserves - beginning of year	4			169,924		169,924	
23	Reserves from financial statements - end of year	4			719,610		719,610	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material Items from "TAXREC 2" worksheet	6			2,118		2,118	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				81,400		81,400	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	1,835,114		1,120,863		2,955,977	
34	Employee Benefit Plans - Paid Amounts	8	275,000		-275,000		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	1,602,891		94,563		1,697,454	
38	Tax reserves - end of year	4			174,510		174,510	
39	Reserves from financial statements - beginning of year	4			654,860		654,860	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			15,335		15,335	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				697,375		697,375	
49								
50	TAXABLE INCOME/ (LOSS)		2,078,971		(877,225)	Before loss C/F	1,201,746	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		802,899		-802,899	Actual	0	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		802,899		-802,899	Actual	0	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	45,653,588		13,446,824		59,100,412	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-70,255		4,929,745	
68	Taxable Capital		40,653,588		13,376,569		54,170,667	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		121,961		40,551		162,512	
73								
74	Federal Large Corporations Tax							
75	Base	18	45,653,588		13,986,772		59,640,360	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		-3,824,529		6,175,471	
77	Taxable Capital		35,653,588		10,162,243		53,464,889	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		80,221		40,075		120,296	

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS						Version 2009.1	
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5		0						
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column Brought From TAXREC	
10	Total days in the calendar year:	365	days				\$	
11								
12			\$		\$			
13								
82	Less: Federal Surtax 1.12% x Taxable Income	21	23,284		-23,284		0	
83								
84	Net LCT		56,936		63,360		120,296	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	1,284,638			Actual 2002	0	
91	LCT (proxy tax is grossed-up)	23	91,098			Actual 2002	120,296	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	121,961			Actual 2002	162,512	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION	25	1,497,696			Actual 2002	282,808	
96								
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			-318,500			
103	Tax reserves deducted in prior year	4			169,924			
104	Reserves from financial statements-end of year	4			719,610			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			2,118			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			-275,000			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			11,057			
113	Tax reserves claimed in current year	4			174,510			
114	Reserves from F/S beginning of year	4			654,860			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			15,335			
119								
120	Total TRUE-UPS before tax effect	26		=	-7,610			
121								
122	Income Tax Rate (including surtax) from 2002 Utility's tax return			x	38.62%			
123								
124	Income Tax Effect on True-up adjustments			=	-2,939			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-2,939			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				37.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(4,703)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	2,078,971			
137								
138	REVISED CORPORATE INCOME TAX RATE (including surtax)			x	38.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	802,899			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	802,899			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	802,899			

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS							
3	TAX CALCULATIONS (TAXCALC)							
4	("Wires-only" business - see Tab TAXREC)							
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column Brought From TAXREC	
10	Total days in the calendar year:	365	days				\$	
11								
12			\$		\$			
13								
147					=	0		
148	Regulatory Income Tax Variance							
149								
150	Ontario Capital Tax							
151	Base				=	45,653,588		
152	Less: Exemption from tab Tax Rates, Table 2, cell C39				-	5,000,000		
153	Revised deemed taxable capital				=	40,653,588		
154								
155	Rate - Tab Tax Rates cell C54				x	0.3000%		
156								
157	Revised Ontario Capital Tax				=	121,961		
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				-	121,961		
159	Regulatory Ontario Capital Tax Variance				=	0		
160								
161	Federal LCT							
162	Base					45,653,588		
163	Less: Exemption from tab Tax Rates, Table 2, cell C40				-	10,000,000		
164	Revised Federal LCT				=	35,653,588		
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2250%		
167								
168	Gross Amount					80,221		
169	Less: Federal surtax				-	23,284		
170	Revised Net LCT				=	56,936		
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)				-	56,936		
173	Regulatory Federal LCT Variance				=	0		
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)					37.50%		
176								
177	Income Tax (grossed-up)				+	0		
178	LCT (grossed-up)				+	0		
179	Ontario Capital Tax				+	0		
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	0		
182								
183	TRUE-UP VARIANCE (from cell I130)				+	(4,703)		
184								
185	Total Deferral Account Entry (Positive Entry = Debit)				=	(4,703)		
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)					1,654,943		
194	Interest phased-in (Cell C36)					1,602,891		
195								
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision					52,052		
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
200								
201	Interest deducted on MoF filing (Cell K36+K41)					1,697,454		
202	Less: Interest components excluded for true-up calculation purposes					31,454	(Interest on customer deposits)	
203	Adjusted Interest					1,666,000		
204	Total deemed interest (REGINFO CELL D61)					1,654,943		
205								
206	Variance caused by excess debt					11,057		
207								
208	Interest Adjustment for Tax Purposes (carry forward to Cell I110)					11,057		
209								
210	Total Interest Variance					40,994		

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		0	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	<i>Input unconsolidated financial statement data submitted with Tax returns.</i>					
24	<i>The actual categories of the income statements should be used.</i>					
25	<i>If required please change the descriptions except for amortization, interest expense and provision for income tax</i>					
26						
27	<i>Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.</i>					
28						
29						
30	Income:					
31	Energy Sales	+	68,359,445		68,359,445	
32	Distribution Revenue	+	10,923,664		10,923,664	
33	Other Income	+	1,037,765		1,037,765	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	68,359,445		68,359,445	
40	Administration	-	1,887,735		1,887,735	
41	Customer billing and collecting	-	1,376,271		1,376,271	
42	Operations and maintenance	-	2,273,218		2,273,218	
43	Amortization	-	2,844,353		2,844,353	
44	Ontario Capital Tax	-			0	
45		-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	3,579,852	0	3,579,852	
51	Less: Interest expense for accounting purposes	-	1,697,454		1,697,454	
52	Provision for payments in lieu of income taxes	-	300,000		300,000	
53	Net Income (loss)	=	1,582,398	0	1,582,398	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	300,000	0	300,000	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	2,844,353	0	2,844,353	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	169,924	0	169,924	
64	Reserves from financial statements- end of year	+	719,610	0	719,610	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		81,400	0	81,400	
67	Material addition items from TAXREC 2	+	2,118	0	2,118	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		4,117,405	0	4,117,405	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
75	Capital items expensed	+			0	
76		+			0	
77		+			0	
78		+			0	
79		+			0	
80	<i>Total Other Additions</i>	=	0	0	0	
81						
82	<i>Total Additions</i>	=	4,117,405	0	4,117,405	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	<i>Total Other additions >materiality level</i>		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	<i>Total Other Additions</i>		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	2,859,637		2,859,637	
98	Cumulative eligible capital deduction	-	96,340		96,340	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	<i>Regulatory adjustments :</i>	-			0	
102	CCA	-			0	
103	<i>other deductions</i>	-			0	
104	<i>Tax reserves - end of year</i>	-	174,510	0	174,510	
105	<i>Reserves from financial statements- beginning of year</i>	-	654,860	0	654,860	
106	<i>Contributions to deferred income plans</i>	-			0	
107	<i>Contributions to pension plans</i>	-			0	
108	Items on which true-up does not apply "TAXREC 3"		697,375	0	697,375	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	15,335	0	15,335	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	<i>Subtotal</i>	=	4,498,057	0	4,498,057	
114	<i>Other deductions (Please explain the nature of the deductions)</i>					
115	Charitable donations - tax basis	-			0	
116	<i>Gain on disposal of assets</i>	-			0	
117		-			0	
118		-			0	
119		-			0	
120	<i>Total Other Deductions</i>	=	0	0	0	
121						
122	<i>Total Deductions</i>	=	4,498,057	0	4,498,057	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	<i>Total Other Deductions exceed materiality level</i>		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	<i>Total Other Deductions</i>		0	0	0	
133						
134	TAXABLE INCOME	=	1,201,746	0	1,201,746	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	1,121,746	0	1,121,746	
137	Net capital loss applied positive number	-			0	
138	Charitable donations		80,000		80,000	
139	NET TAXABLE INCOME	=	0	0	0	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	0		0	
144	<i>Subtotal</i>	=	0	0	0	

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	0	0	0	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	Divide federal
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	Divide Ontario
151	Blended Income Tax Rate		0.00%	*****	0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	0	0	0	
157	Ontario Capital Tax	+	162,512		162,512	
158	Federal Large Corporations Tax	+	120,296		120,296	
159						
160	Total income and capital taxes	=	282,808	0	282,808	
161						

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13						0
14	Reserve for doubtful accounts ss. 20(1)(l)		169,924			169,924
15	Reserve for goods & services ss.20(1)(m)					0
16	Reserve for unpaid amounts ss.20(1)(n)					0
17	Debt and share issue expenses ss.20(1)(e)					0
18	Other - Please describe					0
19	Other - Please describe					0
20						0
21						0
22	Total (carry forward to the TAXREC worksheet)		169,924	0		169,924
23						
24	End of Year:					
25						0
26	Reserve for doubtful accounts ss. 20(1)(l)		174,510			174,510
27	Reserve for goods & services ss.20(1)(m)					0
28	Reserve for unpaid amounts ss.20(1)(n)					0
29	Debt and share issue expenses ss.20(1)(e)					0
30	Other - Please describe					0
31	Other - Please describe					0
32						0
33						0
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		174,510	0		174,510
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41						0
42						0
43	Environmental					0
44	Allowance for doubtful accounts		169,924			169,924
45	Inventory obsolescence					0
46	Property taxes					0
47	OPEB		484,936			484,936
48	Other - Please describe					0
49						0
50	Total (carry forward to the TAXREC worksheet)		654,860	0		654,860
51						
52	End of Year:					
53						0
54						0
55	Environmental					0
56	Allowance for doubtful accounts		174,510			174,510
57	Inventory obsolescence					0
58	Property taxes					0
59	OPEB		545,100			545,100
60						0
61						0
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		719,610	0		719,610
64						

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+				0
18	Gain on sale of eligible capital property	+				0
19	Loss on disposal of assets	+				0
20	Charitable donations (Only if it benefits ratepayers)	+				0
21	Taxable capital gains	+				0
22		+				0
23	Scientific research expenditures deducted	+				0
24	per financial statements	+				0
25	Capitalized interest	+				0
26	Soft costs on construction and renovation of buildings	+				0
27	Capital items expensed	+				0
28	Debt issue expense	+				0
29	Financing fees deducted in books	+				0
30	Gain on settlement of debt	+				0
31	Interest paid on income debentures	+				0
32	Recapture of SR&ED expenditures	+				0
33	Share issue expense	+				0
34	Write down of capital property	+				0
35	Amounts received in respect of qualifying environment trust	+				0
36	Provision for bad debts	+				0
37	Tax interest	+	2,118			2,118
38		+				0
39		+				0
40	Other Additions: (please explain in detail the nature of the item)	+				0
41		+				0
42		+				0
43		+				0
44		+				0
45		+				0
46	Total Additions	=	2,118	0		2,118
47						
48	Recap of Material Additions:					
49			0	0		0
50			0	0		0
51			0	0		0
52			0	0		0
53			0	0		0
54			0	0		0
55			0	0		0
56			0	0		0
57			0	0		0
58			0	0		0
59			0	0		0
60			0	0		0
61			0	0		0
62			0	0		0
63			0	0		0
64			0	0		0
65			0	0		0
66			0	0		0
67			0	0		0
68			2,118	0		2,118
69	Tax interest		0	0		0
70			0	0		0
71			0	0		0
72			0	0		0
73			0	0		0
74			0	0		0

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
75			0	0	0	
76			0	0	0	
77	Total Material additions		2,118	0	2,118	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		2,118	0	2,118	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-	15,335		15,335	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Retirement benefit recorded to transition costs	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	15,335	0	15,335	
100						
101	Recap of Material Deductions:					
102	Gain on disposal of assets per f/s		15,335	0	15,335	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		15,335	0	15,335	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		15,335	0	15,335	
122						

	A	B	C	D	E
1					
2	PILs TAXES				
3	TAX RETURN RECONCILIATION (TAXREC 3)				
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only
5	<u>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</u>		Corporate	Eliminations	Tax
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
7		0	Return		
8	Utility Name: Chatham-Kent Hydro Inc.				Version 2009.1
9					
10					
11	Reporting period: 2002				
12	Number of days in taxation year:		365		
13					
14					
15					
16	Section C: Reconciliation of accounting income to taxable income				
17	Add:				
18					
19	Recapture of capital cost allowance	+			0
20	CCA adjustments	+			0
21	CEC adjustments	+			0
22	Gain on sale of non-utility eligible capital property	+			0
23	Gain on sale of utility eligible capital property	+			0
24	Loss from joint ventures or partnerships	+			0
25	Deemed dividend income	+			0
26	Loss in equity of subsidiaries and affiliates	+			0
27	Loss on disposal of utility assets	+			0
28	Loss on disposal of non-utility assets	+			0
29	Depreciation in inventory -end of year	+			0
30	Depreciation and amortization adjustments	+			0
31	Dividends credited to investment account	+			0
32	Non-deductible meals	+	1,400		1,400
33	Non-deductible club dues	+			0
34	Non-deductible automobile costs	+			0
35	Donations - amount per books		80,000		80,000
36	Interest and penalties on unpaid taxes				0
37	Management bonuses unpaid after 180 days of year end				0
38	Imputed interest expense on Regulatory Assets				0
39		+			0
40	Ontario capital tax adjustments	+			0
41	Changes in Regulatory Asset balances	+			0
42		+			0
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0
44		+			0
45		+			0
46		+			0
47	Total Additions on which true-up does not apply	=	81,400	0	81,400
48					
49	Deduct:				
50					
51	CCA adjustments	-			0
52	CEC adjustments	-			0
53	Depreciation and amortization adjustments	-			0
54	Gain on disposal of assets per financial statements	-			0
55	Financing fee amortization - considered to be interest expense for PILs	-			0
56	Imputed interest income on Regulatory Assets	-			0
57	Donations - amount deductible for tax purposes	-			0
58	Income from joint ventures or partnerships	-			0
59		-			0
60		-			0
61		-			0

	A	B	C	D	E	
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3		LINE	M of F	Non-wires	Wires-only
5	<u>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</u>			Corporate	Eliminations	Tax
6	(for "wires-only" business - see s. 72 OEB Act)			Tax		Return
7			0	Return		
8	Utility Name: Chatham-Kent Hydro Inc.					Version 2009.1
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:			365		
13						
14						
62			-			0
63			-			0
64	Ontario capital tax adjustments to current or prior year		-	190,100		190,100
65			-			0
66	Changes in Regulatory Asset balances		-	447,110		447,110
67			-			0
68	Other deductions: (Please explain in detail the nature of the item)		-			0
69	Retirement benefit recorded to transition costs		-	60,165		60,165
70			-			0
71			-			0
72			-			0
73	<u>Total Deductions on which true-up does not apply</u>		=	697,375	0	697,375
74						

	A	B	C	D	E	F
1	PILs TAXES					
2	Corporate Tax Rates					Version 2009.1
3	Exemptions, Deductions, or Thresholds					
4	Utility Name: Chatham-Kent Hydro Inc.					
5	Reporting period: 2002					
6						
7						
8	Rates Used in 2002 RAM PILs Applications for 2002					Table 1
9	Income Range		0 to 200,000		200,001 to 700,000	>700,000
10	RAM 2002					
11		Year				
12	Income Tax Rate					
13	Proxy Tax Year	2002				
14	Federal (Includes surtax)		13.12%		26.12%	26.12%
15	and Ontario blended		6.00%		6.00%	12.50%
16	Blended rate		19.12%		34.12%	38.62%
17						
18	Capital Tax Rate		0.300%			
19	LCT rate		0.225%			
20	Surtax		1.12%			
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000			
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000			
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing					
24						
25						
26	Expected Income Tax Rates for 2002 and Capital Tax Exemptions for 2002					
27	Income Range		0 to 200,000		200,001 to 700,000	>700,000
28	Expected Rates					
29		Year				
30	Income Tax Rate					
31	Current year	2002				
32	Federal (Includes surtax)	2002	13.12%		26.12%	26.12%
33	Ontario	2002	6.00%		6.00%	12.50%
34	Blended rate	2002	19.12%		32.12%	38.62%
35						
36	Capital Tax Rate	2002	0.300%			
37	LCT rate	2002	0.225%			
38	Surtax	2002	1.12%			
39	Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000			
40	Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000			
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.					
42						
43						
44	Input Information from Utility's Actual 2002 Tax Returns					Table 3
45	Income Range		0 to 200,000		200,001 to 700,000	>700,000
46						
47		Year				
48	Income Tax Rate					
49	Current year	2002				
50	Federal (Includes surtax)		13.12%		26.12%	26.12%
51	Ontario		6.00%		6.00%	12.50%
52	Blended rate		19.12%		32.12%	38.62%
53						
54	Capital Tax Rate		0.300%			
55	LCT rate		0.225%			
56	Surtax		1.12%			
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,929,745			
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	6,175,471			
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36					
60						
61						

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILs TAXES														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Chatham-Kent Hydro Inc.														Version 2009.1
4	Reporting period: 2002														0
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		-4,703		-4,703		-4,703		-4,703		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-											0		0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
16	True-up Variance Adjustment (3)	+/-			-4,703										-4,703
18	Deferral Account Variance Adjustment Q4, 2001 (4)	+/-													0
20	Deferral Account Variance Adjustment (5)	+/-			0										0
22	Adjustments to reported prior years' variances (6)	+/-													0
23	Carrying charges (7)	+/-													0
25	PILs billed to (collected from) customers (8)	-	0												0
26															
27	Ending balance: # 1562		0		-4,703		-4,703		-4,703		-4,703		-4,703		-4,703
28															
29															
30															
31	Uncollected PILs														
32															
33	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
34	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
35															
36	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:						3								
37															
38	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
39	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
40	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
41	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
42	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
43	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
44	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
45	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
46															
47	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
48	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
49															
50	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
51	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
52															
53	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
54	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
55															
56	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
57	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
58															
59	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
60															
61	(7) Carrying charges are calculated on a simple interest basis.														
62															
63	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
64	components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
65	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
66	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
67															
68	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
69	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
70	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
71															
72	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
73	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
74															
75	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
76	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
77	to calculate the recovery for the period January 1 to March 31, 2005.														
78															
79	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
80	will have to include amounts from 1562 and from 1590.														
81															
82															

Attachment 13
2002 Financial Statements

Financial Statements of

CHATHAM-KENT HYDRO INC.

December 31, 2002

Auditors' Report

To the Chairman and Board Members of Chatham-Kent Hydro Inc.

We have audited the balance sheet of Chatham-Kent Hydro Inc. as at December 31, 2002 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and the results of its operations and its cash flows for the year ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
February 28, 2003

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Statement of Cash Flows	3
Notes to the Financial Statements	4-11

CHATHAM-KENT HYDRO INC.

Balance Sheet

December 31, 2002

Page 1 of 11

	2002	2001
ASSETS		
CURRENT		
Cash	\$ 10,787,465	\$ 675,189
Accounts receivable (Note 3)	3,373,960	2,096,714
Accounts receivable - unbilled revenue	8,228,837	6,402,939
Due from Municipality	-	10,185,115
Due from Chatham-Kent Utility Services Inc.	6,219,720	694,509
Income taxes receivable	6,939	-
Inventories	605,543	678,102
Prepaid expenses	110,561	89,933
	29,333,025	20,822,501
CAPITAL ASSETS (Note 4)	39,216,367	39,372,911
OTHER		
Deferred assets (Note 5)	1,847,547	722,755
Computer software	11,294	8,568
	1,858,841	731,323
	\$ 70,408,233	\$ 60,926,735
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,491,137	\$ 7,550,848
Income taxes payable	-	177,960
Due to Municipality	7,794,870	-
Due to Shareholder	3,276,644	3,266,448
Current portion of customer deposits	340,000	345,000
	18,902,651	11,340,256
LONG-TERM		
Note payable (Note 6)	23,523,326	23,523,326
Employee future benefits (Note 7)	545,100	484,936
Long-term portion of customer deposits	1,068,845	792,304
	25,137,271	24,800,566
	44,039,922	36,140,822
CONTINGENCY (Note 10)		
COMMITMENTS (Note 15)		
SHAREHOLDER'S EQUITY		
Share capital (Note 11)	23,523,425	23,523,425
Retained earnings	2,844,886	1,262,488
	26,368,311	24,785,913
	\$ 70,408,233	\$ 60,926,735

CHATHAM-KENT HYDRO INC.**Statement of Earnings and Retained Earnings**

Year Ended December 31, 2002

Page 2 of 11

	2002	2001
SERVICE REVENUE		
Residential	\$ 23,774,423	\$ 22,989,005
General service	49,549,585	45,459,328
Street lighting	549,327	580,407
	73,873,335	69,028,740
Change in unbilled revenue	1,229,560	(47,803)
	75,102,895	68,980,937
Retailer energy sales	4,180,214	-
	79,283,109	68,980,937
COST OF POWER	68,359,445	59,598,306
GROSS MARGIN ON SERVICE REVENUE	10,923,664	9,382,631
OTHER OPERATING REVENUE	1,037,765	1,411,842
OPERATING INCOME	11,961,429	10,794,473
OPERATING AND MAINTENANCE EXPENSE		
Distribution	2,393,344	2,263,802
ADMINISTRATIVE EXPENSE		
Billing and collection	1,376,271	1,312,880
General administration	1,887,735	1,275,573
Interest	1,697,454	1,393,058
DEPRECIATION AND AMORTIZATION	2,724,227	2,495,184
	10,079,031	8,740,497
EARNINGS, BEFORE		
PAYMENTS IN LIEU OF TAXES	1,882,398	2,053,976
PAYMENTS IN LIEU OF TAXES (Note 14)	300,000	-
NET EARNINGS	1,582,398	2,053,976
RETAINED EARNINGS (DEFICIT),		
BEGINNING OF YEAR	1,262,488	(791,488)
RETAINED EARNINGS, END OF YEAR	\$ 2,844,886	\$ 1,262,488

CHATHAM-KENT HYDRO INC.

Statement of Cash Flows

Year Ended December 31, 2002

Page 3 of 11

	<u>2002</u>	<u>2001</u>
OPERATING ACTIVITIES		
Net earnings	\$ 1,582,398	\$ 2,053,976
Adjustments for:		
Depreciation of capital assets	2,775,853	2,524,663
Depreciation of computer software	2,418	10,313
Amortization of contributed capital	(54,044)	(39,792)
Gain on disposal of capital assets	(15,335)	-
Employee future benefits	60,164	56,466
Changes in non-cash working capital items (Note 12)	9,169,147	(755,842)
Change in customer deposits	271,541	(2,854)
	<u>13,792,142</u>	<u>3,846,930</u>
INVESTING ACTIVITIES		
Additions to deferred assets	(1,124,792)	(722,755)
Additions to computer software	(5,144)	(9,520)
Proceeds on disposal of capital assets	77,723	-
Additions to capital assets	(2,627,653)	(3,180,858)
	<u>(3,679,866)</u>	<u>(3,913,133)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,112,276	(66,203)
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	675,189	741,392
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,787,465	\$ 675,189

See Note 12 for supplemental cash flow information.

1. NATURE OF OPERATIONS

Chatham-Kent Hydro Inc. (the "Company") was incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

The Company is wholly-owned by Chatham-Kent Energy Inc. (the "Shareholder") which in turn is wholly-owned by the Municipality of Chatham-Kent (the "Municipality").

The principal activity of the Company is to distribute electricity to customers within the Municipality of Chatham-Kent, under the license issued by the Ontario Energy Board ("OEB").

Under a Municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division ("the Commission") and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to the Company at October 1, 2000 was \$47,046,751. In consideration for the transfer the Company issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326. Shares valued at \$23,523,425 have been issued to Chatham-Kent Energy Inc.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies as set forth in the Accounting Procedures Handbook issued by the OEB under the authority of the *Ontario Energy Board Act, 1998*:

Regulation

The Company is regulated by the OEB and any power rate adjustments require OEB approval.

Inventories

Inventories are valued at the lower of cost and replacement cost with cost being determined using the weighted average method.

Capital assets

Capital assets are recorded at cost. Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings and fixtures	25 – 50 years
Distribution station equipment	30 years
Distribution lines	25 years
Distribution transformers	25 years
Distribution meters	25 years
General office equipment	10 years
Computer equipment	5 years
Rolling stock	4 – 8 years
Tools	10 years
System supervisory equipment	15 years
Automated mapping facility management	15 years
Services	25 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Computer software

Computer software is stated at cost less accumulated depreciation. Depreciated is calculated on a straight-line basis over five years.

Deferred assets

Deferred assets consist of qualifying capital costs and related expenditures incurred in the preparation for market opening which occurred in May 2002 as well as difference between the amounts recovered through rates and the amounts paid for cost of power. Recovery of the deferred costs is regulated by the OEB.

Contributed capital

Contributed capital consist of third party contributions toward the cost of constructing company assets. For the year ended December 31, 2002, \$356,295 (2001 - \$396,862) of contributed capital has been charged to capital assets and recorded as an offset to capital assets. Amortization is on a straight-line basis over 25 years.

Customer deposits

Customer deposits are recorded when received or paid. Deposits earn interest at a rate of prime less 1.75%.

Revenue recognition and cost of power

Service revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used. Any discrepancies in the revenue collected and associated cost of power related to distribution are charged to deferred assets.

Unbilled revenue

Unbilled revenue is an estimate of customers' consumption of power from the last meter read to December 31st.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Post employment benefits other than pension

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2002

Page 6 of 11

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Payment in lieu of income taxes

Under the *Electricity Act, 1998*, the Company is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC), for the period commencing October 1, 2001. These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporation Tax Act* (Ontario) and modified by the *Electricity Act, 1998*, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes.

The Company, regulated by the Ontario Energy Board, provides for payments in lieu of corporate income taxes using the taxes payable method instead of the liability method.

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Future income taxes are expected to be reflected in future rates and, accordingly, are not recognized in the financial information.

Payments in lieu of taxes are henceforth referred to as income taxes.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with the bank.

3. ACCOUNTS RECEIVABLE

	2002	2001
Electrical energy	\$ 3,217,121	\$ 2,134,328
Other	331,349	132,310
	<u>3,548,470</u>	<u>2,266,638</u>
Allowance for doubtful accounts	174,510	169,924
	<u>\$ 3,373,960</u>	<u>\$ 2,096,714</u>

4. CAPITAL ASSETS

	2002		2001	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Plant and distribution system:				
Land	\$ 408,911	\$ -	\$ 408,911	\$ 415,308
Buildings and fixtures	3,002,982	209,326	2,793,656	2,929,823
Substation	211,364	35,479	175,885	191,085
Distribution system:				
Overhead	14,372,112	1,703,458	12,668,654	12,112,397
Underground	11,992,109	1,518,864	10,473,245	10,608,355
Transformers	9,902,947	1,272,106	8,630,841	8,615,239
Meters	2,163,828	302,381	1,861,447	1,863,920
General office equipment	61,131	21,376	39,755	49,306
Computer equipment	257,322	122,875	134,447	168,333
Rolling stock	1,129,224	609,043	520,181	698,394
Tools	451,211	181,574	269,637	339,858
System supervisory equipment	551,422	138,357	413,065	460,007
Automated mapping facility management	1,285,825	196,582	1,089,243	1,164,567
Services	1,043,608	71,613	971,995	688,663
	<u>46,833,996</u>	<u>6,383,034</u>	<u>40,450,962</u>	<u>40,305,255</u>
Contributed capital	(1,334,411)	(99,816)	(1,234,595)	(932,344)
	<u>\$ 45,499,585</u>	<u>\$ 6,283,218</u>	<u>\$ 39,216,367</u>	<u>\$ 39,372,911</u>

CHATHAM-KENT HYDRO INC.**Notes to the Financial Statements**

December 31, 2002

Page 7 of 11

5. DEFERRED ASSETS

Deferred assets and liabilities arise as a result of the rate-making process. As described in this note, the Company has recorded the following regulatory assets and related provision.

	2002	2001
Billing activities	\$ 76,089	\$ 42,543
Customer education	9,966	8,974
Wholesale market requirements	120,683	60,252
Independent market operator requirements	61,054	9,582
Retailer/customer requirements	116,024	68,725
Regulatory requirements	158,558	111,676
Payment-in-lieu of taxes - property	139,202	150,954
Payment-in-lieu of taxes - corporate taxes	-	195,719
Post employment costs	155,069	74,330
Retailer settlement variance accounts	1,692,478	-
	2,529,123	722,755
Less: provision	681,576	-
	\$ 1,847,547	\$ 722,755

The introduction of Bill 210 in November 2002 has deferred future rate increases until 2006. Due to the uncertainty created by this bill, management believes that certain of these assets may not be allowed in future rate setting even past 2006. Management has performed an analysis of the impact on future rates and is confident that future rate increases will be sufficient to realize all of these costs. While it is management's intention to pursue future rate increases based on all of these costs and the related interest, they have provided an allowance of \$681,576 (2001 - \$nil) for costs which may be disallowed for OEB purposes.

6. NOTE PAYABLE

The note payable is due to the Municipality with no set repayment terms and interest payable monthly at 7.04% (2001 - 7.04%). Interest expense for the year amounted to \$1,656,042 (2001 - \$1,387,444).

7. EMPLOYEE FUTURE BENEFITS

The Company pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability was determined by actuarial valuation using a discount rate of 7.5% (2001 - 7.5%).

Information about the Company's defined benefit plan is as follows:

	2002		2001	
Accrued benefit liability, beginning of year	\$	484,936	\$	428,470
Expense for the period		60,164		56,466
Benefits paid during the period		-		-
Estimated accrued benefit liability, end of year	\$	545,100	\$	484,936

The main actuarial assumptions employed for the valuation are as follows:

General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2002 and thereafter.

Interest (discount) rate

The present value as at December 31, 2002 of the future benefits, and the expense for the year ended December 31, 2002, was determined using a discount rate of 7.5%. This corresponds to the assumed CPI rate plus as assumed rate of return of 5%.

Health costs

Health costs were assumed to increase at 12% per year for 10 years, and then at the CPI rate plus 1% thereafter.

Dental costs

Dental costs were assumed to increase at the CPI rate plus 1% for 2002 and thereafter.

8. PENSION AGREEMENT

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used by the Company. The Company's contribution for employees' current service in 2002 was \$nil (2001 - \$nil). No premiums were paid by the employer or employees in 2002 due to the legislated OMERS premium holiday which is in effect until December 31, 2002.

CHATHAM-KENT HYDRO INC.**Notes to the Financial Statements**

December 31, 2002

Page 9 of 11

9. RELATED PARTY TRANSACTIONS

The Company provided the following services in the normal course of operations to the Municipality:

	2002	2001
Energy (at commercial rates)	\$ 3,537,630	\$ 3,046,469
Streetlight maintenance	146,562	155,075
	<u>\$ 3,684,192</u>	<u>\$ 3,201,544</u>

Chatham-Kent Utility Services Inc. provided the following services in the normal course of operations to the Company:

	2002	2001
Billing and collection services	\$ 2,794,828	\$ 2,611,352

The Shareholder provided the following services in the normal course of operations to the Company:

	2002	2001
Administrative services	\$ 653,172	\$ 703,556

10. CONTINGENCY

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim states that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defense of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company, and as such no potential liability has been recognized.

11. SHARE CAPITAL

	2002	2001
Authorized		
Unlimited common shares		
Issued		
2,000 common shares	<u>\$23,523,425</u>	<u>\$23,523,425</u>

CHATHAM-KENT HYDRO INC.**Notes to the Financial Statements**

December 31, 2002

Page 10 of 11

12. SUPPLEMENTAL CASH FLOW INFORMATION*Changes in non-cash working capital items*

	2002	2001
Accounts receivable	\$ (1,277,246)	\$ 1,014,821
Accounts receivable - unbilled revenue	(1,825,898)	163,992
Due from Municipality	17,979,985	(3,322,899)
Due from Chatham-Kent Utility Services Inc.	(5,525,211)	(868,908)
Inventories	72,559	178,471
Prepaid expenses	(20,628)	(89,933)
Accounts payable and accrued liabilities	(59,711)	2,009,080
Income taxes payable	(184,899)	177,960
Due from Shareholder	10,196	(18,426)
	\$ 9,169,147	\$ (755,842)

Payments in lieu of taxes of \$306,939 (2001 - \$nil) and interest of \$1,668,813 (2001 - \$5,614) was paid during 2002.

13. FINANCIAL INSTRUMENTS*Fair value*

The Company's recognized financial instruments consist of cash, accounts receivable, accounts payable, customer deposits, due to/from related parties and long-term debt. The values of cash, accounts receivable, due to/from related parties and accounts payable approximate their carrying amounts due to their short-term nature. As there is no secondary market for customer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair value of long-term liabilities with sufficient reliability.

Credit risk

The Company is exposed to credit risk from its customers. However, the Company has a large number of diverse customers minimizing concentration of credit risk.

Interest risk

Financial assets and liabilities recorded in the financial statements are non-interest bearing unless otherwise disclosed in the notes to the financial statements.

14. FUTURE INCOME TAXES

If the liability method of accounting for income taxes were used, a future tax asset of \$2,195,000 (2001 - \$3,500,000) would be recorded.

15. COMMITMENTS

(a) The Company has entered into a service level agreement with Chatham-Kent Utility Services Inc. for the services of billing, account collections, customer inquiries and meter reading as well as administrative services such as office space usage, rate submission support, accounting and budgeting support and streetlight maintenance.

(b) The Company has entered into a joint customer agreement with Chatham-Kent Utility Services Inc., for the services of an unrelated party to perform the operations of data collection, data storage and access to specific software and systems. Monthly payments of \$7,700 are to be paid jointly by the Company and Chatham-Kent Utility Services Inc. until June 15, 2004. Annual joint payments are as follows:

2003	\$	92,400
2004		46,200

(c) The Company, along with Chatham-Kent Utility Services Inc., has committed by way of letter of agreement to providing certain management, human resource, financial, regulatory, customer support and engineering support services to an unrelated party for an undetermined period of time. A formal service agreement will be created once regulatory approval has been obtained.

(d) The Company entered into an agreement with an unrelated party to perform meter reading and associated services on behalf of the Company for a period of three years beginning January 2003.

(e) As of May 1, 2002, in order for the Company to obtain the electricity it requires to distribute to its customers, the Company was required to provide security for Independent Electricity Market Operator based on its usage. The security obtained was a letter of credit from a financial institution which requires a debt-to-equity ratio of less than 1.75 to decrease to 1.5 by March 2003 and an interest coverage ratio of not less than 2. As of December 31, 2002, the Company is in compliance with these covenants. The credit limit of the facility is \$3,200,000, and was not in use at December 31, 2002.

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current classification.

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Attachment 14
2002 Tax Returns



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

2002 CT23 Corporations Tax and Annual Return

For taxation years commencing after May 4, 1999

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

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

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

MCBS Annual Return Required? (Refer to Guide)			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Page 1 of 24	Ministry Use
Corporation's Legal Name (including punctuation) and Mailing Address				Ontario Corporations Tax Account No. (MOF)	7265360
CHATHAM-KENT HYDRO INC.				This CT23 Return covers the Taxation Year	
320 QUEEN STREET				Start	year month day 2002-01-01
P.O. BOX 70				End	year month day 2002-12-31
CHATHAM					
ON CA N7M-5K2					
Has address changed since last filed CT23 Return? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				Date of Incorporation or Amalgamation	year month day 2000-09-30
Registered/Head Office Address					
320 QUEEN STREET				Ontario Corporation No. (MCBS)	1440759
P.O. BOX 70					
CHATHAM					
ON CA N7M-5K2					
Location of Books and Records				Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.	
320 QUEEN STREET				If applicable, enter	894290014RC0001
P.O. BOX 70					
CHATHAM					
ON CA N7M-5K2					
Name of person to contact regarding this CT23 Return		Telephone No.	Fax No.	Jurisdiction Incorporated	ONTARIO
Jim Hogan		519-352-6300			
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)				If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
ON CA -				Commenced	year month day
Former Corporation Name (Extra-Provincial Corporations only) (Not Applicable) <input checked="" type="checkbox"/> (MCBS)				Ceased	year month day
				(Not Applicable) <input checked="" type="checkbox"/>	
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).				No. of Schedule(s)	1
If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS).				No change <input type="checkbox"/>	
				Preferred Language/Langue de préférence	English <input checked="" type="checkbox"/> French <input type="checkbox"/> anglais français
				Ministry use	

Certification (MCBS)

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

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

DAVID KENNEY

Title: ☒ Director ☐ Officer ☐ Other individual having knowledge of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

CHATHAM-KENT HYDRO INC.

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CT23 Corporations Tax Return

Continuation continued (for CT23 filers only)

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

1 ☐ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

2 ☒ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify)

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

2 1 ☐ Family Farm Corporation s.1 (2)

2 ☐ Family Fishing Corporation s.1 (2)

3 ☐ Mortgage Investment Corporation s.47

4 ☐ Credit Union s.51

5 ☐ Bank Mortgage Subsidiary s.61 (4)

6 ☐ Bank s.1 (2)

7 ☐ Loan and Trust Corporation s.61 (4)

8 ☐ Non-resident Corporation
s.2(2)(a) or (b)

9 ☐ Non-resident Corporation s.2(2)(c)

10 ☐ Mutual Fund Corporation s.48

11 ☐ Non-resident owned investment
Corporation s.49

12 ☐ Non-resident ship or aircraft under reciprocal
agreement with Canada s.28(b)

14 ☐ Bare Trustee Corporation

15 ☐ Branch of Non-residents s.63(1)

16 ☐ Financial institution prescribed by
Regulation only

17 ☐ Investment Dealer

18 ☐ Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale

19 ☒ Hydro successor, Municipal Electrical Utility
or subsidiary of either

20 ☐ Producer and seller of steam for uses other
than for the generation of electricity

21 ☐ Insurance Exchange s.74.4

22 ☐ Farm Feeder Finance Co-operative Corporation

23 ☐ Professional Corporation
(incorporated professionals only)

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

If applicable, enter

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

If applicable, enter

111269546

Specify major business activity

ELECTRICAL DISTRIBUTION

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☒ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☐ ☒

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☐ ☒

CHATHAM-KENT HYDRO INC.

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Income Tax

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

Income (loss) for Ontario purposes (per reconciliation schedule, page 16)	±	From 690	1,201,746.
Subtract: Charitable donations	-	1	80,000.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule)	-	4	0.
Subtract: Federal Part VI.1 tax	0. X 9/4	5	0.
Subtract: Prior years' losses applied –			
Non-capital losses	From 715	704	1,121,746.
Net capital losses	(page 17) 0. X inclusion rate 50.000000%	714	0.
Farm losses		724	0.
Restricted farm losses		734	0.
Limited partnership losses		754	0.
		10	0.

Taxable Income (Non-capital loss)

Addition to taxable income for unused foreign tax deduction for federal purposes

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

Taxable Income

From 10 (or 20 if applicable)	0. X 30	100.0000%	X 15.5000%	X 22	0	+	73	365	= + 23	0.
	Ontario Allocation									
From 10 (or 20 if applicable)	0. X 30	100.0000%	X 14.5000%	X 24	0	+	73	365	= + 25	0.
	Ontario Allocation									
From 10 (or 20 if applicable)	0. X 30	100.0000%	X 14.0000%	X 26	0	+	73	365	= + 27	0.
	Ontario Allocation									
From 10 (or 20 if applicable)	0. X 30	100.0000%	X 12.5000%	X 28	365	+	73	365	= + 29	0.
	Ontario Allocation									
From 10 (or 20 if applicable)	0. X 30	100.0000%	X 12.5000%	X 31	0	+	73	365	= + 32	0.
	Ontario Allocation									
Income Tax Payable (before deduction of tax credits)										

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

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

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

(X) Yes ☐ No ☒

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))

50 0.

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))

+ 51 0.

Add: Losses of other years deducted for federal purposes (fed.s.111)

+ 52 0.

Subtract: Losses of other years deducted for Ontario purposes (s.34)

- 53 0.

Federal Business limit for the year before the application of fed.s.125(5.1)

= 54 0.

(not exceeding \$ 200,000) (Attach federal T2 SCH 23 if associated)

+ 55 0.

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year	
Days after Dec 31, 2000 and before Oct 1, 2001	Total Days
0 X	0 ÷ 73 365
X From 55	0 ÷ 200,000
	= + 42 0.
Days after Sept 30, 2001 and before Jan 1, 2003	Total Days
0 X	0 ÷ 73 365
X From 55	0 ÷ 200,000
	= + 43 0.
Days after Dec 31, 2002 and before Jan 1, 2004	Total Days
0 X	0 ÷ 73 365
X From 55	0 ÷ 200,000
	= + 46 0.
Ontario enhancement of federal business limit	42 + 43 + 46
	= 131
Business Limit for Ontario purposes	55 + 44
	= 99
Income eligible for the IDSBC	From 30
	100.0000% X 56
	= 56 0.

* Ontario Allocation

Least of 50, 54 or 45

* Note: Ontario Allocation for IDSBC purposes may differ from

30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

CHATHAM-KENT HYDRO INC.

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

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
.....	7.00 %	x [74] 0 + [73] 365	= + [75] .0000.		
.....	7.50 %	x [76] 0 + [73] 365	= + [77] .0000.		
.....	6.50 %	x [28] 365 + [73] 365	= + [79] 6.5000.		
.....	7.00 %	x [31] 0 + [73] 365	= + [89] .0000.		
IDSBC Rate for Taxation Year	[75] + [77] + [79] + [89]			= [78] 6.5000.	
Claim	From [60] 0. x From [78] 6.5000 %			= [70] 0.	

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

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

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

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

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

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

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

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

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

Taxation Year End

Taxable Income
(if loss, enter nil)

See attached

Aggregate Taxable Income [80] + [82] + [83] + [84], etc.

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract:	0 x [558] 0 + [73] 365	= + [111] 0.			
	0 x [26] 0 + [73] 365	= + [112] 0.			
	0 x [28] 0 + [73] 365	= + [113] 0.			
	0 x [31] 0 + [73] 365	= + [115] 0.			
	[111] + [112] + [113] + [115]	= 0.			
(If negative, enter nil)			- [114] 0.		
			= [86] 0.		

Calculation of Specified Rate for Surtax

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
.....	4.67 %	x [74] 0 + [73] 365	= + [92] .0000		
.....	5.00 %	x [76] 0 + [73] 365	= + [93] .0000		
.....	4.3330 %	x [28] 365 + [73] 365	= + [95] 4.3330		
.....	4.6670 %	x [31] 0 + [73] 365	= + [96] .0000		
Specified rate of surtax for Taxation Year	[92] + [93] + [95] + [96]			= [94] .0000	
From [86] 0. x From [94] .0000 %			= [87] 0.		
From [87] 0. x From [80] 0. + From [114] 0.			= [88] 0.		
Surtax Lesser of [70] or [88]			= [100] 0.		

Continued on Page 6

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Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** (Attach schedule)

110 0.

Manufacturing and Processing Profits Credit (M&P) (s.43)**Applies to** Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

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

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

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

Number of Days in Taxation Year

Claim									
143	0. X From 30	100.0000	% X	2.0000 % X	152	0 ÷ 73	365	= +	153
									0.
Lesser of 130 or 142	.....							
143	0. X From 30	100.0000	% X	1.5000 % X	28	0 ÷ 73	365	= +	154
									0.
Lesser of 130 or 142	.....							
143	0. X From 30	100.0000	% X	1.5000 % X	31	0 ÷ 73	365	= +	155
									0.
Lesser of 130 or 142	.....							
M&P claim for taxation year	153 + 154 + 155	.....						=	160
									0.

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations = 161 0.**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** = 162 0.**Credit for Foreign Taxes Paid (s.40)****Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) (Attach schedule).

170 0.

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

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 0.*continued on Page 7*

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to research and development in Ontario.*Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.*Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies to employment of eligible unemployed graduate students.*Eligible Credit From **6598** Summary Schedule G + **195** 0.No. of Graduates From **6596****194** 0**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.*Eligible Credit From **6900** OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies to labour relating to computer animation and special effects on an eligible production.*Eligible Credit From **6700** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form) + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.*Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*Eligible Credit From **7400** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*Eligible Credit From **7500** OSRTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss = **230** 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 18**.

OR

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

Corporate Minimum Tax (CMT)

Termination of Applicability

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

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

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

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

* Total Assets of the corporation	+ [240]	70,408,233.			
* Total Revenue of the corporation	+ [241]	80,320,874.			

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

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
See attached			+ [243] 34,650,730.	+ [244] 5,102,682.
			+ [245]	+ [246]
			+ [247]	+ [248]
Aggregate Total Assets			= [249] 105,058,963.	
Aggregate Total Revenue				= [250] 85,423,556.

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

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

Gross CMT Payable	CMT Base From [2135]	439,856.	X From [30]	100.0000	% X 4% = [276]	17,594.
				Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)					- [277]	0.
Subtract: Income Tax					- From [190]	0.
Net CMT Payable (If negative, enter Nil on Page 18.)					= [280]	17,594.

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

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

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

CMT Credit Carryover available From **[2307]** **17,594.**

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)					
Gross CMT Payable	+ From [276]	17,594.			+ From [190] 0.
Subtract: Foreign Tax Credit for CMT purposes		- From [277]	0.		
If [276] - [277] is negative, enter NIL in [290]		=	17,594.		[290] 17,594.
Income Tax eligible for CMT Credit			=	[300]	0.
B. Income tax (after deduction of specified credits)					
Subtract: CMT credit used to reduce income taxes			- From [230]	0.	
Income Tax			=	[310]	0.
			=	[320]	0.

Transfer to page 18

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

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

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Capital Tax (Refer to Guide)

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock	+	350	23,523,425.
Retained earnings (if deficit, deduct)	±	351	2,844,886.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+	352	0.
Loans and advances (Attach schedule)	+	353	24,932,171.
Bank loans	+	354	0.
Bankers acceptances	+	355	0.
Bonds and debentures payable	+	356	0.
Mortgages payable	+	357	0.
Notes payable	+	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	+	359	0.
Contingent, investment, inventory and similar reserves	+	360	545,100.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+	361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+	362	0.
Subtotal	=	370	51,845,582.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	-	371	660,975.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	-	372	0.
Total Paid-up Capital	=	380	51,184,607.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	-	381	0.
Net Paid-up Capital	=	390	51,184,607.

Eligible Investments (Refer to Guide)

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

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	+	400	0.
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	402	0.
Mortgages due from other corporations	+	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+	404	0.
Loans and advances to unrelated corporations	+	405	33,930.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+	406	0.
of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	407	0.
Total Eligible Investments	=	410	33,930.

continued on Page 10

WYATT-HAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.
2002-12-31

Cumulative Accounting Depreciation

-3,501,207.00

3,594,013.00

121,059.00

447,110.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====

660,975.00

THATHAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.
2002-12-31

Loans and advances

Note payable

Customer Deposits

23,523,326.00

1,408,845.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====

24,932,171.00

Capital Tax *continued from Page 9***Total Assets**

Assets per balance sheet	+	420	70,408,233.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	70,408,233.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	660,975.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	69,747,258.
Investment Allowance $(\frac{410 + 450}{2}) \times 390$		460	24,900.
Taxable Capital 390 - 460		470	51,159,707.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	80,320,874.
Total Assets (as adjusted)	From 430	70,408,233.

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2002) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.

(Financial Institutions use calculations on page 14.)

Important:

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

OR If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B and select and complete the one specific subsection (e.g. B4) that applies to the corporation.

OR If the corporation IS a member of an associated group and/or partnership, complete Section C. Next review, and if applicable, complete Section D. If Section D is not applicable review Section E and complete the applicable subsection: either E1 or E2. Note: if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

B1. If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B2. If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B3. If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

If taxable capital, 470 on page 10 is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

continued on Page 11

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Capital Tax Calculation *continued from page 10*

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

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

(a) From [470] 0.0000% = + [490] 0.0000%

Deduct:

From [470] 0.0000% = - [492] 0.0000%

\$2,400,000 - 0.0000% = - [492] 0.0000%

([504] = [490] - [492]) = [504] 0.0000%

From [30] 100.0000% X [0] = + [505] 0.0000%

Ontario Allocation ** 365 (366 if leap year)

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

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

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

(b) From [470] 0.0000% = + [490] 0.0000%

Deduct:

From [470] 0.0000% = - [493] 0.0000%

\$2,800,000 - 0.0000% = - [493] 0.0000%

([506] = [490] - [493]) = [506] 0.0000%

From [30] 100.0000% X [0] = + [507] 0.0000%

Ontario Allocation ** 365 (366 if leap year)

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

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

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

(c) From [470] 0.0000% = + [490] 0.0000%

Deduct:

From [470] 0.0000% = - [495] 0.0000%

\$3,200,000 - 0.0000% = - [495] 0.0000%

([509] = [490] - [495]) = [509] 0.0000%

From [30] 100.0000% X [0] = + [522] 0.0000%

Ontario Allocation ** 365 (366 if leap year)

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

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

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

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose taxable capital is \$5,000,000 or less and that is not associated, is NIL. + [0] 0.0000%

Total Capital Tax for the taxation year [505] + [507] + [522] = [508] 0.0000%

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

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

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

(a) From [470] 0.0000% X From [30] 100.0000% X .3000% X [0] = + [502] 0.0000%

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year before Oct 1, 2001 [559]

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

(b) From [470] 0.0000%

Exemption - 0.0000%

[471] 0.0000% X From [30] 100.0000% X .3000% X [365] = + [523] 0.0000%

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Sept 30, 2001 [560]

Total Capital Tax for the taxation year [502] + [523] = [508] 0.0000%

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

** If floating taxation year, refer to Guide.

continued on Page 12

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Capital Tax Calculation *continued from page 11***SECTION C**

If the corporation is a member of an associated group and/or partnership, complete the following two aggregate taxable capital calculations as applicable, and

(x) ☐ 510 ☒ (Yes)

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

Taxable Capital of the corporation + From ☐ 470 51,159,707.

Calculation 1

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

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

See attached

Aggregate Taxable Capital ☐ 470 + ☐ 531 = ☐ 540 51,888,792.

Taxable Capital

☐ 531 729,085.☐ 540 51,888,792.

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

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

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

From ☐ 470 51,159,707. + From ☐ 540 51,888,792. x 5,000,000 = ☐ 541 4,929,745.

Transfer to Section E2(b)

Calculation 2

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

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

Total Aggregate Taxable Capital ☐ 540 + ☐ 514 = ☐ 520 51,888,792.

Taxable Capital

☐ 514 0.☐ 520 51,888,792.

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

From ☐ 470 51,159,707. + From ☐ 520 0. = ☐ 521 .0000.

Transfer to Section E1(a) and/or (b) and/or (c) as applicable

SECTION D

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

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

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

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

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

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

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

(a) From [470] 0. x .3000% = + [490] 0.

Deduct:

[2,400,000 - From [520] 0.] x 1.5% x [From [521] .0000] = - [492] 0.

([504] = [490] - [492]) = [504] 0. x [From [30] 100.0000%] x [Days in taxation year after May 4, 1999 and before Jan 1, 2000: [552] 0] = + [505] 0.

Ontario Allocation ** 365 (366 if leap year)

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

(b) From [470] 0. x .3000% = + [490] 0.

Deduct:

[2,800,000 - From [520] 0.] x 0.75% x [From [521] .0000] = - [493] 0.

([506] = [490] - [493]) = [506] 0. x [From [30] 100.0000%] x [Days in taxation year after Dec 31, 1999 and before Jan 1, 2001: [553] 0] = + [507] 0.

Ontario Allocation ** 365 (366 if leap year)

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

(c) From [470] 0. x .3000% = + [490] 0.

Deduct:

[3,200,000 - From [520] 0.] x 0.5% x [From [521] .0000] = - [495] 0.

([509] = [490] - [495]) = [509] 0. x [From [30] 100.0000%] x [Days in taxation year after Dec 31, 2000 and before Oct 1, 2001: [557] 0] = + [522] 0.

Ontario Allocation ** 365 (366 if leap year)

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

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

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

Transfer to [543] and complete the return from that point.

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

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

(a) From [470] 51,159,707. x [From [30] 100.0000%] x .3000% x [Days in taxation year before Oct 1, 2001: [555] 0] = + [502] 0.

Ontario Allocation ** 365 (366 if leap year)

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

(b) From [470] 51,159,707.

From [541] (section C) - 4,929,745.

= [471] 46,229,962. x [From [30] 100.0000%] x .3000% x [Days in taxation year after Sept 30, 2001: [560] 365] = + [523] 138,690.

Ontario Allocation ** 365 (366 if leap year)

Total Capital Tax for the taxation year [502] + [523] = [508] 138,690.

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

Capital Tax before application of specified credits = [543] 138,690.

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

Capital Tax [543] - [546] = [550] 138,690.

continued on Page 14

Transfer to Page 18

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Capital Tax *continued from page 13***Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**For taxation years commencing after May 4, 1999 enter NIL in **550** on page 13, and complete the return from that point.**I.2. Other than Credit Unions**(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

$$\begin{array}{l} \text{565 } 0. \times 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \times \frac{\text{Days in taxation year}}{366 \text{ if leap year}} = + \text{569 } 0. \\ \text{Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1} \end{array}$$

$$\begin{array}{l} \text{570 } 0. \times \text{571 } 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \times \frac{\text{Days in taxation year}}{366 \text{ if leap year}} = + \text{574 } 0. \\ \text{Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount} \end{array}$$

$$\text{Capital Tax for Financial Institutions – other than Credit Unions (before Sections II)} \quad \text{569} + \text{574} = \text{575 } 0.$$

** If floating taxation year, refer to Guide.

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.)

$$\text{Allowable Credit for Eligible Investments} \dots\dots\dots - \text{585 } 0.$$

Financial institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

$$\text{Capital Tax – Financial Institutions} \quad \text{575} - \text{585} \dots\dots\dots = \text{586 } 0.$$

Transfer to **543** on Page 13

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

$$\text{(1) Uninsured Benefits Arrangements} \dots\dots\dots \text{587 } 0. \times 2\% \dots\dots = \text{588 } 0.$$

Applies to Ontario-related uninsured benefits arrangements.

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

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

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \dots\dots\dots - \text{589 } 0.$$

$$\text{Premium Tax} \quad \text{588} - \text{589} \dots\dots\dots = \text{590 } 0.$$

Transfer to page 18

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

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

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

 + **600** 1,201,746.
Transfer to page 16
Add:

Federal capital cost allowance	+	601	2,859,637.
Federal cumulative eligible capital deduction	+	602	96,340.
Ontario taxable capital gain	+	603	0.
Federal non allowable reserves. Balance beginning of year	+	604	654,860.
Federal allowable reserves. Balance end of year	+	605	174,510.
Ontario non-allowable reserves. Balance end of year	+	606	719,610.
Ontario allowable reserves. Balance beginning of year	+	607	169,924.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	608	0.
Federal resource allowance	+	609	0.
Federal depletion allowance	+	610	0.
Federal foreign exploration and development expenses	+	611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents			

Number of Days in Taxation Year

		Days before May 2, 2000	Total Days	
612	0. x 5 ÷ 15,5000 X	22 0 + 73	365	= + 630 0.
		Days after May 1, 2000 and before Jan 1, 2001	Total Days	
612	0. x 5 ÷ 14,5000 X	24 0 + 73	365	= + 631 0.
		Days after Dec 31, 2000 and before Oct 1, 2001	Total Days	
612	0. x 5 ÷ 14,0000 X	26 0 + 73	365	= + 632 0.
		Days after Sept 30, 2001 and before Jan 1, 2003	Total Days	
612	0. x 5 ÷ 12,5000 X	28 365 + 73	365	= + 633 0.
		Days after Dec 31, 2002 and before Jan 1, 2004	Total Days	
612	0. x 5 ÷ 12,5000 X	31 0 + 73	365	= + 634 0.

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

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

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

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

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

 = 0. + **615** 0.
Subtotal of Additions **601** to **611** + **613** + **620** + **614** + **615** = 4,674,881. **640** 4,674,881.
Transfer to page 16

continued on Page 16

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

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

Continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From + 600 1,201,746.

Subtotal of Additions From + 640 4,674,881.

Deduct:

Ontario capital cost allowance	+ <u>650</u>	2,859,637.
Ontario cumulative eligible capital deduction	+ <u>651</u>	96,340.
Federal taxable capital gain	+ <u>652</u>	0.
Ontario non-allowable reserves. Balance beginning of year	+ <u>653</u>	654,860.
Ontario allowable reserves. Balance end of year	+ <u>654</u>	174,510.
Federal non-allowable reserves. Balance end of year	+ <u>655</u>	719,610.
Federal allowable reserves. Balance beginning of year	+ <u>656</u>	169,924.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+ <u>657</u>	0.
Ontario depletion allowance	+ <u>658</u>	0.
Ontario resource allowance	+ <u>659</u>	0.
Ontario research and development super allowance (Attach schedule)	+ <u>660</u>	0.
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	+ <u>674</u>	0.
Ontario current cost adjustment (Attach schedule)	+ <u>661</u>	0.

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying
intellectual property deducted in the current taxation year 662 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA
From 2 0. x 100
From 30 0.0000
Ontario Allocation
- From 662 0. = 663 0.

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

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

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

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

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

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

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

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

Ontario allowable business investment loss + 678 0.

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

Total of other deductions allowed by Ontario (Attach schedule) + 664 0.

Subtotal of Deductions

650 to 660 + 674 + 661 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 664 = 4,674,881. 680 4,674,881.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 1,201,746.

Transfer to Page 4

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 1,542,190	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0	 0	752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 1,121,746	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0	 0	725 0	735 0	745 0	 0
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	 0
Subtotal	707 1,121,746	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 420,444	719 0	729 0	739 0	749 0	759 0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.

- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800				850	870
801				851	871
802				852	872
803	820	830	840	853	873
804	821	831	841	854	874
805	822	832	842	855	875
806	823	833	843	856	876
807	824	834	844	857	877
808	825	835	845	858	878
2001-12-31	420,444	0	0	0	0
809	826	836	846	859	879
2002-12-31	0	0	0	0	0
Total	829 420,444	839 0	849 0	869 0	889 0

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

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

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

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 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding 901	911 0	921 0	931 0	941 0
ii) 2nd preceding 902	912 0	922 0	932 0	942 0
iii) 1st preceding 903	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	0.
Corporate Minimum Tax	+ From 280	17,594.
Capital Tax	+ From 550	138,690.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	156,284.
Subtract: Payments	- 960	247,200.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify) Allocate to Fed	-	-102,681.
Balance	= 970	11,765.
If payment due	Enclosed * 990	11,765.
If overpayment: Refund (Refer to Guide)	.. = 975	0.
Apply to	year month day 980	0.

(Includes credit interest)

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

Certification

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

Name (please print)

DAVID KENNEY

Title

PRESIDENT

Full Residence Address

Signature

Date

2003-04-10

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

CHATHAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended:

2002-12-31

Cumulative Accounting Depreciation	-3,501,207.00
Cumulative CCA	3,594,013.00
Cumulative CEC	121,059.00
Deductible Transition Costs deducted for tax	447,110.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	660,975.00

CHATHAM-KENT HYDRO INC.

Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.

2002-12-31

Loans and advances

Note payable

Customer Deposits

23,523,326.00

1,408,845.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====

24,932,171.00

CHATHAM-KENT HYDRO INC.

Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Note

2002-12-31

Employee Future Benefits

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Corporate Minimum Tax - Schedule A: Calculation of CMT Base

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± [2100] 1,582,398.

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

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

Subtotal = [2109] 0.

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

Provision for current taxes	.....	+	[2110]	300,000.
Provision for deferred income taxes (debits)	.....	+	[2111]	0.
Equity losses from corporations	.....	+	[2112]	0.
Share of partnership(s)/joint venture(s) losses	.....	+	[2113]	0.
Dividends that have been deducted to arrive at net income per Financial Statements. (Applies to dividends that have been declared and paid after May 5, 1997.s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	.....	+	[2114]	0.

Subtotal = [2115] 300,000.

Add/Subtract:

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

** Fed.s.85	.....	+	[2116]	0.	or -	[2117]	0.
** Fed.s.85.1	.....	+	[2118]	0.	or -	[2119]	0.
** Fed.s.97	.....	+	[2120]	0.	or -	[2121]	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	.....	+	[2122]	0.	or -	[2123]	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	.....	+	[2124]	0.	or -	[2125]	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	.....	+	[2126]	0.	or -	[2127]	0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income - [2150] 0.

Subtotal (Additions) = [2128] 0.

Subtotal (Subtractions) = [2129] 0.

** Other adjustments ± [2130] 0.

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 1,882,398.

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

Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.) = [2133] 1,882,398.

Deduct: * CMT losses: pre-1994 Loss	.....	+	From [2210]	0.
* CMT losses: other eligible losses	.....	+	From [2211]	1,442,542.
		=		1,442,542.

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

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

CMT Base = [2135] 439,856.

Transfer to CMT Base on Page 8

CHATHAM-KENT HYDRO INC.

7265360

2002-12-31

DOLLARS ONLY

Corporate Minimum Tax (CMT)



Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2)	.....	+	<u>2201</u>	<u>1,442,542.</u>	
Add: Current year's losses	.....	+	<u>2202</u>	<u>0.</u>	
Losses from predecessor corporations on amalgamation (3)	.....	+	<u>2203</u>	<u>0.</u>	
Losses from predecessor corporations on wind-up (3)	.....	+	<u>2204</u>	<u>0.</u>	
Amalgamation (x) <u>2205</u> <input type="checkbox"/> Yes	Wind-up (x) <u>2206</u> <input type="checkbox"/> Yes					
Subtotal	=	<u>0.</u>	+	<u>2207</u>	<u>0.</u>
Adjustments (attach schedule)	.....	±	<u>2208</u>	<u>0.</u>	
CMT losses available	<u>2201</u> + <u>2207</u> ± <u>2208</u>			=	<u>2209</u>	<u>1,442,542.</u>
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	<u>2210</u>	<u>0.</u>	
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	<u>2211</u>	<u>1,442,542.</u>	
Losses expired during the year	.....	+	<u>2212</u>	<u>0.</u>	
Subtotal	=	<u>1,442,542.</u>	-	<u>2213</u>	<u>1,442,542.</u>
Balances at End of Year (5)	<u>2209</u> - <u>2213</u>			=	<u>2214</u>	<u>0.</u>

Notes:

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

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

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

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

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
<u>2240</u>	<u>2001-12-31</u>	<u>2260</u> 0	<u>2280</u> 0
<u>2241</u>	<u>2002-12-31</u>	<u>2261</u> 0	<u>2281</u> 0
<u>2242</u>		<u>2262</u> 0	<u>2282</u> 0
<u>2243</u>		<u>2263</u> 0	<u>2283</u> 0
<u>2244</u>		<u>2264</u> 0	<u>2284</u> 0
<u>2245</u>		<u>2265</u> 0	<u>2285</u> 0
<u>2246</u>		<u>2266</u> 0	<u>2286</u> 0
<u>2247</u>		<u>2267</u> 0	<u>2287</u> 0
<u>2248</u>		<u>2268</u> 0	<u>2288</u> 0
		<u>2269</u> 0	<u>2289</u> 0
Totals		<u>2270</u> 0	<u>2290</u> 0

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



Balance at Beginning of year (1)

+ 2301 0.

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL)

+ From 280 17,594.

CMT Credit Carryovers from predecessor corporations (2)

+ 2302 0.

Amalgamation (x) 2303 Yes Wind-up (x) 2304 Yes

Subtotal

17,594. + 2305 17,594.

Adjustments (Attach schedule)

± 2306 0.

CMT credit carryover available

2301 + 2305 ± 2306

= 2307 17,594.

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce Income tax (Page 8)

+ From 310 0.

CMT Credit expired during the year

+ 2308 0.

Subtotal

= 2309 0.

Balance at End of Year (3)

2307 - 2309

= 2310 17,594.

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

Amount in 2310 must equal sum of 2370 + 2390.

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2001-12-31	0	0
2341	2002-12-31	17,594	0
2342		0	0
2343		0	0
2344		0	0
2345		0	0
2346		0	0
2347		0	0
2348		0	0
2349		0	0
Totals		17,594	0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)



To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification			
Corporation's Legal Name (including punctuation)		Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
HATHAM-KENT HYDRO INC.		1440759	year month day 2000-09-30

Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Loucks		William	
Street Number and Name		Suite	
68 Victoria Ave			
City/Town/Village	Province/State	Country	Postal/Zip Code
Hatham	ON	CA	N7L-3A6

Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):		
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair
year month day	year month day	year month day	<input type="checkbox"/> Chair Person
2000-09-30			<input type="checkbox"/> Chairman
Date Ceased	President		<input type="checkbox"/> Chairwoman
year month day	Secretary		<input type="checkbox"/> Vice-Chair
2002-11-30	Treasurer		<input type="checkbox"/> Vice-President
	General Manager		<input type="checkbox"/> Assistant Secretary
	Other (specify)		<input type="checkbox"/> Assistant Treasurer
			<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Street Number and Name		Suite	
City/Town/Village		Province/State	Country
			Postal/Zip Code

Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):		
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair
year month day	year month day	year month day	<input type="checkbox"/> Chair Person
			<input type="checkbox"/> Chairman
Date Ceased	President		<input type="checkbox"/> Chairwoman
year month day	Secretary		<input type="checkbox"/> Vice-Chair
	Treasurer		<input type="checkbox"/> Vice-President
	General Manager		<input type="checkbox"/> Assistant Secretary
	Other (specify)		<input type="checkbox"/> Assistant Treasurer
			<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

CHATHAM-KENT HYDRO INC.

CT23-Supp.

Corp. Tax Acct. No. : 7265360

Year Ended:

2002-12-31

ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS

Name of Associated Corporation	Ontario Corp.		Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)	No Perm Estab in Canada
	Tax Number	Taxation Year end					
CHATHAM-KENT ENERGY INC.	1800231	2002-12-31	0	27,018,508	654,731	0	
CHATHAM-KENT UTILITY SERVICES	1800233	2002-12-31	729,085	7,632,222	4,447,951	0	
1 CORPORATION OF THE MUNICIPAL			0	0	0	0	
TOTALS			729,085	34,650,730	5,102,682	0	

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).

Ontario CT23 Supplementary

CCH Canadian Ltd. - Corporate Taxprep, 2002 CT23, ver. 1-2003

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2002-12-31

■ For use by a corporation to claim any of the following:

- Charitable donations;
- Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.

■ The donations and gifts are eligible for a five year carry-forward.

■ Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).

■ File one completed copy of this schedule with your CT23.

Part 1 - Charitable Donations

Charitable Donations at end of preceding taxation year	.....	+	<div>0</div>	A
Deduct: Donations expired after 5 taxation years	.....	-	<div>0</div>	B
Charitable donations at beginning of taxation year	.....	=	<div>0</div>	C
Add: Donations transferred on amalgamation or wind-up of subsidiary	.....	+	<div>0</div>	D
Total current year charitable donations made	.....	+	<div>80,000</div>	E
Subtotal D + E	.....	=	<div>80,000</div>	F
Total donations available C + F	.....	=	<div>80,000</div>	G
Deduct: Amount applied against taxable income (amount T)	.....	-	<div>80,000</div>	T
Charitable donations closing balance	.....	=	<div>0</div>	H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	.....	=	<div>901,310</div>	I
<i>Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.</i>				
Ontario taxable capital gains arising in respect of gifts of capital property	.....	+	<div>0</div>	J
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	.....	+	<div>0</div>	K
Add the lesser of:				
1. The amount of the recapture of capital cost allowance in respect of charitable gifts	.....		<div>0</div>	L
2. The lesser of:				
2a. Proceeds of dispositions less outlays and expenses	.....		<div>0</div>	M
2b. The capital cost	.....		<div>0</div>	N
The lesser of M and N	.....		<div>0</div>	O
The lesser of L and O	.....	+	<div>0</div>	P
Subtotal J + K + P	.....	=	<div>0</div>	Q
25% X <div>0</div>	.....	=	<div>0</div>	R
Maximum deduction allowable I + R	.....	=	<div>901,310</div>	S
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)	.....		<div>80,000</div>	T
Enter in <div>1</div> of the CT23				

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2002-12-31

Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Foundation at end of the preceding taxation year	+	0
Deduct: Gifts expired after 5 years	-	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	+	0
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	+	0
Total current year gifts	+	0
Subtotal	=	0
Deduct: Amount applied against taxable income <u>2</u> of the CT23	-	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	=	0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
		0
Total gifts to Her Majesty in right of Ontario		= 0

Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario 1,121,746 U
- Lesser of:**
 - Ontario Net Income for the taxation year 1,201,746 V
 - Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation ... 0 W

The lesser of V and W 0 X

Maximum deduction allowable the lesser of U and X 0 Y

Transfer to 2 of the CT23

Part 5 - Gifts to Canada or a province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	+	0
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	-	0
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	=	0
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	+	0
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	+	0
Subtotal	=	0
Deduct: Amount applied against taxable income	-	0
Gifts to Canada or a province other than Ontario closing balance	=	0

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2002-12-31

Part 6 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	.....	+	0
Deduct: Gifts of certified cultural property expired after five years	.....	-	0
Gifts of certified cultural property at the beginning of the taxation year	.....	=	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	.....	+	0
Total current year gifts of certified cultural property	.....	+	0
Subtotal	.....	=	0
Deduct: Amount applied against taxable income	.....	-	0
Gifts of certified cultural property closing balance	.....	=	0

Part 7 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	.....	+	0
Deduct: Gifts of certified ecologically sensitive land expired after five years	.....	-	0
Gifts of certified ecologically sensitive land at the beginning of the taxation year	.....	=	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	.....	+	0
Total current year gifts of certified ecologically sensitive land	.....	+	0
Subtotal	.....	=	0
Deduct: Amount applied against taxable income	.....	-	0
Gifts of certified ecologically sensitive land closing balance	.....	=	0

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2001-12-31	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	0	0	0	0	0

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use)	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
		See note 1 below				See note 2 below						
1	33,848,528	2,616,309	6,539,581	49,000	42,955,418	1,283,654	41,671,764	4	0	0	1,666,871	41,288,547
8	2,302,848	48,993	0	0	2,351,841	24,496	2,327,345	20	0	0	465,469	1,886,372
10	2,173,876	84,895	0	28,724	2,230,047	28,085	2,201,962	30	0	0	660,589	1,569,458
12	33,002	0	0	0	33,002	0	33,002	100	0	0	33,002	0
2	6,539,581	0	-6,539,581	0	0	0	0	6	0	0	0	0
17	421,329	0	0	0	421,329	0	421,329	8	0	0	33,706	387,623
Total	45,319,164	2,750,197	0	77,724	47,991,637	1,336,235	46,655,402		0	0	2,859,637	45,132,000
Enter in boxes [650] [650] [650] on the CT23												

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

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

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

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



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

Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name CHATHAM-KENT HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 7265360	Taxation Year End 2002-12-31
--	---	--

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) **1,376,281^A**

Add:

Cost of eligible capital property acquired during the taxation year	..... +	0^B	
Amount transferred on amalgamation or wind-up of subsidiary	..... +	0^C	
Other adjustments	..... +	0^D	

Total of B + C + D = **0** X 0.75 = **0^E**

Subtotal A + E = **1,376,281^F**

Deduct:

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	..... +	0^G	
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the <i>Income Tax Act</i> (Canada)	..... +	0^H	
Other adjustments	..... +	0^I	

Total of G + H + I = **0** X 0.75 = **0^J**

Ontario cumulative eligible capital balance F – J = **1,376,281^K**

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **1,376,281^K** X 7.00% * = **96,340^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) = **1,279,941^M**

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

Only complete this part if the amount at line K is negative

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

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 **0¹**

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA **0²**

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 **0³**

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 **0⁴**

Line 3 deduct line 4 **0**

Total lines 1 + 2 + 5 **0⁵**

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **0⁶**

Deduct line 7 from line 6 **0⁷**

N - O (cannot be negative) **0^O**

Amount on line 5 **0** X 1/2 **0^P**

P - Q **0^Q**

Amount on line R **0** X 2/3 * **0^R**

Lesser of line N or line O **0^S**

Amount to be included in income S + T **0^T**

..... **0**

* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 6/9 to calculate S

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2002-12-31

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
1.	0	0	0	0	0
2.	0	0	0	0	0
3.	0	0	0	0	0
4.	0	0	0	0	0
5.	0	0	0	0	0
6.					
Totals	0 ^A	0 ^B	0	0	0 ^C

The total capital gains reserve at the beginning of the taxation year^A plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary^B, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year^C, should also be entered on Schedule 6.

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
Reserve for doubtful debts	169,924	0	4,586	0	174,510
Reserve for undelivered goods and services not rendered	0	0	0	0	0
Reserve for prepaid rent	0	0	0	0	0
Reserve for December 31, 1995 income	0	0	0	0	0
Reserve for refundable containers	0	0	0	0	0
Reserve for unpaid amounts	0	0	0	0	0
Other tax reserves	0	0	0	0	0
Totals	169,924 ^D	0 ^E	4,586	0	174,510 ^F

The amount from D plus the amount from E should be entered in **607** of the CT23.

The amount from F should be entered in **654** of the CT23.

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
EMPLOYEE FUTURE BENEFITS	484,936	0	60,164	0		545,100
	0	0	0	0		0
	0	0	0	0		0
	0	0	0	0		0
	0	0	0	0		0
	0	0	0	0		0
Reserves from Part 2	169,924	0	4,586	0		174,510
Totals	654,860	0	64,750	0		719,610

Enter in box **653** of the CT23

Enter in box **606** of the CT23

ONTARIO CONSENT FORM

form authorizes the Ontario Ministry of Finance to release confidential client information
Jesignated third-party representative in matters pertaining to applicable legislation.

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

Part 1 - Consent for the release of information to a representative

Taxpayer's name:

CHATHAM-KENT HYDRO INC.

Ontario Corporation

Tax Account Number: 7265360

Taxpayer's address 1:..... 320 QUEEN STREET

Taxpayer's address 2:..... P.O. BOX 70

City:..... CHATHAM

Province:..... ON

Postal code:..... N7M-5K2

I consent to the release of confidential information about my Corporation Tax Return by
the Ontario Ministry of Finance to the representative named below.

Representative's name: Deloitte & Touche LLP

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

Address 1:..... 55 King Street West

Address 2:..... Suite 700

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

Representative's name

519-576-0880

Representative's telephone number

519-576-0209

Representative's fax number

Part 2 - Details of consent

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

request that this consent apply only to the following years:

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

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

Payer's name: CHATHAM-KENT HYDRO INC. Ontario Corporation
Taxpayer's address 1: 320 QUEEN STREET Tax Account Number: 7265360
Taxpayer's address 2: P.O. BOX 70
City: CHATHAM
Province: ON
Postal code: N7M-5K2

I cancel all previous consents for all representatives. OR

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:
(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)
Address 1:
Address 2:

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

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

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

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

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

Part 5 - Signature

Print your name DAVID KENNEY

Title PRESIDENT

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

Sign here _____

Date 2003-04-10
Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED

T2 CORPORATION INCOME TAX RETURN

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

200
Code 0101

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

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

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

055

Do not use this area

Identification

Business Number (BN) 001 <u>894290014RC0001</u>	
Corporation's name 002 <u>CHATHAM-KENT HYDRO INC.</u>	
Has the corporation changed its name since the last time we were notified? ... 003 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	If yes, do you have a copy of the articles of amendment? 004 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>
Address of head office Has the address changed since the last time we were notified? 010 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
011 <u>320 QUEEN STREET</u> 012 <u>P.O. BOX 70</u> City 015 <u>CHATHAM</u> 016 <u>ON</u> Country (other than Canada) Postal Code/ZIP code 017 018 <u>N7M-5K2</u>	
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
021 <u>c/o</u> 022 _____ 023 _____ City Province, territory, or state 025 _____ 026 _____ Country (other than Canada) Postal code/ZIP code 027 _____ 028 _____	
Location of books and records 031 <u>320 QUEEN STREET</u> 032 <u>P.O. BOX 70</u> City Province, territory, or state 035 <u>CHATHAM</u> 036 <u>ON</u> Country (other than Canada) Postal Code/ZIP code 037 _____ 038 <u>N7M-5K2</u>	
400 Type of corporation at the end of the taxation year 1 <input type="checkbox"/> Canadian-controlled private corporation (CCPC) 4 <input type="checkbox"/> Corporation controlled by a public corporation 2 <input checked="" type="checkbox"/> Other private corporation 5 <input type="checkbox"/> Other corporation (please specify, below) 3 <input type="checkbox"/> Public corporation If the type of corporation changed during the taxation year, please provide the effective date of the change 043 _____ <div style="text-align: right;">YYYY/MM/DD</div>	
To which taxation year does this return apply? Taxation year start Taxation year end 060 <u>2002-01-01</u> 061 <u>2002-12-31</u> YYYY/MM/DD YYYY/MM/DD Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If yes, provide the date control was acquired 065 _____ <div style="text-align: right;">YYYY/MM/DD</div>	
Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is this the first year of filing after: Incorporation? 070 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> Amalgamation? 071 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If yes, please provide Schedule 24	
Has there been a windup of a subsidiary under section 88 during the current taxation year? If yes, please provide Schedule 24 072 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is this the final taxation year before amalgamation? 076 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is this the final return up to dissolution? 078 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is the corporation a resident of Canada? 080 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/> If no, give the country of residence. 081 _____	
Is the non-resident corporation claiming an exemption under an income tax treaty? If yes, please provide Schedule 91 082 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 <input type="checkbox"/> Exempt under 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under 149(1)(j) 3 <input type="checkbox"/> Exempt under 149(1)(t) 4 <input type="checkbox"/> Exempt under other paragraphs of section 149	
Do not use this area	
091	092
093	094
095	096
097	

Attachments

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

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

Corporation's name CHATHAM-KENT HYDRO INC.	Business Number 894290014RC0001	Taxation year-end 2002-12-31
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Attachments - continued from page 2

Guide item

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

Additional information

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

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

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

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

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

284 ELECTRICAL DISTRIB.	285 100%
286	287 0%
288	289 0%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	300	1,201,746 A
Deduct: Charitable donations from Schedule 2	311	80,000
Gifts to Canada or a province from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	1,121,746
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		1,201,746 B
Subtotal (amount A minus amount B)		0 C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355	0 D
Taxable income (amount C plus amount D)	360	0
Income exempt under paragraph 149(1)(t)	370	0
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		0 Z

Small business deduction

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

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

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

Business limit (for associated corporations, enter business limit from Schedule 23) 410 0 C

Reduction to business limit:

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

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

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

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

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

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

Accelerated tax reduction

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

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

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

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

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

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

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

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

Amount QQ from Part 13 of Schedule 27 0 H

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

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

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

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

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

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

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

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

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3	.....	0	A
Amount Z from Part 9 of Schedule 27	..... <u>0</u> x 100/7	0	B
Amount QQ from Part 13 of Schedule 27	.....	0	C
Resource allowance (amount from line 346 of Schedule 1)	..... <u>0</u> x 3 =	0	D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....	0	E
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4	.....	0	F
Aggregate investment income from line 440 of page 6	.....	0	G
Amount used to calculate the accelerated tax reduction (amount M of page 4)	.....	0	H
Total of amounts B, C, D, E, F, G, and H	.....	0	I
Amount A minus amount I (if negative, enter "0")	.....	0	J
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	<u>0</u> x 1% =	0 K
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	<u>365</u> x 3% =	0 L
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 5% =	0 M
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 7% =	0 N
		365	
General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N (enter amount O on line 638 of page 7)			0 O

General tax reduction

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

Taxable income from line 360 or amount Z of page 3	.....	0	A
Amount Z from Part 9 of Schedule 27	..... <u>0</u> x 100/7	0	B
Amount QQ from Part 13 of Schedule 27	.....	0	C
Resource allowance (amount from line 346 of Schedule 1)	..... <u>0</u> x 3 =	0	D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....	0	E
Total of amounts B, C, D, and E	.....	0	F
Amount A minus amount F (if negative, enter "0")	.....	0	G
Amount G	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	<u>0</u> x 1% =	0 H
		365	
Amount G	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	<u>365</u> x 3% =	0 I
		365	
Amount G	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 5% =	0 J
		365	
Amount G	<u>0</u> x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 7% =	0 K
		365	
General tax reduction - Total of amounts H, I, J and K (enter amount L on line 639 of page 7)			0 L

Corporation's name GHATHAM-KENT HYDRO INC.	Business Number 894290014RC0001	Taxation year-end 2002-12-31
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Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440	0 x 26 2/3% =	0	A
(amount P from Part 1 of Schedule 7)			
Foreign non-business income tax credit from line 632 on page 7		0	
Deduct:			
Foreign investment income 445	0 x 9 1/3% =	0	
(amount O from Part 1 of Schedule 7)	(if negative, enter "0")	0	0 B
Amount A minus amount B (if negative, enter "0")			0 C
Taxable income from line 360 on page 3		0	
Deduct:			
Least of amounts on lines 400, 405, 410, and 425 on page 4		0	
Foreign non-business income tax credit from line 632 of page 7	0 x 25/9 =	0	
Foreign business income tax credit from line 636 of page 7	0 x 10/4 =	0	
		0	
		0 x 26 2/3% =	0 D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8)		0	
Deduct corporate surtax from line 600 of page 7		0	
Net amount		0	0 E
Refundable portion of Part I tax - The least of amounts C, D, and E		450	0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year	460	0	
Deduct dividend refund for the previous taxation year	465	0	
		0	0 A
Add the total of:			
Refundable portion of Part I tax from line 450 above		0	
Total Part IV tax payable from line 360 on page 2 of Schedule 3		0	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480	0	
		0	0 B
Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B		485	0

Dividend refund

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3	0	x 1/3	0 A
Refundable dividend tax on hand at the end of the taxation year from line 485 above			0 B
Dividend refund - Lesser of amounts A and B (enter this amount on line 784 of page 8)			0

Corporation's name CHATHAM-KENT HYDRO INC.	Business Number 894290014RC0001	Taxation year-end 2002-12-31
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Part I tax

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

Corporate surtax calculation

Base amount from line A above 0 1

Deduct:

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

Investment corporation deduction from line 620 below 0 3

Federal logging tax credit from line 640 below 0 4

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

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

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

28.00 % of taxed capital gains 0 b

Part I tax otherwise payable 0 c

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

Total of lines 2 to 6 0 7

Net amount (line 1 minus line 7) 0 8

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

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

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

Aggregate investment income from line 440 on page 6 0 i

Taxable income from line 360 on page 3 0

Deduct:

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

Net amount 0 li

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

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

Deduct:

Small business deduction from line 430 of page 4 0 9

Federal tax abatement 608 0

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

Investment corporation deduction 620 0
(taxed capital gains 624 0)

Additional deduction - credit unions from Schedule 17 628 0

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

Federal foreign business income tax credit from Schedule 21 636 0

Accelerated tax reduction from amount O of page 4 637 0

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

General tax reduction from amount L of page 5 639 0

Federal logging tax credit from Schedule 21 640 0

Federal political contribution tax credit 644 0

Federal political contributions 646- 0

Federal qualifying environmental trust tax credit 648 0

Investment tax credit from Schedule 31 652 0

Subtotal 0 F

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

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	102,681
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		102,681

Add provincial and territorial tax:

Provincial or territorial jurisdiction 750 ON

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

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

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

Total tax payable 770 102,681 A

Deduct other credits:

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

Total payments on which tax has been withheld 801 0

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

Provincial and territorial capital gains refund from Schedule 18 808 0

Provincial and territorial refundable tax credits from Schedule 5 812 0

Royalties deductible under Syncrude Remission Order 815 0

Tax remitted under Syncrude Remission Order 816 0

Tax instalments paid 840 102,681

Total credits 890 102,681 102,681 B

Refund code 894 0 Overpayment 0

Balance (line A minus line B) 0

Direct deposit request

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

☐ Start ☐ Change Information 910 Branch number
914 Institution number 918 Account number

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

Balance unpaid 0

Enclosed payment 898 0

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

896 1 Yes ☐ 2 No ☒

Certification

I, 950 KENNEY 951 DAVID 954 PRESIDENT
Last name in block letters First name in block letters Position, office or rank

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

955 2003-04-10 956 519-352-6300
Date (yyyy/mm/dd) Signature of an authorized signing officer of the corporation Telephone number

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

958 Jim Hogan 959 519-352-6300
Name in block letters Telephone number

Language of correspondence - Langue de correspondance

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

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and

extraordinary items per financial statements.....

1,582,398 A

Additions:

Provision for income taxes - current.....

101

300,000 ✓

Amortization of tangible assets.....

104

2,844,353

Charitable donations from Schedule 2.....

112

80,000 ✓

Non-deductible meals and entertainment expenses.....

121

1,400 ✓

Tax reserves deducted in prior year from Schedule 13.....

125

169,924 ✓

Reserves from financial statements - balance at the end of the year.....

126

719,610

Subtotal of additions.....

4,115,287

4,115,287

Other Additions:**Miscellaneous Other Additions:**

Interest earned on prior year tax balances.....

290

2,118

Total of Other Additions.....

199

2,118

2,118 ✓

Total Additions

500

4,117,405

4,117,405

Deductions:

Gain on disposal of assets per financial statements.....

401

15,335 ✓

Capital cost allowance from Schedule 8.....

403

2,859,637 ✓

Cumulative eligible capital deduction from Schedule 10.....

405

96,340 ✓

Tax reserves claimed in current year from Schedule 13.....

413

174,510

Reserves from financial statements - balance at the beginning of the year.....

414

654,860

Subtotal of Deductions.....

3,800,682

3,800,682

Other Deductions:**Miscellaneous Other Deductions:**

Retirement benefit recorded to transition costs.....

390

60,165 ✓

Current years capital taxes.....

392

155,023

Prior years undeducted capital taxes.....

393

35,077 ✓

Deductible transition costs.....

394

447,110 ✓

Subtotal of Other Deductions.....

499

697,375

697,375

Total Deductions

510

4,498,057

4,498,057

Net income (loss) for income tax purposes.....

1,201,746

Enter on line 300 on the T2 return)

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

CHARITABLE DONATIONS AND GIFTS

(1998 and later taxation years)

For use by corporations to claim any of the following:

- Charitable donations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
 - The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsections 87(1) and 88(1) of the federal "Income Tax Act".
- File one completed copy of this schedule with your "T2 Corporation Income Tax Return".
 - For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Foundation of Chatham-Kent Health Alliance	80,000

Subtotal	80,000
Add: Total donations of less than \$100 each	0

Total donations in current taxation year	80,000
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year:	0 A	0	0
Subtract:			
Donations expired after 5 taxation years: [239]	0	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year: [240]	0	0	0
Add:			
Donations transferred on amalgamation or wind-up of subsidiary: [250] 0 B			
Total current year charitable donations made: [210] 80,000 C			
	-----	-----	-----
Subtotal:			
Amount B plus amount C: 80,000	80,000 D	80,000	80,000
	-----	-----	-----

	Federal		Quebec	Alberta
donations available.....	80,000	E	80,000	80,000
Deduct: Amount applied against taxable income:				
enter amount from line S).....	80,000	F	80,000	80,000
	-----		-----	-----
Charitable donations closing balance.....	0	G	0	0
	=====		=====	=====

Amounts carried forward - Charitable donations

Year of origin:		Federal		Quebec	Alberta
1st prior year	2001	0		0	0
2nd prior year	0	0		0	0
3rd prior year	0	0		0	0
4th prior year	0	0		0	0
5th prior year	0	0		0	0
6th prior year *	0	0		0	0
		-----		-----	-----
Total (to line A).....		0		0	0
		=====		=====	=====

* These donations expired in the prior year.

Part 2 - Maximum deduction calculation for donations

Net income for tax purposes * multiplied by 75%.....		901,310	H
		=====	
Taxable capital gains arising in respect of gifts of capital property:			
per line 895 of schedule 6.....		0	
- other.....		0	
Total.....	225	0	I
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01).....	227	0	J
Add the lesser of:			
1) The amount of the recapture of capital cost allowance in respect of charitable gifts.....	230	0	K
		=====	
2) The lesser of:			
i) Proceeds of dispositions less outlays and expenses.....	0	L	
		=====	
ii) The capital cost.....	0	M	
		=====	
The lesser of amounts L and M.....	235	0	N
		=====	
The lesser of amounts K and N.....		0	O

Subtotal: Amount I plus amount J plus amount O.....		0	P
		=====	
Amount P multiplied by 25%.....		0	Q
		=====	
Maximum deduction allowable: (amount H plus amount Q).....		901,310	R
		=====	
Claim for charitable donations: (not exceeding the lesser of amount E from Part 1, amount R and net income for tax purposes).....		80,000	S
Enter amount S on line 311 of the T2 return)		=====	

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

Part 3 - Gifts to Canada or a province

Gifts to Canada or a province at the end of the preceding taxation year.		0
Deduct: Gifts to Canada or a province expired after 5 taxation years.	339	0
Gifts to Canada or a province at the beginning of the taxation year.	340	0
Add: Gifts to Canada or a province transferred on amalgamation or wind-up of a subsidiary.	350	0
Total current year gifts made to Canada or a province *	310	0
Subtotal		0
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return)	360	0
Gifts to Canada or a province closing balance.	380	0

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount at line 210 and complete part 2.

Part 4 - Gifts of certified cultural property

	Federal	Quebec	Alberta
Gifts of certified cultural property at the end of the preceding taxation year.	0	0	0
Deduct: Gifts of certified cultural property expired after 5 taxation years.	439	0	0
Gifts of certified cultural property at the beginning of the taxation year.	440	0	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary.	450	0	0
Total current year gifts of certified cultural property.	410	0	0
Subtotal	0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	460	0	0
Gifts of certified cultural property - Closing balance.	480	0	0

Amounts carried forward - Gifts of certified cultural property

Year of origin:	Federal	Quebec	Alberta
1st prior year	2001	0	0
2nd prior year	0	0	0
3rd prior year	0	0	0
4th prior year	0	0	0
5th prior year	0	0	0
6th prior year *	0	0	0
Total	0	0	0

these donations expired in the prior year.

— Part 5 - Gifts of certified ecologically sensitive land

	Federal	Quebec	Alberta
Gifts of certified ecologically sensitive land at the end of the preceding taxation year.	0	0	0
Deduct: Gifts of certified ecologically sensitive land expired after 5 taxation years. 539	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year. 540	0	0	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary. 550	0		
Total current year gifts of certified ecologically sensitive land. 510	0		
	-----	-----	-----
Subtotal	0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return) 560	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land - Closing balance. 580	0	0	0
	=====	=====	=====

— Amounts carried forward - Gifts of certified ecologically sensitive lands

Year of origin:		Federal	Quebec	Alberta
1st prior year	2001	0	0	0
2nd prior year	0	0	0	0
3rd prior year	0	0	0	0
4th prior year	0	0	0	0
5th prior year	0	0	0	0
6th prior year *	0	0	0	0
		-----	-----	-----
Total		0	0	0
		=====	=====	=====

* These donations expired in the prior year.

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

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

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

Part 1 - Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes	1,201,746
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	0
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0
Amount of Part VI.1 tax deductible	0
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)	0 0

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

Subtotal	0
Add: (decrease a loss)	
Current-year farm loss	0

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

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year	1,542,190
Deduct: Non-capital loss expired after seven taxation years	100 0
Non-capital losses at beginning of taxation year	102 1,542,190
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105 0
Current-year non-capital loss (from calculation above)	110 0 1,542,190

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

Deduct:			
Amount applied against taxable income			
(Enter on line 331 of the T2 return)	<input type="text" value="130"/>	1,121,746	
Amount applied against taxable dividends subject to Part IV tax	<input type="text" value="135"/>	0	
Section 80 - Adjustments for forgiven amounts	<input type="text" value="140"/>	0	
Subsection 111(10) - Adjustments for fuel tax rebate		0	
Other adjustments	<input type="text" value="150"/>	0	1,121,746
			<hr/>
		Subtotal	420,444
Deduct - Request to carry back non-capital loss to:			
First preceding taxation year to reduce taxable income	<input type="text" value="901"/>	0	
Second preceding taxation year to reduce taxable income	<input type="text" value="902"/>	0	
Third preceding taxation year to reduce taxable income	<input type="text" value="903"/>	0	
First preceding taxation year to reduce taxable dividends			
subject to Part IV tax	<input type="text" value="911"/>	0	
Second preceding taxation year to reduce taxable dividends			
subject to Part IV tax	<input type="text" value="912"/>	0	
Third preceding taxation year to reduce taxable dividends			
subject to Part IV tax	<input type="text" value="913"/>	0	0
			<hr/>
Non-capital losses - Closing balance	<input type="text" value="180"/>		420,444
			=====

Election under paragraph 88(1.1)(f)

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

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

Part 2 - Capital losses**Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year	<input type="text" value="200"/>	0	
Capital losses transferred on amalgamation or wind-up of			
subsidiary corporation	<input type="text" value="205"/>	0	
Current-year capital loss (from Schedule 6 calculation)	<input type="text" value="210"/>	0	0
Add:			
Allowable business investment loss expired as non-capital loss	0x 4/3 <input type="text" value="220"/>	0	
			<hr/>
		Subtotal	0
Deduct:			
Amount applied against current-year capital gain			
(see note 1)	<input type="text" value="225"/>	0	
Section 80 - Adjustments for forgiven amounts	<input type="text" value="240"/>	0	
Other adjustments	<input type="text" value="250"/>	0	0
			<hr/>
		Subtotal	0
Deduct - Request to carry back capital loss to: (see note 2)			
	Capital gain (100%)	Amount carried back (100%)	
First preceding taxation year	0 <input type="text" value="951"/>	0	
Second preceding taxation year	0 <input type="text" value="952"/>	0	
Third preceding taxation year	0 <input type="text" value="953"/>	0	0
			<hr/>
Capital losses - Closing balance	<input type="text" value="280"/>		0
			=====

Part 2 - Capital losses**— Continuity of capital losses and request for a carryback (cont'd) —**

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

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

Note 2

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

Part 3 - Farm losses**— Continuity of farm losses and request for a carryback —**

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

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

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

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

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

Part 4 - Restricted farm losses**Current-year restricted farm loss**

Total losses for the year from farming business.	485	0	A
minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less.	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0 B			
6,250 C	0	2,500	
Current-year restricted farm loss (enter this amount on line 410).		0	
		=====	

Continuity of restricted farm losses and request for a carryback

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

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

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

Note

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

Part 5 - Listed personal property losses**Continuity of listed personal property loss and request for a carryback**

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

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

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

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

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

- Non-capital losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2001	1,542,190	N/A	0	N/A	1,121,746	0	420,444
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0 *
Total	1,542,190	0	0	0	1,121,746	0	420,444

Farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2001	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

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

ccount/Business No.: 894290014RC0001 Year Ended:

2002-12-31

Summary of Capital Cost Allowance

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

Class	UCC at Beginning No. of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203] - [207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	33,848,528	2,616,309	6,539,581	49,000	1,283,654	4	0	0	1,666,871	41,288,547
8	2,302,848	48,993	0	0	24,496	20	0	0	465,469	1,886,372
10	2,173,876	84,895	0	28,724	28,085	30	0	0	660,589	1,569,458
12	33,002	0	0	0	0	100	0	0	33,002	0
2	6,539,581	0	-6,539,581	0	0	6	0	0	0	0
17	421,329	0	0	0	0	8	0	0	33,706	387,623
Total	45,319,164	2,750,197	0	77,724	1,336,235		0	0	2,859,637	45,132,000

CHATHAM-KENT HYDRO INC.

Sch. 009

Account/Business No.: 894290014RC0001 Year Ended:
 ELATED AND ASSOCIATED CORPORATIONS

2002-12-31

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

related corporation(s)

associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
CHATHAM-KENT ENERGY INC.		894286012RC0001	1	0	0.00	0	0.00	0
CHATHAM-KENT UTILITY SERVICES		863560967RC0001	3	0	0.00	0	0.00	0
CHATHAM-KENT CORPORATION OF THE MUNICIPAL		866337058RC0001	3	0	0.00	0	0.00	0

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

Relationship code:

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

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

Schedule 9

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide".
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at end of preceding taxation year**(if negative, enter "0") **200** 1,376,281 A**Add:**Cost of eligible capital property acquired during
the taxation year. **222** 0 BAmount transferred on amalgamation or wind-up
of subsidiary **224** 0 COther adjustments **226** 0 D

(add amounts B, C, and D) 0 x 0.75 = 0 E

Subtotal (amount A plus amount E)..... 230 1,376,281 F**Deduct:**Proceeds of sale (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year. **242** 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7). **244** 0 HOther adjustments **246** 0 I(add amounts G, H, and I) 0 x 0.75 = **248** 0 J**Cumulative eligible capital balance (amount F minus amount J)..... 1,376,281 K**

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

Current year deduction..... amount K 1,376,281 x 7.00% = 250 96,340 L
(enter amount L at line 405 of Schedule 1)**Cumulative eligible capital - Closing balance..... 300 1,279,941 M**
Amount K minus amount L (if negative, enter "0")**Note**

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

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

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

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

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988. 400 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7). 401 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988. 402 0 3Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988. 408 0 4

Line 3 minus line 4..... 0 0 5

Total of lines 1, 2, and 5..... 0 6

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

Line 6 minus line 7..... 0 0 O

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

Amount on line 5 0 x 1/2..... 0 Q

Line P minus line Q..... 0 R

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

Lesser of line N or line O..... 0 T

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

For taxation years ending before February 28, 2000,

line N - line Q..... 410 0

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

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

CONTINUITY OF RESERVES (1998 and later taxation years)

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	0	0	0	0	0

total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
EMPLOYEE FUTURE BENEFITS	484,936	0	60,164	0	545,100
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Reserves From Section 2 below	169,924	0	4,586	0	174,510
Totals	654,860	0	64,750	0	719,610

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	[X]	\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[X] [110]	169,924	[115] 0	4,586	0	[120] 174,510
Reserve for undelivered goods and services not rendered.....	[] [130]	0	[135] 0	0	0	[140] 0
Reserve for prepaid rent.....	[] [150]	0	[155] 0	0	0	[160] 0
Reserve for December 31, 1995 income.....	[] [170]	0	[175] 0	0	0	[180] 0
Reserve for refundable containers.....	[] [190]	0	[195] 0	0	0	[200] 0
Reserve for unpaid amounts.....	[] [210]	0	[215] 0	0	0	[220] 0
Other tax reserves.....	[] [230]	0	[235] 0	0	0	[240] 0
Totals	[270]	169,924	[275] 0	4,586	0	[280] 174,510

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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

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

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

Filing date (for departmental use only). 100 Year Month Day

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

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	545,100
Capital stock (or members' contributions if incorporated without share capital).	103	23,523,425
Retained earnings.	104	2,844,886
Contributed surplus.	105	0
Any other surpluses.	106	0
Deferred unrealized foreign exchange gains.	107	0
All loans and advances to the corporation.	108	24,932,171
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations.	109	0
Any dividends declared but not paid by the corporation before the end of the year.	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year.	111	0

Part 1 - Capital (cont'd)

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

112 0

Subtotal 51,845,582 51,845,582 A

Deduct the following amounts:

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

Any deficit deducted in computing the shareholders' equity. 122 0

Any amount deducted under subsection 135(1) in computing income under
Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above. 123 0

The amount of deferred unrealized foreign exchange losses. 124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0"). 190 51,845,582

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

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

Part 2 - Investment allowance**Add the carrying value at the end of the year of the following assets of the corporation:**

A share of another corporation. 401 0

A loan or advance to another corporation (other than a financial institution). 402 33,930

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

Long-term debt of a financial institution. 404 0

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

A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,
a partnership all of the members of which, throughout the year, were other corporations
(other than financial institutions) that were not exempt from tax under Part I.3
[other than by reason of paragraph 181.1(3)(d)]. 406 0

An interest in a partnership. 407 0

Investment allowance for the year. 490 33,930

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

Part 3 - Taxable capital

Capital for the year (line 190). 51,845,582 C

Deduct: Investment allowance for the year (line 490). 33,930 D

Taxable capital for the taxation year

(amount C minus amount D) (if negative, enter "0"). 500 51,811,652

Part 4 - Taxable capital employed in Canada - Canadian resident corporation

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

Taxable capital for the year (line 500)	51,811,652	X	Taxable income earned in Canada	610	1,000	Taxable capital employed in Canada	690	51,811,652
			Taxable income		1,000			

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

Part 5 - Taxable capital employed in Canada - Non-resident corporation

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

Total of all amounts which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada.	701	0
Deduct the following amounts:		
Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada.	711	0
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year in Canada.	712	0
Total amount of 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 in Canada.	713	0
Total deductions (add lines 711, 712, and 713)	0	0 E
Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0").	790	0

Part 6 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada for the year (line 690 or 790, whichever applies).	51,811,652
Deduct: Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36).	801 6,175,471
Excess of taxable capital employed in Canada over capital deduction.	811 45,636,181
Gross Part I.3 tax: Line 811 45,636,181 x .2250% =	102,681 F
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:	
Amount F 102,681 x Number of days in the year 365 =	0 G
Gross Part I.3 tax (amount F or G, whichever applies).	820 102,681

Part 7 - Calculation of current year surtax credits

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

Current year surtax credit equals current year Canadian surtax payable.

Canadian surtax payable

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

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

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

- c) line 600 from the T2 return 0 x line 690 of this schedule
51,811,652 = 0
- 51,811,652
- line 500 of this schedule
- d) line 700 from the T2 return 0 0 I
- Current year surtax credit (amount H or I, whichever applies) 830 0

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

- Amount on line 830 0
- Less: Part I.3 tax before deducting surtax credits (line 820) 102,681 J
- Net amount -102,681 K

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

- unused Part I.3 tax credit balance. 0 L

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

102,681 M

Part 9 - Calculation of current year unused surtax credit

- Amount K (if positive) 0
- Less: Part I.3 tax credits claimed
(carried forward from taxation years prior to 1992 - see amount L above). 0
- Current year unused surtax credit (enter this amount on Schedule 37) 850 0

Part 10 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820) 102,681 N

Deduct the following amounts:

Current year surtax credit applied

(the lesser of lines 820 and 830) 861 0Unused surtax credit from prior years applied 862 0

Total (cannot exceed amount on line 820) 0 0

Net Part 1.3 tax payable (amount N minus amount O)

Enter this amount at line 704 of the T2 return 870 102,681

=====

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:

Attached Sch.

2002-12-31

Loans Payable

Customer deposits

Note Payable

1,408,845.00

23,523,326.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====

24,932,171.00

Reserves Sch 33 - Line 101

Employee Future Benefits

545,100.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====

545,100.00

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:

Attached Sch.
2002-12-31

Loans to corporations

EDA Membership

29,340.00

Itopa software maintenance

4,590.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

=====
33,930.00

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAXSch. 036-Supp.
2002-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.

In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
CHATHAM-KENT ENERGY INC.	894286012RC0001	3,259,705	2002-12-31
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	564,824	
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	866337058RC0001	0	
TOTAL		3,824,529	

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

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

Schedule 36 - Supplementary

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001

Year Ended:

2002-12-31

Sch. 050

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

SHAREHOLDER INFORMATION

(1998 and later taxation years)

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

Name of shareholder	Business Number (note 1)	Social Insurance Number (note 2)	Percentage common shares	Percentage preferred shares
CHATHAM-KENT ENERGY INC.	894286012RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

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

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

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

Telephone Number:

- TRANSFER

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



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

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

CHATHAM-KENT HYDRO INC.

ASSESSMENT NO. 13

Account No.	Assessment Date (year, month, day)	Page
1800232	2003/08/08	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

258,965.00 *

801.17CR

258,163.83

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

Sub-Total

258,965.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

258,965.00CR

801.17CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Sept return

Tax Assessment as per Company Estimate.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

002 PX5003



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

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

Account No.	Reassessment Date (year, month, day)	Page
1800232	2005/11/30	1 of 2

CHATHAM-KENT HYDRO INC.

REASSESSMENT NO. 60 REPLACING ASSESSMENT DATED: 2003/08/08

Tax: Federal and Provincial PIL
Assessment Interest

Total Reassessment Liability

300,402.00
8,339.18
308,741.18

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Refunds

258,965.00CR
802.29

Sub-Total

TAXATION YEAR BALANCE DUE **

258,162.71CR
50,578.47

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

1st 970
5058817

Statement of Adjustments sent under separate cover.

**Remember to include additional interest due with your payment. Interest on
the balance is compounded daily from the date of this Notice/Statement until
payment is received by the Ontario Electricity Financial Corporation (OEFC)
The current interest rate is 0.0191780%.

ENTERED FEB 21 2006

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

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0000001

Attachment 15
Revised 2003 SIMPIL Model

Disposition of Balance Recorded in Account 1562 Deferred PILs

Distributor	Chatham-Kent Hydro Inc.
OEB File Number	EB-2012-0097
Filing Year	2003

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Chatham-Kent Hydro Inc.			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?	Y/N	Y		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?	Y/N	N		
16					
17	Is the utility a non-profit corporation?	Y/N	N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?	OCT Y/N	Y		
20		LCT Y/N	Y		
21	Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT	0%		
22		LCT	65%		
23					
24	Accounting Year End	Date	31-Dec-03		
25					
26	MARR NO TAX CALCULATIONS				
27	SHEET #7 FINAL RUD MODEL DATA				Regulatory
28	(FROM 1999 FINANCIAL STATEMENTS)				Income
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)		45,653,588		
32					
33	Common Equity Ratio (CER)		50.00%		
34					
35	1-CER		50.00%		
36					
37	Target Return On Equity		6.05%		
38					
39	Debt rate		7.25%		
40					
41	Market Adjusted Revenue Requirement		3,035,964		
42					
43	1999 return from RUD Sheet #7		786,476	786,476	
44					
45	Total Incremental revenue		2,249,488		
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001		1,077,000	1,077,000	
48	Amount allowed in 2002		1,077,000	1,077,000	
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	
50	unless authorized by the Minister and the Board)			0	
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			0	
52	Other Board-approved changes to MARR or incremental revenue			0	
53				0	
54	Total Regulatory Income			2,940,476	
55					
56	Equity		22,826,794		
57					
58	Return at target ROE		1,381,021		
59					
60	Debt		22,826,794		
61					
62	Deemed interest amount in 100% of MARR		1,654,943		
63					
64	Phase-in of interest - Year 1 (2001)		1,015,805		
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)		1,602,891		
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward		1,602,891		
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005		1,654,943		
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5							Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.	0						
7	Reporting period: 2003							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	2,940,476		1,280,087		4,220,563	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	2,533,000		363,406		2,896,406	P2
21	Employee Benefit Plans - Accrued, Not Paid	3	318,500		-318,500		0	P2
22	Tax reserves - beginning of year	4			174,510		174,510	
23	Reserves from financial statements - end of year	4			763,846		763,846	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			24,478		24,478	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				1,201,304		1,201,304	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	1,835,114		883,004		2,718,118	P2
34	Employee Benefit Plans - Paid Amounts	8	275,000		-275,000		0	P2
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	1,602,891		93,343		1,696,234	
38	Tax reserves - end of year	4			154,633		154,633	
39	Reserves from financial statements - beginning of year	4			719,610		719,610	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			58,169		58,169	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				1,537,317		1,537,317	
49								
50	TAXABLE INCOME/ (LOSS)		2,078,971		318,055	Before loss C/F	2,397,026	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.0000%		36.62%	
54								
55	REGULATORY INCOME TAX		802,899		-112,835	Actual	690,064	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		802,899		-112,835	Actual	690,064	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	45,653,588		6,701,886		52,355,474	O13
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-5,000,000		0	
68	Taxable Capital		40,653,588		1,701,886		52,355,474	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		121,961		35,106	Overpaid	157,066	
73								
74	Federal Large Corporations Tax							
75	Base	18	45,653,588		8,516,990		54,170,578	F45
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		-3,541,778		6,458,222	
77	Taxable Capital		35,653,588		4,975,212		47,712,356	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		80,221		27,132		107,353	
82	Less: Federal Surtax 1.12% x Taxable Income	21	23,284		3,562		26,847	
83								
84	Net LCT		56,936		23,570		80,506	
85								

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2003							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14								
15	III) INCLUSION IN RATES							
16								
17	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
18								
19	Income Tax (proxy tax is grossed-up)	22	1,284,638			Actual 2003	690,064	
20	LCT (proxy tax is grossed-up)	23	91,098			Actual 2003	90,737	
21	Ontario Capital Tax (no gross-up since it is deductible)	24	121,961			Actual 2003	152,992	
22								
23								
24	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	1,497,696			Actual 2003	933,793	
25	RAM DECISION							
26								
27								
28								
29	IV) FUTURE TRUE-UPS							
30	IV a) Calculation of the True-up Variance				DR/(CR)			
31	In Additions:							
32	Employee Benefit Plans - Accrued, Not Paid	3	-318,500					
33	Tax reserves deducted in prior year	4	174,510					
34	Reserves from financial statements-end of year	4	763,846					
35	Regulatory Adjustments	5	0					
36	Other additions "Material" Items TAXREC	6	0					
37	Other additions "Material" Items TAXREC 2	6	24,478					
38	In Deductions - positive numbers							
39	Employee Benefit Plans - Paid Amounts	8	-275,000					
40	Items Capitalized for Regulatory Purposes	9	0					
41	Regulatory Adjustments	10	0					
42	Interest Adjustment for tax purposes (See Below - cell I204)	11	0					
43	Tax reserves claimed in current year	4	154,633					
44	Reserves from F/S beginning of year	4	719,610					
45	Contributions to deferred income plans	3	0					
46	Contributions to pension plans	3	0					
47	Other deductions "Material" Items TAXREC	12	0					
48	Other deductions "Material" Item TAXREC 2	12	58,169					
49								
50	Total TRUE-UPS before tax effect	26	= -13,078					
51								
52	Income Tax Rate (including surtax) from 2003 Utility's tax return		x 36.62%					
53								
54	Income Tax Effect on True-up adjustments		= -4,789					
55								
56	Less: Miscellaneous Tax Credits	14	0					
57								
58	Total Income Tax on True-ups		= -4,789					
59								
60	Income Tax Rate used for gross-up (exclude surtax)		35.50%					
61								
62	TRUE-UP VARIANCE ADJUSTMENT		(7,425)					
63								
64	IV b) Calculation of the Deferral Account Variance caused by							
65	changes in legislation							
66								
67	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial							
68	estimate column)		= 2,078,971					
69								
70	REVISED CORPORATE INCOME TAX RATE (including Surtax)		x 36.62%					
71								
72	REVISED REGULATORY INCOME TAX		= 761,319					
73								
74	Less: Revised Miscellaneous Tax Credits		- 0					
75								
76	Total Revised Regulatory Income Tax		= 761,319					
77								
78	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell							
79	C58)		- 802,899					
80								
81	Regulatory Income Tax Variance		= (41,579)					
82								

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2003							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
150	Ontario Capital Tax							
151	Base				=	45,653,588		
152	Less: Exemption from tab Tax Rates, Table 2, cell C39				-	5,000,000		
153	Revised deemed taxable capital				=	40,653,588		
154								
155	Rate - Tab Tax Rates cell C54			x		0.3000%		
156								
157	Revised Ontario Capital Tax			=		121,961		
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-		121,961		
159	Regulatory Ontario Capital Tax Variance			=		0		
160								
161	Federal LCT							
162	Base					45,653,588		
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-		10,000,000		
164	Revised Federal LCT			=		35,653,588		
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2250%		
167								
168	Gross Amount					80,221		
169	Less: Federal surtax			-		23,284		
170	Revised Net LCT			=		56,936		
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-		56,936		
173	Regulatory Federal LCT Variance			=		0		
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)					35.50%		
176								
177	Income Tax (grossed-up)			+		(64,464)		
178	LCT (grossed-up)			+		0		
179	Ontario Capital Tax			+		0		
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=		(64,464)		
182								
183	TRUE-UP VARIANCE (from cell I130)			+		(7,425)		
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=		(71,889)		
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)					1,654,943		
194	Interest phased-in (Cell C36)					1,602,891		
195								
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision					52,052		
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)					1,696,234		
202	Less: Interest components excluded for true-up calculation purposes					53,514		
203	Adjusted Interest					1,642,720		
204	Total deemed interest (REGINFO CELL D61)					1,654,943		
205								
206	Variance caused by excess debt					0		
207								
208	Interest Adjustment for Tax Purposes (carry forward to Cell I110)					0		
209								
210	Total Interest Variance					52,052		
211								

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:	365	days			
12						
13	Please enter the Materiality Level :	0	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	N			
17	Does the utility carry on non-wires related operation?	Y/N	N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	58,841,762		58,841,762	I1
32	Distribution Revenue	+	11,474,381		11,474,381	I1
33	Other Income	+	1,449,351		1,449,351	I1
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	58,841,762		58,841,762	I1
40	Administration	-	2,313,252		2,313,252	I1
41	Customer billing and collecting	-	1,421,828		1,421,828	I1
42	Operations and maintenance	-	2,071,683		2,071,683	I1
43	Amortization	-	2,896,406		2,896,406	F9
44	Ontario Capital Tax	-			0	
45		-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	4,220,563	0	4,220,563	
51	Less: Interest expense for accounting purposes	-	1,696,234		1,696,234	I1
52	Provision for payments in lieu of income taxes	-	1,149,000		1,149,000	I1
53	Net Income (loss)	=	1,375,329	0	1,375,329	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	1,149,000	0	1,149,000	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	2,896,406	0	2,896,406	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	174,510	0	174,510	
64	Reserves from financial statements- end of year	+	763,846	0	763,846	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		1,201,304	0	1,201,304	
67	Material addition items from TAXREC 2	+	24,478	0	24,478	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		6,209,544	0	6,209,544	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+			0	
77		+			0	
78		+			0	

Amort from F/S
\$2,650,564
 Amort from Tax
\$2,896,406
 Variance =
\$245,842

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	6,209,544	0	6,209,544	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	2,628,522		2,628,522	F9
98	Cumulative eligible capital deduction	-	89,596		89,596	F9
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :				0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	154,633	0	154,633	
105	Reserves from financial statements- beginning of year	-	719,610	0	719,610	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		1,537,317	0	1,537,317	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	58,169	0	58,169	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	5,187,847	0	5,187,847	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	F9
117		-			0	F9
118		-			0	F9
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	5,187,847	0	5,187,847	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	2,397,026	0	2,397,026	\$93,000 difference
135	DEDUCT:					bad debts re-asses
136	Non-capital loss applied positive number	-	40,087		40,087	F3
137	Net capital loss applied positive number	-			0	non-capital loss c/t
138	Charitable donations	-	400,000		400,000	re-assessment
139	NET TAXABLE INCOME	=	1,956,939	0	1,956,939	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	463,041		463,041	F8
143	Net Ontario Income Tax (Must agree with tax return)	+	227,023		227,023	O6
144	Subtotal	=	690,064	0	690,064	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
146	Total Income Tax	=	690,064	0	690,064	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		23.66%		23.66%	Divide federal
150	Net Ontario Income Tax Rate (Must agree with tax return)		11.60%		11.60%	Divide Ontario
151	Blended Income Tax Rate		35.26%	*****	35.26%	
152						

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	690,064	0	690,064	
157	Ontario Capital Tax	+	152,992		152,992	O13
158	Federal Large Corporations Tax	+	90,737		90,737	F8
159						
160	Total income and capital taxes	=	933,793	0	933,793	

	A	B	C	D	E	F
1	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5		0			Version 2009.1	
6						
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		174,510		174,510	F37
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		174,510	0	174,510	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		154,633		154,633	F37
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		154,633	0	154,633	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		174,510		174,510	F37
45	Inventory obsolescence				0	
46	Property taxes				0	
47	OPEB		545,100		545,100	F37
48	Other - Please describe				0	
49	Other - Please describe				0	
50					0	
51	Total (carry forward to the TAXREC worksheet)		719,610	0	719,610	
52						
53	End of Year:					
54					0	
55					0	F37
56	Environmental				0	
57	Allowance for doubtful accounts		154,633		154,633	F37
58	Inventory obsolescence				0	
59	Property taxes				0	
60	OPEB		609,213		609,213	F37
61					0	F37
62					0	F37
63	Insert line above this line					
64	Total (carry forward to the TAXREC worksheet)		763,846	0	763,846	

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3					Version 2009.1
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+				0
18	Gain on sale of eligible capital property	+				0
19	Loss on disposal of assets	+				0
20	Charitable donations (Only if it benefits ratepayers)	+				0
21	Taxable capital gains	+	24,478			24,478
22		+				0
23	Scientific research expenditures deducted	+				0
24	per financial statements	+				0
25	Capitalized interest	+				0
26	Soft costs on construction and renovation of buildings	+				0
27	Capital items expensed	+				0
28	Debt issue expense	+				0
29	Financing fees deducted in books	+				0
30	Gain on settlement of debt	+				0
31	Interest paid on income debentures	+				0
32	Recapture of SR&ED expenditures	+				0
33	Share issue expense	+				0
34	Write down of capital property	+				0
35	Amounts received in respect of qualifying environment trust	+				0
36	Provision for bad debts	+	0			0
37		+				0
38		+				0
39		+				0
40	Other Additions: (please explain in detail the nature of the item)	+				0
41		+				0
42		+				0
43		+				0
44		+				0
45		+				0
46	Total Additions	=	24,478	0		24,478
47						
48	Recap of Material Additions:					
49			0	0		0
50			0	0		0
51			0	0		0
52			0	0		0
53	Taxable capital gains		24,478	0		24,478
54			0	0		0
55			0	0		0
56			0	0		0
57			0	0		0
58			0	0		0
59			0	0		0
60			0	0		0
61			0	0		0
62			0	0		0
63			0	0		0
64			0	0		0
65			0	0		0
66			0	0		0
67			0	0		0
68			0	0		0
69			0	0		0
70			0	0		0
71			0	0		0
72			0	0		0
73			0	0		0

	A	B	C	D	E	F
1						
2	PILs TAXES	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3					Version 2009.1
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		24,478	0	24,478	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		24,478	0	24,478	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-	58,169		58,169	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96		-			0	F9
97		-			0	F9
98		-			0	
99	Total Deductions	=	58,169	0	58,169	
100						
101	Recap of Material Deductions:					
102	Gain on disposal of assets per f/s		58,169	0	58,169	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		58,169	0	58,169	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		58,169	0	58,169	

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Chatham-Kent Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+				0
20	CCA adjustments	+				0
21	CEC adjustments	+				0
22	Gain on sale of non-utility eligible capital property	+				0
23	Gain on sale of utility eligible capital property	+				0
24	Loss from joint ventures or partnerships	+				0
25	Deemed dividend income	+				0
26	Loss in equity of subsidiaries and affiliates	+				0
27	Loss on disposal of utility assets	+				0
28	Loss on disposal of non-utility assets	+				0
29	Depreciation in inventory -end of year	+				0
30	Depreciation and amortization adjustments	+				0
31	Dividends credited to investment account	+				0
32	Non-deductible meals	+	2,500			2,500
33	Non-deductible club dues	+	802			802
34	Non-deductible automobile costs	+				0
35	Donations - amount per books	+	400,000			400,000
36	Interest and penalties on unpaid taxes	+				0
37	Management bonuses unpaid after 180 days of year end	+				0
38	Imputed interest expense on Regulatory Assets	+				0
39		+				0
40	Ontario capital tax adjustments	+				0
41	Changes in Regulatory Asset balances	+				0
42	Re-assessment disallowance, including bad debts provision		93,000			93,000
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+				0
44	Revenue Repayable	+	240,000			240,000
45	Provision for Transition Costs	+	330,242			330,242
46	Provision for RSA	+	134,760			
47	Total Additions on which true-up does not apply	=	1,201,304	0		1,066,544
48						
49	Deduct:					
50						
51	CCA adjustments	-				0
52	CEC adjustments	-				0
53	Depreciation and amortization adjustments	-				0
54	Gain on disposal of assets per financial statements	-				0
55	Financing fee amortization - considered to be interest expense for PILs	-				0
56	Imputed interest income on Regulatory Assets	-				0
57	Donations - amount deductible for tax purposes	-				0
58	Income from joint ventures or partnerships	-				0
59		-				0
60		-				0
61		-				0
62		-				0
63		-				0
64	Ontario capital tax adjustments to current or prior year	-	156,544			156,544
65		-				0
66	Changes in Regulatory Asset balances	-	1,337,195			1,337,195
67		-				0
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-				0
69	Retirement benefit recorded to transition costs	-	43,578			43,578
70		-				0
71		-				0
72		-				0
73	Total Deductions on which true-up does not apply	=	1,537,317	0		1,537,317
74						

	A	B	C	D	E	F	G
1	PILs TAXES						
2	Corporate Tax Rates						
3	Exemptions, Deductions, or Thresholds						
4	Utility Name: Chatham-Kent Hydro Inc.						
5	Reporting period: 2003						
6							
7							
8	Rates Used in 2002 RAM PILs Applications for 2002						Table 1
9	Income Range		0		200,001		
10	RAM 2002		to		to		
11		Year	200,000		700,000		>700,000
12	Income Tax Rate						
13	Proxy Tax Year	2002					
14	Federal (Includes surtax)		13.12%		26.12%		26.12%
15	and Ontario blended		6.00%		6.00%		12.50%
16	Blended rate		19.12%		34.12%		38.62%
17							
18	Capital Tax Rate		0.300%				
19	LCT rate		0.225%				
20	Surtax		1.12%				
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000				
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000				
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing						
24							
25							
26	Expected Income Tax Rates for 2003 and Capital Tax Exemptions for 2003						Table 2
27	Income Range		0	250,001	400,001		
28	Expected Rates		to	to	to		
29		Year	250,000	400,000	1,128,000		>1128000
30	Income Tax Rate						
31	Current year	2003					
32	Federal (Includes surtax)		13.12%	22.12%	22.12%		24.12%
33	Ontario		5.50%	5.50%	9.75%		12.50%
34	Blended rate		18.62%	27.62%	31.87%		36.62%
35							
36	Capital Tax Rate		0.300%				
37	LCT rate		0.225%				
38	Surtax		1.12%				
39	Ontario Capital Tax Exemption *** 2003	MAX \$5MM	5,000,000				
40	Federal Large Corporations Tax Exemption *** 2003	MAX \$10MM	10,000,000				
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.						
42							
43							
44	Input Information from Utility's Actual 2003 Tax Returns						Table 3
45	Income Range		0	250,001	400,001		
46			to	to	to		
47		Year	250,000	400,000	1,128,000		>1128000
48	Income Tax Rate						
49	Current year	2003					
50	Federal (Includes surtax)		13.12%	22.12%	22.12%		24.12%
51	Ontario		5.50%	5.50%	9.75%		12.50%
52	Blended rate		18.62%	27.62%	31.87%		36.62%
53							
54	Capital Tax Rate		0.300%				
55	LCT rate		0.225%				
56	Surtax		1.12%				
57	Ontario Capital Tax Exemption *	MAX \$5.0MM	0				
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	6,458,222				
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23						
60	page 11; federal T2 Schedule 36						

O12
F45

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILs TAXES														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Chatham-Kent Hydro Inc.														
4	Reporting period: 2003														
5	Version 2009.1														
6	0														
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		-71,889		-71,889		-71,889		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-													0
13	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
14	True-up Variance Adjustment (3)	+/-				-7,425									-7,425
15	Deferral Account Variance Adjustment Q4, 2001 (4)	+/-													0
16	Deferral Account Variance Adjustment (5)	+/-				-64,464									-64,464
17	Adjustments to reported prior years' variances (6)	+/-													0
18	Carrying charges (7)	+/-													0
19	PILs billed to (collected from) customers (8)	-	0												0
20															
21	Ending balance: # 1562		0		0		-71,889		-71,889		-71,889		-71,889		-71,889
22															
23															
24															
25															
26															
27															
28															
29															
30															
31	Uncollected PILs														
32															
33	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
34	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
35															
36	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
37															
38	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
39	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
40	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
41	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
42	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
43	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
44	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
45	(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.														
46															
47	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
48	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
49															
50	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
51	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
52															
53	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
54	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
55															
56	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
57	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
58															
59	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
60															
61	(7) Carrying charges are calculated on a simple interest basis.														
62															
63	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
64	components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
65	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
66	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
67															
68	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
69	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
70	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
71															
72	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
73	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
74															
75	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
76	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
77	to calculate the recovery for the period January 1 to March 31, 2005.														
78															
79	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
80	will have to include amounts from 1562 and from 1590.														
81															
82															

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Attachment 16
2003 Financial Statements

Financial Statements of

CHATHAM-KENT HYDRO INC.

December 31, 2003

Auditors' Report

To the Chairman and Board Members of Chatham-Kent Hydro Inc.

We have audited the balance sheet of Chatham-Kent Hydro Inc. as at December 31, 2003 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
February 27, 2004

CHATHAM-KENT HYDRO INC.
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CHATHAM-KENT HYDRO INC.

Balance Sheet

December 31, 2003

Page 1 of 11

	2003	2002
ASSETS		
CURRENT		
Cash	\$ 10,758,856	\$ 10,787,465
Accounts receivable (Note 3)	3,433,379	3,373,960
Accounts receivable - unbilled revenue	7,040,555	8,228,837
Due from Chatham-Kent Utility Services Inc.	32,447	6,219,720
Inventories	630,805	605,543
Prepaid expenses	122,350	110,561
	22,018,392	29,326,086
CAPITAL ASSETS (Note 4)	39,362,281	39,216,367
OTHER		
Deferred assets (Note 5)	1,857,294	1,847,547
Computer software	8,361	11,294
	1,865,655	1,858,841
	\$ 63,246,328	\$ 70,401,294
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,501,647	\$ 7,491,137
Taxes payable	871,898	(6,939)
Due to The Municipality of Chatham-Kent	240,446	7,794,870
Due to Chatham-Kent Energy Inc.	2,659	3,276,644
Current portion of customer deposits	381,365	340,000
	9,998,015	18,895,712
LONG-TERM		
Note payable (Note 6)	23,523,326	23,523,326
Regulatory revenue repayable	240,000	-
Employee future benefits (Note 7)	609,213	545,100
Long-term portion of customer deposits	1,607,134	1,068,845
	25,979,673	25,137,271
	35,977,688	44,032,983
CONTINGENCY (Note 10)		
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	23,523,425	23,523,425
Retained earnings	3,745,215	2,844,886
	27,268,640	26,368,311
	\$ 63,246,328	\$ 70,401,294

CHATHAM-KENT HYDRO INC.**Statement of Earnings and Retained Earnings**

Year Ended December 31, 2003

Page 2 of 11

	2003	2002
SERVICE REVENUE		
Residential	\$ 19,075,959	\$ 23,774,423
General service	44,227,461	49,549,585
Street lighting	575,471	549,327
	63,878,891	73,873,335
Change in unbilled revenue	(1,175,798)	1,229,560
	62,703,093	75,102,895
Retailer energy sales	7,613,050	4,180,214
Total energy sales	70,316,143	79,283,109
COST OF POWER	58,841,762	68,359,445
GROSS MARGIN ON SERVICE REVENUE	11,474,381	10,923,664
OTHER OPERATING REVENUE	1,449,351	1,037,765
OPERATING INCOME	12,923,732	11,961,429
OPERATING AND MAINTENANCE EXPENSE		
Distribution	2,317,525	2,393,344
ADMINISTRATIVE EXPENSE		
Billing and collection	1,421,828	1,376,271
General administration	2,313,252	2,022,908
Interest	1,696,234	1,697,454
	5,431,314	5,096,633
DEPRECIATION AND AMORTIZATION	2,650,564	2,589,054
	10,399,403	10,079,031
EARNINGS, BEFORE		
PAYMENTS IN LIEU OF TAXES	2,524,329	1,882,398
Payments in lieu of taxes (Note 14)	1,149,000	300,000
NET EARNINGS	1,375,329	1,582,398
RETAINED EARNINGS, BEGINNING OF YEAR	2,844,886	1,262,488
DIVIDENDS PAID	(475,000)	
RETAINED EARNINGS, END OF YEAR	\$ 3,745,215	\$ 2,844,886

CHATHAM-KENT HYDRO INC.

Statement of Cash Flows

Year Ended December 31, 2003

Page 3 of 11

	2003	2002
OPERATING ACTIVITIES		
Net earnings	\$ 1,375,329	\$ 1,582,398
Adjustments for:		
Depreciation of capital assets	2,982,530	2,775,853
Depreciation of computer software	2,933	2,418
Amortization of contributed capital	(89,057)	(54,044)
Allowance for deferred assets	465,000	
Gain on disposal of capital assets	(58,169)	(15,335)
Employee future benefits net expense	64,113	60,164
Changes in non-cash working capital items (Note 12)	(1,618,612)	9,169,147
Increase in customer deposits	538,289	271,541
	<u>3,662,356</u>	<u>13,792,142</u>
INVESTING ACTIVITIES		
Additions to deferred assets	(474,747)	(1,124,792)
Additions to computer software	-	(5,144)
Regulatory revenue payable	240,000	
Proceeds on disposal of capital assets	135,317	77,723
Additions to capital assets	(3,116,535)	(2,627,653)
	<u>(3,215,965)</u>	<u>(3,679,866)</u>
FINANCING ACTIVITIES		
Dividends paid	(475,000)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(28,609)	10,112,276
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,787,465	675,189
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>10,758,856</u>	\$ <u>10,787,465</u>

1. NATURE OF OPERATIONS

Chatham-Kent Hydro Inc. ("the Company") was incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*. The Company is wholly-owned by Chatham-Kent Energy Inc. which in turn is wholly-owned by the Municipality of Chatham-Kent. ("the Municipality"). The principal activity of the Company is to distribute electricity to customers within the Municipality of Chatham-Kent, under the license issued by the Ontario Energy Board ("OEB").

Under a Municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division ("the Commission") and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to the Company at October 1, 2000 was \$47,046,751. In consideration for the transfer the Company issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326. Shares valued at \$23,523,425 have been issued to Chatham-Kent Energy Inc.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies as set forth in the Accounting Procedures Handbook issued by the OEB under the authority of the *Ontario Energy Board Act, 1998*:

Regulation

The Company is regulated by the OEB and any power rate adjustments require OEB approval.

Inventories

Inventories are valued at the lower of cost and replacement cost with cost being determined using the weighted average method.

Capital assets

Capital assets are recorded at cost. Depreciation is calculated on a straight-line basis over the useful life as follows:

Buildings and fixtures	25 – 50 years
Distribution station equipment	30 years
Distribution lines	25 years
Distribution transformers	25 years
Distribution meters	25 years
General office equipment	10 years
Computer equipment	5 years
Rolling stock	4 – 8 years
Tools	10 years
System supervisory equipment	15 years
Automated mapping facility management	15 years
Services	25 years

Computer software

Computer software is stated at cost less accumulated depreciation. It is depreciated over 5 years on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred transition costs

Deferred transition costs consist of qualifying capital costs and related expenditures incurred in the preparation for market opening. Recovery of the deferred costs is regulated by the OEB.

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. For the year ended December 31, 2003, \$875,307 (2002- \$356,295) of contributed capital has been charged to capital assets and recorded as an offset to capital assets. Amortization is on a straight-line basis over 25 years.

Revenue recognition and cost of power

Service revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used. Any discrepancies in the revenue collected and associated cost of power related to distribution are charged to deferred assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Post employment benefits other than pension

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

Payment in lieu of income taxes

Under the *Electricity Act, 1998*, the Corporation is required to make payments-in-lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFPC). These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporation Tax Act* (Ontario) and modified by the *Electricity Act, 1998*, and related regulations.

The Corporation, regulated by the Ontario Energy Board, provides for payments-in-lieu of corporate income taxes using the taxes payable method instead of the liability method. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Future income taxes are expected to be reflected in future rates, and accordingly, are not recognized in the financial information. Payment in lieu of taxes is henceforth referred to as income taxes.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with the bank.

3. ACCOUNTS RECEIVABLE

	2003	2002
Electrical energy	\$ 3,100,659	\$ 3,217,121
Other	487,353	331,349
	<u>3,588,012</u>	<u>3,548,470</u>
Allowance for doubtful accounts	154,633	174,510
	<u>\$ 3,433,379</u>	<u>\$ 3,373,960</u>

4. CAPITAL ASSETS

	2003		2002	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Plant and distribution system:				
Land	\$ 400,909	\$ -	\$ 400,909	\$ 408,911
Buildings and fixtures	3,024,568	304,046	2,720,522	2,793,656
Substation	211,364	50,679	160,685	175,885
Distribution system:				
Overhead	16,221,747	2,569,173	13,652,574	12,668,654
Underground	12,495,654	2,230,143	10,265,511	10,473,245
Transformers	10,477,985	1,808,951	8,669,034	8,630,841
Meters	2,378,757	448,829	1,929,928	1,861,447
General office equipment	63,502	30,971	32,531	39,755
Computer equipment	298,304	179,264	119,040	134,447
Rolling stock	1,279,325	807,709	471,616	520,181
Tools	483,433	256,337	227,096	269,637
System supervisory equipment	584,592	217,295	367,297	413,065
Automated mapping facility management	1,285,825	286,306	999,519	1,089,243
Services	1,498,414	131,549	1,366,865	971,995
	50,704,379	9,321,252	41,383,127	40,450,962
Contributed capital	(2,209,718)	(188,872)	(2,020,846)	(1,234,595)
	\$ 48,494,661	\$ 9,132,380	\$ 39,362,281	\$ 39,216,367

Depreciation and amortization in the amount of \$245,842 (2002-\$135,173) for rolling stock and software is included in the relevant cost centre.

5. DEFERRED ASSETS

Deferred assets and liabilities arise as a result of the rate-making process. As described in this note, Chatham-Kent Hydro has recorded the following deferred assets and provision.

	2003	2002
Billing activities	\$ 76,089	\$ 76,089
Customer education	9,966	9,966
Wholesale market requirements	120,683	120,683
Independent market operator requirements	73,554	61,054
Retailer/customer requirements	116,024	116,024
Regulatory requirements	195,683	158,558
Payment-in-lieu of taxes - property	158,334	139,202
Payment-in-lieu of taxes - corporate taxes	-	-
Post employment costs	244,517	155,069
Regulatory requirements Bill 210	28,545	-
	1,023,395✓	836,645
Retail settlement variance assets	1,980,475	1,692,478
Total deferred assets	3,003,870	2,529,123
Provision	(1,146,576)	(681,576)
Net deferred assets	\$ 1,857,294	\$ 1,847,547

The introduction of Bill 210 in November 2002 has deferred future rate increases until 2006. However Bill 4 was introduced in December 2003 which allows for the application to the OEB for possible recovery of these costs. While it is management's intention to pursue future rate increases based on all of these costs and the related interest, they have provided an allowance of \$465,000 (2002 - \$681,576) for costs which may be disallowed for OEB purposes.

6. NOTE PAYABLE

The note payable is due to the Municipality with no set repayment terms and interest payable monthly at 7.04% (2002 - 7.04%). Interest expense for the year amounted to \$1,656,042 (2002 - \$1,656,042).

7. EMPLOYEE FUTURE BENEFITS

The Company pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability at December 31, 2003 of \$609,213 (2002 - \$545,100) was determined by actuarial valuation using a discount rate of 6.0 % (2002 - 7.5%).

Information about the Company's defined benefit plan is as follows:

	2003		2002	
Accrued benefit liability, beginning of year	\$	545,100	\$	484,936
Expense for the period		64,113		60,164
Benefits paid during the period		-		-
Estimated accrued benefit liability as at December 31, 2003	\$	609,213	\$	545,100

The main actuarial assumptions employed for the valuation are as follows:

General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2003 and thereafter.

Interest (discount) rate

The present value as at December 31, 2003 of the future benefits, and the expense for the year ended December 31, 2003, was determined using a discount rate of 6.0 %. This corresponds to the assumed CPI rate plus as assumed rate of return of 2.5 %.

Health costs

Health costs were assumed to increase at 12% per year for 10 years, and then at the CPI rate plus 1% thereafter.

Dental costs

Dental costs were assumed to increase at the CPI rate plus 1% for 2003 and thereafter.

8. PENSION AGREEMENT

The Company provides a pension plan for its employees through the Ontario Municipal Employees' Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used by the Company. The Company's contribution for employees' current service in 2003 was \$45,992 (2002 - \$nil). No premiums were paid by the employer or employees in 2002 due to the legislated OMERS premium holiday which was in effect until January 1, 2003. The 2003 contributions were at a reduced rate. The full contribution rates will not be in place until January 1, 2004.

9. RELATED PARTY TRANSACTIONS

The Company provided the following services in the normal course of operations to the Shareholder:

	2003	2002
Energy (at commercial rates)	\$ 3,001,694	\$ 3,537,630
Streetlight maintenance	154,630	146,562
	\$ 3,156,324	\$ 3,684,192

Chatham-Kent Utility Services Inc. provided the following services in the normal course of operations to the Company:

	2003	2002
Billing and collection services	\$ 2,061,046	\$ 2,794,828

Chatham-Kent Energy Inc. provided the following services in the normal course of operations to the Company:

	2003	2002
Administrative services	\$ 575,081	\$ 653,172

10. CONTINGENCY

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim states that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defense of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company, and as such no potential liability has been recognized.

11. SHARE CAPITAL

	2003	2002
Authorized Unlimited common shares		
Issued 2,000 common shares	\$23,523,425	\$23,523,425

12. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items

	2003	2002
Accounts receivable	\$ (59,419)	\$ (1,277,246)
Accounts receivable - unbilled revenue	1,188,282	(1,825,898)
Due to the Municipality	(7,554,424)	17,979,985
Due from Chatham-Kent Utility Services	6,187,273	(5,525,211)
Inventories	(25,262)	72,559
Prepaid expenses	(11,789)	(20,628)
Accounts payable	1,010,510	(59,711)
Taxes payable	878,837	(184,899)
Increase in current portion of customer deposits	41,365	-
Due from Shareholder	(3,273,985)	10,196
	\$ (1,618,612)	\$ 9,169,147

Payments in lieu of taxes of \$ 259,200 (2002 - \$306,939) and interest of \$1,696,234 (2002 - \$1,697,454) were paid during the year.

13. FINANCIAL INSTRUMENTS

Fair value

The Company's recognized financial instruments consist of cash, accounts receivable, accounts payable, customer deposits and long-term debt. The fair values of cash, accounts receivable and accounts payable approximate their carrying values due to their short-term nature. As there is no secondary market for customer deposits, the calculation of a fair value with sufficient reliability is impractical.

The fair value of long-term notes payable cannot be determined as the note has no specified repayment terms and no maturity date.

Credit risk

The Company is exposed to credit risk from its customers. However, the Company has a large number of diverse customers minimizing concentration of credit risk. The Company has also reduced the credit risk by implementing a strict credit policy that has increased the amount of deposits from customers.

14. FUTURE INCOME TAXES

If the liability method of accounting for income taxes were used, a future tax asset of \$2,715,000 (2002 - \$2,130,000) would be recorded.

16. COMMITMENTS

The Company has entered into a Service Level agreement with Chatham-Kent Utility Services Inc. to have them provide the services of billing, account collections, customer inquiries and meter reading as well as administrative services such as office space usage, rate submission support and accounting and budgeting support. The value of this agreement for 2003 is \$2,061,046 (2002-\$2,794,828).

The Company has entered into a joint Customer Agreement, along with Chatham-Kent Utility Services Inc., for the services of a third party related to operations of a data collection system, data storage and access to specific software and systems. Monthly payments of \$7,700 are to be paid jointly by the Company and Chatham-Kent Utility Services Inc. until June 15, 2004. Annual joint payments are \$46,200 for 2004.

The Company, along with Chatham-Kent Utility service Inc., has committed by way of letter of agreement to providing certain management, human resources, financial, regulatory, customer support and engineering support services to an unrelated party until July 2007.

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current classification.

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Attachment 17
2003 Tax Returns



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

2003

CT23 Corporations Tax and Annual Return

For taxation years commencing after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

The Annual Return (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17, together with the applicable schedules on pages 18-21. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt, Refer to Guide) ☒ Yes ☐ No

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Ministry Use

Corporation's Legal Name (including punctuation)

CHATHAM-KENT HYDRO INC.

Mailing Address

20 QUEEN STREET

P.O. BOX 70

HATHAM

ON CA N7M-5K2

Has the mailing address changed since last filed CT23 Return? ☐ Yes

Date of Change

year month day

Registered/Head Office Address

320 QUEEN STREET

P.O. BOX 70

HATHAM

ON CA N7M-5K2

Location of Books and Records

QUEEN STREET

P.O. BOX 70

HATHAM

ON CA N7M-5K2

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

Jim Hogan

519-352-6300

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

ON CA

Former Corporation Name (Extra-Provincial Corporations only)

☒ Not Applicable

(MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s)

4

If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).

☐ No change

Ontario Corporations Tax Account No. (MOF)

7265360

This CT23 Return covers the Taxation Year

Start

year month day
2003-01-01

End

year month day
2003-12-31

Date of Incorporation or Amalgamation

year month day
2000-09-30

Ontario Corporation No. (MCBS)

1440759

Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.

If applicable, enter

894290014RC0001

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

☒ Not Applicable

Preferred Language/Langue de préférence

☒ English
anglais

☐ French
français

Ministry use



Certification (MCBS)

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

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

DAVID KENNEY

Title: ☒ Director ☐ Officer ☐ Other individual having knowledge of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

1 ☒ 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)

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

If applicable, enter

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

If applicable, enter

111269546

Specify major business activity

ELECTRICAL DISTRIBUTION

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☒ ☐

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☐ ☒

Income Tax

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

DOLLARS ONLY

Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	2,304,026.
Subtract: Charitable donations	-	1	400,000.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)	-	4	0.
Subtract: Federal Part VI.1 tax	-	5	0.
Subtract: Prior years' losses applied -	-	From 704	420,444.
Non-capital losses	-	714	0.
Net capital losses	-	From 724	0.
Farm losses	-	From 734	0.
Restricted farm losses	-	From 754	0.
Limited partnership losses	-	10	1,483,582.
Taxable Income (Non-capital loss)	=		
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
Adjusted Taxable Income	=	10 + 11 (if 10 is negative, enter 11)	20 1,483,582.

Taxable Income		Number of Days in Taxation Year	
From 10 (or 20 if applicable)	1,483,582. x 30 100.0000% X 12.5000% X	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
	Ontario Allocation	33 365	73 365
		= + 29 185,448.	
From 10 (or 20 if applicable)	1,483,582. x 30 100.0000% X 14.0000% X	Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days
	Ontario Allocation	34 0	73 365
		= + 32 0.	
Income Tax Payable (before deduction of tax credits)	29 + 32	= 40 185,448.	

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	2,279,548.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	1,483,582.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	420,444.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	- 53	420,444.
	=	1,483,582.
Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$ 200,000)	+ 55	200,000.
Add: Ontario enhancement of federal business limit		
Number of Days in Taxation Year		
80,000 x	Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days
	28 0	73 365
X From	55 200,000	200,000
	= + 43	0.
120,000 x	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days
	31 365	73 365
X From	55 200,000	200,000
	= + 46	120,000.
200,000 x	Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days
	31 0	73 365
X From	55 200,000	200,000
	= + 47	0.
Ontario enhancement of federal business limit	43 + 46 + 47	= 120,000.
Business Limit for Ontario purposes	55 + 44	= 320,000.
Income eligible for the IDSBC	From 30	100.0000% X 56 320,000. = 60 320,000.
	* Ontario Allocation	Least of 50, 54 or 45

* Note: Ontario Allocation for IDSBC purposes may differ from continued on Page 5

30 If Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

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Income Tax *continued from Page 4*

Calculation of IDSBC Rate

		Number of Days in Taxation Year			
		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days		
.....	6.50 %	x [28] 0 ÷ [73] 365	= + [79] .0000		
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
.....	7.00 %	x [31] 365 ÷ [73] 365	= + [89] 7.0000		
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days		
.....	8.50 %	x [34] 0 ÷ [73] 365	= + [90] .0000		

IDSBC Rate for Taxation Year [79] + [89] + [90] = [78] 7.0000

Claim From [60] 320,000. x From [78] 7.0000 % = [70] 22,400.

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

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

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

**** Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.**Associated Corporation** - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.**** Taxable Income of the corporation** From [10] (or [20] if applicable) + [80] 1,483,582.If you are a member of an associated group (X) [81] ☒ (Yes)Name of associated corporation (Canadian & foreign)
(if insufficient space, attach schedule)Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

**** Taxable Income**
(if loss, enter nil)

See attached + [82] 0.

..... + [83] .

..... + [84] .

Aggregate Taxable Income [80] + [82] + [83] + [84], etc. = [85] 1,483,582.

Number of Days in Taxation Year

		Number of Days in Taxation Year			
		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days		
Subtract: 280,000	x	[28] 0 ÷ [73] 365	= + [113] 0.		
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
320,000	x	[31] 365 ÷ [73] 365	= + [115] 320,000.		
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days		
400,000	x	[34] 0 ÷ [73] 365	= + [116] 0.		

[113] + [115] + [116] = 320,000. - [114] 320,000.

(If negative, enter nil) = [86] 1,163,582.

Calculation of Specified Rate for Surtax

		Number of Days in Taxation Year			
		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days		
.....	4.3330 %	x [28] 0 ÷ [73] 365	= + [95] .0000		
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days		
.....	4.6670 %	x [31] 365 ÷ [73] 365	= + [96] 4.6670		
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days		
.....	4.6670 %	x [34] 0 ÷ [73] 365	= + [97] .0000		
Specified rate of surtax for Taxation Year		[95] + [96] + [97]		= [94] 4.6670	

From [86] 1,163,582. x From [94] 4.6670 % = [87] 54,304.

From [87] 54,304. x From [60] 320,000. + From [114] 320,000. = [88] 54,304.

Surtax Lesser of [70] or [88]

Continued on Page 6

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Income Tax continued from Page 5**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)

110 0.

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

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

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

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

Eligible Canadian Profits	120	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	320,000.
Add: Adjustment for Surtax on Canadian-controlled private corporations		
From 100 22,400. ÷ From 30 100.0000 % ÷ From 78 7.0000 % = 121	121	320,000.
Lesser of 56 or 121	122	320,000.
120 - 56 + 122	130	0.
Taxable Income	From 10	1,483,582.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	320,000.
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	320,000.
Subtract: Taxable Income 10 1,483,582. X Allocation % to jurisdictions outside Canada .0000 %	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141	24,478.
10 - 56 + 122 - 140 - 141	142	1,459,104.

Claim**Number of Days in Taxation Year**

143 0. X From 30 100.0000 % X 1.5000 % X	Days after Sept 30, 2001 and before Jan 1, 2004	Total Days	33 0 ÷ 73 365	= + 154 0.
Lesser of 130 or 142				
143 0. X From 30 100.0000 % X 2.0000 % X	Days after Dec 31, 2003 and before Jan 1, 2005	Total Days	34 0 ÷ 73 365	= + 156 0.
Lesser of 130 or 142				
M&P claim for taxation year 154 + 156				= 160 0.

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

= 161 0.

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

= 162 0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001) (Attach schedule).

170 0.

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 185,448.

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Income Tax continued from Page 6**Specified Tax Credits** (Refer to Guide)**Ontario Innovation Tax Credit (OITC) (s.43.3)** Applies to research and development in Ontario.Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form)+ **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** Applies to employment of eligible students.Eligible Credit From **5798** Summary Schedule F+ **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

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

Eligible Credit From **5899** either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)

+ **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

Applies to employment of eligible unemployed post secondary graduate.

Eligible Credit From **6598** Summary Schedule GNo. of Graduates From **6596****194** 0+ **195** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

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

Eligible Credit From **6900** OBPTC Claim Form (Attach both the original Claim Form and the Certification Form)+ **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)**

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

Eligible Credit From **6700** Claim Form Certified by Ontario Media Development Corporation

(Attach the original Claim/Certification Form with the CT23 Tax Return.)

+ **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)**

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

Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form)+ **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.

Eligible Credit From **7300** either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.

(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)

+ **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)**

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

Eligible Credit From **7400** Claim Form certified by Ontario Media Development Corporation

(Attach original Claim/Certification Form.)

+ **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)**

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

Eligible Credit From **7500** OSRTC Claim Form (Attach both the original Claim Form and the Certification Form)+ **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **201.1** = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative). = **230** 185,448.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section on for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

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

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Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

Total Assets of the corporation	.....	+	[240]	63,246,328.	
* Total Revenue of the corporation	.....	+	[241]	71,765,494.	
If you are a member of an associated group (x) [242] <input checked="" type="checkbox"/> (Yes)					
Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets	* Total Revenue	
See attached			[243] 28,066,613.	[244] 5,494,769.	
			[245]	[246]	
			[247]	[248]	
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.	=	[249] 91,312,941.		
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.	=	[250] 77,260,263.		

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 18, 19 and 20 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable	CMT Base From [2135] 2,524,329.	X From [30] 100.0000%	X 4.0000	= [276] 100,973.
If negative, enter zero				
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)				[277] 0.
Subtract: Income Tax				From [190] 185,448.
Net CMT Payable (If negative, enter Nil on Page 17.)				[280] 0.

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

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

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to **Schedule D: Continuity of CMT Credit Carryovers, on Page 20.**

CMT Credit Carryover available From [2307] 17,594.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)	.....	+	From [190] 185,448.
Gross CMT Payable	.....	+	From [276] 100,973.
Subtract: Foreign Tax Credit for CMT purposes	.....	-	From [277] 0.
If [276] - [277] is negative, enter NIL in [290]	.....	=	[290] 100,973.
Income Tax eligible for CMT Credit	.....	=	[300] 84,475.
B. Income tax (after deduction of specified credits)	.....	+	From [230] 185,448.
Subtract: CMT credit used to reduce income taxes	.....	-	[310] 17,594.
Income Tax	.....	=	[320] 167,854.

Transfer to page 17

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

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

CHATHAM-KENT HYDRO INC.

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

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

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital tax for the taxation year. A Corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable capital in order to determine their Capital Tax payable.

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	350	23,523,425.
Retained earnings (if deficit, deduct) (Int.B. 3012)	351	3,745,215.
Capital and other surpluses, excluding appraisal surplus (Int.B.3012)	352	0.
Loans and advances (Attach schedule) (Int.B. 3013)	353	25,754,930.
Bank loans (Int.B. 3013)	354	0.
Bankers acceptances (Int.B. 3013)	355	0.
Bonds and debentures payable (Int.B. 3013)	356	0.
Mortgages payable (Int.B. 3013)	357	0.
Notes payable (Int.B. 3013)	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	360	1,179,456.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	362	0.
Subtotal	370	54,203,026.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	371	1,819,882.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	372	0.
Total Paid-up Capital	380	52,383,144. ✓
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381	0.
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	0.
Net Paid-up Capital	390	52,383,144.

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402	0.
Mortgages due from other corporations	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	404	0.
Loans and advances to unrelated corporations	405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406	32,447.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407	0.
Total Eligible Investments	410	32,447.

continued on Page 10

CATHAM-KENT HYDRO INC.

Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.

2003-12-31

CT23 Line 360 - Reserves

Employee Future Benefits
Revenue repayable
Transition cost reserve

609,214.00

240,000.00

330,242.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00
0.00

0.00

0.00
0.000.00
0.000.00
0.000.00
0.000.00
0.000.00
0.00

0.00

Total

1,179,456.00

[illegible]

Capital Tax continued from Page 9**Assets** (Int.B. 3015)

Total Assets per balance sheet	+	420	63,246,328.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	63,246,328.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	1,819,882.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
	=	450	61,426,446.
Total Assets			
Investment Allowance $(\frac{410}{450}) \times 390$		460	27,670.
Taxable Capital 390 - 460		470	52,355,474.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

480 71,765,494.

Total Assets (as adjusted)

From 430 63,246,328.

Calculation of Capital Tax for all corporations except Financial Institutions

*Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.

Financial Institutions use calculations on page 13.)

Important:

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

OR

If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.

OR

If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: If the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

B1. If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

B2. If taxable capital, 470 on page 10, is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.

B3. If taxable capital, 470 on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount From 523 to 543 on page 12, and complete the return from that point.

+	From 470	0.						
-		0.						
=	471	0.	X From 30	100.0000%	X	.3000%	X	555 365
								365
								(366 if leap year)
								523
								0.

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

** If floating taxation year, refer to Guide.

continued on Page 11

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Capital Tax Calculation *continued from page 10*

SECTION C

This section applies ONLY to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either ☐ 509 or ☐ 524 and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

☐ 1. ☐ 509 (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.

If taxable capital ☐ 470 on page 10 is \$5,000,000 or less, enter NIL in ☐ 550 on page 12 and complete the return from that point.

If taxable capital ☐ 470 on page 10 exceeds \$5,000,000 proceed to Section D, enter \$5,000,000 in ☐ 542 Section D, and complete Section D and the return from that point.

☐ C2. ☒ 524 (X if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.

If the taxation year ends before January 1, 2003, you must complete the Calculation below.

If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the Calculation below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as Net Deduction) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do NOT complete this calculation if ss.69(2.1) election is filed

Taxable Capital From ☐ 470 on page 10 + From ☐ 470 0.

Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada (if insufficient space, attach schedule)

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

Taxation Year End

Taxable Capital

_____	_____	_____	+ <input type="checkbox"/> 531	0.
_____	_____	_____	+ <input type="checkbox"/> 532	.
_____	_____	_____	+ <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	0.

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in ☐ 523 in section D on page 12, as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From ☐ 470 0. + From ☐ 540 0. x 0 = ☐ 541 0.
Transfer to ☐ 542 in Section D on page 12

S.s.69(2.1) Election Filed

☒ 591 (X if applicable) Election filed. Attach a copy of the election with this CT23 Return.
Proceed to Section E on page 12.

Capital Tax Calculation *continued from Page 11*

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital, **540** on page 11, exceeds \$5,000,000.

Complete the following calculation and transfer the amount From **523** to **543**, and complete the return from that point.

+ From - =	<table border="0" style="width: 100%;"> <tr><td style="width: 50%; text-align: center;">470</td><td style="width: 50%; text-align: center;">0.</td></tr> <tr><td style="text-align: center;">542</td><td style="text-align: center;">0.</td></tr> <tr><td style="text-align: center;">471</td><td style="text-align: center;">0.</td></tr> </table>	470	0.	542	0.	471	0.	X	From	30	X	<table border="0" style="width: 100%;"> <tr><td style="width: 50%; text-align: center;">100.0000%</td><td style="width: 50%;"></td></tr> <tr><td colspan="2" style="text-align: center;">Ontario Allocation</td></tr> </table>	100.0000%		Ontario Allocation		X	.3000%	X	Days in taxation year 555	X	<table border="0" style="width: 100%;"> <tr><td style="width: 50%; text-align: center;">365</td><td style="width: 50%;"></td></tr> <tr><td colspan="2" style="text-align: center;">365</td></tr> <tr><td colspan="2" style="text-align: center;">(366 if leap year)</td></tr> </table>	365		365		(366 if leap year)		= +	523	=	0.	Total Capital Tax for the taxation year Transfer to 543 and complete the return from that point
470	0.																																	
542	0.																																	
471	0.																																	
100.0000%																																		
Ontario Allocation																																		
365																																		
365																																		
(366 if leap year)																																		

SECTION E

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+ From 470 52,355.474. X From 30 100.0000% X 3000% = + 561 157,066.
 Ontario Allocation
 - Capital tax deduction From 995 relating to *your corporation's* capital tax deduction, on ss.69(2.1) election form - From 995 4,074.
 = 562 152,992.
 Capital Tax 562 152,992. X 555 365 = 563 152,992.
 Days in taxation year
 ** 365
 (366 if leap year)

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

Capital Tax before application of specified credits

Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)

Capital Tax – (amount cannot be negative)

=	543	152.992.
-	546	0.
=	550	152.992.

Transfer to Page 17

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

CT23 Page 13 of 24

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

DOLLARS ONLY

ital Tax continued from Page 12**Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**For taxation years commencing after May 4, 1999 enter NIL in **550** on page 12, and complete the return from that point.**.2. Other than Credit Unions**(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

$$\text{565 } 0. \times 0.6\% \times \text{From } 30 \text{ Ontario Allocation } \times \frac{\text{Days in taxation year } 555 \div 0}{366 \text{ (if leap year)}} = + \text{569 } 0.$$

Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1

$$\text{570 } 0. \times \text{571 } 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \times \frac{\text{Days in taxation year } 555 \div 0}{366 \text{ (if leap year)}} = + \text{574 } 0.$$

Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate (Refer to Guide)

Capital Tax for Financial Institutions – other than Credit Unions (before Section II)

$$\text{569} + \text{574} = \text{575 } 0.$$

** If floating taxation year, refer to Guide.

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

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

$$- \text{585 } 0.$$

Capital Tax – Financial Institutions

$$\text{575} - \text{585}$$

$$= \text{586 } 0.$$

Transfer to **543** on Page 12**Premium Tax (s.74.2 & 74.3) (Refer to Guide)**

(1) Uninsured Benefits Arrangements

Applies to Ontario-related uninsured benefits arrangements.

$$\text{587 } 0. \times 2\%$$

$$= \text{588 } 0.$$

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **589**.)

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

$$- \text{589 } 0.$$

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

$$\text{Premium Tax } \text{588} - \text{589}$$

$$= \text{590 } 0.$$

Transfer to page 17

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

DOLLARS ONLY

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

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

+ 600 2,304,026.
Transfer to Page 15

Add:

Federal capital cost allowance	+ 601	2,628,522.
Federal cumulative eligible capital deduction	+ 602	89,596.
Ontario taxable capital gain	+ 603	24,478.
Federal non-allowable reserves. Balance beginning of year	+ 604	719,610.
Federal allowable reserves. Balance end of year	+ 605	154,633.
Ontario non-allowable reserves. Balance end of year	+ 606	1,468,848.
Ontario allowable reserves. Balance beginning of year	+ 607	174,510.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

Number of Days in Taxation Year

Days after Sept. 30, 2001 and before Jan. 1, 2004

612 0. x 5 ÷ 12.5000 X 33 365 + 73 365 = + 633 0.

Days after Dec. 31, 2003 and before Jan. 1, 2005

612 0. x 5 ÷ 14.0000 X 34 0 + 73 365 = + 634 0.

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

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 schedule 161 + 615 0.

Add any negative amount in 473 from Ont. CT23 Schedule 161 + 616 0.

Federal allowable business investment loss + 620 0.

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

Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614 = 5,260,197. 640 5,260,197.
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+ 650	2,628,522.
Ontario cumulative eligible capital deduction	+ 651	89,596.
Federal taxable capital gain	+ 652	24,478.
Ontario non-allowable reserves. Balance beginning of year	+ 653	719,610.
Ontario allowable reserves. Balance end of year	+ 654	154,633.
Federal non-allowable reserves. Balance end of year	+ 655	1,468,848.
Federal allowable reserves. Balance beginning of year	+ 656	174,510.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+ 657	0.
Ontario depletion allowance	+ 658	0.
Ontario resource allowance	+ 659	0.
Ontario current cost adjustment (Attach schedule)	+ 661	0.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+ 674	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+ 675	0.
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675	681	5,260,197.

Transfer to Page 15

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

Continued from Page 14

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

From $\begin{array}{r} + \boxed{600} \\ \hline \end{array}$ 2,304,026.

Total of Additions

From = 640 5,260,197.

Subtotal of deductions on page 14

From $\boxed{681}$ 5,260,197.

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

Ontario New Technology Tax Incentive (ONTTI) Gross-up
(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

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

662 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA
 From 662 $\times 0.30 = 198.60$
 From 30 $\times 0.0000 = 0.00$
 Ontario Allocation
 - From 662 $\times 0.30 = 198.60$

Workplace Child Care Tax Incentive

Qualifying expenditures: $665 \times 30.00\% \times 100 = 666$

From 30 100.0000
Ontario Allocation

Workplace Accessibility Tax Incentive

Qualifying expenditures: $667 \times 0.10000 \times 100 = 668$

From 30 Ontario Allocation

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (*Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.*) (Refer to Guide)

Qualifying expenditures: $\boxed{670} \times 0. \times \boxed{30.00\%} \times \boxed{100} = \boxed{671}$

From $\boxed{30}$ $\boxed{100.0000}$
Ontario Allocation

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

$$\text{Qualifying expenditures: } 672 \times 0.15 \times 100 = 673$$

From 30 100.0000
Ontario Allocation

Ontario allowable business investment loss

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

**Amount added to income federally for an amount that was negative
in line 454 of federal form T661**

Total of other deductions allowed by Ontario (Attach schedule)

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 .. = 5,260,197. 680 5,260,197.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 2,304,026.
Transfer to Page 4

Transfer to Page 4

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 420,444	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 420,444	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	
Subtotal	707 420,444	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 0	719 0	729 0	739 0	749 0	759 0

Notes:

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

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year				850 0	870 0
801 8th preceding taxation year				851 0	871 0
802 7th preceding taxation year				852 0	872 0
803 6th preceding taxation year	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year	823 0	833 0	843 0	856 0	876 0
807 2nd preceding taxation year	824 0	834 0	844 0	857 0	877 0
2001-12-31					
808 1st preceding taxation year	825 0	835 0	845 0	858 0	878 0
2002-12-31					
809 Current taxation year	826 0	836 0	846 0	859 0	879 0
2003-12-31					
Total	829 0	839 0	849 0	869 0	889 0

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

DOLLARS ONLY

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

For 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 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding	901 0	921 0	931 0	941 0
	912 0	922 0	932 0	942 0
ii) 2nd preceding	902 0	923 0	933 0	943 0
	913 0	924 0	934 0	944 0
iii) 1st preceding	903 0	925 0	935 0	945 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	167,854.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	152,992.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	320,846.
Subtract: Payments	960	1,149,000.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify) Alloc. to Fed	-	-444,906.
Balance	= 970	-383,248.
If payment due	Enclosed *	990 0.
Overpayment: Refund (Refer to Guide)	= 975	383,248.
Apply to	year month day 2004-12-31	980 0.

(Includes credit interest)

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the Minister of Finance and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

Certification

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

Name (please print)

DAVID KENNEY

Title

PRESIDENT

Full Residence Address

Signature

Date

2004-06-04

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

WYATHAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.
2003-12-31

Cumulative Accounting Depreciation	
Cumulative CCA	
Cumulative CEC	
Deductible Transition Costs deducted for tax	
RSVA amts deducted in excess of book reserve	

[illegible]

Total	1,819,882.00
	=====

CATHAM-KENT HYDRO INC.
Corp. Tax Acct. No. : 7265360

Year Ended:

Attached Sch.
2003-12-31

CT23 Line 360 - Reserves

Employee Future Benefits
Revenue repayable
Transition cost reserve

609,214.00

240,000.00

330,242.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

1,179,456.00

CHATHAM-KENT HYDRO INC.

7265360

2003-12-31

DOLLARS ONLY

Corporate Minimum Tax - Schedule A:

Calculation of CMT Base

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP)

+ [2100] 1,375,329.

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

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

Subtotal = [2109] 0.

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

Provision for current taxes / cost of current income taxes	.....	+	[2110]	1,149,000.
Provision for deferred income taxes (debits) / cost of future income taxes	.....	+	[2111]	0.
Equity losses from corporations	.....	+	[2112]	0.
Share of partnership(s)/joint venture(s) losses	.....	+	[2113]	0.

Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))

+ [2114] 0.

Subtotal = 1,149,000. + [2115] 1,149,000.

Add/Subtract:

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

** Fed.s.85	.....	+	[2116]	0.	or -	[2117]	0.
** Fed.s.85.1	.....	+	[2118]	0.	or -	[2119]	0.
** Fed.s.97	.....	+	[2120]	0.	or -	[2121]	0.

** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years

+ [2122] 0. or - [2123] 0.

** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years

+ [2124] 0. or - [2125] 0.

** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years

+ [2126] 0. or - [2127] 0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income

- [2150] 0.

Subtotal (Additions) = 0. + [2128] 0.

Subtotal (Subtractions) = 0. - [2129] 0.

** Other adjustments ± [2130] 0.

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 2,524,329.

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

Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) = [2133] 2,524,329.

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

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

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

CMT Base = [2135] 2,524,329.

Transfer to CMT Base on Page 8

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2)	.....	+	2201	.....	0.
Add:					
Current year's losses	.....	+	2202	.....	0.
Losses from predecessor corporations on amalgamation (3)	.....	+	2203	.....	0.
Losses from predecessor corporations on wind-up (3)	.....	+	2204	.....	0.
Amalgamation (x) 2205 <input type="checkbox"/> Yes	Wind-up (x) 2206 <input type="checkbox"/> Yes				
Subtotal	.....	=		0.	+
Adjustments (attach schedule)	.....	±	2208	.....	0.
CMT losses available	2201 + 2207 ± 2208	.....	=	2209	.....
Subtract:					
Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	.....	0.
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	2211	.....	0.
Losses expired during the year	.....	+	2212	.....	0.
Subtotal	.....	=		0.	-
Balances at End of Year (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 s.57.5(7))

- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2133 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 2001-12-31	2260 0	2280 0
2241	8th preceding taxation year 2002-12-31	2261 0	2281 0
2242	7th preceding taxation year 2003-12-31	2262 0	2282 0
2243	6th preceding taxation year	2263 0	2283 0
2244	5th preceding taxation year	2264 0	2284 0
2245	4th preceding taxation year	2265 0	2285 0
2246	3rd preceding taxation year	2266 0	2286 0
2247	2nd preceding taxation year	2267 0	2287 0
2248	1st preceding taxation year	2268 0	2288 0
2249	Current taxation year	2269 0	2289 0
Totals		2270 0	2290 0

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1)	.....	+	2301	17,594.
Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL)	.....	+	From 280	0.
CMT Credit Carryovers from predecessor corporations (2)	.....	+	2302	0.
Amalgamation (x) 2303 <input type="checkbox"/> Yes Wind-up (x) 2304 <input type="checkbox"/> Yes	.....			0.
Subtotal	.....	=	2305	0.
Adjustments (Attach schedule)	.....	±	2306	0.
CMT credit carryover available	2301 + 2305 ± 2306	=	2307	17,594.
				Transfer to Page 8
Subtract: CMT Credit utilized during the year to reduce income tax (Page 8)	.....	+	From 310	17,594.
CMT Credit expired during the year	.....	+	2308	0.
Subtotal	.....	=	2309	17,594.
Balance at End of Year (3)	2307 - 2309	=	2310	0.

Notes:

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

Amount in 2310 must equal sum of 2370 + 2390.

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 2001-12-31	2360	2380
		0	0
2341	8th preceding taxation year 2002-12-31	2361	2381
		0	0
2342	7th preceding taxation year 2003-12-31	2362	2382
		0	0
2343	6th preceding taxation year	2363	2383
		0	0
2344	5th preceding taxation year	2364	2384
		0	0
2345	4th preceding taxation year	2365	2385
		0	0
2346	3rd preceding taxation year	2366	2386
		0	0
2347	2nd preceding taxation year	2367	2387
		0	0
2348	1st preceding taxation year	2368	2388
		0	0
2349	Current taxation year	2369	2389
		0	0
Totals		2370	2390
		0	0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)

MCBS

Schedule A

Page 22 of 24



Submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
HATHAM-KENT HYDRO INC.	1440759	year month day 2000-09-30

Director/Officer Information

Full Name and Address for Service:

Last Name	First Name	Middle Name(s)	
Canniff	Darrin		
Street Number and Name	Suite		
Cherokee Cres			
City/Town/Village	Province/State	Country	Postal/Zip Code
Chatham	ON	CA	N7M-6J7

Director

Officer

Are you a Resident Canadian?
(Applies to directors of business corporations only)

☒ Yes ☐ No

Date Elected
year month day
2003-01-03

Date Ceased
year month day

Indicate the appointment period for each of the following:

Other Titles (please specify):

	Date Appointed	Date Ceased
	year month day	year month day
President		
Secretary		
Treasurer		
General Manager		
Other (specify)		

- | | |
|--|---|
| <input type="checkbox"/> Chair | <input type="checkbox"/> Chief Executive Officer |
| <input type="checkbox"/> Chair Person | <input type="checkbox"/> Chief Financial Officer |
| <input type="checkbox"/> Chairman | <input type="checkbox"/> Chief Information Officer |
| <input type="checkbox"/> Chairwoman | <input type="checkbox"/> Chief Operating Officer |
| <input type="checkbox"/> Vice-Chair | <input type="checkbox"/> Chief Administrative Officer |
| <input type="checkbox"/> Vice-President | <input type="checkbox"/> Comptroller |
| <input type="checkbox"/> Assistant Secretary | <input type="checkbox"/> Authorized Signing Officer |
| <input type="checkbox"/> Assistant Treasurer | |
| <input type="checkbox"/> Chief Manager | |
| <input type="checkbox"/> Executive Director | |
| <input type="checkbox"/> Managing Director | <input type="checkbox"/> Other (untitled) |

Director/Officer Information

Full Name and Address for Service:

Last Name	First Name	Middle Name(s)	
Knott	Brian		
Street Number and Name	Suite		
36 University Avenue			
City/Town/Village	Province/State	Country	Postal/Zip Code
Chatham	ON	CA	N7L-4V5

Director

Officer

Are you a Resident Canadian?
(Applies to directors of business corporations only)

☒ Yes ☐ No

Date Elected
year month day
2000-09-01

Date Ceased
year month day
2003-06-01

Indicate the appointment period for each of the following:

Other Titles (please specify):

	Date Appointed	Date Ceased
	year month day	year month day
President		
Secretary		2003-06-01
Treasurer		
General Manager		
Other (specify)		

- | | |
|--|---|
| <input type="checkbox"/> Chair | <input type="checkbox"/> Chief Executive Officer |
| <input type="checkbox"/> Chair Person | <input type="checkbox"/> Chief Financial Officer |
| <input type="checkbox"/> Chairman | <input type="checkbox"/> Chief Information Officer |
| <input type="checkbox"/> Chairwoman | <input type="checkbox"/> Chief Operating Officer |
| <input type="checkbox"/> Vice-Chair | <input type="checkbox"/> Chief Administrative Officer |
| <input type="checkbox"/> Vice-President | <input type="checkbox"/> Comptroller |
| <input type="checkbox"/> Assistant Secretary | <input type="checkbox"/> Authorized Signing Officer |
| <input type="checkbox"/> Assistant Treasurer | |
| <input type="checkbox"/> Chief Manager | |
| <input type="checkbox"/> Executive Director | |
| <input type="checkbox"/> Managing Director | <input type="checkbox"/> Other (untitled) |

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

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Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)

MCBS

Schedule A

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Submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
HATHAM-KENT HYDRO INC.	1440759	year month day 2000-09-30

Director/Officer Information

Full Name and Address for Service:

Last Name	First Name	Middle Name(s)
Labadie	Anita	
Street Number and Name	Suite	
86 Campus Parkway		
City/Town/Village	Province/State	Country
Hatham	ON	CA
		Postal/Zip Code
		N7L-5A8

Director

Are you a Resident Canadian?
(Applies to directors of business corporations only)

☒ Yes ☐ No

Date Elected

year month day
2000-09-01

Date Ceased

year month day
2003-12-31

Officer

Indicate the appointment period for each of the following:

Other Titles (please specify):

	Date Appointed	Date Ceased	
	year month day	year month day	
President			<input type="checkbox"/> Chair
Secretary			<input type="checkbox"/> Chair Person
Treasurer			<input type="checkbox"/> Chairman
General Manager			<input type="checkbox"/> Chairwoman
Other (specify)			<input type="checkbox"/> Vice-Chair
			<input type="checkbox"/> Vice-President
			<input type="checkbox"/> Assistant Secretary
			<input type="checkbox"/> Assistant Treasurer
			<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

Director/Officer Information

Full Name and Address for Service:

Last Name	First Name	Middle Name(s)
McKerlie	Brian	
Street Number and Name	Suite	
1310 Hillswick Court		
City/Town/Village	Province/State	Country
Sugarland	TX	US
		Postal/Zip Code
		77479

Director

Are you a Resident Canadian?
(Applies to directors of business corporations only)

☐ Yes ☒ No

Date Elected

year month day
2000-10-01

Date Ceased

year month day

Officer

Indicate the appointment period for each of the following:

Other Titles (please specify):

	Date Appointed	Date Ceased	
	year month day	year month day	
President			<input type="checkbox"/> Chair
Secretary			<input type="checkbox"/> Chair Person
Treasurer			<input type="checkbox"/> Chairman
General Manager			<input type="checkbox"/> Chairwoman
Other (specify)			<input type="checkbox"/> Vice-Chair
			<input type="checkbox"/> Vice-President
			<input type="checkbox"/> Assistant Secretary
			<input type="checkbox"/> Assistant Treasurer
			<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)

MCBS

Schedule A

Page 22 of 24



Submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
WATHAM-KENT HYDRO INC.	1440759	year month day 2000-09-30

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Aarssen	Greg		
Street Number and Name		Suite	
275 Riverview Drive PO Box 1333			
City/Town/Village	Province/State	Country	Postal/Zip Code
Watham	ON	CA	N7M-5J5

Director	Officer	
Are you a Resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):	
Date Elected	Date Appointed	Date Ceased
year month day 2000-10-01	year month day	year month day
Has Ceased	President	
year month day	Secretary	
	Treasurer	
	General Manager	
	Other (specify)	
		<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
		<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Other (untitled)
		<input type="checkbox"/> Chief Manager
		<input type="checkbox"/> Executive Director
		<input type="checkbox"/> Managing Director

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Schnabel	Wayne		
Street Number and Name		Suite	
13883 Teetzel Line RR#1			
City/Town/Village	Province/State	Country	Postal/Zip Code
Highgate	ON	CA	N0P-1T0

Director	Officer	
Are you a Resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):	
Date Elected	Date Appointed	Date Ceased
year month day 2000-09-01	year month day	year month day
Has Ceased	President	
year month day	Secretary	
	Treasurer	
	General Manager	
	Other (specify)	
		<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
		<input type="checkbox"/> Assistant Treasurer
		<input type="checkbox"/> Chief Manager
		<input type="checkbox"/> Executive Director
		<input type="checkbox"/> Managing Director

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)

MCBS
Schedule A
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submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification			
Corporation's Legal Name (including punctuation)		Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
CHATHAM-KENT HYDRO INC.		1440759	year month day 2000-09-30
Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Payne		Ray	
Street Number and Name		Suite	
12 Charles Crescent			
City/Town/Village		Province/State	Country
Wallaceburg		ON	CA
			Postal/Zip Code
			N8A-5H7
Director	Officer		
Are you a Resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):		
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair
year month day	year month day	year month day	<input type="checkbox"/> Chair Person
2000-10-01			<input type="checkbox"/> Chairman
Date Ceased	President		<input type="checkbox"/> Chairwoman
year month day			<input type="checkbox"/> Vice-Chair
	Secretary		<input type="checkbox"/> Vice-President
	Treasurer		<input type="checkbox"/> Assistant Secretary
	General Manager		<input type="checkbox"/> Assistant Treasurer
	Other (specify)		<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Street Number and Name		Suite	
City/Town/Village		Province/State	Country
			Postal/Zip Code
Director	Officer		
Are you a Resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input type="checkbox"/> Yes <input type="checkbox"/> No	Other Titles (please specify):		
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair
year month day	year month day	year month day	<input type="checkbox"/> Chair Person
			<input type="checkbox"/> Chairman
Date Ceased	President		<input type="checkbox"/> Chairwoman
year month day			<input type="checkbox"/> Vice-Chair
	Secretary		<input type="checkbox"/> Vice-President
	Treasurer		<input type="checkbox"/> Assistant Secretary
	General Manager		<input type="checkbox"/> Assistant Treasurer
	Other (specify)		<input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director
			<input type="checkbox"/> Managing Director
			<input type="checkbox"/> Chief Executive Officer
			<input type="checkbox"/> Chief Financial Officer
			<input type="checkbox"/> Chief Information Officer
			<input type="checkbox"/> Chief Operating Officer
			<input type="checkbox"/> Chief Administrative Officer
			<input type="checkbox"/> Comptroller
			<input type="checkbox"/> Authorized Signing Officer
			<input type="checkbox"/> Other (untitled)

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

Calculation of Tax Rates for the

- Incentive Deduction for Small Business Corporations (IDSBC)
(Small Business Tax Credit) (S.41)
- Surtax on Canadian-controlled Private Corporations (s.41.1)

1. Calculation of IDSBC Rate

Number of Days In Taxation Year

	Days after December 31, 1998 and before January 1, 2000		Total Days	
7.00%	x 0	/	365	= .0000%

	Days after Dec 31, 1999 and before Jan 1, 2001		Total Days	
7.50%	x 0	/	365	= .0000%

	Days after Dec 31, 2000 and before Oct 1, 2001		Total Days	
7.50%	x 0	/	365	= .0000%

	Days after Sept 30, 2001 and before Jan 1, 2003		Total Days	
6.50%	x 0	/	365	= .0000%

	Days after Dec 31, 2002 and before Jan 1, 2004		Total Days	
7.00%	x 365	/	365	= 7.0000%

	Days after Dec 31, 2003 and before Jan 1, 2005		Total Days	
8.50%	x 0	/	365	= .0000%

IDSBC Rate for the Taxation Year	=	7.0000%
		=====

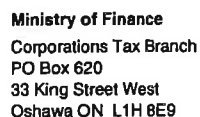
— 2. Calculation of Specified Rate for Surtax

Number of Days In Taxation Year					
	Days after Dec 31, 1998 and before Jan 1, 2000		Total Days		
4.67%	x 0	/	365	=	.0000%
	Days after Dec 31, 1999 and before Jan 1, 2001		Total Days		
5.00%	x 0	/	365	=	.0000%
	Days after Dec 31, 2000 and before Oct 1, 2001		Total Days		
5.00%	x 0	/	365	=	.0000%
	Days after Sept 30, 2001 and before Jan 1, 2003		Total Days		
4.3330%	x 0	/	365	=	.0000%
	Days after Dec 31, 2002 and before Jan 1, 2004		Total Days		
4.6670%	x 365	/	365	=	4.6670%
	Days after Dec 31, 2003 and before Jan 1, 2005		Total Days		
4.6670%	x 0	/	365	=	.0000
Specified Rate of Surtax for the Taxation Year.				=	4.6670%
					=====

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
ICHATHAM-KENT HYDRO INC.	7265360	2003-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Taxable Income (if loss, enter nil)
CHATHAM-KENT ENERGY INC.	1800231	2003-12-31	+
CHATHAM-KENT UTILITY SERVICES INC.	1800233	2003-12-31	+
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT		2003-12-31	+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Total			=



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

Transfer to 249 of the CT23	Transfer to 250 of the CT23
--------------------------------	--------------------------------



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

CCH Canadian Ltd. - Corporate Taxprep, 2003 CT23, ver. 3-2003



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

Ontario Charitable Donations and Gifts
Schedule 2 page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

- For use by a corporation to claim any of the following:
 - Charitable donations;
 - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- File one completed copy of this schedule with your CT23.

Part 1 - Charitable Donations

Charitable Donations at end of preceding taxation year	+	0	A
Deduct: Donations expired after 5 taxation years	-	0	B
Charitable donations at beginning of taxation year	=	0	C
Add: Donations transferred on amalgamation or wind-up of subsidiary	+	0	D
Total current year charitable donations made	+	400,000	E
Subtotal D + E	=	400,000	F
Total donations available C + F	=	400,000	G
Deduct: Amount applied against taxable income (amount T)	-	400,000	T
Charitable donations closing balance	=	0	H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75% = 1,728,020 I

Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Ontario taxable capital gains arising in respect of gifts of capital property + 0 J

Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA + 0 K

Add the lesser of:

1. The amount of the recapture of capital cost allowance in respect of charitable gifts 0 L

2. The lesser of:

2a. Proceeds of dispositions less outlays and expenses 0 M

2b. The capital cost 0 N

The lesser of M and N 0 O

The lesser of L and O 0 + 0 P

Subtotal J + K + P 0 Q

25% X 0 Q = 0 R

Maximum deduction allowable I + R = 1,728,020 S

Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes) = 400,000 T

Enter in 1 of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year	..... +	0
Deduct: Gifts expired after 5 years	..... -	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	..... +	0
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income <u>2</u> of the CT23	..... -	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	..... =	0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
Total gifts to Her Majesty in right of Ontario	..... =	0

Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario 1,904,026 u
 - Lesser of:**
 - Ontario Net Income for the taxation year 2,304,026 v
 - Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation 0 w

The lesser of V and W 0 x
- Maximum deduction allowable the lesser of U and X** 0 y
- Transfer to 2 of the CT23

Part 5 - Gifts to Canada or a province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	..... +	0
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	..... -	0
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	..... =	0
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts to Canada or a province other than Ontario closing balance	..... =	0

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

Part 6 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	..... +	0
Deduct: Gifts of certified cultural property expired after five years	..... -	0
Gifts of certified cultural property at the beginning of the taxation year	..... =	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts of certified cultural property	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts of certified cultural property closing balance	..... =	0

Part 7 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	..... +	0
Deduct: Gifts of certified ecologically sensitive land expired after five years	..... -	0
Gifts of certified ecologically sensitive land at the beginning of the taxation year	..... =	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts of certified ecologically sensitive land	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts of certified ecologically sensitive land closing balance	..... =	0

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2002-12-31	0	0	0	0	0
2001-12-31	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	0	0	0	0	0

Ontario Summary of Dispositions of Capital Property
Schedule 6

- For a corporation that has disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- This schedule may be used to make a designation under section 34(10) of the "Corporations Tax Act" provided the corporation has made a designation under paragraph 111(4)(e) of the "Income Tax Act" (Canada), if control of the corporation has been acquired by a person or group of persons.

Period 1: Dispositions before February 28, 2000
Period 2: Dispositions after February 27, 2000 and before October 18, 2000
Period 3: Dispositions after October 17, 2000

Part A: Designation under section 34(10) of the "Corporations Tax Act"

Complete part A if there are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e) of the "Income Tax Act" (Canada) or section 34(10) of the "Corporations Tax Act"?

Yes/No [N]

If Yes, complete the following:

Property	Class number	Date of disposition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Other adjustments	Designated amount	Gain or loss
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			=====	=====	=====	=====	=====

Part B: Inter-provincial asset transfers

Complete part B if there was any disposition shown on the schedule as a result of a federal election under section 85 of the "Income Tax Act" (Canada) that transferred assets to a non-arm's length corporation with a permanent establishment in another Canadian jurisdiction?

Yes/No [N]

If Yes, complete the following:

Property	Class number	Corporation name of transferee/or	Date of disposition YYYY/MM/DD	Cost of asset in other jurisdiction
				0
				0
				0
				0
				0
				=====
Name of other jurisdiction	Allocation ratio to other jurisdictions	Ontario elected amount	Gain or loss	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
		=====	=====	

1	2	3	4	5	6	
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Ontario adjusted cost base	Outlays and expenses	Ontario gains or (loss) (col. 3 less cols. 4 & 5)	Date of disp.

Part 1 - Shares

No. of shares	Name of corporation	Class of shares				Gain (loss)	
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
0			0	0	0	0	3
			0	0	0	0	A
		Totals	0	0	0	0	
						Gain (loss) on dispositions in period 1	0 A1
						Gain (loss) on dispositions in period 2	0 A2
						Gain (loss) on dispositions in period 3	0 A3

Part 2 - Real estate ("Do not include losses on depreciable property")

Municipal address

1 = Address 1

2 = Address 2

3 = City

4 = Province, Country, Postal Code,
Zip Code or Foreign Postal Code

Land	32,055	3,751	0	28,304	3
Land - 426 Sandra Cres	24,901	4,250	0	20,651	3
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	
Totals	56,956	8,001	0	48,955	B
	=====			=====	
	Gain (loss) on dispositions in period 1			0	B1
	Gain (loss) on dispositions in period 2			0	B2
	Gain (loss) on dispositions in period 3			48,955	B3

1	2	3	4	5	6	
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Ontario adjusted cost base	Outlays and expenses	Ontario gains or (loss) (col. 3 less cols. 4 & 5)	Date of disp.

Part 3 - Bonds

Face value	Maturity date YYYY/MM/DD	Name of issuer	Gain (loss)			
0			0	0	0	3
0			0	0	0	3
0			0	0	0	3
0			0	0	0	3
			0	0	0	
		Totals	0	0	0	C
					Gain (loss) on dispositions in period 1	0 C1
					Gain (loss) on dispositions in period 2	0 C2
					Gain (loss) on dispositions in period 3	0 C3

Part 4 - Other properties - ("Do not include losses on depreciable property")

Description	Gain (loss)			
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0
Gain or loss from a partnership	0	0	0	0
Totals	0	0	0	0 D
=====				=====
	Gain (loss) on dispositions in period 1			0 D1
	Gain (loss) on dispositions in period 2			0 D2
	Gain (loss) on dispositions in period 3			0 D3

Part 5 - Personal-use property

Description of capital property	Gain only			
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0 3
Note: Losses are not deductible.	Totals	0	0	0 0 E
		=====	=====	=====
		Gain on dispositions in period 1		0 E1
		Gain on dispositions in period 2		0 E2
		Gain on dispositions in period 3		0 E3

1	2	3	4	5	6	
					Ontario gain or (loss) (col. 3 less cols. 4 & 5)	Date of disp.
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Ontario adjusted cost base	Outlays and expenses		

Part 6 - Listed personal property

Description					Gain (loss)	
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
Totals		0	0	0	0	
		=====	=====	=====	=====	
		Period 1	Period 2	Period 3		
Gain (or loss) on dispositions		0	0	0	0	
Subtract: Unapplied LPP losses from other years applicable to gain on dispositions		0	0	0	0	
Net gain (loss) on dispositions		0	0	0	0	F

Note: Net listed personal property losses may only be applied against personal property gains.

Part 7 - Property qualifying for and resulting in an allowable business investment loss

Name of small business corporation	Shares enter 1 Debt enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Ontario adjusted cost base	Outlays and expenses	Ontario loss (col. 3 less (cols 4 & 5)	Date of disp.
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
Totals			0	0	0	0	G
			=====	=====	=====	=====	
						Loss on dispositions in period 1	0 G1
						Loss on dispositions in period 2	0 G2
						Loss on dispositions in period 3	0 G3

Note: Properties listed in Part 7 should not be included in any other Part of Schedule 6.

Determining capital gains and capital losses

	Period 1	Period 2	Period 3	
Gains or losses on dispositions (Total of amounts A to F, if amount F is a loss, do not include it)	0	0	48,955	48,955
Allowable business investment losses (G1, G2, G3)	0	0	0	
Gains or losses on dispositions (Including ABIL)	0	0	48,955	
Add:				
Gain or loss from a partnership				0
Capital gains dividends received in the year	0	0	0	0
Capital gains reserve (Opening balance) Schedule 13	0	0	0	0
Subtotal	0	0	48,955	48,955
Less:				
Capital gains reserve (Closing balance) from Schedule 13 (note 1)	0	0	0	0
Deductible portion of gain on donations (including ecologically sensitive land)	0	0	0	
Gains (or losses)	0 H	0 I	48,955 J	48,955 Z

Note 1: Applicable to dispositions made in the period. Closing balance reserves from dispositions made in a previous taxation year need to be deducted in the period during which the taxation year begins.

Inclusion rate

	Gains or losses	Inclusion Rate		Net capital gain/capital loss
Amount from line I, period 1	0 H x	75.0000%	=	0 K
Amount from line I, period 2	0 I x	66.6667%	=	0 L
Subtotal (note 2)	0 M x	.0000%	=	0 AA
Amount from line I, period 3	48,955 J x	50.0000%	=	24,478 N
Total (note 3)	48,955 O			24,478 P
Inclusion rate for the year expressed as a decimal fraction (P divided by O)				50.000000% Q

Note 2

If one of either line H or line I is positive, and the other is negative, enter the difference (gain or loss) on the **subtotal** line. On the **inclusion rate** line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line **AA** based on that rate. In this case, it would not be necessary to calculate an amount at **K** and **L**. Otherwise, add lines H and I, and lines K and L for the subtotals. At the **inclusion rate** line between **M** and **AA**, enter the result of **M** divided by **AA**. This rate may be required in further calculations.

Note 3

If one of either line M or line J is positive, and the other is negative, enter the difference (gain or loss) on the **total** line. On the **inclusion rate** line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line **P** based on that rate. This could be the rate referred to at the end of note 2 above. In this case, it would not be necessary to calculate an amount at line **N**. Otherwise, add lines M and J, and lines AA and N for the totals.

Time Weighted Method for investment corporation or mutual fund corporation

Is the corporation a mutual fund corporation that wishes to use the time weighted method?	[Y/N]	N
Number of days in period 1	0 x	75.0000% = .0000%
Number of days in period 2	0 x	66.6667% = .0000%
Number of days in period 3	0 x	50.0000% = .0000%
Number of days in the taxation year	0	.000000%

Determination of taxable capital gains and allowable business investment losses

Amount from line Z 48,955 Z

Deduct:

Gain on donations of a share, debt obligation, or right
(included in amounts A to F) (note 4)

Before February 28, 2000	0				
After February 27, 2000 and before October 18, 2000	0				
After October 17, 2000	0				

	0	x	1/2	=	0

Subtotal 48,955

Deduct:

Amount of gain on donations of ecologically sensitive land after February 27, 2000

After February 27, 2000 and before October 18, 2000	0				
After October 17, 2000	0				

	0	x	1/2	=	0

Gains or Loss

Include 100% of the losses in box 711 of the CT23 48,955 R

Taxable capital gains (amount R x Inclusion rate)

Transfer to 603 of the CT23 24,478 S

Allowable business investment loss (line G x Inclusion rate)

Transfer to 678 of the CT23 0 G4
=====

Note 4:

Gain on donations of a share, debt obligation, or right listed on a prescribed stock exchange and amounts
under paragraph 38(a.1) of the Act on (for donations made after February 18, 1997, and before the year 2002
to charities other than private foundations).

Portion of Gain or Loss from Foreign sources (100%) 0

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Part 1 - Aggregate and foreign investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
The eligible portion of taxable capital gains included in income for the year.....	24,478	0	24,478	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses).....	0	0	0	B
Net capital losses of other years claimed at line 332 on the T2 return.....	0		0	C
Total of amounts B and C.....	0	0	0	D
Amount A minus amount D (if negative, enter "0").....	24,478	0	24,478	E
Total income from property (include only income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends.....	0	0	0	
Other property income.....	0	0	0	
	-----	-----	-----	
Total income from property.....	0	0	0	F
Exempt income.....	0	0	0	G
Amounts received from NISA Fund No.2 that were included in computing the corporation's income for the year.....	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2).....	0	0	0	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a).....	0	0	0	J
Total of amounts G, H, I, and J.....	0	0	0	K
Amount F minus amount K.....	0	0	0	L
Total of amount E plus amount L.....	24,478	0	24,478	M
Total losses from property (include only losses from a specified investment business carried on in Canada other than a loss from a source outside Canada).....	0	0	0	N
Amount M minus amount N (if negative, enter "0").....	24,478	0	24,478	P
	=====	=====	=====	

Note: The aggregate investment income is the aggregate world source income.
Enter amount O, foreign investment income, on line 445 of the T2 return.
Enter amount P, aggregate investment income, on line 440 of the T2 return.

NET TAXABLE DIVIDENDS	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3.....	0	0	0
Less: Expenses related to such dividends			
	-----	-----	-----
Total expenses	0	0	0
	-----	-----	-----
Net taxable dividends	0	0	0
	=====	=====	=====

Page 2 of 3

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada

deducting related expenses - from the total of line E above (if the net amount

(if negative, enter "0" on line M)	0	I
Add: Specified partnership loss (from line H.2 above)	0	J

Subtotal	0	K
Deduct: Specified partnership income (from line H.4 above)	0	L

Partnership income (enter on line P below)	0	M
	=====	

Part 4 - Income from active business carried on in Canada

Net income for Ontario income tax purposes	2,304,026	N
Deduct: Foreign business income after deducting related expenses*	0	
Taxable capital gains minus allowable capital loss		
- amount A minus amount B (page 1) *	24,478	
Net property income		
- amount F minus amounts G, H and N (page 1) *	0	O
Personal services business income after deducting related expenses*	0	

	24,478	24,478
	=====	
Net amount	2,279,548	
Deduct: Partnership income (line M above)	0	P

Income from active business carried on in Canada (if negative, enter "0")	2,279,548	Q
	=====	

* If negative, enter in brackets, and add instead of subtracting.

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class	Ontario	Cost of	Net	Proceeds	Ontario	50% rule	Reduced	CCA	Recapture	Terminal	Ontario	Ontario
number	unde-	acquisitions	adjustments	of	unde-	(1/2 of	unde-	rate	of	loss	capital	unde-
	preciated	during the	(show	dispositions	preciated	the amount,	preciated	%	capital		cost	preciated
	capital	year (new	negative	during the	capital	if any, by	capital		cost		allowance	capital
	cost at the	property	amounts in	year	cost	which the	cost		allowance		(column 8	cost
	beginning	must be	brackets)	(amount	(column 2	net cost	(column 6				multiplied	at the end
	of the year	available		not to	plus	of	minus				by	of the year
	(unde-	for use)		exceed	column 3	acquisitions	column 7)				column 9;	(column 6
	preciated			the capital	or minus	exceeds					or a lower	minus
	capital			cost)	column 4	column 5)					amount)	column 12)
	cost at the				minus							
	end of the				column 5)							
	prior year's											
	CCA	See note 1				See note 2						
	schedule)	below				below						
1	41,288,547	2,745,921	0	6,621	44,027,847	1,369,650	42,658,197	4	0	0	1,706,328	42,321,519
8	1,886,372	34,593	0	0	1,920,965	17,296	1,903,669	20	0	0	380,734	1,540,231
10	1,569,458	335,821	0	71,740	1,833,539	132,040	1,701,499	30	0	0	510,450	1,323,089
17	387,623	0	0	0	387,623	0	387,623	8	0	0	31,010	356,613
Total	45,132,000	3,116,335	0	78,361	48,169,974	1,518,986	46,650,988		0	0	2,628,522	45,541,452

Enter in boxes [650] [650] [650] on the CT23

- Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).
- Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.
- Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.
- Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



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

Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) **1,279,941^A**

Add: Cost of eligible capital property acquired during the taxation year + **0^B**
Amount transferred on amalgamation or wind-up of subsidiary + **0^C**
Other adjustments + **0^D**
Total of B + C + D = **0** X 0.75 = **0^E**
Subtotal A + E = **1,279,941^F**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during the taxation year + **0^G**
The gross amount of a reduction in respect of a forgiven debt obligation
as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **0^H**
Other adjustments + **0^I**
Total of G + H + I = **0** X 0.75 = **0^J**
Ontario cumulative eligible capital balance F – J = **1,279,941^K**
If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **1,279,941^K** X 7.00% * = **89,596^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) = **1,190,345^M**

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

Only complete this part if the amount at line K is negative

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

Total cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 **0¹**
Total of all amounts which reduced cumulative eligible capital
in the current or prior years under subsection 80(7) of the ITA **0²**
Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 **0³**
Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 **0⁴**
Line 3 deduct line 4 **0** **0⁵**
Total lines 1 + 2 + 5 **0⁶**
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **0⁷**
Deduct line 7 from line 6 **0**
N – O (cannot be negative) **0^O**
Amount on line 5 **0** X 1/2 **0^P**
P – Q **0^Q**
Amount on line R **0** X 2/3 * **0^R**
Lesser of line N or line O **0^S**
Amount to be included in income S + T **0^T**

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
1.	0	0	0	0	0
2.	0	0	0	0	0
3.	0	0	0	0	0
4.	0	0	0	0	0
5.	0	0	0	0	0
6.					
Totals	0 ^A	0 ^B	0	0	0 ^C

The total capital gains reserve at the beginning of the taxation year^A plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary^B, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year^C, should also be entered on Schedule 6.

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
Reserve for doubtful debts	174,510	0	0	19,877	154,633
Reserve for undelivered goods and services not rendered	0	0	0	0	0
Reserve for prepaid rent	0	0	0	0	0
Reserve for December 31, 1995 income	0	0	0	0	0
Reserve for refundable containers	0	0	0	0	0
Reserve for unpaid amounts	0	0	0	0	0
Other tax reserves	0	0	0	0	0
Totals	174,510 ^D	0 ^E	0	19,877	154,633 ^F

The amount from D plus the amount from E should be entered in **607** of the CT23.

The amount from F should be entered in **654** of the CT23.

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
EMPLOYEE FUTURE BENEFITS	545,100	0	64,113	0		609,213
REVENUE REPAYABLE	0	0	240,000	0		240,000
PROVISION TRANSITION COSTS	0	0	330,242	0		330,242
PROVISION RSVA	0	0	134,760	0		134,760
	0	0	0	0		0
	0	0	0	0		0
Reserves from Part 2	174,510	0	0	19,877		154,633
Totals	719,610	0	769,115	19,877		1,468,848

Enter in box **653** of the CT23

Enter in box **606** of the CT23



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

2003 Capital Tax Election of Associated Group Agreement for Allocation of \$5,000,000 Exemption

CT23 SCHEDULE 591

Applies to taxation years ending in the 2003 calendar year.

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect (maximum of \$15,000) from the group's \$5,000,000 exemption from taxable paid-up capital for all taxation years which end in the 2003 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2002 calendar year.

Corporation having a permanent establishment in Canada	Last taxation year ending in 2002 calendar	Ontario Allocation A	Total Assets T	Net Deduction A x [\$15,000 x (T + X)] ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable) 7265360	Year Month Day 2002-12-31	100.0000	70,408,233	10,052	995 4,074
Corporation Name CHATHAM-KENT HYDRO INC.					
Authorized signing officer Title PRESIDENT					
Name DAVID KENNEY					
Signature					
Corporation Tax Account Number (if applicable) 1800231	Year Month Day 2002-12-31	100.0000	27,018,508	3,858	995 9,890
Corporation Name CHATHAM-KENT ENERGY INC.					
Authorized signing officer Title Chief Executive Officer					
Name Raymond Payne					
Signature					
Corporation Tax Account Number (if applicable) 1800233	Year Month Day 2002-12-31	100.0000	7,632,222	1,090	995 1,037
Corporation Name CHATHAM-KENT UTILITY SERVICES INC.					
Authorized signing officer Title Chief Financial Officer					
Name Jim Hoqan					
Signature					
Corporation Tax Account Number (if applicable)	Year Month Day 2002-12-31				995
Corporation Name THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT					
Authorized signing officer Title					
Name					
Signature					
Corporation Tax Account Number (if applicable)	Year Month Day				995
Corporation Name					
Authorized signing officer Title					
Name					
Signature					

Total Assets of Associated Group having permanent establishments in Canada X 105,058,963 959

Total Net Deductions of Associated Group having permanent establishments in Canada TND 15,000 994

Total Allocated Net Deductions of Associated Group having permanent establishments in Canada TAND 15,001

Taxable Capital of Associated Corporations

(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	7265360	2003-12-31

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
CHATHAM-KENT ENERGY INC.	1800231	2003-12-31	+ 3,296,528
CHATHAM-KENT UTILITY SERVICES INC.	1800233	2003-12-31	+ 345,232
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT		2003-12-31	+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Aggregate of taxable capital =			3,641,760

Transfer to box **540** of the CT23

ONTARIO CONSENT FORM

This form authorizes the Ontario Ministry of Finance to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

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

Part 1 - Consent for the release of information to a representative

Taxpayer's name: CHATHAM-KENT HYDRO INC. Ontario Corporation
Tax Account Number: 7265360
Taxpayer's address 1: 320 QUEEN STREET
Taxpayer's address 2: P.O. BOX 70
City: CHATHAM
Province: ON
Postal code: N7M-5K2

I consent to the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name: Deloitte & Touche LLP
(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual)
Address 1: 255 Queens Ave, Suite 700
Address 2:

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

Representative's name

519-679-1880

Representative's telephone number

519-640-4625

Representative's fax number

Part 2 - Details of consent

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

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

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

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

Payer's name:
CHATHAM-KENT HYDRO INC.
Taxpayer's address 1: 320 QUEEN STREET
Taxpayer's address 2: P.O. BOX 70
City: CHATHAM
Province: ON
Postal code: N7M-5K2

Ontario Corporation
Tax Account Number: 7265360

I cancel all previous consents for all representatives.

OR

I cancel my consent for the release of confidential information about my Corporation Tax Return by the Ontario Ministry of Finance to the representative named below.

Representative's name:
(If a firm, enter the name of the firm. If an individual, enter the first and last name of the individual.)
Address 1:
Address 2:

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

Representative's name

Representative's telephone number

Representative's fax number

Part 4 - Details of cancellation of consent

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

OR

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

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

Part 5 - Signature

Print your name DAVID KENNEY
This form must be signed by an owner, partner, director, trustee, or officer.

Title PRESIDENT

Sign here

Date 2004-06-04
Year Month Day

WE WILL NOT PROCESS THIS FORM IF IT IS NOT SIGNED



T2 CORPORATION INCOME TAX RETURN

200

Code 0301

055 Do not use this area

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

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

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

Identification

Business Number (BN) 001 894290014RC0001

Corporation's name

002 CHATHAM-KENT HYDRO INC.

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

Address of head office

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

011 320 QUEEN STREET

012 P.O. BOX 70

City Province, territory, or state

015 CHATHAM

016 ON

Country (other than Canada) Postal code/ZIP code

017 018 N7M-5K2

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City Province, territory, or state

025 026

Country (other than Canada) Postal code/ZIP code

027 028

Location of books and records

031 320 QUEEN STREET

032 P.O. BOX 70

City Province, territory, or state

035 CHATHAM

036 ON

Country (other than Canada) Postal code/ZIP code

037 038 N7M-5K2

040 Type of corporation at the end of the taxation year

- | | |
|--|---|
| 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) | 4 <input type="checkbox"/> Corporation controlled by a public corporation |
| 2 <input type="checkbox"/> Other private corporation | 5 <input type="checkbox"/> Other corporation (specify, below) |
| 3 <input type="checkbox"/> Public corporation | |

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

043

YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start

Taxation year-end

060 2003-01-01

061 2003-12-31

YYYY/MM/DD

YYYY/MM/DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year?

063 1 Yes ☐ 2 No ☒

If Yes, give the date control was acquired

065

YYYY/MM/DD

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

067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

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

If Yes, complete and attach Schedule 24.

Has there been a windup of a subsidiary under section 86 during the current taxation year?

072 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 24.

Is this the final taxation year before amalgamation?

076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution?

078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

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

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

082 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 91.

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

- | | | |
|-----|----------------------------|--|
| 085 | 1 <input type="checkbox"/> | Exempt under paragraph 149(1)(e) or (l) |
| | 2 <input type="checkbox"/> | Exempt under paragraph 149(1)(i) |
| | 3 <input type="checkbox"/> | Exempt under paragraph 149(1)(t) |
| | 4 <input type="checkbox"/> | Exempt under other paragraphs of section 149 |

Attachments

Financial statement information: For taxation years ending in 2000 and later, 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.

* We do not print these schedules.

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

Attachments – continued from page 2

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

Additional information

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

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

What is the corporation's major business activity? ☐ 282 _____

(Only complete if Yes was entered at line 281.)

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

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

284	ELECTRICAL DISTRIB.	285	100%
286		287	0%
288		289	0%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF ☐ 300 2,304,026 A

Deduct:

Charitable donations from Schedule 2	311	400,000
Gifts to Canada, a province, or a territory from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	420,444
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		<u>820,444</u>

Subtotal (amount A minus amount B) (if negative, enter "0") 1,483,582 C

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions ☐ 355 0 D

Taxable income (amount C plus amount D) ☐ 360 1,483,582

Income exempt under paragraph 149(1)(t) ☐ 370 0

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) 1,483,582 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** 2,279,548 **A**Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on page 7, minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax ... **405** 1,483,582 **B****Calculation of the business limit:**

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

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	.....	<u>0</u>	1
		Number of days in the taxation year	<u>365</u>				
225,000	x	Number of days in the taxation year in 2003	<u>365</u>	=	.....	<u>225,000</u>	2
		Number of days in the taxation year	<u>365</u>				
250,000	x	Number of days in the taxation year in 2004	<u>0</u>	=	.....	<u>0</u>	3
		Number of days in the taxation year	<u>365</u>				
275,000	x	Number of days in the taxation year in 2005	<u>0</u>	=	.....	<u>0</u>	3.1
		Number of days in the taxation year	<u>365</u>				

Add amounts at lines 1, 2, 3, and 3.1 225,000 **4**Business limit (see notes 1 and 2 below) **410** 225,000 **C**

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

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

Business limit reduction:Amount C 225,000 x 415*** 108,681 **D** = 2,173,620 **E**Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 0 **F**Small business deduction - 16.00% of whichever amount is least: A, B, C, or F **430** 0 **G**
(enter amount G on line 9 of page 7)

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

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

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its preceding taxation year.
- If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its preceding taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its current taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**Reduced business limit (amount from line 425) 0 x 300,000 line 4 above = 0 **A**Net active business income (amount from line 400)* 2,279,548 **B**Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt for Part I Tax 1,483,582 **C****Deduct:**Aggregate investment income (amount from line 440 of page 6) 24,478 **D**Amount C minus amount D (if negative, enter "0") 1,459,104 1,459,104 **E**Amount A, B, or E above, whichever is less 0 **F**Amount Z from Part 9 of Schedule 27 0 x 100/7 = 0 **G**Amount QQ from Part 13 of Schedule 27 0 **H**Taxable resource income from line 435 of page 5 0 **I**Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. 0 **J**Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. 0 **K**Total of amounts G, H, I, J, and K 0 0 **L**Amount F minus amount L (if negative, enter "0") 0 **M**Accelerated tax reduction - 7% of amount M (enter amount N on line 637 of page 7) 0 **N**

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

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

Resource deduction

Taxable resource income		435		0 A	
Amount A	0	x	Number of days in the taxation year in 2003	365	x 1% = 0 B
			Number of days in the taxation year	365	
Amount A	0	x	Number of days in the taxation year in 2004	0	x 2% = 0 C
			Number of days in the taxation year	365	
Amount A	0	x	Number of days in the taxation year in 2005	0	x 3% = 0 C.1
			Number of days in the taxation year	365	
Resource deduction - total of amounts B, C, and C.1 (enter amount D on line 10 of page 7)		438		0 D	

General tax reduction for Canadian-controlled private corporations**Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3		1,483,582 E			
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 F			
Amount QQ from Part 13 of Schedule 27		0 G			
Taxable resource income from line 435 above		0 H			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 I			
Amount on line 400, 405, 410, or 425 on page 4, whichever is less		0 J			
Aggregate investment income from line 440 of page 6		24,478 K			
Amount used to calculate the accelerated tax reduction (amount M of page 4)		0 L			
Total of amounts F, G, H, I, J, K, and L		24,478	24,478 M		
Amount E minus amount M (if negative, enter "0")			1,459,104 N		
Amount N	1,459,104	x	Number of days in the taxation year in 2001	0	x 1% = 0
			Number of days in the taxation year	365	
Amount N	1,459,104	x	Number of days in the taxation year in 2002	0	x 3% = 0 O
			Number of days in the taxation year	365	
Amount N	1,459,104	x	Number of days in the taxation year in 2003	365	x 5% = 72,955 P
			Number of days in the taxation year	365	
Amount N	1,459,104	x	Number of days in the taxation year after 2003	0	x 7% = 0 Q
			Number of days in the taxation year	365	
General tax reduction for Canadian-controlled private corporations - total of amounts year 2001, O, P, and Q (enter amount R on line 638 of page 7)		72,955 R			

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

Taxable income from line 360 of page 3		0 S			
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 T			
Amount QQ from Part 13 of Schedule 27		0 U			
Taxable resource income from line 435 above		0 V			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 W			
Total of amounts T, U, V, and W		0	0 X		
Amount S minus amount X (if negative, enter "0")			0 Y		
Amount Y	0	x	Number of days in the taxation year in 2001	0	x 1% = 0
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year in 2002	0	x 3% = 0 Z
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year in 2003	365	x 5% = 0 AA
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year after 2003	0	x 7% = 0 BB
			Number of days in the taxation year	365	
General tax reduction - total of amounts year 2001, Z, AA, and BB (enter amount CC on line 639 of page 7)		0 CC			

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income 440 24,478 x 26 2/3% = 6,527 A
(amount P from Part 1 of Schedule 7)

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

Deduct:

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

Amount A minus amount B (if negative, enter "0") 6,527 C

Taxable income from line 360 on page 3 1,483,582

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

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

Foreign business income
tax credit from line 636
of page 7 0 x 3 = 0

1,483,582 x 26 2/3% = 395,622 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 360,696

Deduct: Corporate surtax from line 600 of page 7 16,616

Net amount 344,080 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 6,527 F

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous taxation year 465 0

..... 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 6,527

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

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

6,527 6,527 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 6,527

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 475,000 x 1/3 158,333 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above 6,527 B

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 6,527

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** 563,761 A

Corporate surtax calculation

Base amount from line A above	<u>563,761</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>148,358</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:		
28.00% of taxable income from line 360 of page 3	<u>0</u> a	} <u>0</u> 6
28.00% of taxed capital gains	<u>0</u> b	
Part I tax otherwise payable	<u>0</u> c	
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	<u>148,358</u>	7
Net amount (line 1 minus line 7)	<u>415,403</u>	8

Corporate surtax - 4.00% of the amount on line 8 **600** 16,616 B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** 0 C

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

Aggregate investment income from line 440 on page 6	<u>24,478</u>	i
Taxable income from line 360 on page 3	<u>1,483,582</u>	
Deduct:		
Amount on line 400, 405, 410, or 425 of page 4, whichever is less	<u>0</u>	
Net amount	<u>1,483,582</u>	ii

Refundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii **604** 1,632 D

Subtotal (add lines A, B, C, and D) 582,009 E

Deduct:

Small business deduction from line 430 of page 4	<u>0</u>	9
Federal tax abatement	608 <u>148,358</u>	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616 <u>0</u>	
Investment corporation deduction	620 <u>0</u>	
(taxed capital gains 624 <u>0</u>)		
Additional deduction - credit unions from Schedule 17	628 <u>0</u>	
Federal foreign non-business income tax credit from Schedule 21	632 <u>0</u>	
Federal foreign business income tax credit from Schedule 21	636 <u>0</u>	
Accelerated tax reduction from amount N of page 4	637 <u>0</u>	
Resource deduction from line 438 of page 5	<u>0</u>	10
General tax reduction for CCPCs from amount R of page 5	638 <u>72,955</u>	
General tax reduction from amount CC of page 5	639 <u>0</u>	
Federal logging tax credit from Schedule 21	640 <u>0</u>	
Federal political contribution tax credit	644 <u>0</u>	
Federal political contributions 646 <u>0</u>		
Federal qualifying environmental trust tax credit	648 <u>0</u>	
Investment tax credit from Schedule 31	652 <u>0</u>	

Subtotal 221,313 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 360,696 G

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	360,696
Part I.3 tax payable from Schedule 33, 34, or 35	704	90,737
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		451,433

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750	ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760		0
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765		0
Total tax payable	770		451,433 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	6,527
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0
Total payments on which tax has been withheld	801	0
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	0
Provincial and territorial capital gains refund from Schedule 18	808	0
Provincial and territorial refundable tax credits from Schedule 5	812	0
Royalties deductible under Syncrude Remission Order	815	0
Tax remitted under Syncrude Remission Order	816	0
Tax instalments paid	840	444,906
Total credits	890	451,433
		451,433 B

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

Direct deposit request

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

<input type="checkbox"/> Start	<input type="checkbox"/> Change information	910 _____ Branch number
914 _____ Institution number	918 _____ Account number	

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

Balance unpaid **0**

Enclosed payment **898** **0**

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

896 1 Yes ☐ 2 No ☒

Certification

I, **950** **KENNEY** **951** **DAVID** **954** **PRESIDENT**
Last name in block letters First name in block letters Position, office or rank

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

955 **2004-06-04** **956** **519-352-6300**
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below

957 1 Yes ☐ 2 No ☒

958 **Jim Hogan** **959** **519-352-6300**
Name in block letters Telephone number

Language of correspondence - Langue de correspondance

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

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T INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and

extraordinary items per financial statements.

1,375,329 A

Additions:

Provision for income taxes - current.

101

1,149,000.

Amortization of tangible assets.

104

2,896,406.

Charitable donations from Schedule 2.

112

400,000

Taxable capital gains from Schedule 6.

113

24,478

Non-deductible meals and entertainment expenses.

121

2,500

Tax reserves deducted in prior year from Schedule 13.

125

174,510

Reserves from financial statements - balance at the end of the year.

126

1,468,848

2896.406
2650.564
245,842

Subtotal of additions.

6,115,742

6,115,742

Other Additions:**Miscellaneous Other Additions:**

Interest earned on prior year tax balances.

290

802

Subtotal of Other Additions.

199

802

802

Total Additions

500

6,116,544

6,116,544

Deductions:

Gain on disposal of assets per financial statements.

401

58,169.

Capital cost allowance from Schedule 8.

403

2,628,522

Cumulative eligible capital deduction from Schedule 10.

405

89,596

Tax reserves claimed in current year from Schedule 13.

413

154,633

Reserves from financial statements - balance at the beginning of the year.

414

719,610

874,243

Subtotal of Deductions.

3,650,530

3,650,530

Other Deductions:**Miscellaneous Other Deductions:**

Retirement benefit recorded to transition costs.

390

43,578

Deductible transition costs.

391

143,171

Current years capital taxes.

392

156,544

Deductible RSVA costs.

393

1,194,024

43,578
143,171
1,194,024
1,380,773

Subtotal of Other Deductions.

499

1,537,317

1,537,317

Total Deductions

510

5,187,847

5,187,847

Net income (loss) for income tax purposes.

2,304,026

(enter on line 300 on the T2 return)

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

CHARITABLE DONATIONS AND GIFTS

(1998 and later taxation years)

- For use by corporations to claim any of the following:
 - Charitable donations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsections 87(1) and 88(1) of the federal "Income Tax Act."
- File one completed copy of this schedule with your "T2 Corporation Income Tax Return."
- For more information, see the "T2 Corporation Income Tax Guide."

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Foundation of Chatham-Kent Health Alliance	400,000

Subtotal	400,000
Add: Total donations of less than \$100 each	0

Total donations in current taxation year	400,000
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year.	0 A	0	0
Deduct:			
Donations expired after 5 taxation years. [239]	0	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year. [240]	0	0	0
Add:			
Donations transferred on amalgamation or wind-up of subsidiary. [250]	0 B		
Total current year charitable donations made. [210]	400,000 C		

Subtotal:			
Amount B plus amount C.	400,000	400,000 D	400,000
	-----	-----	-----
	=====		

Account/Business No.: 894290014RC0001

Year Ended:

2003-12-31

	Federal		Quebec	Alberta
Charitable donations available.....	400,000	E	400,000	400,000
Deduct: Amount applied against taxable income: (Enter amount from line S).....	400,000	F	400,000	400,000
	-----		-----	-----
Charitable donations closing balance.....	0	G	0	0
	=====		=====	=====

— Amounts carried forward - Charitable donations —

Year of origin:		Federal		Quebec		Alberta
1st prior year	-	2002	0		0	0
2nd prior year	-	2001	0		0	0
3rd prior year	-	0	0		0	0
4th prior year	-	0	0		0	0
5th prior year	-	0	0		0	0
6th prior year *	-	0	0		0	0
		-----		-----		-----
Total (to line A).....		0		0		0
		=====		=====		=====

* These donations expired in the prior year.

— Part 2 - Maximum deduction calculation for donations —

Net income for tax purposes * multiplied by 75%.....			1,728,020	H
			=====	
Taxable capital gains arising in respect of gifts of capital property:				
- per line 895 of schedule 6.....			0	
- other.....			0	
Total.....		225	0	I
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01).....		227	0	J
Add the lesser of:				
1) The amount of the recapture of capital cost allowance in respect of charitable gifts.....		230	0	K
			=====	
2) The lesser of:				
i) Proceeds of dispositions less outlays and expenses.....			0	L
			=====	
ii) The capital cost.....			0	M
			=====	
The lesser of amounts L and M.....		235	0	N
			=====	
The lesser of amounts K and N.....			0	O

Subtotal: Amount I plus amount J plus amount O.....			0	P
			=====	
Amount P multiplied by 25%.....			0	Q
			=====	
Maximum deduction allowable: (amount H plus amount Q).....			1,728,020	R
			=====	

Claim for charitable donations: (not exceeding the lesser of amount E from Part 1,
amount R and net income for tax purposes).....

400,000 S

(Enter amount S on line 311 of the T2 return)

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

Part 3 - Gifts to Canada or a province

Gifts to Canada or a province at the end of the preceding taxation year.		0
Deduct: Gifts to Canada or a province expired after 5 taxation years.	339	0
	340	0
Gifts to Canada or a province at the beginning of the taxation year.		0
Add: Gifts to Canada or a province transferred on amalgamation or		
wind-up of a subsidiary.	350	0
Total current year gifts made to Canada or a province *	310	0
		0
	Subtotal	0
Deduct: Amount applied against taxable income (enter this amount on line 312		
of the T2 return)	360	0
		0
Gifts to Canada or a province closing balance.	380	0
		=====

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount at line 210 and complete part 2.

Part 4 - Gifts of certified cultural property

	Federal	Quebec	Alberta
Gifts of certified cultural property at the end			
of the preceding taxation year.	0	0	0
Deduct: Gifts of certified cultural property expired			
after 5 taxation years.	439	0	0
Gifts of certified cultural property at the beginning			
of the taxation year.	440	0	0
d: Gifts of certified cultural property transferred			
on amalgamation or wind-up of a subsidiary.	450	0	0
Total current year gifts of certified			
cultural property.	410	0	0
	Subtotal	0	0
Deduct: Amount applied against taxable income			
(enter this amount on line 313			
of the T2 return)	460	0	0
Gifts of certified cultural property			
- Closing balance.	480	0	0
	=====	=====	=====

Amounts carried forward - Gifts of certified cultural property

Year of origin:		Federal	Quebec	Alberta
1st prior year	2002	0	0	0
2nd prior year	2001	0	0	0
3rd prior year	0	0	0	0
4th prior year	0	0	0	0
5th prior year	0	0	0	0
6th prior year *	0	0	0	0
	Total	0	0	0
		=====	=====	=====

These donations expired in the prior year.

— Part 5 - Gifts of certified ecologically sensitive land

	Federal	Quebec	Alberta
Gifts of certified ecologically sensitive land at the end of the preceding taxation year.	0	0	0
Deduct: Gifts of certified ecologically sensitive land expired after 5 taxation years. 539	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year. 540	0	0	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary. 550	0		
Total current year gifts of certified ecologically sensitive land. 510	0		
	-----	-----	-----
Subtotal	0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return). 560	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land Closing balance. 580	0	0	0
	=====	=====	=====

— Amounts carried forward - Gifts of certified ecologically sensitive lands

Year of origin:		Federal	Quebec	Alberta
1st prior year	2002	0	0	0
2nd prior year	2001	0	0	0
3rd prior year	0	0	0	0
4th prior year	0	0	0	0
5th prior year	0	0	0	0
6th prior year *	0	0	0	0
		-----	-----	-----
Total		0	0	0
		=====	=====	=====

* These donations expired in the prior year.

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

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND**PART IV TAX CALCULATION (1998 and later taxation years)**

- This schedule is for use by any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation;
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation, at any time in the taxation year.
- If you need more space, continue on a separate schedule.
- For more information, see the sections about Schedule 3 in the "T2 Corporation Income Tax Guide."
- "X" under column A if dividend received from a foreign source. (Connected corporation only.)
- "X" under column B if the payer corporation is connected.

Part 1 - Dividends received during the taxation year

	A	B	C Complete if payer corporation is connected Business Number	D Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD
Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)	200	205	210	220

Complete if payer corporation is connected
and is either a private corporation or
a subject corporation

	E	F	G	H	I
Name of payer corporation	Non-taxable dividend under section 83	Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	Total taxable dividends paid by connected payer corporation	Dividend refund of the connected payer corporation	Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
	0	0	0	0	0
	-----	-----	-----	-----	-----
Total (enter on line 320 of the T2 return)	0	0	0	0	0
	=====	=====	=====	=====	=====

For dividends received from non-connected corporation:

Part IV tax equals: Column F x Column H / Column G

** Life Insurers are not subject of Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 4 - Taxable dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above), is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (From above)	460	475,000
Other dividends paid in the taxation year (Total of 510 to 550)		0
Total dividends paid in the taxation year	500	475,000
Deduct:		
Dividends paid out of capital dividend account	510	0
Capital gains dividends	520	0
Dividends paid on shares described in subsection 129(1.2)	530	0
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540	0
Deemed dividends paid on a small business development bond	550	0
Subtotal	0	0
Taxable dividends paid in the taxation year for purposes of a dividend refund		475,000

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

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

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

Part 1 - Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes	2,304,026	
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)	0	0

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

Subtotal	0	
Add: (decrease a loss)		
Current-year farm loss	0	

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

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year	420,444	
Deduct: Non-capital loss expired after seven taxation years	<input type="checkbox"/> 100	0
Non-capital losses at beginning of taxation year	<input type="checkbox"/> 102	420,444
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	<input type="checkbox"/> 105	0
Current-year non-capital loss (from calculation above)	<input type="checkbox"/> 110	0
		420,444

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

Amount applied against taxable income			
(enter on line 331 of the T2 return)	130	420,444	
Amount applied against taxable dividends subject to Part IV tax.	135	0	
Section 80 - Adjustments for forgiven amounts.	140	0	
Subsection 111(10) - Adjustments for fuel tax rebate.		0	
Other adjustments.	150	0	420,444

		Subtotal	0

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

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

Non-capital losses - Closing balance.	180		0
			=====

— Election under paragraph 88(1.1)(f)

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

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

Part 2 - Capital losses**— Continuity of capital losses and request for a carryback**

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

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

		Subtotal	0

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

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

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

Part 2 - Capital losses**— Continuity of capital losses and request for a carryback (cont'd)**

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

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

Note 2

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

Part 3 - Farm losses**— Continuity of farm losses and request for a carryback**

Farm losses at end of preceding taxation year.		0	
Deduct: Farm loss expired after 10 taxation years.	300	0	
Farm losses at beginning of taxation year.	302	0	
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation.	305	0	
Current-year farm loss.	310	0	0
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return).	330	0	
Amount applied against taxable dividends subject to Part IV tax.	335	0	
Section 80 - Adjustment forgiven amount.	340	0	
Other adjustments.	350	0	0
			<hr/>
		Subtotal	0
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income.	921	0	
Second preceding taxation year to reduce taxable income.	922	0	
Third preceding taxation year to reduce taxable income.	923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax.	931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax.	932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax.	933	0	0
			<hr/>
Farm losses - Closing balance.	380		0
			<hr/>

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

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

Part 4 - Restricted farm losses**— Current-year restricted farm loss**

al losses for the year from farming business.	485	0	A
---	-----	---	---

Minus the deductible farm loss:

\$2,500 plus B or C, whichever is less.	2,500		
---	-------	--	--

(Amount A above	0	-	\$2,500) divided by 2	=	0	B	
					6,250	C	0
							2,500

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

— Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year.		0	
---	--	---	--

Deduct: Restricted farm loss expired after 10 taxation years.	400	0	
--	-----	---	--

Restricted farm losses at beginning of taxation year.	402	0	
---	-----	---	--

Add: Restricted farm losses transferred on amalgamation or wind-up			
---	--	--	--

of subsidiary corporation.	405	0	
------------------------------------	-----	---	--

Current-year restricted farm loss			
-----------------------------------	--	--	--

(enter on line 233 of Schedule 1).	410	0	0
--	-----	---	---

Deduct:

Amount applied against farming income			
---------------------------------------	--	--	--

(enter on line 333 of the T2 return).	430	0	
---	-----	---	--

Section 80 - Adjustments for forgiven amounts.	440	0	
--	-----	---	--

Other adjustments.	450	0	0
----------------------------	-----	---	---

Subtotal		0	
----------	--	---	--

Deduct - Request to carry back restricted farm loss to:

First preceding taxation year to reduce farming income.	941	0	
---	-----	---	--

Second preceding taxation year to reduce farming income.	942	0	
--	-----	---	--

Third preceding taxation year to reduce farming income.	943	0	0
---	-----	---	---

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

Note

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

Part 5 - Listed personal property losses**— Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding taxation year.		0	
--	--	---	--

Deduct: Listed personal property loss expired after seven taxation years.	500	0	
--	-----	---	--

Listed personal property losses at beginning of taxation year.	502	0	
--	-----	---	--

Add: Current-year listed personal property loss (from Schedule 6).	510	0	
---	-----	---	--

Subtotal		0	
----------	--	---	--

Deduct:

Amount applied against listed personal property gains			
---	--	--	--

(enter on line 655 of Schedule 6).	530	0	
--	-----	---	--

Other adjustments.	550	0	0
----------------------------	-----	---	---

Subtotal		0	
----------	--	---	--

Deduct - Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed			
--	--	--	--

personal property gains.	961	0	
----------------------------------	-----	---	--

Second preceding taxation year to reduce listed			
---	--	--	--

personal property gains.	962	0	
----------------------------------	-----	---	--

Third preceding taxation year to reduce listed			
--	--	--	--

personal property gains.	963	0	0
----------------------------------	-----	---	---

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

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2002	0	N/A	0	N/A	0	0	0
2001	420,444	N/A	0	N/A	420,444	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0 *
Total	420,444	0	0	0	420,444	0	0

Farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2002	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0
0	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2002	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0
0	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

* This balance expires this year and will not be available next year

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY
(1997 and later taxation years)

- For use by corporations that have disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- Use this schedule to make a designation under paragraph 111(4)(e) of the federal "Income Tax Act", if control of the corporation has been acquired by a person or group of persons.
- If more space is needed, attach additional schedules.

For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the "T2 Corporation Income Tax Guide".

Designation under paragraph 111(4)(e) of the "Income Tax Act"

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)?

☐ [Y/N] [] [N] If "yes", attach a statement specifying which properties are subject to such a designation.

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 1 - Shares

No. of shares 100	Name of corporation 105	Class of shares 106	110	120	130	140	Gain (or loss) 150
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
				0	0	0	0
				0	0	0	0 A
Totals							0 A
=====							=====
Gain (loss) on dispositions before February 28, 2000							0 A1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000							0 A2
Gain (loss) on dispositions after October 17, 2000							0 A3

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 2 - Real estate - Do not include losses on depreciable property.

Municipal address

1 = Address 1

2 = Address 2

3 = City

4 = Province, Country, Postal Code and

Zip Code or Foreign Postal Code

	210	220	230	240	250	Gain (or loss)
Land		32,055	3,751	0	28,304	3
Land - 426 Sandra Cres		24,901	4,250	0	20,651	3
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	
Totals		56,956	8,001	0	48,955	B
=====						
Gain (loss) on dispositions before February 28, 2000					0	B1
Gain (loss) on disposition after February 27, 2000 and before October 18, 2000					0	B2
Gain (loss) on dispositions after October 17, 2000					48,955	B3

Part 3 - Bonds

Face value	Maturity date	Name of issuer	310	320	330	340	350	Gain (or loss)
0				0	0	0	0	3
0				0	0	0	0	3
0				0	0	0	0	3
0				0	0	0	0	3
				0	0	0	0	
Totals				0	0	0	0	C
=====								
Gain (loss) on dispositions before February 28, 2000								0 C1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000								0 C2
Gain (loss) on dispositions after October 17, 2000								0 C3

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 4 - Other properties - Do not include losses on depreciable property.

Description	410	420	430	440	Gain (or loss) 450
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0
Disposition from a partnership		0	0	0	0
Totals		0	0	0	0 D
=====					
Gain (loss) on dispositions before February 28, 2000					0 D1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000					0 D2
Gain (loss) on dispositions after October 17, 2000					0 D3

Part 5 - Personal-use property

Description	510	520	530	540	Gain only 550
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0 3
Totals		0	0	0	0 E
=====					
Gain on dispositions before February 28, 2000					0 E1
Gain on dispositions after February 27, 2000 and before October 18, 2000					0 E2
Gain on dispositions after October 17, 2000					0 E3

Part 6 - Listed personal property

Description	610	620	630	640	Gain (or loss) 650
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0 3
		0	0	0	0 3
Totals		0	0	0	0
=====					
Note: Net listed personal property losses may only be applied against listed personal property gains.					
- Amount from line 655 is from line 530 in Part 5 of Schedule 4.					
		After			
		2000/02/27			
		and before			
		2000/10/18			
		After			
		2000/10/17			
Gains or losses on dispositions		0	0	0	0
Subtract: Unapplied listed personal property losses from other years		0	0	0	0
		657	658	659	
Net gains (or loss)		0	0	0	0 F

Part 7 - Property qualifying for and resulting in an allowable business investment loss

Name of small business corporation	Shares, enter 1; debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Loss (col. 920 less cols. 930 and 940)	Date of disp.
	900	905	910	920	930	940	950
	0			0	0	0	0 3
	0			0	0	0	0 3
	0			0	0	0	0 3
	0			0	0	0	0 3
		Totals		0	0	0	0 G
=====							
Loss on dispositions before February 28 2000							0 G1
Loss on dispositions after February 27, 2000 and before October 18, 2000							0 G2
Loss on dispositions after October 17, 2000							0 G3

Note: Properties listed in Part 7 should not be included in any other parts of Schedule 6.

Determining capital gains or losses

	Before 2000/02/28	After 2000/02/27 and before 2000/10/18	After 2000/10/17	Total	
Sum of the Total amounts A to F (do not include F, if the amount is a loss)	0	0	48,955	48,955	H
Allowable business investment losses (G1, G2, G3)	770	670	570		
Gains or losses on dispositions (including ABIL)	0	0	48,955		
Add:					
Gain or loss from a partnership	775	675	575	875	0
Capital gains dividend received in the year	0	0	0		0
Capital gains reserve opening balance (from Schedule 13)	0	0	0	880	0
Subtotal	0	0	48,955	48,955	
Deduct:					
Capital gains reserve closing balance (from Schedule 13) (note 1)	785	685	585	885	
Deductible portion of gain on donations (including ecologically sensitive land)	0	0	0		0
	790	690	590	890	
Gains (or losses)	0	0	48,955	48,955	

Note 1: Applicable to dispositions made in the period. Closing balance reserves from dispositions made in a previous taxation year need to be deducted in the period during which the taxation year begins.

Inclusion rate

	Gain/loss		Inclusion rate		Net capital gain or Net capital loss
Amount from line 790	0	J x	75.0000%	=	0 JJ
Amount from line 690	0	K x	66.6667%	=	0 KK
Subtotal (note 2)	0	a x	.0000%	=	0 aa
Amount from line 590	48,955	L x	50.0000%	=	24,478 LL
Total (note 3)	48,955	b		=	24,478 bb
Inclusion rate for the year expressed as a decimal fraction (bb divided by b)					50.0000% M

Note 2

If one of either line J or line K is positive, and the other is negative, enter the difference (gain or loss) on the subtotal line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line aa based on that rate. In this case, it would not be necessary to calculate an amount at JJ and KK. Otherwise, add lines J and K, and lines JJ and KK for the subtotals. At the inclusion rate line between a and aa, enter the result of aa divided by a. This rate may be required in further calculations.

Note 3

If one of either line a or line L is positive, and the other is negative, enter the difference (gain or loss) on the total line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line bb based on that rate. This could be the rate referred to at the end of the note 2 above. In this case, it would not be necessary to calculate an amount at line LL. Otherwise, add lines a and L, and lines aa and LL for the totals.

Time Weighted Method for investment corporation or mutual fund corporation

Is the corporation a mutual fund corporation that wishes to use the time weighted method?	[Y/N]	N
Number of days before February 28, 2000	0 x	75.0000% = .0000%
Number of days after February 27, 2000 and before October 18, 2000	0 x	66.6667% = .0000%
Number of days after October 17, 2000	0 x	50.0000% = .0000%
Number of days in the taxation year	0	.0000% N

Determining taxable capital gains, total capital losses and allowable business investment losses

Amount from line 890					48,955 O
Gain on donations of a share, debt obligation, or right (included in amounts A to F) (note 4)					
Before February 28, 2000	0				
After February 27, 2000 and before October 18, 2000	0				
After October 17, 2000	0				
	0 x	1/2	=	895	0 P
Amount on line O minus line 895					48,955 Q
Amount of gain on donation of ecologically sensitive land after February 27, 2000					
After February 27, 2000 and before October 18, 2000	0				
After October 17, 2000	0				
	0 x	1/2	=	896	0 R
Amount on line Q minus line 896					48,955 S
If this amount is a loss, enter on line 210 of Schedule 4.					
Taxable capital gains (line S x line M or N)					24,478 T
Enter the amount on line 113 of Schedule 1.					

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001

Year Ended:

2003-12-31

Sch. 006

Determining taxable capital gains and allowable business investment losses (cont'd)

allowable business investment loss

Enter the amount on line 406 of Schedule 1.

0 U

Note 4: Gain on donations of a share, debt obligation, or right listed on a prescribed stock exchange and amounts under paragraph 38(a.1) of the Act (for donations made after February 18, 1997, and before the year 2002 to charities other than private foundations)

Portion of Gain or Loss from Foreign sources (100%)

0

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

- This schedule is for the use of Canadian-controlled private corporations to calculate:
- aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the "Income Tax Act;"
 - income from an active business carried on in Canada for the small business deduction; and
 - specified partnership income for members of a partnership(s).
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part 1 Tax" in the "T2 Corporation Income Tax Guide."

Part 1 - Aggregate and foreign investment income calculation

	Canadian investment income	Foreign investment income 001	Aggregate investment income 002
The eligible portion of taxable capital gains included in income for the year.	24,478	0	24,478 A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	0	0 B
Net capital losses of other years claimed on line 332 on the T2 return	0		0 C
Total of amounts B and C	0	0	0 D
Amount A minus amount D (if negative, enter "0")	24,478	0	24,478 E
Total income from property (in box 32 include income from specified investment business carried on in Canada other than income from a source outside Canada)			
Taxable dividends	0	0	0
Other property income	0	0	0
Total income from property	0	0	0 F
Exempt income	0	0	0 G
Amounts received from NISA Fund No. 2 that were included in computing the corporation's income for the year	0	0	0 H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	0	0	0 I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	0	0 J
Total of amounts G, H, I, and J	0	0	0 K

Part 1 - Aggregate and foreign investment income calculation (cont'd)

Total of amounts G, H, I, and J.....	0	0	0 K
Amount F minus amount K.....	0	0	0 L
Total of amount E plus amount L.....	24,478	0	24,478 M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada).....	0	069 0	082 0 N
Amount M minus amount N (if negative, enter "0").....	24,478	079 0	092 P 24,478

Note: The aggregate investment income is the aggregate world source income.

Enter amount O, foreign investment income, on line 445 of the T2 return.

Enter amount P, aggregate investment income, on line 440 of the T2 return.

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3.....	0	0	0
Less: Expenses related to such dividends			
Total expenses.....	0	0	0
Net taxable dividends.....	0	0	0

Part 2 - Specified partnership income

A	B	C
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200	300	310
	0	0
	0	0
	0	0
	0	0

Part 2 - Specified partnership income (cont'd)

D	E	F	G	H
Adjustments (add prior-year reserves added back to current-year income, under subsection 34.2(5), and deduct expenses incurred to earn partnership income)	Corporations's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [SBD Threshold * x (column F / 365)] (if column C is (-), enter "0") **	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330	340
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
350	Totals 0			360 0
	=====			=====

Add to line 360 the lesser of:

- (i) the corporation's losses for the year from an active business
-
- carried on in Canada (other than as a member of a partnership)

- enter as a positive amount. 370 0

plus:

the specified partnership loss of the corporation for the year - enter as
a positive amount (total of all negative amounts in column E). 380 0

0

- (ii) column E minus column G - if negative, enter "0" (if a member of more
-
- than one partnership, calculate separately for each partnership and
-
- enter total). 385 0 390 0

Specified partnership income (line 360 plus line 390). 400 0

* For the purpose of the Accelerated Tax Reduction calculation on Schedule 70,
the business limit is \$300,000.** When a partnership carries on more than one business, one of which generates income and
another realizes a loss, the partnership loss is not netted against the partnership's income.

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada

after deducting related expenses - from line 350 above (if the net amount is negative,

enter "0" on line M). 0 I

Add: Specified partnership loss (from line 380 above). 0 J

Subtotal 0 K

Deduct: Specified partnership income (from line 400 above). 0 L

Partnership income * (enter on line P below). 450 0 M

* If the amount on line 450 is positive, complete Schedule 70.

— Part 4 - Income from active business carried on in Canada —

Income for income tax purposes from line 300 of the T2 return.		2,304,026	N
Deduct: Foreign business income after deducting related expenses*	500	0	
Taxable capital gains minus allowable capital loss			
- amount A minus amount B * (page 1) **		24,478	
Net property income = amount F minus amounts G, H and N *		0	O
Personal services business income after deducting related expenses*	520	0	
		24,478	24,478
		Net amount	2,279,548
Deduct: Partnership income (line 450 above).		0	P
Income from active business carried on in Canada (enter on line 400 of the T2 return)			
(if negative, enter "0").		2,279,548	Q

* If negative, enter a negative amount, and add instead of subtracting.

** Amount A minus amount B from page 1 may only be negative to the extent of any allowable business investment losses.

Summary of Capital Cost Allowance

the corporation electing under regulation 1101(5q)? [101] N

Class	UCC at Beginning No.	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203] - [207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	41,288,547	2,745,921	0	6,621	1,369,650	4	0	0	1,706,328	42,321,519
8	1,886,372	34,593	0	0	17,296	20	0	0	380,734	1,540,231
10	1,569,458	335,821	0	71,740	132,040	30	0	0	510,450	1,323,089
17	387,623	0	0	0	0	8	0	0	31,010	356,613
Total	45,132,000	3,116,335	0	78,361	1,518,986		0	0	2,628,522	45,541,452

Corporate Taxprep / Taxprep des sociétés - TP-00

CLATHAM-KENT HYDRO INC.

Sch. 009

Account/Business No.: 894290014RC0001 Year Ended:

2003-12-31

RELATED AND ASSOCIATED CORPORATIONS

This schedule is to be completed by a corporation having one or more of the following:

related corporation(s)

associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
				[500]	[550]	[600]	[650]	[700]
[100]	[200]	[300]	[400]					
CLATHAM-KENT ENERGY INC.		894286012RC0001	1	0	0.00	0	0.00	0
CLATHAM-KENT UTILITY SERVICES		863560967RC0001	3	0	0.00	0	0.00	0
THE CORPORATION OF THE MUNICIPAL		866337058RC0001	3	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

Corporate Taxprep / Taxprep des sociétés - TP-08

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide."

- A separate cumulative eligible capital account must be kept for each business.

This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at end of preceding taxation year**

(if negative, enter "0") **200** 1,279,941 A

Add:

Cost of eligible capital property acquired during
the taxation year **222** 0 B

Amount transferred on amalgamation or wind-up
of subsidiary **224** 0 C

Other adjustments **226** 0 D

(add amounts B, C, and D) 0 x 0.75 = 0 E

Subtotal (amount A plus amount E) 230 1,279,941 F

Deduct:

Proceeds of sale (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year **242** 0 G

The gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) **244** 0 H

Other adjustments **246** 0 I

(add amounts G, H, and I) 0 x 0.75 = **248** 0 J

Cumulative eligible capital balance (amount F minus amount J) 1,279,941 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)

Current year deduction amount K 1,279,941 x 7.00% = 250 89,596 L
(enter amount L at line 405 of Schedule 1)

Cumulative eligible capital - Closing balance 300 1,190,345 M
Amount K minus amount L (if negative, enter "0")

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

— Part 2 - Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K above (show as a positive amount)..... 0 N

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988..... 400 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7)..... 401 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988..... 402 0 3Negative balances in the cumulative eligible capital account
(that were included in income for taxation years beginning
before July 1, 1988)..... 408 0 4

Line 3 minus line 4..... 0 0 5

Total of lines 1, 2, and 5..... 0 6

Line T from Schedule 10 of previous taxation years ending
after February 27, 2000..... 409 0 7

Line 6 minus line 7..... 0 0 O

Line N minus line O (cannot be negative)..... 0 P

Amount on line 5 0 x 1/2..... 0 Q

Line P minus line Q..... 0 R

Amount on line R 0 x 2/3 *..... 0 S

Lesser of line N or line O..... 0 T

Amount to be included in income on line 108 of Schedule 1,

line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q..... 410 0

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CONTINUITY OF RESERVES
(1998 and later taxation years)

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
 - References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
 - File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	0	0	0	0	0

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
EMPLOYEE FUTURE BENEFITS	545,100	0	64,113 ✓	0	609,213
REVENUE REPAYABLE	0	0	240,000	0	240,000
PROVISION TRANSITION COSTS	0	0	330,242	0	330,242
PROVISION RSVA	0	0	134,760	0	134,760
	0	0	0	0	0
	0	0	0	0	0
Reserves From Section 2 below	174,510	0	0	19,877 ✓	154,633
Totals	719,610	0	769,115	19,877	1,468,848

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

— Part 2 - Other reserves

description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	[X]	\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[X]	174,510	0	0	19,877	154,633
Reserve for undelivered goods and services not rendered.....	[]	0	0	0	0	0
Reserve for prepaid rent.....	[]	0	0	0	0	0
Reserve for December 31, 1995 income.....	[]	0	0	0	0	0
Reserve for refundable containers.....	[]	0	0	0	0	0
Reserve for unpaid amounts.....	[]	0	0	0	0	0
Other tax reserves.....	[]	0	0	0	0	0
Totals		174,510	0	0	19,877	154,633

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT (2003 and later taxation years)

- 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;
- from \$250,001 to \$275,000, if the calendar year to which this agreement applies is 2005; or
- from \$275,001 to \$300,000, if the calendar year to which this agreement applies is 2006 or after.

Column 7: Complete this column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Allocation of the business limit

Year Month Day

: filed (do not use this area)

025

Year

Enter the calendar year to which the agreement applies.

050

2003

Is this an amended agreement for the above-noted calendar year that
is intended to replace an agreement previously filed by any of
the associated corporations listed below?

075

[Y/N] [N]

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) \$	Percentage of the business limit %	Business limit allocated* \$	Taxation year end to which this agreement applies (YYYY/MM/DD)
CHATHAM-KENT HYDRO INC.	894290014RC0001	1	225,000	100.0000	225,000	
See attached			675,000	.0000	0	
			-----	-----	-----	
			Total	100.0000	225,000A	
			=====	=====	=====	

Business limit reduction under subsection 125(5.1)

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, the amount to be entered 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.

** "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.

CHATHAM-KENT HYDRO INC.

Sch. 023-Supp.

Account/Business No.: 894290014RC0001 Year Ended: 2003-12-31

AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7	8
			Business limit before	Percentage of the business limit allocated	Business limit allocated	Taxation year end to which this agreement applies	Part I.3 Tax
Name of associated corporation [100]	Business Number of associated corporation [200]	Asso- ciation code [300]	the allo- cation	[350]	[400]	[500]	
CHATHAM-KENT ENERGY INC.	894286012RC0001	1	225,000	.0000		0	0
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	1	225,000	.0000		0	0
E CORPORATION OF THE MUNICIPAL	866337058RC0001	1	225,000	.0000		0	0
TOTALS			675,000	.0000		0	0

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-08

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

RT I.3 TAX ON LARGE CORPORATIONS

(2000 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 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.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation
 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	1,179,455
Capital stock (or members' contributions if incorporated without share capital).	103	23,523,425
Retained earnings.	104	3,745,215
Contributed surplus.	105	0
Any other surpluses.	106	0
Deferred unrealized foreign exchange gains.	107	0
All loans and advances to the corporation.	108	25,754,930
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations.	109	0
Any dividends declared but not paid by the corporation before the end of the year.	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year.	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts that would be determined under lines 101, 107, 108, 109, 111, and 112) or the partnership of which the corporation is a member at the end of the year exceeds the amount of the partnership's deferred unrealized foreign exchange losses (see note below).

112 0

Subtotal 54,203,025 54,203,025 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year.
Any deficit deducted in computing the shareholders' equity.
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.
The amount of deferred unrealized foreign exchange losses.

121 0

122 0

123 0

124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0").

190 54,203,025

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation. 401 0

A loan or advance to another corporation (other than a financial institution). 402 32,447

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution). 403 0

Long-term debt of a financial institution. 404 0

A dividend receivable on a share of the capital stock of another corporation. 405 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other corporations (other than financial institutions) that were not exempt from

tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)). 406 0

An interest in a partnership (see note 1 below). 407 0

Investment allowance for the year. 490 32,447

— Part 2 - Investment allowance (cont'd) —

Notes:

Where the corporation has an interest in a partnership, the carrying value at the end of the taxation year, of that interest is deemed to be equal to that proportion of the total of the carrying value of each asset of the partnership described in 401 to 405 above, at the end of its last fiscal period ending at or before the end of the year, that the corporation's share of the partnership's income or loss is of the partnership's income or loss for that period.

- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)).
- 3) Where, in certain circumstances, 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)	54,203,025	C
Deduct: Investment allowance for the year (line 490)	32,447	D
Taxable capital for the year		
(amount C minus amount D) (if negative, enter "0")	500 54,170,578	
	=====	

— Part 4 - Taxable capital employed in Canada —

be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	54,170,578	X	Taxable income earned in Canada	610 1,483,582	Taxable capital employed in Canada	690 54,170,578
			Taxable income	1,483,582		=====

Notes:

- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
- 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
- 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada.

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada.

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada.

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below).

713

0

Total deductions (add lines 711, 712, and 713)

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0").

790

0

Note:

Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax for the year on similar assets, nor a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies).

54,170,578

Deduct: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).

801

6,458,222

Excess of taxable capital employed in Canada over capital deduction.

811

47,712,356

Gross Part I.3 Tax

Year	Line 811	Number of days	Number of days in the taxation year					
Before 2004	47,712,356	x	(365 / 365)	x	.2250%	=	107,353	1
2004	47,712,356	x	(0 / 365)	x	.2000%	=	0	2
2005	47,712,356	x	(0 / 365)	x	.1750%	=	0	3

Total Gross Part I.3 tax (add lines 1, 2, and 3).

107,353

107,353 F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount F	107,353	x	Number of days in the year	365	=	0 G

365

Gross Part I.3 tax (amount F or G, whichever applies).

820

107,353

Part 6 - Calculation of current-year surtax credit available

Corporations can claim a credit against their Part 1.3 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) 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, the lesser of a and b, below:

- a) line 600 from the T2 return 0
- b) line 700 from the T2 return 0 H

In any other case, the lesser of c and d below:

- c) line 600 from the T2 return 16,616 x $\frac{\text{line 690 of this schedule}}{54,170,578}$ = 16,616
- d) line 700 from the T2 return 360,696 16,616 I

Current-year surtax credit available (amount H or I, whichever applies) 830 16,616

=====

Part 7 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) 16,616

Taxable capital employed in Canada (line 690 or 790, whichever applies) 54,170,578

Deduct: Capital deduction claimed for the year 6,458,222

Excess of taxable capital employed in Canada over capital deduction 47,712,356 a

Less: **Gross Part 1.3 tax**

Line a 47,712,356 x .2250% = 107,353 107,353 b

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount b 107,353 x $\frac{\text{Number of days in the year}}{365}$ = 0 c

365

Current-year unused surtax credit (if negative, enter "0") 850 0

Enter this amount at line 600 on Schedule 37

* For the purposes of the calculation of current-year unused surtax credit, the calculation is performed on a capital deduction based on \$10 millions and a specified percentage of 0.225%.

Part 8 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)		107,353	J
Subtotal:			
Current-year surtax credit applied			
(the lesser of lines 820 and 830)	861	16,616	
Unused surtax credit from previous years applied	862	0	

Subtotal (cannot exceed amount on line 820)		16,616	16,616 K
		=====	-----
Net Part 1.3 tax payable (amount J minus amount K)	870	90,737	
Enter this amount at line 704 of the T2 return		=====	

CHATHAM-KENT HYDRO INC.

Attached Sch.

Account/Business No.: 894290014RC0001 Year Ended:

2003-12-31

Loans Payable

Customer deposits	1,988,499.00
Note Payable	23,523,326.00
Due to Municipality of Chatham-Kent	240,446.00
Due to Chatham-Kent Energy Inc.	2,659.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	<u>25,754,930.00</u>

WATHAM-KENT HYDRO INC.
Account/Business No.: 894290014RC0001 Year Ended:

2003-12-31

Employee Future Benefits
Revenue Repayable
Transition cost

240,000.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

1,179,455.00

=====

WATTHAM-KENT HYDRO INC.
Account/Business No.: 894290014RC0001 Year Ended:

2003-12-31

Due from Chatham-Kent Utility Services Inc.

0.00

XXXXXXXXXXXXXXXXXXXX

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX**(1998 and later taxation years)**

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only). [010]

Is this an amended agreement? [020] [Y/N] [N]

Year

Enter the calendar year to which the agreement applies. [030] 2003

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part I.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
CHATHAM-KENT HYDRO INC.	894290014RC0001	6,458,222	
See attached		3,541,778	
Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		10,000,000 =====	

Note 1: If a corporation is not registered enter, "NR".

Note 2: An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

CHATHAM-KENT HYDRO INC.

Sch. 036-Supp.

Account/Business No.: 894290014RC0001 Year Ended:

2003-12-31

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

accordance with subsection 181.5(7) of the federal Income Tax Act; a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
CHATHAM-KENT ENERGY INC.	894286012RC0001	3,228,161	
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	313,617	
THE CORPORATION OF THE MUNICIPAL	866337058RC0001	0	

TOTAL

3,541,778

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-08

CHATHAM-KENT HYDRO INC.

Sch. 050

Account/Business No.: 894290014RC0001

Year Ended:

2003-12-31

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SAREHOLDER INFORMATION

(1998 and later taxation years)

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	200	300	400	500
CHATHAM-KENT ENERGY INC.	894286012RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

Note 2: If an Individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800232

35
PX5003

CHATHAM-KENT HYDRO INC.
JIM HOGAN
320 QUEEN ST
PO BOX 70
CHATHAM
N7M 5K2

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

--	--	--	--	--	--	--	--	--	--

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Taxation Year End: (YYYYMMDD)

2	0	0	3	1	2	3	1
---	---	---	---	---	---	---	---

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Total Payment
Enclosed: \$

--	--	--	--	--	--	--	--	--	--



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

CHATHAM-KENT HYDRO INC.

ASSESSMENT NO. 28

Account No.	Assessment Date (year, month, day)	Page
1800232	2004/07/30	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

765,752.00
1,718.99CR
764,033.01

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

Sub-Total

1,149,000.00CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

1,149,000.00CR
384,966.99CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

CHATHAM-KENT HYDRO INC.

Account No.	Reassessment Date (year, month, day)	Page
1800232	2005/11/30	2 of 2

REASSESSMENT NO. 65 REPLACING ASSESSMENT DATED: 2004/07/30

Tax: Federal and Provincial PIL
Assessment Interest

933,793.00

Total Reassessment Liability

18,685.63

952,478.63

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

764,033.01CR

Sub-Total

764,033.01CR

TAXATION YEAR BALANCE DUE **

188,445.62

3614

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Statement of Adjustments sent under separate cover.

188 481.76

**Remember to include additional interest due with your payment. Interest on
the balance is compounded daily from the date of this Notice/Statement until
payment is received by the Ontario Electricity Financial Corporation (OSEC)
The current interest rate is 0.0191780%.

ENTERED FEB 21 2006

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

0000002

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Attachment 18
Revised 2004 SIMPIL Model

Disposition of Balance Recorded in Account 1562 Deferred PILs

Distributor	Chatham-Kent Hydro Inc.
OEB File Number	EB-2012-0097
Filing Year	2004

	A	B	C	D	E
1	PILs TAXES - EB-2008-381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Chatham-Kent Hydro Inc.			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?	Y/N	Y		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?	Y/N	N		
16					
17	Is the utility a non-profit corporation?	Y/N	N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions shared among the corporate group?	OCT Y/N	Y		
20		LCT Y/N	Y		
21	Please identify the % used to allocate the OCT and LCT exemptions in Cells C65 & C74 in the TAXCALC spreadsheet.	OCT	93.1762%	O10	
22		LCT	93.6400%	F29	
23					
24	Accounting Year End	Date	31-Dec-04		
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)	P1	45,653,588		
32					
33	Common Equity Ratio (CER)	P1	50.00%		
34					
35	1-CER		50.00%		
36					
37	Target Return On Equity	P1	6.05%		
38					
39	Debt rate	P1	7.25%		
40					
41	Market Adjusted Revenue Requirement		3,035,964		
42					
43	1999 return from RUD Sheet #7	P1	786,476	786,476	
44					
45	Total Incremental revenue		2,249,488		
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001	P1	1,077,000	1,077,000	
48	Amount allowed in 2002	P1	1,077,000	1,077,000	
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	
50	unless authorized by the Minister and the Board)			0	
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			0	
52	Other Board-approved changes to MARR or incremental revenue			0	
53				0	
54	Total Regulatory Income			2,940,476	
55					
56	Equity		22,826,794		
57					
58	Return at target ROE		1,381,021		
59					
60	Debt		22,826,794		
61					
62	Deemed interest amount in 100% of MARR		1,654,943		
63					
64	Phase-in of interest - Year 1 (2001)		1,015,805		
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)		1,602,891		
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward		1,602,891		
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005		1,654,943		
71					
72					
73					

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	2,940,476		1,098,867		4,039,343	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	2,533,000		391,471		2,924,471	P2
21	Employee Benefit Plans - Accrued, Not Paid	3	318,500		-318,500		0	P2
22	Tax reserves - beginning of year	4			154,633		154,633	
23	Reserves from financial statements - end of year	4			807,645		807,645	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			1,719		1,719	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				3,853,836		3,853,836	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	1,835,114		844,356		2,679,470	P2
34	Employee Benefit Plans - Paid Amounts	8	275,000		-275,000		0	P2
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	1,602,891		93,984		1,696,875	
38	Tax reserves - end of year	4			134,967		134,967	
39	Reserves from financial statements - beginning of year	4			763,846		763,846	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			103,666		103,666	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				3,822,985		3,822,985	
49								
50	TAXABLE INCOME/ (LOSS)		2,078,971		500,867	Before loss C/F	2,579,838	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.5001%		36.12%	
54								
55	REGULATORY INCOME TAX		802,899		-15,543	Actual	787,356	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		802,899		-15,543	Actual	787,356	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	45,653,588		11,243,483		56,897,071	O10
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-341,188		4,658,812	
68	Taxable Capital		40,653,588		10,902,295		52,238,259	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		121,961		34,754	Overpaid	156,715	
73								
74	Federal Large Corporations Tax							
75	Base	18	45,653,588		13,995,720		59,649,308	F29
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		36,820,000		46,820,000	
77	Taxable Capital		35,653,588		50,815,720		12,829,308	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		80,221		-54,562		25,659	
82	Less: Federal Surtax 1.12% x Taxable Income	21	23,284		5,610		28,894	
83								
84	Net LCT		56,936		-60,172		-3,236	
85								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	1,284,638			Actual 2004	787,356	
91	LCT (proxy tax is grossed-up)	23	91,098			Actual 2004	1,245	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	121,961			Actual 2004	156,715	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	1,497,696			Actual 2004	945,316	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3	-318,500					
103	Tax reserves deducted in prior year	4	154,633					
104	Reserves from financial statements-end of year	4	807,645					
105	Regulatory Adjustments	5	0					
106	Other additions "Material" Items TAXREC	6	0					
107	Other additions "Material" Items TAXREC 2	6	1,719					
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8	-275,000					
110	Items Capitalized for Regulatory Purposes	9	0					
111	Regulatory Adjustments	10	0					
112	Interest Adjustment for tax purposes (See Below - cell I204)	11	0					
113	Tax reserves claimed in current year	4	134,967					
114	Reserves from F/S beginning of year	4	763,846					
115	Contributions to deferred income plans	3	0					
116	Contributions to pension plans	3	0					
117	Other deductions "Material" Items TAXREC	12	0					
118	Other deductions "Material" Item TAXREC 2	12	103,666					
119								
120	Total TRUE-UPS before tax effect	26	= -81,982					
121								
122	Income Tax Rate (including surtax) from 2004 Utility's tax return		x 36.12%					
123								
124	Income Tax Effect on True-up adjustments		= -29,612					
125								
126	Less: Miscellaneous Tax Credits	14	0					
127								
128	Total Income Tax on True-ups		-29,612					
129								
130	Income Tax Rate used for gross-up (exclude surtax)		35.00%					
131								
132	TRUE-UP VARIANCE ADJUSTMENT		(45,557)					
133								
134	IV b) Calculation of the Deferral Account Variance caused by							
135	changes in legislation							
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial							
137	estimate column)		= 2,078,971					
138	REVISED CORPORATE INCOME TAX RATE (including surtax)		x 36.12%					
139								
140	REVISED REGULATORY INCOME TAX		= 750,923					
141								
142	Less: Revised Miscellaneous Tax Credits		- 0					
143								
144	Total Revised Regulatory Income Tax		= 750,923					
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell		- 802,899					
147	C58)							
148	Regulatory Income Tax Variance		= (51,976)					
149								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Chatham-Kent Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
150	Ontario Capital Tax							
151	Base				=	45,653,588		
152	Less: Exemption from tab Tax Rates, Table 2, cell C39				-	5,000,000		
153	Revised deemed taxable capital				=	40,653,588		
154								
155	Rate - Tab Tax Rates cell C54				x	0.3000%		
156								
157	Revised Ontario Capital Tax				=	121,961		
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)				-	121,961		
159	Regulatory Ontario Capital Tax Variance				=	0		
160								
161	Federal LCT							
162	Base					45,653,588		
163	Less: Exemption from tab Tax Rates, Table 2, cell C40				-	50,000,000		
164	Revised Federal LCT				=	(4,346,412)		
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51					0.2000%		
167								
168	Gross Amount					0		
169	Less: Federal surtax				-	0		
170	Revised Net LCT				=	0		
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)				-	56,936		
173	Regulatory Federal LCT Variance				=	(56,936)		
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)					35.00%		
176								
177	Income Tax (grossed-up)				+	(79,963)		
178	LCT (grossed-up)				+	(91,098)		
179	Ontario Capital Tax				+	0		
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT				=	(171,060)		
182								
183	TRUE-UP VARIANCE (from cell I130)				+	(45,557)		
184								
185	Total Deferral Account Entry (Positive Entry = Debit)				=	(216,617)		
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)					1,654,943		
194	Interest phased-in (Cell C36)					1,602,891		
195								
196	Variance due to phase-in of debt component of MARR in rates					52,052		
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)					1,696,875		
202	Less: Interest components excluded for true-up calculation purposes					42,555	(Interest on customer deposits)	
203	Adjusted Interest					1,654,320		
204	Total deemed interest (REGINFO CELL D61)					1,654,943		
205								
206	Variance caused by excess debt					0		
207								
208	Interest Adjustment for Tax Purposes (carry forward to Cell I110)					0		
209								
210	Total Interest Variance					52,052		

	A	B	C	D	E	F	G
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only		
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4		0	Return				
5					Version 2009.1		
6	Section A: Identification:						
7	Utility Name: Chatham-Kent Hydro Inc.						
8	Reporting period: 2004						
9	Taxation Year's start date:						
10	Taxation Year's end date:						
11	Number of days in taxation year:	365	days				
12							
13	Please enter the Materiality Level :	0	< - enter materiality level				
14	(0.25% x Rate Base x CER)	Y/N	Y				
15	(0.25% x Net Assets)	Y/N	N				
16	Or other measure (please provide the basis of the amount)	Y/N	N				
17	Does the utility carry on non-wires related operation?	Y/N	N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)						
19							
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K						
21							
22	Section B: Financial statements data:						
23	<i>Input unconsolidated financial statement data submitted with Tax returns.</i>						
24	<i>The actual categories of the income statements should be used.</i>						
25	<i>If required please change the descriptions except for amortization, interest expense and provision for income tax</i>						
26							
27	<i>Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts</i>						
28	<i>in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.</i>						
29							
30	Income:						
31	Energy Sales	+	60,246,512		60,246,512	I1	
32	Distribution Revenue	+	10,896,318		10,896,318	I1	
33	Other Income	+	1,242,272		1,242,272	I1	
34	Miscellaneous income	+			0		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses:						
39	Cost of energy purchased	-	60,246,512		60,246,512	I1	
40	Administration	-	1,332,124		1,332,124	I1	
41	Customer billing and collecting	-	1,477,513		1,477,513	I1	
42	Operations and maintenance	-	2,365,139		2,365,139	I1	
43	Amortization	-	2,924,471		2,924,471	F9	
44	Ontario Capital Tax	-			0		
45		-			0		
46		-			0		
47		-			0		
48		-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	4,039,343	0	4,039,343		
51	Less: Interest expense for accounting purposes	-	1,696,875		1,696,875	I1	
52	Provision for payments in lieu of income taxes	-	860,883		860,883	I1	
53	Net Income (loss)	=	1,481,585	0	1,481,585		
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)						
55							
56	Section C: Reconciliation of accounting income to taxable income						
57	From T2 Schedule 1						
58	BOOK TO TAX ADDITIONS:						
59	Provision for income tax	+	860,883	0	860,883		
60	Federal large corporation tax	+			0		
61	Depreciation & Amortization	+	2,924,471	0	2,924,471		
62	Employee benefit plans-accrued, not paid	+		0	0		
63	Tax reserves - beginning of year	+	154,633	0	154,633		
64	Reserves from financial statements- end of year	+	807,645	0	807,645		
65	Regulatory adjustments on which true-up may apply (see A66)	+			0		
66	Items on which true-up does not apply "TAXREC 3"	+	3,853,836	0	3,853,836		
67	Material addition items from TAXREC 2	+	1,719	0	1,719		
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
69							
70	Subtotal		8,603,187	0	8,603,187		
71							
72	Other Additions: (Please explain the nature of the additions)						
73	Recapture of CCA	+			0		
74	Non-deductible meals and entertainment expense	+			0		
75	Capital items expensed	+			0		
76		+			0		
77		+			0		
78		+			0		
79		+			0		
80	Total Other Additions	=	0	0	0		
81							
82	Total Additions	=	8,603,187	0	8,603,187		
83							
84	Recap Material Additions:						
85			0	0	0		
86			0	0	0		
87			0	0	0		

Andrya Eagen:
 Amort from F/S \$ 2,766,963
 Amort from Tax \$2,924,471
 Variance \$157,508

	A	B	C	D	E	F	G
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only		
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4			Return				
5		0			Version 2009.1		
88			0	0	0		
89			0	0	0		
90			0	0	0		
91			0	0	0		
92	Total Other additions >materiality level		0	0	0		
93	Other additions (less than materiality level)		0	0	0		
94	Total Other Additions		0	0	0		
95							
96	BOOK TO TAX DEDUCTIONS:						
97	Capital cost allowance	-	2,596,146		2,596,146	F10	
98	Cumulative eligible capital deduction	-	83,324		83,324	F10	
99	Employee benefit plans-paid amounts	-			0		
100	Items capitalized for regulatory purposes	-			0		
101	Regulatory adjustments :	-			0		
102	CCA	-			0		
103	other deductions	-			0		
104	Tax reserves - end of year	-	134,967	0	134,967		
105	Reserves from financial statements- beginning of year	-	763,846	0	763,846		
106	Contributions to deferred income plans	-			0		
107	Contributions to pension plans	-			0		
108	Items on which true-up does not apply "TAXREC 3"	-	3,822,985	0	3,822,985		
109	Interest capitalized for accounting deducted for tax	-			0		
110	Material deduction items from TAXREC 2	-	103,666	0	103,666		
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0		
112							
113	Subtotal	=	7,504,934	0	7,504,934		
114	Other deductions (Please explain the nature of the deductions)	-			0		
115	Charitable donations - tax basis	-			0	F10	
116	Gain on disposal of assets	-			0	F10	
117		-			0		
118		-			0		
119		-			0		
120	Total Other Deductions	=	0	0	0		
121							
122	Total Deductions	=	7,504,934	0	7,504,934		
123							
124	Recap Material Deductions:						
125			0	0	0		
126			0	0	0		
127			0	0	0		
128			0	0	0		
129			0	0	0		
130	Total Other Deductions exceed materiality level		0	0	0		
131	Other Deductions less than materiality level		0	0	0		
132	Total Other Deductions		0	0	0		
133							
134	TAXABLE INCOME	=	2,579,838	0	2,579,838		
135	DEDUCT:						
136	Non-capital loss applied	-			0		
137	Net capital loss applied	-			0		
138	Charitable Donations	-	400,000		400,000	F3	
139	NET TAXABLE INCOME	=	2,179,838	0	2,179,838		
140							
141	FROM ACTUAL TAX RETURNS						
142	Net Federal Income Tax (Must agree with tax return)	+	482,179		482,179	F8	
143	Net Ontario Income Tax (Must agree with tax return)	+	305,177		305,177	O3	
144	Subtotal	-	787,356	0	787,356		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0		
146	Total Income Tax	=	787,356	0	787,356		
147							
148	FROM ACTUAL TAX RETURNS						
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%		Divide federal income tax by the t
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%		Divide Ontario income tax by the t
151	Blended Income Tax Rate		36.12%	*****	36.12%		
152							
153	Section F: Income and Capital Taxes						
154							
155	RECAP						
156	Total Income Taxes	+	787,356	0	787,356		
157	Ontario Capital Tax	+	156,715		156,715	O11	
158	Federal Large Corporations Tax	+	1,245		1,245	F8	
159							
160	Total income and capital taxes	=	945,316	0	945,316		
161							

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5		0			Version 2009.1	
6						
7	Utility Name: Chatham-Kent Hydro Inc.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		154,633		154,633	F9
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		154,633	0	154,633	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		134,967		134,967	F10
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		134,967	0	134,967	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		154,633		154,633	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	OPEB		609,213		609,213	
48						
49					0	
50					0	
51	Total (carry forward to the TAXREC worksheet)		763,846	0	763,846	F10
52						
53	End of Year:					
54					0	
55					0	
56	Environmental				0	
57	Allowance for doubtful accounts		134,967		134,967	
58	Inventory obsolescence				0	
59	Property taxes				0	
60	OPEB		672,678		672,678	
61					0	
62					0	
63	Insert line above this line					
64	Total (carry forward to the TAXREC worksheet)		807,645	0	807,645	F9
65						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3					Version 2009.1
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+				0
18	Gain on sale of eligible capital property	+				0
19	Loss on disposal of assets	+				0
20	Charitable donations (Only if it benefits ratepayers)	+				0
21	Taxable capital gains	+				0
22		+				0
23	Scientific research expenditures deducted	+				0
24	per financial statements	+				0
25	Capitalized interest	+				0
26	Soft costs on construction and renovation of buildings	+				0
27	Capital items expensed	+				0
28	Debt issue expense	+				0
29	Financing fees deducted in books	+				0
30	Gain on settlement of debt	+				0
31	Interest paid on income debentures	+				0
32	Recapture of SR&ED expenditures	+				0
33	Share issue expense	+				0
34	Write down of capital property	+				0
35	Amounts received in respect of qualifying environment trust	+				0
36	Provision for bad debts	+				0
37	Tax Interest	+	1,719			1,719
38		+				0
39		+				0
40	Other Additions: (please explain in detail the nature of the item)	+				0
41	Meals & Entertainment (Non-Deductible)	+				0 F9
42	Interest earned on prior year tax balances	+				0 F9
43		+				0
44		+				0
45		+				0
46	Total Additions	=	1,719	0		1,719
47						
48	Recap of Material Additions:					
49			0	0		0
50			0	0		0
51			0	0		0
52			0	0		0
53			0	0		0
54			0	0		0
55			0	0		0
56			0	0		0
57			0	0		0
58			0	0		0
59			0	0		0
60			0	0		0
61			0	0		0
62			0	0		0
63			0	0		0
64			0	0		0
65			0	0		0
66			0	0		0
67			0	0		0
68			0	0		0
69	Tax Interest		1,719	0		1,719
70			0	0		0
71			0	0		0
72			0	0		0
73			0	0		0
74			0	0		0
75			0	0		0
76			0	0		0

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Chatham-Kent Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
77			0	0	0	
78						
79	Total Material additions		1,719	0	1,719	
80	Other additions less than materiality level		0	0	0	
81	Total Additions		1,719	0	1,719	
82						
83	Deduct:					
84	Gain on disposal of assets per f/s	-	103,666		103,666	
85	Dividends not taxable under section 83	-			0	
86	Terminal loss from Schedule 8	-			0	
87	Depreciation in inventory, end of prior year	-			0	
88	Scientific research expenses claimed in year from Form T661	-			0	
89	Bad debts	-			0	
90	Book income of joint venture or partnership	-			0	
91	Equity in income from subsidiary or affiliates	-			0	
92	Contributions to a qualifying environment trust	-			0	
93	Other income from financial statements	-			0	
94		-				
95		-			0	
96		-			0	
97	Other deductions: (Please explain in detail the nature of the item)	-			0	
98	Current years capital taxes	-			0	F10
99		-			0	
100		-			0	
101		-			0	
102	Total Deductions	=	103,666	0	103,666	
103						
104	Recap of Material Deductions:					
105	Gain on disposal of assets per f/s		103,666	0	103,666	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119			0	0	0	
120			0	0	0	
121			0	0	0	
122	Total Deductions exceed materiality level		103,666	0	103,666	
123	Other deductions less than materiality level		0	0	0	
124	Total Deductions		103,666	0	103,666	
125						
126						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	<u>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</u>		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Chatham-Kent Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2004					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	4,417		4,417	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books	+	400,000		400,000	
36	Interest and penalties on unpaid taxes	+			0	
37	Management bonuses unpaid after 180 days of year end	+			0	
38	Imputed interest expense on Regulatory Assets	+			0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+	2,268,990		2,268,990	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Revenue Repayable	+	294,850		294,850	
45	Provision for Transition Costs	+	846,579		846,579	
46	Provision for RSVA	+	39,000			
47	Total Additions on which true-up does not apply	=	3,853,836	0	3,814,836	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59	Revenue Repayable	-	240,000		240,000	
60	Provision for Transition & RSVA Costs	-	465,002		465,002	
61		-			0	
62		-			0	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-	156,322		156,322	
65		-			0	
66	Changes in Regulatory Asset balances	-	2,961,661		2,961,661	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	3,822,985	0	3,822,985	
74						
75						
76						

	A	B	C	D	E	F	G
1	PILs TAXES - EB-2008-381						
2	Corporate Tax Rates						
3	Exemptions, Deductions, or Thresholds						
4	Utility Name: Chatham-Kent Hydro Inc.						
5	Reporting period: 2004						
6							
7							
8	Table 1						
9	Rates Used in 2002 RAM PILs Applications for 2002						
10	Income Range		0		200,001		
11	RAM 2002		to		to		
12		Year	200,000		700,000		>700,000
13	Income Tax Rate						
14	Proxy Tax Year	2002					
15	Federal (Includes surtax)		13.12%		26.12%		26.12%
16	and Ontario blended		6.00%		6.00%		12.50%
17	Blended rate		19.12%		34.12%		38.62%
18	Capital Tax Rate		0.300%				
19	LCT rate		0.225%				
20	Surtax		1.12%				
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000				
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000				
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing						
24							
25	Table 2						
26	Expected Income Tax Rates for 2004 and Capital Tax Exemptions for 2004						
27	Income Range		0	250,001	400,001		
28	Expected Rates		to	to	to		
29		Year	250,000	400,000	1,128,000		>1,128,000
30	Income Tax Rate						
31	Current year	2004					
32	Federal (Includes surtax)		13.12%	22.12%	22.12%		22.12%
33	Ontario		5.50%	5.50%	9.75%		14.00%
34	Blended rate		18.62%	27.62%	31.87%		36.12%
35							
36	Capital Tax Rate		0.300%				
37	LCT rate		0.200%				
38	Surtax		1.12%				
39	Ontario Capital Tax Exemption *** 2004	MAX \$5MM	5,000,000				
40	Federal Large Corporations Tax Exemption *** 2004	MAX \$50MM	50,000,000				
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.						
42							
43	Table 3						
44	Input Information from Utility's Actual 2004 Tax Returns						
45	Income Range		0	250,001	400,001		
46			to	to	to		
47		Year	250,000	400,000	1,128,000		>1,128,000
48	Income Tax Rate						
49	Current year	2004					
50	Federal (Includes surtax)		13.12%	22.12%	22.29%		22.12%
51	Ontario		5.50%	5.50%	13.77%		14.00%
52	Blended rate		18.62%	27.62%	36.06%		36.12%
53							
54	Capital Tax Rate		0.300%				
55	LCT rate		0.200%				
56	Surtax		1.12%				
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,658,812				
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	46,820,000				
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23						
60	page 11; federal T2 Schedule 36						
61							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILs TAXES - EB-2008-381														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Chatham-Kent Hydro Inc.														
4	Reporting period: 2004														
5	Sign Convention: + for increase; - for decrease														
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		0		-216,617		-216,617		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-													0
13	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
14	True-up Variance Adjustment (3)	+/-													0
15	Deferral Account Variance Adjustment Q4, 2001 (4)	+/-							-45,557						-45,557
16	Deferral Account Variance Adjustment (5)	+/-							-171,060						-171,060
17	Adjustments to reported prior years' variances (6)	+/-													0
18	Carrying charges (7)	+/-													0
19	PILs billed to (collected from) customers (8)	-	0												0
20															
21	Ending balance: # 1562		0		0		0		-216,617		-216,617		-216,617		-216,617
22															
23															
24															
25	Uncollected PILs														
26															
27															
28															
29															
30															
31															
32															
33															
34															
35															
36															
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80															

NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers. For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:

(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002. Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002. If the Board gave more than one decision in the year, calculate a weighted average proxy.

(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.

(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.

(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.

(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.

(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.

(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.

(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.

(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet. The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.

(7) Carrying charges are calculated on a simple interest basis.

(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM. The 2005 PILs tax proxy is being recovered on a volumetric basis by class.

(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004; plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.

In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7, for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.

In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4, for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used to calculate the recovery for the period January 1 to March 31, 2005.

(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes will have to include amounts from 1562 and from 1590.

Attachment 19
2004 Financial Statements

Financial Statements of

CHATHAM-KENT HYDRO INC.

December 31, 2004

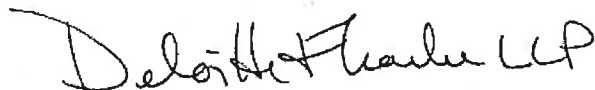
Auditor's Report

To the Chairman and Board Members of Chatham-Kent Hydro Inc.

We have audited the balance sheet of Chatham-Kent Hydro Inc. as at December 31, 2004 and the statement of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

February 25, 2005

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Statement of Cash Flows	3
Notes to the Financial Statements	4 – 13

CHATHAM-KENT HYDRO INC.**Balance Sheet****December 31, 2004**

	2004	2003
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 14,022,252	\$ 10,758,856
Accounts receivable (Note 4)	4,360,128	3,855,390
Accounts receivable – unbilled revenue	7,782,646	7,040,555
Due from Chatham-Kent Utility Services Inc.	-	32,447
Inventories	566,961	630,805
Prepaid expenses	127,974	122,350
	26,859,961	22,440,403
CAPITAL ASSETS (Note 5)	40,014,768	39,362,281
OTHER		
Deferred assets (Note 6)	2,309,248	1,752,942
Computer software	9,928	8,361
	2,319,176	1,761,303
	\$	\$ 63,563,987
	69,193,905	
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,622,337	\$ 8,825,671
Taxes payable	149,781	871,898
Due to the Municipality of Chatham-Kent	3,476,752	240,446
Due to Chatham-Kent Energy Inc.	-	2,659
Current portion of customers deposits	827,000	375,000
	15,075,870	10,315,674
LONG TERM		
Note payable (Note 7)	23,523,326	23,523,326
Regulatory revenue payable	294,850	240,000
Provision for asset retirement obligation	39,000	-
Employee future benefits (Note 8)	672,678	609,213
Long-term portion of customer deposits	1,337,956	1,607,134
	25,867,810	25,979,673
	40,943,680	36,295,347
CONTINGENCY (Note 11)		
SHAREHOLDER'S EQUITY		
Share capital (Note 12)	23,523,425	23,523,425
Retained earnings	4,726,800	3,745,215
	28,250,225	27,268,640
	\$ 69,193,905	\$ 63,563,987

CHATHAM-KENT HYDRO INC.
Statement of Earnings and Retained Earnings
Year Ended December 31, 2004

	2004	2003
SERVICE REVENUE		
Residential	\$ 19,387,119	\$ 19,075,959
General service	41,445,387	44,227,461
Street lighting	633,592	575,471
	61,466,098	63,878,891
Change in unbilled revenue	640,184	(1,175,798)
	62,106,282	62,703,093
Retailer Energy Sales	9,036,548	7,613,050
Total Energy Sales	71,142,830	70,316,143
COST OF POWER	60,246,512	58,841,762
GROSS MARGIN ON SERVICE REVENUE	10,896,318	11,474,381
OTHER OPERATING REVENUE	1,242,272	1,449,351
OPERATING INCOME	12,138,590	12,923,732
OPERATING AND MAINTENANCE EXPENSE		
Distribution	2,522,647	2,317,525
ADMINISTRATIVE EXPENSE		
Billing and collection	1,477,513	1,421,828
General administration	1,332,124	2,313,252
Interest	1,696,875	1,696,234
DEPRECIATION AND AMORTIZATION	2,766,963	2,650,564
	9,796,122	10,399,403
EARNINGS, BEFORE PAYMENTS IN LIEU OF TAXES	2,342,468	2,524,329
Payments in lieu of taxes (Note 15)	860,883	1,149,000
NET EARNINGS	1,481,585	1,375,329
RETAINED EARNINGS, BEGINNING OF YEAR	3,745,215	2,844,886
DIVIDENDS PAID	(500,000)	(475,000)
RETAINED EARNINGS, END OF YEAR	\$ 4,726,800	\$ 3,745,215

CHATHAM-KENT HYDRO INC.**Statement of Cash Flow****Year Ended December 31, 2004**

	2004	2003
OPERATING ACTIVITIES		
Net earnings	\$ 1,481,585	\$ 1,375,329
Adjustments for:		
Depreciation of capital assets	3,032,393	2,982,530
Depreciation computer software	3,433	2,933
Amortization of contributed capital	(111,355)	(89,057)
Allowance for deferred assets	(300,000)	465,000
Gain on disposal of capital assets	(103,666)	(58,169)
Employee future benefits	63,465	64,113
Changes in non-cash working capital items (Note 13)	3,604,034	(1,722,964)
Change in long term customer deposits	(269,178)	538,289
	<u>7,400,711</u>	<u>3,558,004</u>
INVESTING ACTIVITIES		
Additions to deferred assets	(637,250)	(370,395)
Recovery of deferred assets	380,942	-
Regulatory revenue payable	54,850	240,000
Proceeds on disposal of capital assets	124,984	135,317
Additions to capital assets and computer software	(3,560,841)	(3,116,535)
	<u>(3,637,315)</u>	<u>(3,111,613)</u>
FINANCING ACTIVITIES		
Dividends	(500,000)	(475,000)
	<u>(500,000)</u>	<u>(475,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,263,396	(28,609)
CASH AND CASH EQUIVALENTS,		
 BEGINNING OF YEAR	10,758,856	10,787,465
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,022,252	\$ 10,758,856

See Note 13 for supplemental cash flow information

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

1. NATURE OF OPERATIONS

Chatham-Kent Hydro Inc. ("the Company") was incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

The Company is wholly-owned by Chatham-Kent Energy Inc. which in turn is wholly-owned by the Municipality of Chatham-Kent ("the Municipality").

The principal activity of the Company is to distribute electricity to customers within the Municipality of Chatham-Kent, under the license issued by the Ontario Energy Board ("OEB").

Under a Municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division ("the Commission") and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to the Company at October 1, 2000 was \$47,046,751. In consideration for the transfer the company issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326. Shares valued at \$23,523,425 have been issued to Chatham-Kent Energy Inc.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act*, 1998 enacted by the Province of Ontario to introduce competition in the electricity market.

2. CHANGES IN ACCOUNTING POLICIES

Impairment of long-lived assets

The Company prospectively adopted the recommendations of CICA Handbook Section 3063 "Impairment of long-lived assets" as of January 1, 2004. These recommendations require that an impairment loss on long-lived assets to be held and used be recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. The adoption of these recommendations had no impact on the results of operations for 2004.

Asset retirement obligations

On January 1, 2004, the Company adopted the recommendations of CICA Handbook Section 3110 "Asset retirement obligations". The standard provides guidance for the recognition, measurement and disclosure of liabilities for asset retirement obligations. The liability represents the fair value of the obligations. The corresponding cost is capitalized as part of the related asset and amortized over the asset's useful life. The new recommendations had no material impact on the opening retained earnings. The adoption of the recommendation increased capital assets and increased provision for asset retirement obligation by \$39,000 in 2004.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies as set forth in the Accounting Procedures Handbook issued by the OEB under the authority of the *Ontario Energy Board Act, 1998*:

Regulation

The company is regulated by the OEB and any power rate adjustments require OEB approval.

Inventories

Inventories are valued at the lower of cost and replacement cost with cost being determined using the weighted average method.

Capital assets

Capital assets are recorded at cost. Depreciation is calculated on a straight-line basis over the useful life as follows:

Buildings and fixtures	25 – 50 years
Distribution station equipment	30 years
Distribution lines	25 years
Distribution transformers	25 years
Distribution meters	25 years
General office equipment	10 years
Computer equipment	5 years
Rolling stock	4 – 8 years
Tools	10 years
System supervisory equipment	15 years
Automated mapping facility management	15 years
Services	25 years

Computer software

Computer software is stated at cost less accumulated depreciation. It is depreciated over 5 years on a straight-line basis.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations

The Company recognizes the liability for an asset retirement that results from the acquisition, construction, development or normal operations. The liability for an asset retirement is initially recorded at its fair value in the year in which it is incurred and when a reasonable estimate of fair value can be made. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings.

Deferred assets

Deferred assets consist of qualifying capital costs and related expenditures incurred in the preparation for market opening. Deferred assets also include costs for conservation programs which meet the Minister of Energy's Directive. Recovery of the deferred assets is regulated by the OEB.

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. For the year ended December 31, 2004, \$557,404 (2003 - \$875,307) of contributed capital has been charged to capital assets and recorded as an offset to capital assets. Amortization is on a straight-line basis over 25 years.

Revenue recognition and cost of power

Service revenue is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used. Any discrepancies in the revenue collected and associated cost of power related to distribution are charged to deferred assets.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates.

Post employment benefits other than pension

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Payment in lieu of income taxes

Under the *Electricity Act, 1998*, the Corporation is required to make payments-in-lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are recorded in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporation Tax Act* (Ontario) and modified by the *Electricity Act, 1998*, and related regulations.

The Corporation, regulated by the Ontario Energy Board, provides for payments-in-lieu of corporate income taxes using the taxes payable method instead of the liability method.

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Future income taxes are expected to be reflected in future rates and, accordingly, are not recognized in the financial information. Payment in lieu of taxes is henceforth referred to as income taxes.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with the bank.

4. ACCOUNTS RECEIVABLE

	2004	2003
Electrical energy	\$ 3,383,332	\$ 3,100,659
Other	1,111,763	909,364
	<u>4,495,095</u>	<u>4,010,023</u>
Allowance for doubtful accounts	134,967	154,633
	<u>\$ 4,360,128</u>	<u>\$ 3,855,390</u>

CHATHAM-KENT HYDRO INC.**Notes to the Financial Statements****December 31, 2004****5. CAPITAL ASSETS**

	2004		2003	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Plant and distribution system:				
Land	\$ 389,046	\$ -	\$ 389,046	\$ 400,909
Buildings and fixtures	3,095,805	401,269	2,694,536	2,720,522
Substation	210,290	65,618	144,672	160,685
Station retirement obligation	39,000	-	39,000	-
Distribution system:				
Overhead	17,677,193	3,491,515	14,185,678	13,652,574
Underground	13,128,181	2,966,724	10,161,457	10,265,511
Transformers	11,191,031	2,374,318	8,816,713	8,669,034
Meters	2,718,542	607,488	2,111,054	1,929,928
General office equipment	88,553	40,325	48,228	32,531
Computer equipment	318,351	231,952	86,399	119,040
Rolling stock	1,573,355	926,405	646,949	471,616
Tools	492,096	326,167	165,928	227,096
System supervisory equipment	611,319	298,014	313,305	367,297
Automated mapping facility	1,337,773	379,494	958,279	999,519
Services	1,929,132	208,715	1,720,417	1,366,865
	54,799,666	12,318,004	42,481,662	41,383,127
Contributed capital	(2,767,122)	(300,227)	(2,466,894)	(2,020,846)
	\$ 52,032,544	\$ 12,017,776	\$ 40,014,768	\$ 39,362,281

Depreciation and amortization in the amount of \$157,506 (2003 - \$245,842) for rolling stock and software is included with relevant cost centres.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

6. DEFERRED ASSETS

Deferred assets and liabilities arise as a result of the rate-making process. As described in this note, Chatham-Kent Hydro has recorded the following regulatory assets and provision.

	2004	2003
Billing activities	\$ 76,089	\$ 76,089
Customer education	9,969	9,969
Wholesale market requirements	120,683	120,683
Independent market operator requirements	73,554	73,554
Retailer/customer requirements	116,024	116,024
Regulatory requirements	195,683	195,683
Payment-in-lieu of taxes – property	158,334	158,334
Wholesale meter support	(4,108)	-
Residential interval study	17,303	-
Energy conservation – DSM	35,936	-
Smart meter requirements OEB	260,200	-
Post employment costs	326,464	244,517
Regulatory requirements Bill 210	28,545	28,545
	1,414,675	1,023,398
Retail settlement variance assets	2,122,093	1,876,122
Total regulatory assets	3,536,768	2,899,520
Deferred asset recovery	(380,942)	-
Provision	(846,578)	(1,146,578)
Net deferred assets	\$ 2,309,248	\$ 1,752,942

The introduction of Bill 210 in November 2002 has deferred future rate increases until 2006. However Bill 4 was introduced in December 2003 which allowed for the recovery of deferred assets over a four year period beginning in April 2004. Deferred asset revenue for 2004 was \$380,942. Since the recovery of the regulatory assets has begun, the provision has been reduced by \$300,000. While it continues to be management's intention to pursue future rate increases based on all of these costs and the related interest, they have provided an allowance of \$846,578 (2003 - \$1,146,578) for costs which may be disallowed for OEB purposes.

7. NOTE PAYABLE

The note payable is due to the Municipality with no set repayment terms and interest payable monthly at 7.04 %. Interest expense for the year amounted to \$ 1,654,320 (2003 - \$1,646,042).

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

8. EMPLOYEE FUTURE BENEFITS

The company pays certain medical and life insurance benefits on behalf of its current employees. The accrued benefit liability at December 31, 2004 of \$672,678 (2003 - \$609,213).

Information about the Company's defined benefit plan is as follows:

	2004	2003
Accrued benefit liability, beginning of year	\$ 609,213	\$ 545,100
Expense for the period	63,465	64,113
Benefits paid during the period	-	-
Estimated accrued benefit liability as at December 31, 2004	\$ 672,678	\$609,213

The main actuarial assumptions employed for the valuation are as follows:

General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2004 and thereafter.

Interest (discount) rate

The present value as at December 31, 2004 of the future benefits, and the expense for the year ended December 31, 2004, was determined using a discount rate of 5.75% (2003 - 6.0%). This corresponds to the assumed CPI rate plus an assumed rate of return of 2.5%.

Health costs

Health costs were assumed to increase at 10% per year for 10 years, and then at the CPI rate plus 1% thereafter.

Dental costs

Dental costs were assumed to increase at the CPI rate plus 1% for 2004 and thereafter.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

9. PENSION AGREEMENT

The Company provides a pension plan for its employees through the Ontario Municipal Employees' Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. As there is insufficient information to apply defined benefit plan accounting, defined contribution plan accounting has been used by the Company. The Company's contribution for employees' current service in 2004 was \$154,633 (2003 - \$ 45,992). No premiums were paid in 2002, due to the legislated OMERS premium holiday which is in effect until January 1, 2003. The 2003 contributions were at a reduced rate. The full contributions commenced January 1, 2004.

10. RELATED PARTY TRANSACTIONS

The Company provided the following services in the normal course of operations to the Shareholders:

	2004	2003
Energy (at commercial rates)	\$ 3,735,017	\$ 3,001,694
Streetlight maintenance	148,084	154,630
Capital for Bloomfield Park	154,839	719,884
	<u>\$ 4,037,940</u>	<u>\$ 3,876,208</u>

Chatham-Kent Utility Services Inc. provided the following services in the normal course of operations to the Company:

	2004	2003
Administrative services (C-K Utility Services), Billing and collection services	\$ 2,118,189	\$ 2,061,046

Chatham-Kent Energy Inc. provided the following services in the normal course of operations to the Company:

	2004	2003
Administrative services (C-K Energy)	\$ 612,266	\$ 575,081

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

11. CONTINGENCY

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro electric commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim states that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1) (b) of the Criminal Code.

The Electricity Distributors Association is undertaking the defense of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company, and as such no potential liability has been recognized.

12. SHARE CAPITAL

	2004	2003
Authorized		
Unlimited common shares		
Issued		
2,000 common shares	\$ 23,523,425	\$ 23,523,425

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items

	2004	2003
Accounts receivable	\$ (504,738)	\$ (481,430)
Accounts receivable – unbilled revenue	(742,091)	1,188,282
Due from Chatham-Kent Utility Services	32,447	6,187,273
Inventories	63,844	(25,262)
Prepaid expenses	(5,624)	(11,789)
Due to Municipality of Chatham-Kent	3,236,306	(7,554,424)
Accounts payable and accrued liabilities	1,796,666	1,334,534
Tax payable	(722,117)	878,837
Due to Chatham-Kent Energy Inc.	(2,659)	(3,273,985)
Increase in current portion of customer deposits	452,000	35,000
	\$ 3,604,034	\$ (1,722,964)

Payments in lieu of taxes of \$1,583,000 (2003 - \$259,200) and interest of \$1,696,875 (2003 - \$1,696,234) were paid during the year.

CHATHAM-KENT HYDRO INC.

Notes to the Financial Statements

December 31, 2004

14. FINANCIAL INSTRUMENTS

Fair value

The Company's recognized financial instruments consist of cash, accounts receivable, accounts payable, customer deposits and long-term debt. The values of cash, accounts receivable and accounts payable approximate their carrying amounts due to the short-term nature. As there is no secondary market for customer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practical within the constraint of cost to determine the fair value of long-term liabilities with sufficient reliability.

Credit risk

The Company is exposed to credit risk from its customers. However, the Company has a large number of diverse customers minimizing concentration of credit risk.

15. FUTURE INCOME TAXES

If the liability method of accounting for income taxes were used, a future tax asset of \$2,144,000, (2003 - \$2,715,000) would be recorded.

16. COMMITMENTS

The Company has entered into Service Level agreements with Chatham-Kent Utility Services Inc. to have them provide the services of billing, account collections, customer inquiries and meter reading as well as administrative services such as office space usage, rate submission support and accounting and budgeting support. The value for 2004 is \$ 2,730,403 (2003 - \$ 2,061,046).

The Company has entered into a joint Customer Agreement, along with Chatham-Kent Utility Services Inc., for the services of a third party related to operations of a data collection system, data storage and access to specific software and systems. Monthly payments of \$9,500 are to be paid jointly by the Company and Chatham-Kent Utility Services Inc. until June 15, 2007. Annual joint payments are \$119,940 (2003 - \$139,147).

The Company entered into an agreement with an unrelated party to perform meter reading and associated services on behalf of the Company for a period of three years beginning January 2003. The cost of this service to the company was \$ 228,735 (2003- \$ 224,985).

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current classification.

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Attachment 20
2004 Tax Returns



Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

2003

CT23 Corporations Tax and Annual Return

For taxation years
commencing after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

The Annual Return (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17, together with the applicable schedules on pages 18-21. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide)

☒ Yes ☐ No

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation)

CHATHAM-KENT HYDRO INC.

Mailing Address

120 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Has the mailing address changed since last filed CT23 Return?

☐ Yes

Date of Change

year month day

Registered/Head Office Address

120 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Location of Books and Records

120 QUEEN STREET

P.O. BOX 70

CHATHAM

ON CA N7M-5K2

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

JOIM HOGAN

519-352-6300

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

ON CA

Former Corporation Name (Extra-Provincial Corporations only)

☒ Not Applicable

(MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s)

0

If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).

☒ No Change

Ontario Corporations Tax Account No. (MOF)

1800232

This CT23 Return covers the Taxation Year

Start

year month day
2004-01-01

End

year month day
2004-12-31

Date of Incorporation or Amalgamation

year month day
2000-09-30

Ontario
Corporation No.
(MCBS)

1440759

Canada Customs and Revenue Agency
(formerly Revenue Canada) Business No.

If applicable, enter

894290014RC0001

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

☒ Not Applicable

Preferred Language/Langue de préférence

☒ English
anglais

☐ French
français

Ministry use



Certification (MCBS)

I certify that all information set out in the Annual Return is true, correct and complete.

Signature of Authorized Person (Print clearly or type in full)

JOIM HOGAN

Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the Corporation

Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.

CHATHAM-KENT HYDRO INC.

1800232

2004-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

☒ 1 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)

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

If applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

If applicable, enter

111269546

Specify major business activity

ELECTRICAL DISTRIBUTION

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☐ ☒

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☐ ☒

Income Tax

Allocation – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

1 Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	2,579,838.
Subtract: Charitable donations	-	1	400,000.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)	-	4	0.
Subtract: Federal Part VI.1 tax 0. X 9/3	-	5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From 704	0.
Net capital losses (page 16) 0. X inclusion rate 50.000000%	-	714	0.
Farm losses	-	From 724	0.
Restricted farm losses	-	From 734	0.
Limited partnership losses	-	From 754	0.
		10	2,179,838.
Taxable Income (Non-capital loss)			
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)	=	20	2,179,838.

Taxable Income		Number of Days in Taxation Year	
From 10 (or 20 if applicable)	2,179,838. x 30 100.0000 % X 12.5000 %	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days
	Ontario Allocation	33 0 ÷ 73	366
			= + 29 0.
From 10 (or 20 if applicable)	2,179,838. x 30 100.0000 % X 14.0000 %	Days after Dec. 31, 2003	Total Days
	Ontario Allocation	34 366 ÷ 73	366
			= + 32 305,177.
Income Tax Payable (before deduction of tax credits)	29 + 32		= 40 305,177.

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	2,579,838.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	2,179,838.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	0.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	- 53	0.
	= 54	2,179,838.
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	55	250,000.
Ontario Business Limit Calculation		
280,000 X 28 0 ÷ 366	= + 43	0.
320,000 X 31 0 ÷ 366	= + 46	0.
400,000 X 34 366 ÷ 366	= + 47	400,000.
Business Limit for Ontario purposes 43 + 46 + 47	= 44	400,000.
Income eligible for the IDSBC	From 30	100.0000 % X 56 400,000. = 60 400,000.
	**** Ontario Allocation	Least of 50, 54 or 45

Note: Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)

** Note: Adjust accordingly for a floating taxation year and use 366 for a leap year.

*** Note: For a taxation year ending before Jan. 1, 2003, use your proportion of the associated group business limit.

**** Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

CHATHAM-KENT HYDRO INC.

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies to research and development in Ontario.*Eligible Credit From **5620** OITC Claim Form *(Attach original Claim Form)* + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies to employment of eligible students.*Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.*Eligible Credit From **5899** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form
received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies to employment of eligible unemployed post secondary graduate.*No. of Graduates From **6596****194** 0Eligible Credit From **6598** Summary Schedule G + **195** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.*Eligible Credit From **6900** OBPTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies to labour relating to computer animation and special effects on an eligible production.*Eligible Credit From **6700** Claim Form Certified by Ontario Media Development Corporation*(Attach the original Claim/Certification Form with the CT23 Tax Return.)* + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies to qualifying R&D expenditures under an eligible research institute contract.*Eligible Credit From **7100** OBRITC Claim Form *(Attach original Claim Form)* + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.*Eligible Credit From **7300** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form
received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies to qualifying labour expenditures of eligible products for the taxation year.*Eligible Credit From **7400** Claim Form certified by Ontario Media Development Corporation*(Attach original Claim/Certification Form.)* + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies to qualifying expenditures in respect of eligible Canadian sound recordings.*Eligible Credit From **7500** OSRTC Claim Form *(Attach both the original Claim Form and the Certification Form)* + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss *(amount cannot be negative)* = **230** 305,177.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the
CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce
income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

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Corporate Minimum Tax (CMT)**Determination of Applicability**

Applies if either Total Assets **[249]** exceeds \$5,000,000 **or** Total Revenue **[250]** exceeds \$10,000,000.

* These amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

Short Taxation Years - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

Associated Corporation - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

Total Assets of the corporation + **[240]** 69,193,905.
Total Revenue of the corporation + **[241]** 72,385,102.

If you are a member of an associated group (x) **[242]** ☒ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets	* Total Revenue
See attached			+ [243] 28,419,809.	+ [244] 5,735,126.
			+ [245]	+ [246]
			+ [247]	+ [248]
Aggregate Total Assets	[240] + [243] + [245] + [247] , etc.		= [249] 97,613,714.	
Aggregate Total Revenue	[241] + [244] + [246] + [248] , etc.			= [250] 78,120,228.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on **Pages 18, 19 and 20 of CT23**.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable CMT Base From **[2135]** 2,342,468. X From **[30]** 100.0000% X 4.0000% = **[276]** 93,699.
If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - **[277]** 0.

Subtract: Income Tax - From **[190]** 305,177.

Net CMT Payable (If negative, enter Nil on Page 17.) = **[280]** 0.

If **[280]** is less than zero and you do not have a CMT credit carryover, transfer **[230]** from **Page 7 to Income tax Summary, on Page 17**.

If **[280]** is less than zero and you have a CMT credit carryover, complete A & B below.

If **[280]** is greater than or equal to zero, transfer **[230]** to **Page 17** and transfer **[280]** to **Page 17, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 20**.

CMT Credit Carryover available From **[2307]** 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **[190]** 305,177.

Gross CMT Payable + From **[276]** 93,699.

Subtract: Foreign Tax Credit for CMT purposes - From **[277]** 0.

If **[276]** - **[277]** is negative, enter NIL in **[290]** = **[290]** 93,699.

Income Tax eligible for CMT Credit = **[300]** 211,478.

B. Income Tax (after deduction of specified credits) + From **[230]** 305,177.

Subtract: CMT credit used to reduce income taxes - **[310]** 0.

Income Tax = **[320]** 305,177.

Transfer to page 17

A & B apply, [310] cannot exceed the lesser of [230], [300] and your CMT credit carryover available [2307].

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2307].

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Capital Tax (Refer to Guide and Int.B. 3011)

Our corporation is a Financial Institution (s.58(2)), complete lines **480** and **430** on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in **480** and **430** are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in **480** and **430** are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital Tax for the taxation year. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in **550** on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If

Investment Allowance is claimed, Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	+	350	23,523,425.
Retained earnings (if deficit, deduct) (Int.B. 3012)	±	351	4,726,800.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)	+	352	0.
Loans and advances (Attach schedule) (Int.B. 3013)	+	353	29,165,034.
Bank loans (Int.B. 3013)	+	354	0.
Bankers acceptances (Int.B. 3013)	+	355	0.
Bonds and debentures payable (Int.B. 3013)	+	356	0.
Mortgages payable (Int.B. 3013)	+	357	0.
Lien notes payable (Int.B. 3013)	+	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	+	359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	+	360	2,234,049.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	+	361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	+	362	0.
Subtotal	=	370	59,649,308.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	-	371	2,752,237.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	-	372	0.
Total Paid-up Capital	=	380	56,897,071.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	-	381	0.
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	-	382	0.
Net Paid-up Capital	=	390	56,897,071.

Eligible Investments (Refer to Guide and Int.B. 3015)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	402	0.
*Mortgages due from other corporations	+	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+	404	0.
Loans and advances to unrelated corporations	+	405	0.
able loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+	406	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	407	0.
Total Eligible Investments	=	410	0.

continued on Page 10

(LATHAM-KENT HYDRO INC.
(Corp. Tax Acct. No. : 1800232

Year Ended:

Attached Sch.
2004-12-31

CT23 Line 360 - Reserves

Employee Future Benefits	672,678.00
Regulatory Revenue Payable	294,850.00
Provision for Asset Retirement	39,000.00
Regulatory Asset Provision	846,579.00
Regulatory Asset Recovery Reserve	380,942.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	----- 2,234,049.00 =====

CHATHAM-KENT HYDRO INC.

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Capital Tax *continued from Page 9***Total Assets** (Int.B. 3015)

Total Assets per balance sheet	+	420	69,193,905.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	69,193,905.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	2,752,237.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	66,441,668.

Investment Allowance (410 ÷ 450) × 390	Not to exceed 410	=	460	0.
Taxable Capital 390 - 460		=	470	56,897,071.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	72,385,102.
Total Assets (as adjusted)	From 430	69,193,905.

Calculation of Capital Tax for all corporations except Financial Institutions*Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.**(Financial Institutions use calculations on page 13.)***Important:**

If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

OR

If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.

OR

If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: if the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.

SECTION A

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

SECTION B

This section applies if the corporation is NOT a member of an associated group and/or partnership.

B1.	If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
B2.	If taxable capital, 470 on page 10, is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
B3.	If taxable capital, 470 on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount From 523 to 543 on page 12, and complete the return from that point.

+	From 470	0.					
-		0.					
=	471	0.	×	From 30	100.0000%	×	.3000% × 555 366
					Ontario Allocation		** 366
							(366 if leap year)
							Transfer to 543 on page 12 and complete the return from that point

**** If floating taxation year, refer to Guide.***continued on Page 11*

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Capital Tax Calculation *continued from Page 10***SECTION C**

This section applies **ONLY** to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either **509** or **524** and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

C1. ☐ **509** (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.

If taxable capital **470** on page 10 is \$5,000,000 or less, enter NIL in **550** on page 12 and complete the return from that point.

If taxable capital **470** on page 10 exceeds \$5,000,000 proceed to **Section D**, enter \$5,000,000 in **542** Section D, and complete Section D and the return from that point.

C2. ☒ **524** (X if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.

If the taxation year ends before January 1, 2003, you must complete the *Calculation* below.

If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do NOT complete this calculation if ss.69(2.1) election is filed

Taxable Capital From **470** on page 10 + From **470** 56,897,071.

Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada
(if insufficient space, attach schedule)

Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

Taxable Capital

See attached

+ **531** 4,166,852.+ **532**+ **533**

Aggregate Taxable Capital **470** + **531** + **532** + **533**, etc. = **540** 61,063,923.

If **540** above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in **523** in section D on page 12, as applicable.

If **540** above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From **470** 56,897,071. + From **540** 61,063,923. x 5,000,000 = **541** 4,658,812.

Transfer to **542** in Section D on page 12

S.s.69(2.1) Election Filed

☐ **591** (X if applicable) Election filed. Attach a copy of the election with this CT23 Return.
Proceed to **Section E** on page 12.

continued on Page 12

Capital Tax Calculation *continued from Page 11*

SECTION D

This section applies if the corporation is a member of an associated group and/or partnership whose total AGGREGATE taxable capital, 540 on page 11, exceeds \$5,000,000.

Complete the following calculation and transfer the amount From **523** to **543**, and complete the return from that point.

[illegible]

SECTION E

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

$$+ \text{ From } 470 \text{ } 0. \times \text{ From } 30 \text{ } 100.0000\% \times 3000\% \dots = + 581 \text{ } 0.$$

Ontario Allocation

Capital tax deduction From **995** relating to *your corporation's* capital tax deduction, on ss.69(2.1) election form From **995** **0**
= **562** **0**

Capital Tax 562 0.

x Days in taxation year

555 366

.. 366

(366 if leap year)

= 563 0.

Transfer to 543 and complete the return from that point

if floating taxation year, refer to Guide.

Capital Tax before application of specified credits	=	543	156,715.
Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)	-	546	0.
Capital Tax 543 - 546 (amount cannot be negative)	=	550	156,715.

Transfer to Page 17

CHATHAM-KENT HYDRO INC.

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Capital Tax continued from Page 12**Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

I.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

$$\begin{array}{l}
 \text{565 } 0. \times 0.6\% \times \text{From } 30 \text{ Ontario Allocation} \times \frac{\text{Days in taxation year}}{555 \div 0 \div 0 \text{ (366 if leap year)}} = + 569 0. \\
 \text{Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1}
 \end{array}$$

$$\begin{array}{l}
 \text{570 } 0. \times \text{571 } 0.00\% \times \text{From } 30 \text{ Ontario Allocation} \times \frac{\text{Days in taxation year}}{555 \div 0 \div 0 \text{ (366 if leap year)}} = + 574 0. \\
 \text{Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount} \quad \text{Capital Tax Rate (Refer to Guide)}
 \end{array}$$

Capital Tax for Financial Institutions – other than Credit Unions (before Section II)

$$569 + 574 = 575 0.$$

**** If floating taxation year, refer to Guide.****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.)

$$\text{Allowable Credit for Eligible Investments} = 585 0.$$

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

$$\text{Capital Tax – Financial Institutions } 575 - 585 = 586 0.$$

Transfer to 543 on Page 12

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

$$(1) \text{ Uninsured Benefits Arrangements } 587 0. \times 2\% = 588 0.$$

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588.)

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} = 589 0.$$

$$\text{Premium Tax } 588 - 589 = 590 0.$$

Transfer to page 17

CHATHAM-KENT HYDRO INC.

1800232

2004-12-31

DOLLARS ONLY

concile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1

± 600 2,579,838.

Transfer to Page 15

Add:

Federal capital cost allowance	+	601	2,596,146.
Federal cumulative eligible capital deduction	+	602	83,324.
Ontario taxable capital gain	+	603	0.
Federal non-allowable reserves. Balance beginning of year	+	604	1,468,848.
Federal allowable reserves. Balance end of year	+	605	134,967.
Ontario non-allowable reserves. Balance end of year	+	606	1,988,074.
Ontario allowable reserves. Balance beginning of year	+	607	154,633.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	608	0.
Federal resource allowance	+	609	0.
Federal depletion allowance	+	610	0.
Federal foreign exploration and development expenses	+	611	0.

Management fees, rents, royalties and similar payments to non-arm's length non-residents

Number of Days in Taxation Year

Days after Sept. 30, 2001 and before Jan. 1, 2004 Total Days

612 0. X 5 ÷ 12.5000 X 33 0 ÷ 73 366 = + 633 0.

Days after Dec. 31, 2003 Total Days

612 0. X 5 ÷ 14.0000 X 34 366 ÷ 73 366 = + 634 0.

Total add-back amount for Management fees, etc. 633 + 634 = 0. + 613 0.

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 schedule 161 + 615 0.

Add any negative amount in 473 from Ont. CT23 Schedule 161 + 616 0.

Federal allowable business investment loss + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) + 614 0.

Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614 = 6,425,992. 640 6,425,992.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+	650	2,596,146.
Ontario cumulative eligible capital deduction	+	651	83,324.
Federal taxable capital gain	+	652	0.
Ontario non-allowable reserves. Balance beginning of year	+	653	1,468,848.
Ontario allowable reserves. Balance end of year	+	654	134,967.
Federal non-allowable reserves. Balance end of year	+	655	1,988,074.
Federal allowable reserves. Balance beginning of year	+	656	154,633.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+	657	0.
Ontario depletion allowance	+	658	0.
Ontario resource allowance	+	659	0.
Ontario current cost adjustment (Attach schedule)	+	661	0.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+	674	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+	675	0.
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675		681	6,425,992.

Transfer to Page 15

continued on Page 15

CHATHAM-KENT HYDRO INC.

1800232

2004-12-31

DOLLARS ONLY

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Continued from Page 14

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From + **600** 2,579,838.

Total of Additions From = **640** 6,425,992.

Sub Total of deductions on page 14 From = **681** 6,425,992.

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

From **662** 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA
 From **662** 0. x $\frac{100}{100.0000}$ - From **662** 0. = **663** 0.
 From **30** 100.0000
 Ontario Allocation

Workplace Child Care Tax Incentive

Qualifying expenditures: **665** 0. x 30.00% x $\frac{100}{100.0000}$ = **666** 0.
 From **30** 100.0000
 Ontario Allocation

Workplace Accessibility Tax Incentive

Qualifying expenditures: **667** 0. x 100.00% x $\frac{100}{100.0000}$ = **668** 0.
 From **30** 100.0000
 Ontario Allocation

Number of

Employees accommodated **669** 0.

Ontario School Bus Safety Tax Incentive (OSBSTI) (Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures: **670** 0. x 30.00% x $\frac{100}{100.0000}$ = **671** 0.
 From **30** 100.0000
 Ontario Allocation

Educational Technology Tax Incentive (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures: **672** 0. x 15.00% x $\frac{100}{100.0000}$ = **673** 0.
 From **30** 100.0000
 Ontario Allocation

Ontario allowable business investment loss + **678** 0.

Ontario Scientific Research Expenses claimed in year in **477** + **679** 0.
 from Ont. CT23 Schedule 161

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003) + **677** 0.

Total of other deductions allowed by Ontario (Attach schedule) + **664** 0.

Total of Deductions **681** + **663** + **666** + **668** + **671** + **673** + **678** + **679** + **677** + **664** .. = 6,425,992. **680** 6,425,992.

Net income (loss) for Ontario Purposes **600** + **640** - **680** = **690** 2,579,838.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
	0	0	0	0	0	0
Add:						
Current year's losses (7)	701	711	721	731	741	751
	0	0	0	0	0	0
Losses from predecessor corporations (3)	702	712	722	732		752
	0	0	0	0		0
Subtotal	703	713	723	733	743	753
	0	0	0	0	0	0
Subtract:						
Utilized during the year to reduce taxable income	704 (2)	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
	0	0	0	0	0	0
Expired during the year	705		725	735	745	
	0		0	0	0	
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	
	0	0	0	0	0	
Subtotal	707	717	727	737	747	757
	0	0	0	0	0	0
Balance at End of Year	709 (8)	719	729	739	749	759
	0	0	0	0	0	0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year				850	870
				0	0
801 8th preceding taxation year				851	871
				0	0
802 7th preceding taxation year				852	872
				0	0
803 6th preceding taxation year	820	830	840	853	873
	0	0	0	0	0
804 5th preceding taxation year	821	831	841	854	874
	0	0	0	0	0
805 4th preceding taxation year	822	832	842	855	875
	0	0	0	0	0
806 3rd preceding taxation year	823	833	843	856	876
2001-12-31	0	0	0	0	0
807 2nd preceding taxation year	824	834	844	857	877
2002-12-31	0	0	0	0	0
808 1st preceding taxation year	825	835	845	858	878
2003-12-31	0	0	0	0	0
809 Current taxation year	826	836	846	859	879
2004-12-31	0	0	0	0	0
Total	829	839	849	869	889
	0	0	0	0	0

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.

- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.

- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance.**

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding	901 0	921 0	931 0	941 0
ii) 2nd preceding	902 0	922 0	932 0	942 0
iii) 1st preceding	903 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	305,177.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	156,715.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	461,892.
Subtract: Payments	- 960	1,113,970.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify) Fed Allocation	-	-483,424.
Balance	= 970	-168,654.
If payment due	Enclosed *	990 0.
Overpayment: Refund (Refer to Guide)	= 975	0.
Apply to	2005-12-31 980	168,654.
(Includes credit interest)		

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the Minister of Finance and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

JIM HOGAN

Title

CHIEF FINANCIAL OFFICER

Full Residence Address

Signature

Date

2005-05-31

Note: Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.

(LATHAM-KENT HYDRO INC.

Corp. Tax Acct. No. : 1800232

Year Ended:

Attached Sch.

2004-12-31

Tax / Accounting Adjustments (CT23 line 371)

[illegible]

Total	2,752,237.00
	=====

Attached Sch.
2004-12-31

CT23 Line 360 - Reserves

[illegible]

Total	2,234,049.00
	=====

CHATHAM-KENT HYDRO INC.

1800232

2004-12-31

Corporate Minimum Tax - Schedule A: Calculation of CMT Base



DOLLARS ONLY

Bank - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± [2100] 1,481,585.

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes / benefit of current income taxes	..... +	[2101]	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	..... +	[2102]	0.
Equity income from corporations	..... +	[2103]	0.
Share of partnership(s)/joint venture(s) income	..... +	[2104]	0.
Dividends received/receivable deductible under fed.s.112	..... +	[2105]	0.
Dividends received/receivable deductible under fed.s.113	..... +	[2106]	0.
Dividends received/receivable deductible under fed.s.83(2)	..... +	[2107]	0.
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1)	..... +	[2108]	0.
			0. X 9/3
Subtotal	=	[2109]	0.

Add (to extent reflected in net income/loss):

Provision for current taxes / cost of current income taxes	..... +	[2110]	860,883.
Provision for deferred income taxes (debts) / cost of future income taxes	..... +	[2111]	0.
Equity losses from corporations	..... +	[2112]	0.
Share of partnership(s)/joint venture(s) losses	..... +	[2113]	0.
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	..... +	[2114]	0.
Subtotal	=	[2115]	860,883.

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85	..... +	[2116]	0.	or -	[2117]	0.
** Fed.s.85.1	..... +	[2118]	0.	or -	[2119]	0.
** Fed.s.97	..... +	[2120]	0.	or -	[2121]	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	..... +	[2122]	0.	or -	[2123]	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	..... +	[2124]	0.	or -	[2125]	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	..... +	[2126]	0.	or -	[2127]	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	..... -	[2150]	0.			

Subtotal (Additions)	=	0.	+	[2128]	0.
Subtotal (Subtractions)	=	0.	-	[2129]	0.

** Other adjustments ± [2130] 0.

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130] = [2131] 2,342,468.

** Share of partnership(s)/joint venture(s) adjusted net income/loss ± [2132] 0.

Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.) = [2133] 2,342,468.

Deduct: * CMT losses: pre-1994 Loss	..... +	From [2210]	0.
* CMT losses: other eligible losses	..... +	[2211]	0.
	=	0.	[2134] 0.

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this tax return.

CMT Base = [2135] 2,342,468.

Transfer to CMT Base on Page 8

CHATHAM-KENT HYDRO INC.

1800232

2004-12-31

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2)	.....	+	2201	.....	0.
Add:					
Current year's losses	.....	+	2202	.....	0.
Losses from predecessor corporations on amalgamation (3)	.....	+	2203	.....	0.
Losses from predecessor corporations on wind-up (3)	.....	+	2204	.....	0.
Amalgamation (x) 2205 <input type="checkbox"/> Yes	Wind-up (x) 2206 <input type="checkbox"/> Yes				
Subtotal	.....	=		.....	0.
Adjustments (attach schedule)	.....	±	2208	.....	0.
CMT losses available	2201 + 2207 ± 2208			.....	0.
Subtract:					
Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	.....	0.
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	2211	.....	0.
Losses expired during the year	.....	+	2212	.....	0.
Subtotal	.....	=		.....	0.
Balances at End of Year (5)	2209 - 2213			.....	0.

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income **2133** and CMT losses available **2209**.

(5) Amount in **2214** must equal sum of **2270** + **2290**.

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year	2260	2280
		0	0
2241	8th preceding taxation year	2261	2281
		0	0
2242	7th preceding taxation year	2262	2282
		0	0
2243	6th preceding taxation year	2263	2283
		0	0
2244	5th preceding taxation year	2264	2284
		0	0
2245	4th preceding taxation year	2265	2285
		0	0
2246	3rd preceding taxation year	2266	2286
	2001-12-31	0	0
2247	2nd preceding taxation year	2267	2287
	2002-12-31	0	0
2248	1st preceding taxation year	2268	2288
	2003-12-31	0	0
2249	Current taxation year	2269	2289
	2004-12-31	0	0
Totals		2270	2290
		0	0

The sum of amounts **2270** + **2290**
must equal amount in **2214**.

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1)

+ 2301 0.

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL)

+ From 280 0.

CMT Credit Carryovers from predecessor corporations (2)

+ 2302 0.

Amalgamation (x) 2303 Yes Wind-up (x) 2304 Yes

Subtotal

= 0. + 2305 0.

Adjustments (Attach schedule)

± 2306 0.

CMT credit carryover available

2301 + 2305 ± 2306

= 2307 0.

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8)

+ From 310 0.

CMT Credit expired during the year

+ 2308 0.

Subtotal

= 0. - 2309 0.

Balance at End of Year (3)

2307 - 2309

= 2310 0.

Notes:

(1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))

(2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))

Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year	2360	2380
		0	0
2341	8th preceding taxation year	2361	2381
		0	0
2342	7th preceding taxation year	2362	2382
		0	0
2343	6th preceding taxation year	2363	2383
		0	0
2344	5th preceding taxation year	2364	2384
		0	0
2345	4th preceding taxation year	2365	2385
		0	0
2346	3rd preceding taxation year	2366	2386
	2001-12-31	0	0
2347	2nd preceding taxation year	2367	2387
	2002-12-31	0	0
2348	1st preceding taxation year	2368	2388
	2003-12-31	0	0
2349	Current taxation year	2369	2389
	2004-12-31	0	0
Totals		2370	2390
		0	0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Calculation of Tax Rates for the

Incentive Deduction for Small Business Corporations (IDSBC)
(Small Business Tax Credit) (S.41)
Surtax on Canadian-controlled Private Corporations (s.41.1)

1. Calculation of IDSBC Rate

Number of Days In Taxation Year

Days after December 31, 1998 and before January 1, 2000					
7.00%	x	0	/	Total Days 366	= .0000%
Days after Dec 31, 1999 and before Jan 1, 2001					
7.50%	x	0	/	Total Days 366	= .0000%
Days after Dec 31, 2000 and before Oct 1, 2001					
7.50%	x	0	/	Total Days 366	= .0000%
Days after Sept 30, 2001 and before Jan 1, 2003					
6.50%	x	0	/	Total Days 366	= .0000%
Days after Dec 31, 2002 and before Jan 1, 2004					
7.00%	x	0	/	Total Days 366	= .0000%
Days after Dec 31, 2003					
8.50%	x	366	/	Total Days 366	= 8.5000%
IDSBC Rate for the Taxation Year					= 8.5000%
					=====

2. Calculation of Specified Rate for Surtax

Number of Days In Taxation Year

4.67%	x	Days after Dec 31, 1998 and before Jan 1, 2000 0	/	Total Days 366	=	.0000%
5.00%	x	Days after Dec 31, 1999 and before Jan 1, 2001 0	/	Total Days 366	=	.0000%
5.00%	x	Days after Dec 31, 2000 and before Oct 1, 2001 0	/	Total Days 366	=	.0000%
4.3330%	x	Days after Sept 30, 2001 and before Jan 1, 2003 0	/	Total Days 366	=	.0000%
4.6670%	x	Days after Dec 31, 2002 and before Jan 1, 2004 0	/	Total Days 366	=	.0000%
4.6670%	x	Days after Dec 31, 2003 366	/	Total Days 366	=	4.6670%
Specified Rate of Surtax for the Taxation Year					=	4.6670%
						=====

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	1800232	2004-12-31

[illegible]



1. Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HATHAM-KENT HYDRO INC.	1800232	2004-12-31

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

Total	=	29,165,034
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Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Ontario Charitable Donations and Gifts
Schedule 2 page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	1800232	2004-12-31

■ For use by a corporation to claim any of the following:

- Charitable donations;
- Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.

■ The donations and gifts are eligible for a five year carry-forward.

■ Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).

■ File one completed copy of this schedule with your CT23.

Part 1 - Charitable Donations

Charitable Donations at end of preceding taxation year	.....	+		0	A
Deduct: Donations expired after 5 taxation years	.....	-		0	B
Charitable donations at beginning of taxation year	.....	=		0	C
Add: Donations transferred on amalgamation or wind-up of subsidiary	.....	+		0	D
Total current year charitable donations made	.....	+		400,000	E
Subtotal D + E	.....	=		400,000	F
Total donations available C + F	.....	=	+	400,000	G
Deduct: Amount applied against taxable income (amount T)	.....	-		400,000	T
Charitable donations closing balance	.....	=		0	H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75% = 1,934,879 I

Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Ontario taxable capital gains arising in respect of gifts of capital property + 0 J

Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA + 0 K

Add the lesser of:

1. The amount of the recapture of capital cost allowance in respect of charitable gifts 0 L

2. The lesser of:

2a. Proceeds of dispositions less outlays and expenses 0 M

2b. The capital cost 0 N

The lesser of M and N 0 O

The lesser of L and O + 0 P

Subtotal J + K + P = 0 Q

25% X 0 R

Maximum deduction allowable I + R = 1,934,879 S

Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes) 400,000 T
Enter in 1 of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	1800232	2004-12-31

Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year	..... +	0
Deduct: Gifts expired after 5 years	..... -	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	..... +	0
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income <u>2</u> of the CT23	..... -	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	..... =	0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
Total gifts to Her Majesty in right of Ontario	..... =	0

Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario 2,179,838 **U**
 - Lesser of:**
 - Ontario Net Income for the taxation year 2,579,838 **V**
 - Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation 0 **W**
- The lesser of V and W 0 **X**
- Maximum deduction allowable the lesser of U and X** 0 **Y**

Transfer to 2 of the CT23

Part 5 - Gifts to Canada or a province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	..... +	0
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	..... -	0
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	..... =	0
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts to Canada or a province other than Ontario closing balance	..... =	0

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	1800232	2004-12-31

Part 6 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year	..... +	0
Deduct: Gifts of certified cultural property expired after five years	..... -	0
Gifts of certified cultural property at the beginning of the taxation year	..... =	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts of certified cultural property	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts of certified cultural property closing balance	..... =	0

Part 7 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	..... +	0
Deduct: Gifts of certified ecologically sensitive land expired after five years	..... -	0
Gifts of certified ecologically sensitive land at the beginning of the taxation year	..... =	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts of certified ecologically sensitive land	..... +	0
Subtotal	..... =	0
Deduct: Amount applied against taxable income	..... -	0
Gifts of certified ecologically sensitive land closing balance	..... =	0

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2003-12-31	0	0	0	0	0
2002-12-31	0	0	0	0	0
2001-12-31	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	0	0	0	0	0

Ministry of Finance
Corporations Tax Branch
PO Box 620
3 King Street West
Toronto ON M5H 8E9

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class	Ontario	Cost of	Net	Proceeds	Ontario	50% rule	Reduced	CCA	Recapture	Terminal	Ontario	Ontario
Number	unde-	acquisitions	adjustments	of	unde-	(1/2 of	unde-	rate	of	loss	capital	unde-
	preciated	during the	(show	dispositions	preciated	the amount,	preciated	%	capital		cost	preciated
	capital	year (new	negative	during the	capital	if any, by	capital		cost		allowance	capital
	cost at the	property	amounts in	year	cost	which the	cost		allowance		(column 8	cost
	beginning	must be	brackets)	(amount	(column 2	net cost	(column 6				multiplied	at the end
	of the year	available		not to	plus	of	minus				by	of the year
	(unde-	for use)		exceed	column 3	acquisitions	column 7)				column 9;	(column 6
	preciated			the capital	or minus	exceeds					or a lower	minus
	capital			cost)	column 4	column 5)					amount)	column 12)
	cost at the				minus							
	end of the				column 5)							
	prior year's											
	CCA	See note 1				See note 2						
	schedule)	below				below						
1	42,321,519	3,203,031	0	16,974	45,507,576	1,593,028	43,914,548	4	0	0	1,756,582	43,750,994
8	1,540,231	33,713	0	1,000	1,572,944	16,356	1,556,588	20	0	0	311,318	1,261,626
10	1,323,089	508,943	0	107,010	1,725,022	200,966	1,524,056	30	0	0	457,217	1,267,805
17	356,613	0	0	0	356,613	0	356,613	8	0	0	28,529	328,084
12	0	80,000	0	0	80,000	40,000	40,000	100	0	0	40,000	40,000
9	0	20,000	0	0	20,000	10,000	10,000	25	0	0	2,500	17,500
total	45,541,452	3,845,687	0	124,984	49,262,155	1,860,350	47,401,805		0	0	2,596,146	46,666,009 ✓

Ministry of Finance
 Corporations Tax Branch
 O Box 620
 3 King Street West
 Shawwa ON L1H 8E9

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class	Ontario	Cost of	Net	Proceeds	Ontario	50% rule	Reduced	CCA	Recapture	Terminal	Ontario	Ontario
Number	unde-	acquisitions	adjustments	of	unde-	(1/2 of	unde-	rate	of	loss	capital	unde-
	preciated	during the	(show	dispositions	preciated	the amount,	preciated	%	capital		cost	preciated
	capital	year (new	negative	during the	capital	if any, by	capital		cost		allowance	capital
	cost at the	property	amounts in	year	cost	which the	cost		allowance		(column 8	cost
	beginning	must be	brackets)	(amount	(column 2	net cost	(column 6				multiplied	at the end
	of the year	available		not to	plus	of	minus				by	of the year
	(unde-	for use)		exceed	column 3	acquisitions	column 7)				column 9;	(column 6
	preciated			the capital	or minus	exceeds					or a lower	minus
	capital			cost)	column 4	column 5)					amount)	column 12)
	cost at the				minus							
	end of the				column 5)							
	prior year's											
	CCA	See note 1				See note 2						
	schedule)	below				below						
Total	45,541,452	3,845,687	0	124,984	49,262,155	1,860,350	47,401,805		0	0	2,596,146	46,666,009
Enter in boxes [650]										[650]	[650] on the CT23	

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).
 Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.
 Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.
 Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name CHATHAM-KENT HYDRO INC.	Ontario Corporations Tax Account No. (MOF) 1800232	Taxation Year End 2004-12-31
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- 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) **1,190,345^A**

Add: Cost of eligible capital property acquired during the taxation year + **0^B**
Amount transferred on amalgamation or wind-up of subsidiary + **0^C**
Other adjustments + **0^D**
Total of B + C + D = **0** X 0.75 = **0^E**
Subtotal A + E = **1,190,345^F**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during the taxation year + **0^G**
The gross amount of a reduction in respect of a forgiven debt obligation
as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **0^H**
Other adjustments + **0^I**
Total of G + H + I = **0** X 0.75 = **0^J**
Ontario cumulative eligible capital balance F – J = **1,190,345^K**
If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **1,190,345^K** X 7.00% * = **83,324^L**
* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.
Enter amount in box **651** of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = **1,107,021^M**

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Part 2 - Amount to be included in income arising from disposition

Only complete this part if the amount at line K is negative

Amount from line K above (show as a positive amount) **0^N**

Total cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 **0¹**
Total of all amounts which reduced cumulative eligible capital
in the current or prior years under subsection 80(7) of the ITA **0²**
Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 **0³**
Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 **0⁴**
Line 3 deduct line 4 **0⁵**
Total lines 1 + 2 + 5 **0⁶**
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **0⁷**
Deduct line 7 from line 6 **0**

N - O (cannot be negative) **0^O**
Amount on line 5 **0** X 1/2 **0^P**
P - Q **0^Q**
Amount on line R **0** X 2/3 * **0^R**
Lesser of line N or line O **0^S**
Amount to be included in income S + T **0^T**

* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
CHATHAM-KENT HYDRO INC.	1800232	2004-12-31

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
1.	0	0	0	0	0
2.	0	0	0	0	0
3.	0	0	0	0	0
4.	0	0	0	0	0
5.	0	0	0	0	0
6.					
Totals	0 ^A	0 ^B	0	0	0 ^C

The total capital gains reserve at the beginning of the taxation year **A** plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary **B**, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year **C**, should also be entered on Schedule 6.

Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Additions	Deductions	Ontario balance at the end of the year \$
Reserve for doubtful debts	154,633	0	0	19,666	134,967
Reserve for undelivered goods and services not rendered	0	0	0	0	0
Reserve for prepaid rent	0	0	0	0	0
Reserve for December 31, 1995 income	0	0	0	0	0
Reserve for refundable containers	0	0	0	0	0
Reserve for unpaid amounts	0	0	0	0	0
Other tax reserves	0	0	0	0	0
Totals	154,633 ^D	0 ^E	0	19,666	134,967 ^F

The amount from D plus the amount from E should be entered in **607** of the CT23.

The amount from F should be entered in **654** of the CT23.

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
EMPLOYEE FUTURE BENEFITS	609,213	0	63,465	0		672,678
REVENUE PAYABLE	240,000	0	294,850	240,000		294,850
PROV TRANS. & RSVA COSTS	465,002	0	846,579	465,002		846,579
Asset Retirement Reserve	0	0	39,000	0		39,000
	0	0	0	0		0
	0	0	0	0		0
Reserves from Part 2	154,633	0	0	19,666		134,967
Totals	1,468,848	0	1,243,894	724,668		1,988,074

Enter in box **653** of the CT23

Enter in box **606** of the CT23

Taxable Capital of Associated Corporations

(Applicable to an associated group that has a permanent establishment in Canada)

Schedule CT21

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
ICHATHAM-KENT HYDRO INC.	1800232	2004-12-31

This schedule must be completed in determining the aggregate taxable capital of an associated group and/or partnership that has a permanent establishment (PE) in Canada.

Name of Associated Corporation (Must have a PE in Canada)	Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
CHATHAM-KENT ENERGY INC.	1800231	2004-12-31	+ 3,283,843
CHATHAM-KENT UTILITY SERVICES INC.	1800233	2004-12-31	+ 883,009
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT		2004-12-31	+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Aggregate of taxable capital =			4,166,852

Transfer to box **540** of the CT23



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

Code 0401

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055 Do not use this area

Identification

Business Number (BN) 001 894290014RC0001

Corporation's name

002 CHATHAM-KENT HYDRO INC.

Has the corporation changed its name since the last time we were notified? ... 003 1 Yes ☐ 2 No ☒

If Yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐

Address of head office

Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒

011 320 QUEEN STREET

012 P.O. BOX 70

City Province, territory, or state

015 CHATHAM

016 ON

Country (other than Canada) Postal code/ZIP code

017 018 N7M-5K2

Mailing address (if different from head office address)

Has the address changed since the last time we were notified? 020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City Province, territory, or state

025 026

Country (other than Canada) Postal code/ZIP code

027 028

Location of books and records

Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒

031 320 QUEEN STREET

032 P.O. BOX 70

City Province, territory, or state

035 CHATHAM

036 ON

Country (other than Canada) Postal code/ZIP code

037 038 N7M-5K2

040 Type of corporation at the end of the taxation year

- 1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation
- 2 ☐ Other private corporation 5 ☐ Other corporation (specify, below)
- 3 ☐ Public corporation

If the type of corporation changed during the taxation year, provide the effective date of the change 043 YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start Taxation year-end
060 2004-01-01 061 2004-12-31
YYYY/MM/DD YYYY/MM/DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If Yes, give the date control was acquired 065 YYYY/MM/DD

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒
Amalgamation? 071 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐ If No, give the country of residence.

081
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085 1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Attachments**Financial statement information:** Use GIFI schedules 100, 125, and 141.

* We do not print these schedules.

Schedules – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

Guide item	Yes	Schedule
17 Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	160 <input checked="" type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
33 If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 <input type="checkbox"/>	
46 For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
55 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
78-81 Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202 <input checked="" type="checkbox"/>	2
32,104 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
59-76 Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
132 Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
103 i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 <input type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	213 <input checked="" type="checkbox"/>	13
61 Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
150 Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
131 Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
118 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
155 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
111 Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
121 Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232 <input type="checkbox"/>	T661
124 Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
124 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input checked="" type="checkbox"/>	36
124 Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
128 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
128 Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
129 Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
129 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
125 Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
128 For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
152 Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
153 Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
130 Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

Attachments – continued from page 2

Guide item

		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
44	Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174

Additional information

Is the corporation inactive? ☐ 280 1 Yes ☐ 2 No ☒ X

Has the major business activity changed since the last return was filed? (enter Yes for first-time filers) ☐ 281 1 Yes ☐ 2 No ☒ X

What is the corporation's major business activity? ☐ 282 _____
(Only complete if Yes was entered at line 281.)

If the major activity involves the resale of goods, indicate whether it is wholesale or retail ☐ 283 1 Wholesale ☐ 2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

<input type="checkbox"/> 284	ELECTRICAL DISTRIB.	<input type="checkbox"/> 285	100%
<input type="checkbox"/> 286		<input type="checkbox"/> 287	0%
<input type="checkbox"/> 288		<input type="checkbox"/> 289	0%

Did the corporation immigrate to Canada during the taxation year? ☐ 291 1 Yes ☐ 2 No ☒ X

Did the corporation emigrate from Canada during the taxation year? ☐ 292 1 Yes ☐ 2 No ☒ X

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL ☐ 300 2,579,838 A

Deduct:

Charitable donations from Schedule 2	<input type="checkbox"/> 311	<u>400,000</u>
Gifts to Canada, a province, or a territory from Schedule 2	<input type="checkbox"/> 312	<u>0</u>
Cultural gifts from Schedule 2	<input type="checkbox"/> 313	<u>0</u>
Ecological gifts from Schedule 2	<input type="checkbox"/> 314	<u>0</u>
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	<input type="checkbox"/> 320	<u>0</u>
Part VI.1 tax deduction from Schedule 43*	<input type="checkbox"/> 325	<u>0</u>
Non-capital losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 331	<u>0</u>
Net-capital losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 332	<u>0</u>
Restricted farm losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 333	<u>0</u>
Farm losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 334	<u>0</u>
Limited partnership losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 335	<u>0</u>
Taxable capital gains or taxable dividends allocated from a central credit union	<input type="checkbox"/> 340	<u>0</u>
Prospector's and grubstaker's shares	<input type="checkbox"/> 350	<u>0</u>
Subtotal		<u>400,000</u> B

Subtotal (amount A minus amount B) (if negative, enter "0") 2,179,838 C

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions ☐ 355 0 D

Taxable income (amount C plus amount D) ☐ 360 2,179,838

Income exempt under paragraph 149(1)(t) ☐ 370 0

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) 2,179,838 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** 2,579,838 A

Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on page 7, minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax **405** 2,179,838 B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	<u>0</u>	1
		Number of days in the taxation year	<u>366</u>			
225,000	x	Number of days in the taxation year in 2003	<u>0</u>	=	<u>0</u>	2
		Number of days in the taxation year	<u>366</u>			
250,000	x	Number of days in the taxation year in 2004	<u>366</u>	=	<u>250,000</u>	3
		Number of days in the taxation year	<u>366</u>			
300,000	x	Number of days in the taxation year after 2004	<u>0</u>	=	<u>0</u>	3.1
		Number of days in the taxation year	<u>366</u>			
Add amounts at lines 1, 2, 3, and 3.1			<u>250,000</u>		<u>4</u>	
Business limit (see notes 1 and 2 below)					410	<u>250,000</u> C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

Business limit reduction:

Amount C 250,000 x **415***** 107,353 D = 2,385,622 E

Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 0 F

..... **430** 0 G

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F
(enter amount G on line 9 of page 7)

- * Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.
- ** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) 0 x $\frac{300,000}{\text{line 4 above}}$ = 0 A

Net active business income (amount from line 400) * 2,579,838 B

Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt for Part I tax 2,179,838 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) 0 D

Amount C minus amount D (if negative, enter "0") 2,179,838 E

Amount A, B, or E above, whichever is less 0 F

Amount Z from Part 9 of Schedule 27 0 x 100/7 = 0 G

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less 0 K

Total of amounts G, H, I, J, and K 0 L

Amount F minus amount L (if negative, enter "0") 0 M

..... 0 N

Accelerated tax reduction - 7% 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 0 A

Amount A	0	x	Number of days in the taxation year in 2003	0	x 1% =	0	B
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2004	366	x 2% =	0	C
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2005	0	x 3% =	0	C.1
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2006	0	x 5% =	0	C.2
			Number of days in the taxation year	366			

Resource deduction - total of amounts B, C, C.1, and C.2
(enter amount D on line 10 of page 7)

438 0 D

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3

2,179,838 E

Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0	F
Amount QQ from Part 13 of Schedule 27			0	G
Taxable resource income from line 435 above			0	H
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0	I
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			0	J
Aggregate investment income from line 440 of page 6			0	K
Amount used to calculate the accelerated tax reduction (amount M of page 4)			0	L
Total of amounts F, G, H, I, J, K, and L			0	M

Amount E minus amount M (if negative, enter "0")

2,179,838 N

Amount N	2,179,838	x	Number of days in the taxation year in 2002	0	x 3% =	0	O
			Number of days in the taxation year	366			
Amount N	2,179,838	x	Number of days in the taxation year in 2003	0	x 5% =	0	P
			Number of days in the taxation year	366			
Amount N	2,179,838	x	Number of days in the taxation year after 2003	366	x 7% =	152,589	Q
			Number of days in the taxation year	366			

General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q
(enter amount R on line 638 of page 7)

152,589 R

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 of page 3

0 S

Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0	T
Amount QQ from Part 13 of Schedule 27			0	U
Taxable resource income from line 435 above			0	V
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0	W
Total of amounts T, U, V, and W			0	X
Amount S minus amount X (if negative, enter "0")			0	Y

Amount Y	0	x	Number of days in the taxation year in 2002	0	x 3% =	0	Z
			Number of days in the taxation year	366			
Amount Y	0	x	Number of days in the taxation year in 2003	0	x 5% =	0	AA
			Number of days in the taxation year	366			
Amount Y	0	x	Number of days in the taxation year after 2003	366	x 7% =	0	BB
			Number of days in the taxation year	366			

General tax reduction - total of amounts Z, AA, and BB
(enter amount CC on line 639 of page 7)

0 CC

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440 0 x 26 2/3% = 0 A
 (amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 0

Deduct:

Foreign investment income 445 0 x 9 1/3% = 0 B
 (amount O from Part 1 of Schedule 7) (if negative, enter "0") 0

Amount A minus amount B (if negative, enter "0") 0 C

Taxable income from line 360 on page 3 2,179,838

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from
line 632 of page 7 0 x 25/9 = 0

Foreign business income
tax credit from line 636
of page 7 0 x 3 = 0

2,179,838 x 26 2/3% = 581,290 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 482,179

Deduct: Corporate surtax from line 600 of page 7 24,414

Net amount 457,765

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year 460 6,527

Deduct: Dividend refund for the previous taxation year 465 6,527

..... 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

Total Part IV tax payable from line 360 on page 2 of Schedule 3 0

Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation 480 0

..... 0 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 0

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the taxation year

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 500,000 x 1/3 166,667 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above 0 B

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

Base amount of Part I tax – 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 **550** 828,338 **A**

Corporate surtax calculation

Base amount from line A above	<u>828,338</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>217,984</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:		
28.00% of taxable income from line 360 of page 3 <u>0</u> a	}	<u>0</u> 6
28.00% of taxed capital gains <u>0</u> b		
Part I tax otherwise payable <u>0</u> c		
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	<u>217,984</u>	7
Net amount (line 1 minus line 7)	<u>610,354</u>	8

Corporate surtax – 4.00% of the amount on line 8 **600** 24,414 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** 0 **C**

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(for a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6	<u>0</u>	i
Taxable income from line 360 on page 3	<u>2,179,838</u>	
Deduct:		
Amount on lines 400, 405, 410, or 425 of page 4, whichever is less ..	<u>0</u>	
Net amount	<u>2,179,838</u>	<u>2,179,838</u> ii

Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii **604** 0 **D**

Subtotal (add lines A, B, C, and D) 852,752 **E**

Deduct:

Small business deduction from line 430 of page 4	<u>0</u>	9
Federal tax abatement	608 <u>217,984</u>	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616 <u>0</u>	
Investment corporation deduction	620 <u>0</u>	
(taxed capital gains 624 <u>0</u>)		
Additional deduction – credit unions from Schedule 17	628 <u>0</u>	
Federal foreign non-business income tax credit from Schedule 21	632 <u>0</u>	
Federal foreign business income tax credit from Schedule 21	636 <u>0</u>	
Accelerated tax reduction from amount N of page 4	637 <u>0</u>	
Resource deduction from line 438 of page 5	<u>0</u>	10
General tax reduction for CCPCs from amount R of page 5	638 <u>152,589</u>	
General tax reduction from amount CC of page 5	639 <u>0</u>	
Federal logging tax credit from Schedule 21	640 <u>0</u>	
Federal political contribution tax credit	644 <u>0</u>	
Federal political contributions 646 <u>0</u>		
Federal qualifying environmental trust tax credit	648 <u>0</u>	
Investment tax credit from Schedule 31	652 <u>0</u>	

Subtotal 370,573 **F**

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8) 482,179 **G**

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	482,179
Part I.3 tax payable from Schedule 33, 34, or 35	704	1,245
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		483,424

Add provincial and territorial tax:Provincial or territorial jurisdiction **750** ON

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)

Provincial tax on large corporations (New Brunswick and Nova Scotia)

760	0
765	0
	0

Total tax payable **770** **483,424 A****Deduct other credits:**

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0

Allowable refund for non-resident-owned investment corporations from Schedule 26

804	0
808	0
812	0

Provincial and territorial capital gains refund from Schedule 18

Provincial and territorial refundable tax credits from Schedule 5

Royalties deductible under Syncrude Remission Order **815** 0

Tax remitted under Syncrude Remission Order

816	0
840	483,424
890	483,424

Tax instalments paid

483,424 BRefund code **894** **1** Overpayment 0

Total credits

Balance (line A minus line B) 0

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information **910** Branch number**914** Institution number **918** Account number

If the result is negative, you have an **overpayment**.
 If the result is positive, you have a **balance unpaid**.
 Enter the amount on whichever line applies.
 We do not charge or refund a difference of \$2 or less.

Balance unpaid 0

Enclosed payment **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒**Certification**

I, **950** HOGAN Last name in block letters **951** JIM First name in block letters **954** CHIEF FINANCIAL OFFICER 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 2005-05-31

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 519-352-6300

Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below

957 1 Yes ☒ 2 No ☐**958**

Name in block letters

959

Telephone number

Language of correspondence - Langue de correspondance

990 Indicate the language of your choice.
 Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒ 2 Français/French ☐

CHATHAM-KENT HYDRO INC.

Sch. 001

Account/Business No.: 894290014RC0001

Year Ended:

2004-12-31

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.

Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).

Sections, subsections, and paragraphs referred to in this schedule are from the "Income Tax Act."

- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and extraordinary items per financial statements	1,481,585 A
---	-------------

Additions:

Provision for income taxes - current	101	860,883	
Amortization of tangible assets	104	2,924,471	
Charitable donations from Schedule 2	112	400,000	
Non-deductible meals and entertainment expenses	121	4,417	
Tax reserves deducted in prior year from Schedule 13	125	154,633	
Reserves from financial statements - balance at the end of the year	126	1,988,074	

Subtotal of additions		6,332,478	6,332,478

Other Additions:**Miscellaneous Other Additions:**

600 Interest earned on prior year tax balances	290	1,719	
601 RSVA costs previously deducted	291	1,888,048	
602 Deferred regulatory asset recovery	292	380,942	

Subtotal of Other Additions	199	2,270,709	2,270,709

Total Additions	500	8,603,187	

CHATHAM-KENT HYDRO INC.

Sch. 001

Account/Business No.: 894290014RC0001

Year Ended:

2004-12-31

Deductions:

Gain on disposal of assets per financial statements	401	103,666	
Capital cost allowance from Schedule 8	403	2,596,146	
Cumulative eligible capital deduction from Schedule 10	405	83,324	
Tax reserves claimed in current year from Schedule 13	413	134,967	
Reserves from financial statements-balance at the beginning of the year	414	1,468,848	

Subtotal of Deductions		4,386,951	4,386,951

Other Deductions:**Miscellaneous Other Deductions:**

700 Current years capital taxes	390	156,322	
701 Deductible costs included in regulatory assets	391	2,961,661	

Subtotal of Other Deductions	499	3,117,983	3,117,983

Total Deductions	510		7,504,934

Net income (loss) for income tax purposes

(enter on line 300 on the T2 return)

2,579,838

=====

Attached Sch.

2004-12-31

=====

CATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:

Attached Sch.
2004-12-31

RSVA Costs Previously Deducted

Regulatory Costs Deducted in prior years
2003
2001-2002

[illegible]

Total	1,888,048.00
	=====

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CHARITABLE DONATIONS AND GIFTS

For use by corporations to claim any of the following:

- Charitable donations;
- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsections 87(1) and 88(1) of the federal "Income Tax Act."
- File one completed copy of this schedule with your "T2 Corporation Income Tax Return."
- For more information, see the "T2 Corporation Income Tax Guide."

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Foundation of Chatham-Kent Health Alliance	400,000

Subtotal	400,000
Add: Total donations of less than \$100 each	0

Total donations in current taxation year	400,000
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year.....	0 A	0	0
educt:			
Donations expired after 5 taxation years.....	0 239	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year.....	0 240	0	0
Add:			
Donations transferred on amalgamation or wind-up of subsidiary.....	0 B 250		
Total current year charitable donations made.....	400,000 C 210		

Subtotal:			
Amount B plus amount C.....	400,000	400,000 D	400,000
	=====	-----	-----

Complete if payer corporation is connected
and is either a private corporation or
a subject corporation

	E	F	G	H	I
Name of payer corporation	Non-taxable dividend under section 83	Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	Total taxable dividends paid by connected payer corporation	Dividend refund of the connected payer corporation	Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
	0	0	0	0	0
	-----	-----	-----	-----	-----
Total (enter on line 320 of the T2 return)	0	0	0	0	0
	=====	=====	=====	=====	=====

For dividends received from non-connected corporation:

Part IV tax equals: Column F x Column H / Column G

** Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

— Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (total of column I in Part 1)	0	
Deduct:		
Part IV tax payable on dividends subject to Part IV tax	320	0
Deduct:		
Current-year non-capital loss claimed to reduce Part IV tax	330	0
Non-capital losses from prior years claimed to reduce		
Part IV tax	335	0
Current-year farm loss claimed to reduce Part IV tax	340	0
Farm losses from prior years claimed to reduce Part IV tax	345	0
Total losses applied against Part IV tax		0 x 1/3 =
	=====	
Part IV tax payable (enter amount on line 712 of the T2 return)		360

— Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund

[illegible]

Part 4 - Taxable dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend

and (line 460 above), is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of

a dividend refund (From above) 460 500,000

Other dividends paid in the taxation year

(Total of 510 to 550) 0

Total dividends paid in the taxation year 500 500,000**Deduct:**Dividends paid out of capital dividend account 510 0Capital gains dividends 520 0Dividends paid on shares described in subsection 129(1.2) 530 0

Taxable dividends paid to a controlling corporation that was

bankrupt at any time in the year 540 0Deemed dividends paid on a small business development bond 550 0

Subtotal 0 0

Taxable dividends paid in the taxation year for purposes of a dividend refund 500,000

CLATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:

2004-12-31

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203] - [207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
4	42,321,519	3,203,031	0	16,974	1,593,028	4	0	0	1,756,582	43,750,994
8	1,540,231	33,713	0	1,000	16,356	20	0	0	311,318	1,261,626
10	1,323,089	508,943	0	107,010	200,966	30	0	0	457,217	1,267,805
17	356,613	0	0	0	0	8	0	0	28,529	328,084
12	0	80,000	0	0	40,000	100	0	0	40,000	40,000
9	0	20,000	0	0	10,000	25	0	0	2,500	17,500
Total	45,541,452	3,845,687	0	124,984	1,860,350		0	0	2,596,146	46,666,009

Corporate Taxprep / Taxprep des sociétés - TP-10

ATHAM-KENT HYDRO INC.

Sch. 009

Account/Business No.: 894290014RC0001 Year Ended:
RELATED AND ASSOCIATED CORPORATIONS

2004-12-31

This schedule is to be completed by a corporation having one or more of the following:

related corporation(s)

associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
ATHAM-KENT ENERGY INC.		894286012RC0001	1	0	0.00	0	0.00	0
ATHAM-KENT UTILITY SERVICES		863560967RC0001	3	0	0.00	0	0.00	0
THE CORPORATION OF THE MUNICIPAL		866337058RC0001	3	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

Corporate Taxprep / Taxprep des sociétés - TP-10

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide."
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at the end of the preceding taxation year**(if negative, enter "0") **200** 1,190,345 A**Add:** Cost of eligible capital property acquiredduring the taxation year **222** 0Other adjustments **226** 0

Subtotal (line 222 plus line 226) 0 x 0.75 = 0 B

Non-taxable portion of a non-arm's
length transferor's gain realized on
the transfer of an eligible capital
property to the corporation afterDecember 20, 2002 **228** 0 x 0.50 = 0 C

amount B minus amount C (if negative, enter "0") 0 0 D

Amount transferred on amalgamation or wind-up of subsidiary **224** 0 ESubtotal (add amounts A, D, and E) **230** 1,190,345 F**Product:** Proceeds of sale (less outlays and expenses not
otherwise deductible) from the disposition of
all eligible capital property during
the taxation year **242** 0 GThe gross amount of a reduction in respect of
a forgiven debt obligation as provided for insubsection 80(7) **244** 0 HOther adjustments **246** 0 I(add amounts G, H, and I) 0 x 0.75 = **248** 0 J**Cumulative eligible capital balance** (amount F minus amount J) 1,190,345 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

**Cumulative eligible capital for a property no longer
owned after ceasing to carry on that business** **249** 0

amount K 1,190,345

less amount from line 249 0

Current year deduction 1,190,345 x 7.00% = **250** 83,324 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 83,324 83,324 L

Cumulative eligible capital - Closing balance (amount K minus amount L)(if negative, enter "0") **300** 1,107,021 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 a positive amount)			0	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400		0	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401		0	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402		0	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408		0	4
Line 3 minus line 4 (if negative, enter "0")		0		5
Total of lines 1, 2, and 5			0	6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400			0	7
Amounts at line T from Schedule 10 ending after February 27, 2000			0	8
Subtotal (line 7 plus line 8)	409		0	9
Line 6 minus line 9 (if negative, enter "0")			0	O
Line N minus line O (if negative, enter "0")			0	P
Line 5		0	x	1/2 =
Line P minus line Q (if negative, enter "0")			0	R
Amount R		0	x	2/3 =
Amount N or amount O, whichever is less			0	T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410		0	

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CONTINUITY OF RESERVES

For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.

- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".

File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".

- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009			010
	0	0	0	0	0

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
EMPLOYEE FUTURE BENEFITS	609,213	0	63,465	0	672,678
REVENUE PAYABLE	240,000	0	294,850	240,000	294,850
PROV TRANS. & RSVA COSTS	465,002	0	846,579	465,002	846,579
Asset Retirement Reserve	0	0	39,000	0	39,000
	0	0	0	0	0
	0	0	0	0	0
Reserves From Section 2 below	154,633	0	0	19,666	134,967
Totals	1,468,848	0	1,243,894	724,668	1,988,074

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	[X]	\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[X]	154,633	0	0	19,666	134,967
Reserve for undelivered goods and services not rendered.....	[]	0	0	0	0	0
Reserve for prepaid rent.....	[]	0	0	0	0	0
Reserve for December 31, 1995 income.....	[]	0	0	0	0	0
Reserve for refundable containers.....	[]	0	0	0	0	0
Reserve for unpaid amounts.....	[]	0	0	0	0	0
Other tax reserves.....	[]	0	0	0	0	0
Totals		154,633	0	0	19,666	134,967

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS
TO ALLOCATE THE BUSINESS LIMIT**

For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.

An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the "Income Tax Act," not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation"

Column 4: Enter the business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

Date filed (do not use this area)	<div style="border: 1px solid black; padding: 2px;">025</div>	Year Month Day
Enter the calendar year to which the agreement applies	<div style="border: 1px solid black; padding: 2px;">050</div>	Year 2004

— Allocation of the business limit (cont'd)

Is this an amended agreement for the above-noted calendar year that

tended to replace an agreement previously filed by any of

the associated corporations listed below? ☐ 075 [Y/N] [N]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation)	Percentage of the business limit	Business limit allocated *
			\$	%	\$
<input type="checkbox"/> 100	<input type="checkbox"/> 200	<input type="checkbox"/> 300		<input type="checkbox"/> 350	<input type="checkbox"/> 400
CHATHAM-KENT HYDRO INC.	894290014RC0001	1	250,000	100.0000	250,000
See attached				.0000	0
				-----	-----
			Total	100.0000	250,000 A
				=====	=====

The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

*** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

CHATHAM-KENT HYDRO INC.

Sch. 023-Supp.

Account/Business No.: 894290014RC0001 Year Ended: 2004-12-31

AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7
			Business limit (before the allo- cation)	Percentage of the business limit %	Business limit allocated \$	Part I.3 Tax
Name of associated corporation [100]	Business Number of associated corporation [200]	Asso- ciation code [300]		[350]	[400]	
CHATHAM-KENT ENERGY INC.	894286012RC0001	1	250,000	.0000	0	0
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	1	250,000	.0000	0	0
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	866337058RC0001	1	250,000	.0000	0	0
TOTALS			750,000	.0000	0	0

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-10

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

Part I.3 TAX ON LARGE CORPORATIONS

This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).

Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."

Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."

Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.

No Part I.3 tax is payable for a taxation year by a corporation that was:

- 1) a non-resident-owned investment corporation throughout the year;
- 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
- 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
- 4) exempt from tax under section 149 throughout the year on all of its taxable income;
- 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
- 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.

File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.

This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation is 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	2,234,049
Capital stock (or members' contributions if incorporated without share capital)	103	23,523,425
Retained earnings	104	4,726,800
Contributed surplus	105	0
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	29,165,034
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

— Part 1 - Capital (cont'd)

The proportion of the amount, if any, by which the total of all amounts

(see note below) for the partnership of which the corporation is

a member at the end of the year exceeds the amount of the partnership's

deferred unrealized foreign exchange losses 112 0

Subtotal 59,649,308 59,649,308 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year 121 0

Any deficit deducted in computing its shareholders' equity

(including, for this purpose, the amount of any provision for

the redemption of preferred shares) at the end of the year 122 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be

regarded as being included in any of lines 101 to 112 above 123 0

The amount of deferred unrealized foreign exchange losses

at the end of the year 124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 59,649,308

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations. Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

— Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation 401 0

A loan or advance to another corporation (other than a financial institution) 402 0

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of

another corporation (other than a financial institution) 403 0

Long-term debt of a financial institution 404 0

A dividend receivable on a share of the capital stock of another corporation 405 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or

similar obligation of, a partnership all of the members of which, throughout the year,

were other corporations (other than financial institutions) that were not exempt from

tax under Part 1.3 (other than by reason of paragraph 181.1(3)(d)) 406 0

An interest in a partnership (see note 1 below) 407 0

Investment allowance for the year 490 0

— Part 2 - Investment allowance (cont'd)

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.

- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

Capital for the year (line 190)	59,649,308	C
Deduct: Investment allowance for the year (line 490)	0	D
Taxable capital for the year		
(amount C minus amount D) (if negative, enter "0")	500 59,649,308	

- Part 4 - Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

		Taxable income earned		Taxable capital employed	
		in Canada		in Canada	
Taxable capital for the year (line 500)	59,649,308 X	610	2,179,838	690	59,649,308
		Taxable income	2,179,838		

- Notes:**
- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
 - 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 4 - Taxable capital employed in Canada (cont'd)

be completed by a corporation that was a non-resident of Canada throughout the year and carried on business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year (other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)) that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)

713

0

Total deductions (add lines 711, 712, and 713)

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")

790

0

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 59,649,308

Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)

801

46,820,000

Excess of taxable capital employed in Canada over capital deduction

811

12,829,308

Year	Line 811		Number of days	Number of days in the taxation year				
Before 2004	12,829,308	x	(0 / 366)	x	.2250%	=	0	F
2004	12,829,308	x	(366 / 366)	x	.2000%	=	25,659	G
2005	12,829,308	x	(0 / 366)	x	.1750%	=	0	H
2006	12,829,308	x	(0 / 366)	x	.1250%	=	0	I
2007	12,829,308	x	(0 / 366)	x	.0625%	=	0	J

Note: The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J)

25,659 K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax as follows:

Amount K	25,659	x	Number of days in the year	365	=	0	L
			365				

Gross Part I.3 tax (amount K or L, whichever applies)

820

25,659

Account/Business No.: 894290014RC0001

Year Ended:

2004-12-31

Part 6 - Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

able capital employed in Canada (line 690 or 790, whichever applies)	59,649,308	M
uct: Capital deduction claimed for the year		
(1/5 of line 801 if the taxation year end after 2003)	9,364,000	N
Excess (amount M minus amount N) (if negative, enter "0")	50,285,308	O
Amount O 50,285,308 x .2250%		
	113,142	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 113,142 x	Number of days in the year 365				0	Q
	365					

Gross Part 1.3 tax for purposes of the unused surtax credit

(amount P or Q, whichever applies)	821	113,142
------------------------------------	-----	---------

Part 7 - Calculation of current-year surtax credit available

Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.

Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.

Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line R, whichever is less:

a) line 600 from the T2 return	0	a	
b) line 700 from the T2 return	0	b	0 R

In any other case, enter amount c or d at line S, whichever is less:

		line 690 of this schedule		
c) line 600 from the T2 return	24,414	x	59,649,308	= 24,414 c
			59,649,308	
			line 500 of this schedule	
d) line 700 from the T2 return			482,179	d 24,414 S

Current-year surtax credit available (amount R or S, whichever applies) 830 24,414

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	24,414
Less: Gross Part 1.3 tax for purposes of the unused surtax credit (line 821)	113,142
Current-year unused surtax credit (if negative, enter "0")	850 0
Enter this amount at line 600 on Schedule 37.	

— Part 9 - Calculation of net Part I.3 tax payable

Part I.3 tax (line 820)			25,659	T
Less:				
Current-year surtax credit applied				
(line 820 or 830, whichever is less)	861	24,414		
Unused surtax credit from previous years applied				
(amount from line 320 on Schedule 37)	862	0		
Subtotal (cannot be more than amount on line 820)		24,414	24,414	U
Net Part I.3 tax payable (amount T minus amount U)		870	1,245	
Enter this amount at line 704 of the T2 return.				

(LATHAM-KENT HYDRO INC.
2 count/Business No.: 894290014RC0001 Year Ended:

Attached Sch.
2004-12-31

1 ;count/Business No.: 894290014RC0001 Year Ended:

2004-12-31

Customer deposits

2,164,956.00

23,523,326.00

3,476,752.00

0.00

0.00

0.00

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0.00

29,165,034.00

II III III III III III III III III III III III III III III

(LATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:

Attached Sch.

2004-12-31

Reserves Sch 33 - Line 101

[illegible]

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

REEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

Do not file this agreement if no members of the related group have to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

— Agreement

Date filed (do not use this area) 010 Year Month Day

Is this an amended agreement? 020 [Y/N] [N]

Calendar year to which the agreement applies 030 Year 2004

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part I.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200	300	400	500
CHATHAM-KENT HYDRO INC.	894290014RC0001	46,820,000	
See attached		3,180,000	

Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		50,000,000 =====	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

CHATHAM-KENT HYDRO INC.

Account/Business No.: 894290014RC0001 Year Ended:
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp.
2004-12-31

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.

In accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
CHATHAM-KENT ENERGY INC.	894286012RC0001	3,180,000	
CHATHAM-KENT UTILITY SERVICES	863560967RC0001	0	
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT	866337058RC0001	0	
TOTAL		3,180,000	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-10

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SHAREHOLDER INFORMATION

If private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	100	200	300	400
CHATHAM-KENT ENERGY INC.	894286012RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

CHATHAM-KENT HYDRO INC.

T7B-1

Account/Business No.: 894290014RC0001

Year Ended:

2004-12-31

Schedule of Instalment Remittances

Name of Corporation Contact:

Telephone Number:

Effective
Interest DateDescription (Instalment Remittance,
Split Payment, Assessed Credit)Amount of
Credit

Allocation from Provincial Return

483,424

0

0

0

0

0

0

0

0

0

0

0

0

Total amount of instalments claimed (A)

483,424

Total instalments credited to the taxation year per T9 (B)

483,424

— TRANSFER

Account Number

Taxation
Year End

Amount

Effective
Interest Date

Description

From:

0

To:



Ministry of Finance
Corporations Tax Branch - Hydro P/L
PO Box 820
33 King Street West
Oshawa ON L1H 8E9

Keep this portion for your records

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

CHATHAM-KENT HYDRO INC.

ASSESSMENT NO. 47

Account No.	Assessment Date (year, month, day)	Page
1800232	2005/07/25	1 of 1

Tax: Federal and Provincial P/L
Assessment Interest
Total Assessment Liability

945,316.00
4,193.23CR
941,122.77

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers Sub-Total 1,113,966.99CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

1,113,966.99CR
172,844.22CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5187

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