

# T2 CORPORATION INCOME T 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.

<b>055</b>	<b>Do not use this area</b>
Toronto Hydro-Electric System Limited EB-2012-0064 Tab 5 Schedule I3 Filed: 2012 June 1 (46 pages)	

## Identification

**Business Number (BN)** ..... 001

**Corporation's name**  
002 **TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**

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 **14 CARLTON ST.**  
012  
City Province, territory, or state  
015 **TORONTO** 016 **ON**  
Country (other than Canada) Postal Code/ZIP code  
017 018 **M5B-1K5**

**Mailing address** (if different from head office address)  
Has the address changed since the last time we were notified?  
1 Yes ☐ 2 No ☒

021 **c/o ALEX SCHIAPPA**  
022 **14 CARLTON ST.**  
023  
City Province, territory, or state  
025 **TORONTO** 026 **ON**  
Country (other than Canada) Postal code/ZIP code  
027 028 **M5B-1K5**

**Location of books and records**  
031 **14 CARLTON ST.**  
032  
City Province, territory, or state  
035 **TORONTO** 036 **ON**  
Country (other than Canada) Postal Code/ZIP code  
037 038 **M5B-1K5**

**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 (please specify, below)
3 <input type="checkbox"/> Public corporation	

If the type of corporation changed during taxation year, please provide the active date of the change ..... 043  
YYYY/MM/DD

**To which taxation year does this return apply?**

Taxation year start 060 <b>2002-01-01</b> YYYY/MM/DD	Taxation year end 061 <b>2002-12-31</b> YYYY/MM/DD
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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 <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	Amalgamation? ..... 071 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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If yes, please provide Schedule 24

**Has there been a windup of a subsidiary under section 88 during the current taxation year?**  
If yes, please provide Schedule 24 ..... 072 1 Yes ☐ 2 No ☒

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

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

**Is the corporation a resident of Canada?**  
080 1 Yes ☒ 2 No ☐ If no, give the country of residence.

081  
**Is the non-resident corporation claiming an exemption under an income tax treaty?**  
If yes, please provide Schedule 91 ..... 082 1 Yes ☐ 2 No ☒

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

085

1 <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					

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

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 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 checked="" 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
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 or a province, 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 type="checkbox"/>	3
69-76	Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
	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
	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input checked="" 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?	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 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
149	Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
130	Was the corporation carrying on business in Canada while not a Canadian corporation?	220 <input type="checkbox"/>	20 *
117	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
154	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
110	Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
120	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
123	Is the corporation subject to gross Part I.3 tax?	233 <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?	236 <input checked="" type="checkbox"/>	36
123	Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
127	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
127	Is the corporation claiming a Part I tax credit?	242 <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?	243 <input type="checkbox"/>	43
128	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
124	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
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?	251 <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?	252 <input type="checkbox"/>	41
151	Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131

Corporation's name  
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Business number

Taxation year-end

2002-12-31

Attachments - continued from page 2

Guide item

Yes Schedule

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

Additional information

- Is the corporation inactive? ..... 280 1 Yes ☐ 2 No ☒
- Has the major business activity changed since the last return was filed? (enter yes for first time filers) ..... 281 1 Yes ☐ 2 No ☒
- What is the corporation's major business activity? ..... 282  
(Only complete if yes was entered at line 281.)
- If the major activity involves the resale of goods, indicate whether it is wholesale or retail ..... 283 1 Wholesale ☐ 2 Retail ☐
- Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.
- |     |                      |     |      |
|-----|----------------------|-----|------|
| 284 | ELECTRICITY 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 GIFI ..... 300 33,282,535 A
- Deduct:**
- |  |     |                   |                     |
|--|-----|-------------------|---------------------|
| Charitable donations from Schedule 2   | 311 | <u>24,769</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>33,257,766</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>33,282,535</u> | <u>33,282,535</u> B |
| Subtotal (amount A minus amount B)   |     |                   | <u>0</u> C          |
| <b>Add:</b> Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions                               | 355 | <u>0</u>          | <u>0</u> D          |
| <b>Taxable income</b> (amount C plus amount D)   | 360 | <u>0</u>          | <u>0</u>            |
| Income exempt under paragraph 149(1)(t)  | 370 | <u>0</u>          | <u>0</u>            |
| <b>Taxable income</b> 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 33,282,535 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\*\*\* 3,808,116 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) 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) \* ..... 33,282,535 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 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 L

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

Amount M 0 x  $\frac{\text{Number of days in the taxation year after December 31, 2000}}{\text{Number of days in the taxation year}}$  365 = ..... 0 N

365

**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	
<b>General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N</b>			<u>0</u> O
(enter amount O on line 638 of page 7)			

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

taxable income from line 360 or amount Z of page 3	.....	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	
<b>General tax reduction - Total of amounts H, I, J and K</b>			<u>0</u> L
(enter amount L on line 639 of page 7)			

Corporation's name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Business Number	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 **B**

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

Taxable income from line 360 on page 3 ..... 0

#### Deduct:

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

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

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

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

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

Deduct corporate surtax from line 600 of page 7 ..... 0

Net amount ..... 0 **E**

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

### Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year ..... **460** 0

Deduct dividend refund for the previous taxation year ..... **465** 0

..... 0 **A**

#### Add the total of:

Refundable portion of Part I tax from line 450 above ..... 0

Total Part IV tax payable from line 360 on page 2 of Schedule 3 ..... 0

Net refundable dividend tax on hand transferred from a predecessor  
corporation on amalgamation, or from a wound-up subsidiary corporation ..... **480** 0  
..... 0

..... 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 TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Business Number	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 **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

Subtotal ..... 0 **F**

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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

2002-12-31

## 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	4,289,355
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		4,289,355

## 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 4,289,355 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 4,283,116

Total credits 890 4,283,116 4,283,116 B

Refund code 894 1 Overpayment 0

Balance (line A minus line B) 6,239

## 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 6,239

Enclosed payment 898 6,239

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 LWCZYK 951 WANDA 954 SR VP & CFO  
 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 2003-06-30 Date (yyyy/mm/dd)  
 Signature of an authorized signing officer of the corporation

956 416-542-2676 Telephone number

the contact person the same as the authorized signing officer? If no, complete the information below

957 1 Yes ☐ 2 No ☒

958 ALEX SCHIAPPA Name in block letters

959 416-542-2826 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 ..... 62,850,090 A

**Additions:**

Provision for income taxes - current .....	<input type="checkbox"/> 101	4,270,000 ✓	
Amortization of tangible assets .....	<input type="checkbox"/> 104	✓ 114,898,501 ✓	
Loss on disposal of assets .....	<input type="checkbox"/> 111	229,284 ✓	
Charitable donations from Schedule 2 .....	<input type="checkbox"/> 112	✓ 11,594 ✓	
Non-deductible club dues and fees .....	<input type="checkbox"/> 120	✓ 24,847 ✓	
Non-deductible meals and entertainment expenses .....	<input type="checkbox"/> 121	✓ 52,480 ✓	
Non-deductible automobile expenses .....	<input type="checkbox"/> 122	✓ 371 ✓	
Reserves from financial statements - balance at the end of the year .....	<input type="checkbox"/> 126	✓ 134,621,046 ✓	

Subtotal of additions .....		254,108,123	254,108,123
-----------------------------	--	-------------	-------------

**Other Additions:****Miscellaneous Other Additions:**

<input type="checkbox"/> 290 DEBT FINANCING EXPENSES .....	<input type="checkbox"/> 290	534,688	
<input type="checkbox"/> 291 CAPITAL TAX ADJUST TO ACTUAL .....	<input type="checkbox"/> 291	1,695,055	
<input type="checkbox"/> 602 <input type="checkbox"/> 292 CAPITAL CONTRIBUTIONS RECEIVED UNDER S. 12(1) (x) .....	<input type="checkbox"/> 292	✓ 47,157,518 ✓	
Subtotal of Other Additions .....	<input type="checkbox"/> 199	49,387,261	49,387,261

<b>Total Additions</b>	<input type="checkbox"/> 500	303,495,384	303,495,384
------------------------	------------------------------	-------------	-------------

**Deductions:**

Capital cost allowance from Schedule 8 .....	<input type="checkbox"/> 403	✓ 161,913,043 ✓	
Cumulative eligible capital deduction from Schedule 10 .....	<input type="checkbox"/> 405	✓ 1,388,952 ✓	
Reserves from financial statements - balance at the beginning of the year .....	<input type="checkbox"/> 414	✓ 122,469,176 ✓	

Subtotal of Deductions .....		285,771,171	285,771,171
------------------------------	--	-------------	-------------

**Other Deductions:****Miscellaneous Other Deductions:**

<input type="checkbox"/> 700 SEC 20(1) (E) .....	<input type="checkbox"/> 390	134,250	
<input type="checkbox"/> 701 AMOUNT ELECTED UNDER S. 13(7.4) .....	<input type="checkbox"/> 391	✓ 47,157,518 ✓	
Subtotal of Other Deductions .....	<input type="checkbox"/> 499	47,291,768	47,291,768

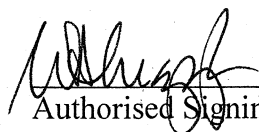
<b>Total Deductions</b>	<input type="checkbox"/> 510	333,062,939	333,062,939
-------------------------	------------------------------	-------------	-------------

<b>Income (loss) for income tax purposes</b> .....		33,282,535	
(on line 300 on the T2 return)		=====	

**Toronto Hydro Electric System Limited - 896718327RC0001**

Election under subsection 13(7.4)

The company hereby elects under subsection 13(7.4) of the Income Tax Act to reduce the capital cost of depreciable property of class 1 acquired in the taxation year by a total amount of \$47,157,518 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1)(x).



\_\_\_\_\_  
Authorized Signing Officer

Less capital tax expensed  
2002 ACTUAL

[illegible]

=====

1,695,055.00



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)
CENTRE FOR ADDICTION	10,000
WEXFORD HOCKEY CLUB	250
ELECTIONS ONTARIO	1,000
ELECTIONS ONTARIO	344
	-----
Subtotal	11,594
Add: Total donations of less than \$100 each	0
	-----
Total donations in current taxation year	11,594
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year .....	13,175 A	13,175	13,175
<b>Deduct:</b>			
Donations expired after 5 taxation years ..... [239]	0	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year ..... [240]	13,175	13,175	13,175
<b>Add:</b>			
Donations transferred on amalgamation or wind-up of subsidiary ..... [250]	0 B		
Total current year charitable donations made ..... [210]	11,594 C		
	-----		
<b>Subtotal:</b>			
Amount B plus amount C .....	11,594	11,594 D	11,594
	=====	-----	-----

	Federal		Quebec	Alberta
Donations available.....	24,769	E	24,769	24,769
<b>Deduct:</b> Amount applied against taxable income: (enter amount from line S).....	24,769	F	24,769	24,769
	-----		-----	-----
Charitable donations closing balance.....	0	G	0	0
	=====		=====	=====

## Amounts carried forward - Charitable donations

Year of origin:		Federal		Quebec		Alberta
1st prior year	-	2001	13,175		13,175	13,175
2nd prior year	-	2001	0		0	0
3rd prior year	-	2000	0		0	0
4th prior year	-	1999	0		0	0
5th prior year	-	1998	0		0	0
6th prior year *	-	1997	0		0	0
			-----		-----	-----
<b>Total (to line A).....</b>			13,175		13,175	13,175
			=====		=====	=====

\* These donations expired in the prior year.

## Part 2 - Maximum deduction calculation for donations

Net income for tax purposes * multiplied by 75%.....			24,961,901	H
			=====	
<b>Total</b> .....	225		0	I
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01).....	227		0	J
<b>Add the lesser of:</b>				
1) The amount of the recapture of capital cost allowance in respect of charitable gifts.....	230		0	K
			=====	
2) <b>The lesser of:</b>				
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
			-----	
<b>Subtotal: Amount I plus amount J plus amount O.....</b>			0	P
			=====	
Amount P multiplied by 25%.....			0	Q
			=====	
<b>Maximum deduction allowable: (amount H plus amount Q).....</b>			24,961,901	R
			=====	

For charitable donations: (not exceeding the lesser of amount E from Part 1,

a. R and net income for tax purposes)..... 24,769 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**

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
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	0
2nd prior year	2001	0	0	0
3rd prior year	2000	0	0	0
4th prior year	1999	0	0	0
5th prior year	1998	0	0	0
6th prior year *	1997	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 of the preceding taxation year . . . . .	0	0	0
<b>Deduct:</b> Gifts of certified ecologically sensitive land expired after 5 taxation years . . . . . <span style="border: 1px solid black; padding: 0 5px;">539</span>	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year . . . . . <span style="border: 1px solid black; padding: 0 5px;">540</span>	0	0	0
<b>Add:</b> Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary . . . . . <span style="border: 1px solid black; padding: 0 5px;">550</span>	0		
Total current year gifts of certified ecologically sensitive land . . . . . <span style="border: 1px solid black; padding: 0 5px;">510</span>	0		
	-----	-----	-----
Subtotal	0	0	0
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 314 of the T2 return) . . . . . <span style="border: 1px solid black; padding: 0 5px;">560</span>	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land - Closing balance . . . . . <span style="border: 1px solid black; padding: 0 5px;">580</span>	0	0	0
	=====	=====	=====

Amounts carried forward - Gifts of certified ecologically sensitive lands

Year of origin:		Federal	Quebec	Alberta
1. Prior year	2001	0	0	0
2. Prior year	2001	0	0	0
3rd prior year	2000	0	0	0
4th prior year	1999	0	0	0
5th prior year	1998	0	0	0
6th prior year *	1997	0	0	0
		-----	-----	-----
	<b>Total</b>	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		33,282,535
<b>Deduct:</b> (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
<b>Deduct:</b> (increase a loss)		
Section 110.5 - Addition for foreign tax deductions		0
		-----
Subtotal		0
<b>Add:</b> (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		48,706,178
<b>Deduct:</b> Non-capital loss expired after seven taxation years	100	0
Non-capital losses at beginning of taxation year	102	48,706,178
<b>Add:</b> Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105	0
Current-year non-capital loss (from calculation above)	110	0
		48,706,178

## 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	33,257,766	
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	33,257,766
			-----

Subtotal 15,448,412

## 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

15,448,412

=====

## 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	6,988	6,988

## Add:

Allowable business investment loss expired as non-capital loss .....	0x 4/3 .....	220	0
--	--------------	-----	---

Subtotal 6,988

## 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 6,988

## 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	6,988	
			=====	

**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	
<b>Deduct:</b> Farm loss expired after 10 taxation years .....	300	0	
Farm losses at beginning of taxation year .....	302	0	
<b>Add:</b> Farm losses transferred on amalgamation or wind-up of subsidiary corporation .....	305	0	
Current-year farm loss .....	310	0	0
<b>Deduct:</b> 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
<b>Deduct - Request to carry back farm loss to:</b>			
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**

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	48,706,178	N/A	0	N/A	33,257,766	0	15,448,412
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0 *
<b>Total</b>	<b>48,706,178</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,257,766</b>	<b>0</b>	<b>15,448,412</b>

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
2001	0	N/A	0	N/A	0	0	0
	0	N/A	0	N/A	0	0	0
	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0 *
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0
	0	N/A	0	N/A	0	N/A	0 *
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>0</b>

\* 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**  
(2000 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 <input type="checkbox"/> 100	Name of corporation <input type="checkbox"/> 105	Class of shares <input type="checkbox"/> 106	<input type="checkbox"/> 110	<input type="checkbox"/> 120	<input type="checkbox"/> 130	<input type="checkbox"/> 140	Gain (or loss) <input type="checkbox"/> 150
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
			0	0	0	0	0
			<b>Totals</b>	0	0	0	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
Dispositions 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 disposition

**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

200	210	220	230	240	250	Gain (or loss)
TORYORK LAND	2001-10-01	99,112	106,100	0	-6,988	3
-		0	0	0	0	3
-		0	0	0	0	3
-		0	0	0	0	3
-		0	0	0	0	3
		0	0	0	0	
<b>Totals</b>		99,112	106,100	0	-6,988	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					-6,988	B3

**Part 3 - Bonds**

Face value 300	Maturity date 305	Name of issuer 307	310	320	330	340	Gain (or loss) 350
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
0			0	0	0	0	0 3
			0	0	0	0	0
<b>Totals</b>			0	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
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	400	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
<b>Totals</b>			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
<b>Note:</b>	<b>Totals</b>	0	0	0	0 E
Losses are not deductible.					
					</

**Part 6 - Listed personal property**

Description	600	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
<b>Note:</b> 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.			0	0	0	0
or losses on dispositions			0	0	0	0
act: Unapplied listed personal property losses from other years			0	0	0	0
			657	658	659	655
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
<b>Totals</b>				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	
of the <b>Total</b> amounts A to F (do not include F, if the amount is a loss)	0	0	-6,988	-6,988	H
Allowable business investment losses (G1, G2, G3)	0	0	0		
	770	670	570		
Gains or losses on dispositions (including ABIL)	0	0	-6,988		
<b>Add:</b>					
Gain or loss from a partnership				0	
	775	675	575	875	
Capital gains dividend received in the year	0	0	0	0	
Capital gains reserve opening balance (from Schedule 13)	0	0	0	0	
<b>Subtotal</b>	0	0	-6,988	-6,988	
<b>Deduct:</b>					
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	
<b>Gains (or losses)</b>	0	0	-6,988	-6,988	
=====					

**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
<b>Subtotal</b> (note 2)	0	a x	.0000%	=	0 aa
Amount from line 590	-6,988	L x	50.0000%	=	-3,494 LL
<b>Total</b> (note 3)	-6,988	b		=	-3,494 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.

## 1. 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					-6,988	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	P
Amount on line O minus line 895					-6,988	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	R
Amount on line Q minus line 896					-6,988	S
If this amount is a loss, enter on line 210 of Schedule 4.						
Taxable capital gains (line S x line M or N)					0	T
Enter the amount on line 113 of Schedule 1.						



**Determining taxable capital gains and allowable business investment losses (cont'd)**

Allowable business investment loss

(line G x rate M or N)

0 U

Enter the amount on line 406 of Schedule 1.

**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

Summary of Capital Cost Allowance

Corporation electing under regulation 1101(5g)? [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	1354892290	28,864,857	-47,157,518	4,445,576	12,209,640	4	0	0	52,797,777	1279356276
8	69,791,104	7,533,801	0	0	3,766,900	20	0	0	14,711,601	62,613,304
10	28,366,174	5,095,326	0	437,237	2,329,044	30	0	0	9,208,566	23,815,697
12	33,845,324	23,462,217	0	0	11,731,108	100	0	0	45,576,433	11,731,108
17	5,735,958	1,336,427	0	0	668,213	8	0	0	512,334	6,560,051
2	650,772,061	0	0	0	0	6	0	0	39,046,324	611,725,737
13	0	211,282	0	0	105,641		0	0	21,128	190,154
WIP	0	0	118,605,776	0	0		0	0	0	118,605,776
10.1	0	129,600	0	0	64,800	30	0	0	38,880	90,720
Total	2143402911	66,633,510	71,448,258	4,882,813	30,875,346		0	0	161,913,043	2114688823

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

- Parent 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]
TORONTO HYDRO CORPORATION		896760725RC0001	1	0	0.00	0	0.00	0
TORONTO HYDRO ENERGY SERVICES		896747128RC0001	3	0	0.00	0	0.00	0
TORONTO HYDRO TELECOM INC.		863638961RC0001	3	0	0.00	0	0.00	0
1455948 ONTARIO INC.		886517614RC0001	3	0	0.00	0	0.00	0
TORONTO HYDRO STREET LIGHTING		862135316RC0001	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".

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 20,261,096 A

## Add:

Cost of eligible capital property acquired during  
the taxation year ..... 222 41,438 BAmount transferred on amalgamation or wind-up  
of subsidiary ..... 224 0 C

Other adjustments ..... 226 0 D

(add amounts B, C, and D) 41,438 x 0.75 = 31,079 E

Subtotal (amount A plus amount E) ..... 230 20,292,175 F

## Deduct:

Proceeds of sale (less outlays and expenses not otherwise deductible)  
from the disposition of all eligible capital property during  
taxation year ..... 242 600,000 GThe gross amount of a reduction in respect of a forgiven debt  
obligation as provided for in subsection 80(7) ..... 244 0 H

Other adjustments ..... 246 0 I

(add amounts G, H, and I) 600,000 x 0.75 = 450,000 J

Cumulative eligible capital balance (amount F minus amount J) ..... 19,842,175 K

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

Current year deduction ..... amount K 19,842,175 x 7.00% = 250 1,388,952 L

(enter amount L at line 405 of Schedule 1)

Cumulative eligible capital - Closing balance ..... 300 18,453,223 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**

(delete 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  $0 \times \frac{1}{2}$  ..... 0 Q

Line P minus line Q ..... 0 R

Amount on line R  $0 \times \frac{2}{3}$  \* ..... 0 S

Lesser of line N or line O ..... 0 T

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

For taxation years ending before February 28, 2000,

line N - line Q ..... 410 0\* For taxation years ending after February 27, 2000, and before October 18, 2000,  
use fraction 8/9 to calculate line S.

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS (CCPC's)**

**ALLOCATE THE BUSINESS LIMIT (1998 and later taxation years)**

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

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

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

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

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

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

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

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

**Allocation of business limit**

Date filed (for departmental use only) .....  Year Month Day

Enter the calendar year to which the agreement applies .....  Year  
2002

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

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit allocated (Note 1)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year (Notes 2 & 3)
	<div>100</div>	<div>300</div>	<div>400</div>	<div>500</div>	
TORONTO HYDRO-ELECTRIC SYSTEM		1	0		3,808,116
See attached			200,000		0
			-----		-----
	<b>Totals (not to exceed \$200,000)</b>		200,000		3,808,116
			=====		=====

**Note 1:**

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

**Note 2:**

**Reduction to the business limit under subsection 125(5.1)**

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

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

**Note 3:**

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



Sch. 023-Supp.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED      Year Ended:      2002-12-31

Account/Business No.:      2002-12-31

AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6
Name of associated corporation	Business Number of associated corporation	Association code	Business limit allocated (Note)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year
[100]	[200]	[300]	[400]	[500]	
TORONTO HYDRO CORPORATION	896760725RC0001	1	0		0
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	1	0		0
TORONTO HYDRO TELECOM INC.	863638961RC0001	1	200,000		0
1455948 ONTARIO INC.	886517614RC0001	1	0		0
TORONTO HYDRO STREET LIGHTING	862135316RC0001	1	0		0
<b>TOTALS</b>			200,000		0

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

**Reduction to the business limit under subsection 125(5.1)**

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

**Schedule 23-Supplementary**

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

## PAYMENTS TO NON-RESIDENTS

(8 and later taxation years)

- A corporation that makes payments or credits amounts to non-residents under subsection 202(1) and 105(1), of the "Income Tax Regulations" has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than \$100, you do not have to complete the information below for that payee.

Name (list each payee separately)	1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code	Payment code (See note 1)	Amount \$
DATAFAC. INC	1199 UNION MEETING ROAD PO BOX 695 BLUEBELL PA US - 19422	04	3,434
DOBLE ENGINEERING	85 WALNUT STREET WATERTOWN MA US - 02472	04	20,383
DOVICORP INTERNATIONAL	P.O. BOX 890220 DALLAS TX US - 753890220	04	7,650
ERMEK LLC	350 POWELL ROAD 923 COLUMBIA SC US - 29203	04	5,677
EXCELERGY	181 SPRING STREET LEXINGTON MA US - 02421	04	7,268
ITRON INC	4401 BLAND ROAD RALEIGH NC US - 27609	04	90,876
MAK CONSULTING	P.O. BOX 1862 IRMO SC US - 29063	04	102,142
REKADOM INCORPORATED	20 SILVER STREET WATERVILLE ME US - 04901	04	1,202,653
RISHISYS LLC	1104 GLENDEVON CIRCLE COLUMBIA SC US - 29229	04	25,522
UTILITY SYSTEMS	4 COUNTRY VIEW ROAD MALVERN PA US - 19355	04	3,143,358

SURYA VISIONS LLC

109 WILTSHIRE WAY

04

15,419

COLUMBIA

SC US - 29229

Note 1: Enter the applicable payment code in column 300:

- |                               |                                   |  |
|-------------------------------|-----------------------------------|--|
| 1 - Royalties                 | 2 - Rents                         | 3 - Management fees/commissions                              |
| 4 - Technical assistance fees | 5 - Research and development fees | 6 - Interest   |
| 7 - Dividends                 | 8 - Film payments:                | - a motion picture film, or                                  |
| 9 - Other services            |                                   | - a film or video tape for use in connection with television |

T2 SCH 29 (99)

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

**PART 1.3 TAX ON LARGE CORPORATIONS**  
**(8 and later taxation years)**

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 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 1.3 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 1.3 tax is payable for a taxation year by a corporation that was:
  - 1) a non-resident-owned investment corporation throughout the year;
  - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
  - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
  - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
  - 5) neither resident in Canada nor carried on a business through a permanent establishment in Canada at any time in the year; or
  - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" within six months of the end of the taxation year.

Filing date (for departmental use only) .....  Year Month Day

Complete the following areas to determine the amounts needed to calculate Part 1.3 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 .....	<input type="text" value="101"/>	174,479,746
Capital stock (or members' contributions if incorporated without share capital) .....	<input type="text" value="103"/>	0
Retained earnings .....	<input type="text" value="104"/>	70,189,090
Contributed surplus .....	<input type="text" value="105"/>	11,391,000
Any other surpluses .....	<input type="text" value="106"/>	527,817,000
Deferred unrealized foreign exchange gains .....	<input type="text" value="107"/>	0
All loans and advances to the corporation .....	<input type="text" value="108"/>	1,014,297,000
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations .....	<input type="text" value="109"/>	210,000,000
Any dividends declared but not paid by the corporation before the end of the year .....	<input type="text" value="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 .....	<input type="text" value="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)

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 2,008,173,836 2,008,173,836 A

**Deduct the following amounts:**Deferred tax debit balance at the end of the year ..... 121 0Any 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 0The 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 2,008,173,836**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 0A loan or advance to another corporation (other than a financial institution) ..... 402 91,794,000A bond, debenture, note, mortgage, or similar obligation of another corporation  
(other than a financial institution) ..... 403 0Long-term debt of a financial institution ..... 404 0A dividend receivable on a share of the capital stock of another corporation ..... 405 0A 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 0An interest in a partnership ..... 407 0**Investment allowance for the year** ..... 490 91,794,000**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) ..... 2,008,173,836 C

**Deduct:** Investment allowance for the year (line 490) ..... 91,794,000 D**Taxable capital for the taxation year**(amount C minus amount D) (if negative, enter "0") ..... 500 1,916,379,836

**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)	1,916,379,836	X	Taxable income earned in Canada	610	1,000	Taxable capital employed in Canada	690	1,916,379,836
			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

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 1.3 tax**

Taxable capital employed in Canada for the year

(line 690 or 790, whichever applies) . . . . . 1,916,379,836

**Deduct:** Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36) . . . . . 801 10,000,000

Excess of taxable capital employed in Canada over capital deduction . . . . . 811 1,906,379,836

**Gross Part 1.3 tax:** Line 811 1,906,379,836 x .2250% = 4,289,355 F

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

Amount F 4,289,355 x Number of days in the year 365 = 0 G

**Gross Part 1.3 tax** (amount F or G, whichever applies) . . . . . 820 4,289,355

**Part 7 - Calculation of current year surtax credits**

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

Current year surtax credit equals current year Canadian surtax payable.

**Canadian surtax payable**

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

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

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

- c) line 600 from the T2 return 0 x line 690 of this schedule  
1,916,379,836 = 0
- 1,916,379,836
- d) line 700 from the T2 return ..... 0 I
- Current year surtax credit** (amount H or I, whichever applies) ..... 830 0

=====

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

- Amount on line 830 ..... 0
- Part I.3 tax before deducting surtax credits (line 820) ..... 4,289,355 J
- Net amount** ..... -4,289,355 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. .... 4,289,355 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) .....		4,289,355	N
Deduct the following amounts:			
Current year surtax credit applied			
(the lesser of lines 820 and 830) .....	861	0	
Unused surtax credit from prior years applied .....	862	0	
		-----	
Total (cannot exceed amount on line 820)		0	0 O
		-----	
<b>Net Part 1.3 tax payable</b> (amount N minus amount O)			
Enter this amount at line 704 of the T2 return .....	870	4,289,355	
		=====	



## RESERVES NOT DEDUCTED IN COMPUTING INCOME FOR THE YEAR

OTHER POST-EMPLOYMENT BENEFITS	103,795,000.00 ✓
CUSTOMERS' ADVANCE DEPOSITS	36,567,000.00 ✓
PROVISIONS FOR ENVIRONMENTAL COSTS	3,333,000.00 ✓
ADFA      all doubtful acc't's.	22,321,110.00 X
INVENTORY RESERVE	2,935,988.00 ✓
HOLDBACKS	68,648.00 ✓
CAPITAL LEASE LIAB	5,459,000.00 ✓
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	=====
Total	174,479,746.00

1014297000.00

LOANS/ADVANCES-RELATED CORPS  
LCT/CTAXNOTE-THC 23,729,000.00  
NOTE-THESEI 48,000,000.00

DUE FROM RELATED PARTIES-THC 20,065,000.00

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

0.00

Total =====  
91,794,000.00



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.
- 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
[200]	[300]	[400]	(Note 2) [500]
-----			
TORONTO HYDRO CORPORATION	896760725RC0001	0	
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	0	
TORONTO HYDRO TELECOM INC.	863638961RC0001	0	
1455948 ONTARIO INC.	886517614RC0001	0	
TORONTO HYDRO STREET LIGHTING	862135316RC0001	0	
<b>TOTAL</b>		0	

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

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

Schedule 36 - Supplementary

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	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	200	300	400	500
TORONTO HYDRO CORPORATION	896760725RC0001		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  
PO Box 620  
33 King Street West  
Oshawa ON L1H 8E9

# Revised 2001 CT23 Corporations Tax and Annual Return

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

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. As 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

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

ALEX SCHIAPPA

14 CARLTON ST.

TORONTO

ON

CA

M5B-1K5

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule I4  
Filed: 2012 June 1  
(42 pages)

Ontario Corporations Tax Account No. (MOF)

1800235

This CT23 Return covers the Taxation Year

Start year month day  
2002-01-01

End year month day  
2002-12-31

Has address changed since last filed CT23 Return? Yes ☐

Date  
of Change

year month day

Date of Incorporation or Amalgamation

year month day  
1999-06-23

Registered/Head Office Address

14 CARLTON ST.

TORONTO

ON

CA

M5B-1K5

Ontario  
Corporation No.  
(MCBS)

1362834

Location of Books and Records

14 CARLTON ST.

TORONTO

ON

CA

M5B-1K5

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

If applicable, enter

Name of person to contact regarding this CT23 Return

ALEX SCHIAPPA

Telephone No.

416-542-2826

Fax No.

416-542-2808

Jurisdiction  
Incorporated

ONTARIO

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

(MCBS)

ON CA

If not incorporated in Ontario, indicate the  
date Ontario business activity commenced  
and ceased:

Commenced year month day

Ceased year month day

(Not Applicable)

☒

Former Corporation Name (Extra-Provincial Corporations only)

(Not Applicable)

☒

(MCBS)

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

Preferred Language/Langue de préférence

English ☒ French ☐  
anglais français

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

☒ No  
change

Ministry use



## Certification (MCBS)

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

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

WANDA LYCZYK

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.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2002-12-31

## CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation - Please "X" box(es) if applicable in sections 1 &amp; 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

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

Specify major business activity

## ENERGY 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?

☐ ☒



**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	33,282,535.
Subtract: Charitable donations	-	1	24,769.
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	-	5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From 704	33,257,766.
Net capital losses	-	From 715 (page 17)	0. X inclusion rate 50.000000% = -
Farm losses	-	From 714	0.
Restricted farm losses	-	From 724	0.
Limited partnership losses	-	From 734	0.
	-	From 754	0.
	-	10	0.
<b>Taxable Income (Non-capital loss)</b>	=		
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
<b>Adjusted Taxable Income</b> 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 11.0000 % X	31	0	+	73	365	= +	32	0.				
Ontario Allocation														
<b>Income Tax Payable</b> (before deduction of tax credits)			23	+	25	+	27	+	29	+	32	=	40	0.

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

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

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

(X) ☐ Yes ☒ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))		50	0.
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+	51	0.
Add: Losses of other years deducted for federal purposes (fed.s.111)	+	52	0.
Subtract: Losses of other years deducted for Ontario purposes (s.34)	-	53	0.
	=	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.

<b>Number of Days in Taxation Year</b>	
40,000 x	Days after Dec 31, 2000 and before Oct 1, 2001
X From 55	0 + 73 365
	= + 42 0.
80,000 x	Days after Sept 30, 2001 and before Jan 1, 2003
X From 55	365 + 73 365
	= + 43 0.
120,000 x	Days after Dec 31, 2002 and before Jan 1, 2004
From 55	0 + 73 365
	= + 46 0.
Ontario enhancement of federal business limit	42 + 43 + 46 = 0. + 44 0.
<b>Business Limit for Ontario purposes</b>	55 + 44 = 0. + 45 0.
<b>Income eligible for the IDSBC</b>	From 30 100.0000 % X 56 0. = 60 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

2002-12-31

DOLLARS ONLY

**Income Tax** *continued from Page 4*

### Calculation of IDSBC Rate

..... 7.00% x 74 0 ÷ 73 365 = + 75 .0000.

..... 7.50% x 76 0 ÷ 73 365 = + 77 .0000.

$$\dots\dots\dots \frac{6.50\%}{1} \times \frac{28}{365} + \frac{73}{365} = + \frac{79}{365} \frac{6.5000\%}{1}$$

..... 5.50 % 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 X (Yes)

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

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

Taxation Year End

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

See attached \_\_\_\_\_ + 82 0.

---

83

---

Aggregate Taxable Income  $\boxed{80} + \boxed{82} + \boxed{83} + \boxed{84}$ , etc.  $\dots\dots\dots = \boxed{85}$  0.

Number of Days in Taxation Year											
Days before Jan 1, 2001			Total Days								
Subtract:	200,000	x	558	0	+	73	365	=	+	111	0.

		Days after Dec 31, 2000 and before Oct 1, 2001		Total Days	
240,000	x	26	0	73	365
		+		112	0.

$$280,000 \times \frac{28}{365} + \frac{73}{365} = + 113 \underline{280,000.}$$

		Days after Dec 31, 2002 and before Jan 1, 2004		Total Days	
320,000	x	31	0	73	365
		+		115	0.

$$\boxed{111} + \boxed{112} + \boxed{113} + \boxed{115} = 280,000. \quad - \boxed{114} \quad 280,000.$$

(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	73 365 = 92 .0000

		Days after Dec. 31, 1999 and before Oct 1, 2001		Total Days			
5.00%	x	76	0	+	73	365	= + 93 .0000

		Days after Sept 30, 2001 and before Jan 1, 2003		Total Days			
4.3330%	x	28	365	÷	73	365	= + 95 4.3330

		Days after Dec 31, 2002 and before Jan 1, 2004		Total Days			
.....	3.6670 %	x	31	0	÷	73	365
						= +	96 .0000

Specified rate of surtax for Taxation Year 92 + 93 + 95 + 96 ..... = 94 4.3330

$$\text{From } 86 \quad 0. \times \text{ From } 94 \quad 4.3330\% \quad \dots \dots \dots = 87 \quad 0.$$
$$\text{From } \boxed{87} \quad 0. \times \text{ From } \boxed{60} \quad 0. \div \text{ From } \boxed{114} \quad 280,000. = \boxed{88} \quad 0.$$

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 .0000 % ..... - 140 0.

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses ..... - 141 0.

10 - 56 + 122 - 140 - 141 ..... = 142 0.

Number of Days in Taxation Year

Claim

143 0. X From 30 100.0000 % X 2.0000 % X 152 0 + 73 365 = + 153 0.

Lesser of 130 or 142 ..... + 154 0.

143 0. X From 30 100.0000 % X 1.5000 % X 28 0 + 73 365 = + 154 0.

Lesser of 130 or 142 ..... + 155 0.

143 0. X From 30 100.0000 % X 1.0000 % X 31 0 + 73 365 = + 155 0.

Lesser of 130 or 142 ..... + 160 0.

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 **5820** OITC Claim Form *(Attach original Claim Form)* ..... + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From **5799** Summary Schedule F ..... + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation  
*(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.)* ..... + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed graduate students.Eligible Credit From **6599** Summary Schedule G ..... + **195** 0.No. of Graduates From **6596****194** 0**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.Eligible Credit From **6900** OBPTC Claim Form *(Attach only the original Claim Form. Retain the Certification Form)* ..... + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From **6700** Claim Form Certified by Ontario Film Development Corporation  
*(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.)* ..... + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From **7100** OBRITC Claim Form *(Attach original Claim Form)* ..... + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation  
*(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.)* ..... + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From **7400** Claim Form certified by Ontario Film Development Corporation  
*(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.)* ..... + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From **7500** OSRTC Claim Form *(Attach only the original Claim Form. Retain the Certification Form)* ..... + **201** 0.Other (specify) ..... + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** ..... = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss ..... = **230** 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 18**.

OR

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

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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] **2234290090.**  
 \* Total Revenue of the corporation ..... + [241] **2401509000.**

**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] <b>955,034,972.</b>	+ [244] <b>298,209,000.</b>
			+ [245] .....	+ [246] .....
			+ [247] .....	+ [248] .....
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.		= [249] <b>3189325062.</b>	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] <b>2699718000.</b>

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] **17,256,090.** X From [30] **100.0000** % X 4% = [276] **690,244.**  
 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] **690,244.**

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] **690,244.**

## Application of CMT Credit Carryovers

**A. Income Tax (before deduction of specified credits)** ..... + From [190] **0.**  
 Gross CMT Payable ..... + From [276] **690,244.**  
 Subtract: Foreign Tax Credit for CMT purposes ..... - From [277] **0.**  
 If [276] - [277] is negative, enter NIL in [290] ..... = **690,244.** - [290] **690,244.**  
**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

**% 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]	0.
Retained earnings (if deficit, deduct)	+	[351]	70,189,090.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+	[352]	539,208,000.
Loans and advances (Attach schedule)	+	[353]	1014297000.
Bank loans	+	[354]	0.
Bankers acceptances	+	[355]	0.
Bonds and debentures payable	+	[356]	0.
Mortgages payable	+	[357]	0.
Leases 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]	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+	[361]	384,480,046.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+	[362]	0.
<b>Subtotal</b>	=	[370]	2008174136.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	-	[371]	53,150,012.
Deductible R & D expenditures and ONTTF costs deferred for income tax if not already deducted for book purposes	-	[372]	0.
<b>Total Paid-up Capital</b>	=	[380]	1955024124.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	-	[381]	0.
<b>Net Paid-up Capital</b>	=	[390]	1955024124.

**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]	91,794,000.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	[407]	0.
<b>Total Eligible Investments</b>	=	[410]	91,794,000.

continued on Page 10

Due to THESI/THC-INCLUDED IN PAYABLES  
PROMISSORY NOTE PAYABLE-CITY OF TORONTO

980,231,000.00

0.00

0.00

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Total	1014297000.00
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RESERVES NOT DEDUCTED IN COMPUTING INCOME FOR THE YEAR  
CT-23

CUSTOMERS' ADVANCE DEPOSITS	0.00
PROVISIONS FOR ENVIRONMENTAL COSTS	36,567,000.00
CAPITAL LEASE LIABILITY	3,333,000.00
	5,459,000.00
HOLDBACKS	0.00
BANK INDEBTNESS	68,948.00
POST EMPLOYMENT BENEFITS	210,000,000.00
ALLOWANCE FOR DOUBTFUL RESERVE	103,795,000.00
INVENTORY OBSOLESCENCE RESERVE	22,321,110.00
	2,935,988.00
	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	=====
	384,480,046.00



DUE FROM RELATED PARTIES-THC

20,065,000.00

0.00  
0.00

91,794,000.00

JAN		416,670.00
FEB		441,317.00
APR		441,317.00
MAY		441,317.00
JUL		1,262,281.00
AUG		428,986.00
SEPT		428,986.00
OCT		428,986.00
NOV		428,986.00
DEC		428,986.00
FEB 2003		2,200,000.00
		0.00
		0.00
		0.00
		0.00
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		0.00
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		0.00
		0.00
Total	=====	7,347,832.00

DEP-UCC

DEP  
CCA/CEC

-146,067,501.00  
199,217,513.00

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0.000.00  
0.00

Total

=====

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

Total Assets per balance sheet	+	420	2,234,290,090.
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.
<b>Total Assets as adjusted</b>	=	430	2,234,290,090.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	53,150,012.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	+	443	53,150,012.
<b>Total Assets</b>	=	450	2,234,290,090.
<b>Investment Allowance</b> ( 410 + 450 ) x 390		Not to exceed 410	= 460 80,320,584.
<b>Taxable Capital</b> 390 - 460			= 470 1874703540.

**Gross Revenue** (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

480 2,401,509,000.

**Total Assets** (as adjusted)

From 430 2,234,290,090.

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

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

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

**SECTION A**

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

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

**SECTION B**

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

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

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

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

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

Deduct:

From 470

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

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

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

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

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

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

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

Deduct:

From 470

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

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

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

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

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

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

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

Deduct:

From 470

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

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

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

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

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

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

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

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

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

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

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

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

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

Days in taxation year before Oct 1, 2001 559

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

(b) From 470 0.

Exemption - 0.

= 471 0. x From 30 100.0000% x .3000% x 365 ..... = + 523 0.

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

Days in taxation year after Sept 30, 2001 560

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

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

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

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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 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 1874703540.

**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 ..... = ☐ 531 167,988,889.  
☐ 540 2042692429.

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 1874703540. + From ☐ 540 2042692429. x 5,000,000 ..... = ☐ 541 4,588,805.  
*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

of Canadian & Foreign associated corporations or related partners having a permanent establishment in Canada

Total Aggregate Taxable Capital ☐ 540 + ☐ 514 ..... = ☐ 514 0.  
☐ 520 2042692429.

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 1874703540. + 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.

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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 total AGGREGATE taxable capital at [500] 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] = + [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] = + [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] = + [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] 1874703540. x [From [30] 100.0000] % x .3000% x [Days in taxation year before Oct 1, 2001 555] = + [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] 1874703540.  
 From [541] (section C) - 4,588,805.  
 = [471] 1870114735. x [From [30] 100.0000] % x .3000% x [Days in taxation year after Sept 30, 2001 560] = + [523] 5,610,344.  
 Ontario Allocation \*\* 365 (366 if leap year)

**Total Capital Tax for the taxation year** [502] + [523] ..... = [508] 5,610,344.  
 \*\* If 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 (Refer to Guide) ..... = [543] 5,610,344.

**Capital Tax** [543] - [546] ..... = [550] 5,610,344.

continued on Page 14

Transfer to Page 18

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**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.)

$$\begin{array}{l} \text{565 } \underline{\hspace{1cm}} 0. \times \underline{\hspace{1cm}} 0.00\% \times \text{From } \text{30} \underline{\hspace{1cm}} \% \times \frac{\text{Days in taxation year}}{\text{555 } \underline{\hspace{1cm}} 0 + \text{** } \underline{\hspace{1cm}} 0} \text{ (366 if leap year)} = + \text{569 } \underline{\hspace{1cm}} 0. \\ \text{Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1} \end{array}$$

Ontario Allocation

$$\begin{array}{l} \text{570 } \underline{\hspace{1cm}} 0. \times \text{571 } \underline{\hspace{1cm}} 0.00\% \times \text{From } \text{30} \underline{\hspace{1cm}} \% \times \frac{\text{Days in taxation year}}{\text{555 } \underline{\hspace{1cm}} 0 + \text{** } \underline{\hspace{1cm}} 0} \text{ (366 if leap year)} = + \text{574 } \underline{\hspace{1cm}} 0. \\ \text{Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount} \end{array}$$

Capital Tax Rate (Refer to Guide)  
Ontario Allocation

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

$$\text{569} + \text{574} = \text{575 } \underline{\hspace{1cm}} 0.$$

**\*\* 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.)

$$\text{Allowable Credit for Eligible Investments} \dots \dots \dots - \text{585 } \underline{\hspace{1cm}} 0.$$

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

$$\text{Capital Tax – Financial Institutions } \text{575} - \text{585} \dots \dots \dots = \text{586 } \underline{\hspace{1cm}} 0.$$

*Transfer to 543 on Page 13*

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

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

(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.

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \dots \dots \dots - \text{589 } \underline{\hspace{1cm}} 0.$$

$$\text{Premium Tax } \text{588} - \text{589} \dots \dots \dots = \text{590 } \underline{\hspace{1cm}} 0.$$

*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 33,282,535

Transfer to page 16

## Add:

Federal capital cost allowance	+	601	161,913,043.
Federal cumulative eligible capital deduction	+	602	1,388,952.
Ontario taxable capital gain	+	603	0.
Federal non allowable reserves. Balance beginning of year	+	604	122,469,176.
Federal allowable reserves. Balance end of year	+	605	0.
Ontario non-allowable reserves. Balance end of year	+	606	134,621,046.
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 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 + 11.0000 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 = 420,392,217. 640 420,392,217.

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continued on Page 16

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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 + 600 33,282,535.

Subtotal of Additions

From + 640 420,392,217.

**Deduct:**

Ontario capital cost allowance	+ 650	161,913,043.
Ontario cumulative eligible capital deduction	+ 651	1,388,952.
Federal taxable capital gain	+ 652	0.
Ontario non-allowable reserves. Balance beginning of year	+ 653	122,469,176.
Ontario allowable reserves. Balance end of year	+ 654	0.
Federal non-allowable reserves. Balance end of year	+ 655	134,621,046.
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:**

Gross-up of CCA

$$0. \times \frac{100}{30} = 0.0000 \quad \text{From 30} \quad \text{Ontario Allocation} \quad - \text{From 662} \quad 0. = 663 \quad 0.$$

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

$$\text{Qualifying expenditures: } 0. \times 30.00\% \times \frac{100}{30} = 100.0000 \quad \text{From 30} \quad \text{Ontario Allocation} \quad = 666 \quad 0.$$

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

$$\text{Qualifying expenditures: } 0. \times 100.00\% \times \frac{100}{30} = 100.0000 \quad \text{From 30} \quad \text{Ontario Allocation} \quad = 668 \quad 0.$$

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)**

$$\text{Qualifying expenditures: } 0. \times 30.00\% \times \frac{100}{30} = 100.0000 \quad \text{From 30} \quad \text{Ontario Allocation} \quad = 671 \quad 0.$$

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

$$\text{Qualifying expenditures: } 0. \times 15.00\% \times \frac{100}{30} = 100.0000 \quad \text{From 30} \quad \text{Ontario Allocation} \quad = 673 \quad 0.$$

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**

$$650 \text{ to } 660 + 674 + 661 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 664 = 420,392,217. \quad 680 \quad 420,392,217.$$

**Net income (loss) for Ontario Purposes**

$$600 + 640 - 680 = 690 \quad 33,282,535.$$

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## 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) 48,706,178	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 6,988	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 6,988	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 33,257,766	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 33,257,766	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 15,448,412	719 6,988	729 0	739 0	749 0	759 0

## Notes:

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

## Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1994-09-30				850 0	870 0
801 1995-09-30				851 0	871 0
802 1996-09-30				852 0	872 0
803 1997-09-30	820 0	830 0	840 0	853 0	873 0
804 1998-09-30	821 0	831 0	841 0	854 0	874 0
805 1999-09-30	822 0	832 0	842 0	855 0	875 0
806 2000-09-30	823 0	833 0	843 0	856 0	876 0
807 2001-09-30	824 0	834 0	844 0	857 0	877 0
808 2001-12-31	825 15,448,412	835 0	845 0	858 0	878 0
809 2002-12-31	826 0	836 0	846 0	859 0	879 0
Total	829 15,448,412	839 0	849 0	869 0	889 0

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

**Applies** to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of 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
<b>Total amount of loss</b>	910 0	920 6,988	930 0	940 0
<b>Deduct:</b> Loss to be carried back to preceding taxation years and applied to reduce taxable income				
<b>Predecessor Ontario Corporation's Tax Account No. (MOF)</b>				
<b>Taxation Year Ending</b> 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
<b>Total loss to be carried back</b>	From 706 0	From 716 0	From 726 0	From 736 0
<b>Balance of loss available for carry-forward</b>	919 0	929 6,988	939 0	949 0

**Summary**

Income tax	+ From 230 or 320	0.
Corporate Minimum Tax	+ From 280	690,244.
Capital Tax	+ From 550	5,610,344.
Premium Tax	+ From 590	0.
<b>Total Tax Payable</b>	= 950	6,300,588.
<b>Subtract: Payments</b>	- 960	7,347,832.
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.
<b>Balance</b>	= 970	-1,047,244.
<b>If payment due</b>	Enclosed * 990	0.
<b>If overpayment: Refund (Refer to Guide)</b>	.. = 975	1,047,244.
<b>Apply to</b>	year month day 980	0.

(Includes credit interest)

**Certification**

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

Name (please print)

WANDA LYCZYK

Title

SR VP &amp; CFO

Full Residence Address

Signature

Date

2003-06-30

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

\* 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.

Due to THESI/THC-INCLUDED IN PAYABLES  
PROMISSORY NOTE PAYABLE-CITY OF TORONTO

980,231,000.00

0.00

0.00

0.00

0.00

0.00  
0.000.00  
0.000.00  
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0.000.00  
0.000.00  
0.00

0.00  
0.00

0.00  
0.00

Total

=====

1014297000.00

RESERVES NOT DEDUCTED IN COMPUTING INCOME FOR THE YEAR  
CT-23

CUSTOMERS' ADVANCE DEPOSITS	0.00
PROVISIONS FOR ENVIRONMENTAL COSTS	36,567,000.00
CAPITAL LEASE LIABILITY	3,333,000.00
HOLDBACKS	5,459,000.00
BANK INDEBTNESS	0.00
POST EMPLOYMENT BENEFITS	68,948.00
ALLOWANCE FOR DOUBTFUL RESERVE	210,000,000.00
INVENTORY OBSOLESCENCE RESERVE	103,795,000.00
	22,321,110.00
	2,935,988.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	384,480,046.00



=====



DEP  
CCA/CEC

-146067501.00  
199,217,513.00

[illegible]

Total	53,150,012.00
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TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

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

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



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

± [2100] 62,850,090.

**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

= 0. [2109] 0.

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

Provision for current taxes	+	[2110]	4,270,000.
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

= 4,270,000. [2115] 4,270,000.

**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] 67,120,090.

\*\* 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] 67,120,090.

Deduct: \* CMT losses: pre-1994 Loss

+ From [2210] 0.

\* CMT losses: other eligible losses

+ From [2211] 49,864,000.

= 49,864,000. [2134] 49,864,000.

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

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

CMT Base

= [2135] 17,256,090.

Transfer to CMT Base on Page 8

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

1800235

2002-12-31

## Corporate Minimum Tax (CMT)

DOLLARS ONLY

## Schedule B: Continuity of CMT Losses Carried Forward



Balance at Beginning of year (1), (2) ..... + 2201 49,864,000.

Add: Current year's losses ..... + 2202 0.

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

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

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

Subtotal ..... = 0 + 2207 0.

Adjustments (attach schedule) ..... + 2208 0.

CMT losses available 2201 + 2207 + 2208 ..... = 2209 49,864,000.

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 49,864,000.

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

Subtotal ..... = 49,864,000 - 2213 49,864,000.

Balances at End of Year (5) 2209 - 2213 ..... = 2214 0.

## Notes:

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

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

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

(4) CMT losses must be used to the extent of the lesser of the adjusted net income 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 0	2280 0
2241	2002-12-31	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
		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] 0.

**Add:** Current year's CMT Credit ( [280] on page 8. If negative, enter NIL) ..... + From [280] 690,244.  
 CMT Credit Carryovers from predecessor corporations (2) ..... + [2302] 0.  
 Amalgamation (x) [2303] ☐ Yes Wind-up (x) [2304] ☐ Yes

**Subtotal** ..... = 690,244. + [2305] 690,244.

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

**CMT credit carryover available** [2301] + [2305] ± [2306] ..... = [2307] 690,244.  
*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] 690,244.

## 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]		[2360]	[2380]
	2001-12-31	0	0
[2341]		[2361]	[2381]
	2002-12-31	690,244	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
		[2369]	[2389]
		0	0
<b>Totals</b>		[2370] 690,244	[2390] 0

The sum of amounts [2370] + [2390]  
 must equal amount in [2310].

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					
TORONTO HYDRO CORPORATION	1800236	2002-12-31	58,517,270	708,751,000	43,397,000		0
TORONTO HYDRO ENERGY SERVICES	1800237	2002-12-31	80,000,636	194,220,000	223,462,000		0
TORONTO HYDRO TELECOM INC.	1800238	2002-12-31	19,305,758	38,548,000	26,364,000		0
1455948 ONTARIO INC.	1800234	2002-12-31	4,007,828	6,831,087	0		0
TORONTO HYDRO STREET LIGHTING	1800357	2002-12-31	5,987,000	6,561,000	4,986,000		0
1512830 ONTARIO INC	1800359	2002-12-31	170,397	123,885	0		0
<b>TOTALS</b>			167,988,889	955,034,972	298,209,000		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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	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>13,175</div>	A
<b>Deduct:</b> Donations expired after 5 taxation years	.....	-	<div>0</div>	B
Charitable donations at beginning of taxation year	.....	=	<div>13,175</div>	C
<b>Add:</b> Donations transferred on amalgamation or wind-up of subsidiary	.....	+	<div>0</div>	D
Total current year charitable donations made	.....	+	<div>11,594</div>	E
<b>Subtotal D + E</b>	.....	=	<div>11,594</div>	F
Total donations available <b>C + F</b>	.....	=	<div>24,769</div>	G
<b>Deduct:</b> Amount applied against taxable income (amount T)	.....	-	<div>24,769</div>	T
<b>Charitable donations closing balance</b>	.....	=	<div>0</div>	H

**Part 2 - Maximum Deduction Calculation for Donations**

Ontario net income for tax purposes multiplied by 75%	.....	=	<div>24,961,901</div>	I
<b>Note:</b> 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	.....	+	<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
<b>Add the lesser of:</b>				
1. The amount of the recapture of capital cost allowance in respect of charitable gifts	.....		<div>0</div>	L
<b>2. The lesser of:</b>				
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>		<div>0</div>	P
<b>Subtotal J + K + P</b>	.....	=	<div>0</div>	Q
25% X <div>0</div>	Q		<div>0</div>	R
<b>Maximum deduction allowable I + R</b>	.....	=	<div>24,961,901</div>	S
<b>Claim for charitable donations</b> (not exceeding the lesser of G from Part 1, S and net income for tax purposes)	.....		<div>24,769</div>	T
Enter in <div>1</div> of the CT23				

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	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
<b>Deduct:</b> Gifts expired after 5 years	-	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	+	0
<b>Add:</b> Gifts transferred on amalgamation or wind-up of a subsidiary	+	0
<b>Total current year gifts</b>	+	0
<b>Subtotal</b>	=	0
<b>Deduct:</b> Amount applied against taxable income <u>2</u> of the CT23	-	0
<b>Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance</b>	=	0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
<b>Total gifts to Her Majesty in right of Ontario</b>		<b>0</b>

**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 ..... **33,257,766 U**
  - Lesser of:**
    - Ontario Net Income for the taxation year ..... **33,282,535 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
<b>Deduct:</b> 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
<b>Add:</b> 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
<b>Subtotal</b>	=	0
<b>Deduct:</b> Amount applied against taxable income	-	0
<b>Gifts to Canada or a province other than Ontario closing balance</b>	=	0

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2002-12-31
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**Part 6 - Gifts of certified cultural property**

Gifts of certified cultural property at the end of the preceding taxation year	..... +	0
<b>Deduct:</b> Gifts of certified cultural property expired after five years	..... -	0
<b>Gifts of certified cultural property at the beginning of the taxation year</b>	..... =	0
<b>Add:</b> Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	..... +	0
Total current year gifts of certified cultural property	..... +	0
<b>Subtotal</b>	..... =	0
<b>Deduct:</b> Amount applied against taxable income	..... -	0
<b>Gifts of certified cultural property closing balance</b>	..... =	0

**Part 7 - Gifts of certified ecologically sensitive land**

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	..... +	0
<b>Deduct:</b> Gifts of certified ecologically sensitive land expired after five years	..... -	0
<b>Gifts of certified ecologically sensitive land at the beginning of the taxation year</b>	..... =	0
<b>Add:</b> 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
<b>Subtotal</b>	..... =	0
<b>Deduct:</b> Amount applied against taxable income	..... -	0
<b>Gifts of certified ecologically sensitive land closing balance</b>	..... =	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	13,175	0	0	0	0
2001-09-30	0	0	0	0	0
2000-09-30	0	0	0	0	0
1999-09-30	0	0	0	0	0
1998-09-30	0	0	0	0	0
1997-09-30	0	0	0	0	0
<b>Totals</b>	13,175	0	0	0	0



**Ontario Summary of Dispositions of Capital Property  
Schedule 6**

or 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")**

M. Capital address

1 = Address 1

2 = Address 2

3 = City

4 = Province, Country, Postal Code,  
Zip Code or Foreign Postal Code

TORYORK LAND

2001-10-01	99,112	106,100	0	-6,988	3
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	
Totals	99,112	106,100	0	-6,988	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					-6,988 B3

1	2	3	4	5	6	
					Ontario gains 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 3 - Bonds**

Face value	Maturity date YYYY/MM/DD	Name of issuer				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
		Totals	0	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")**

Gain or loss from a partnership						Gain (loss)
	0	0	0	0	0	0 3
	0	0	0	0	0	0 3
	0	0	0	0	0	0 3
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0 D
	0	0	0	0	0	0
	0	0	0	0	0	0 D1
	0	0	0	0	0	0 D2
	0	0	0	0	0	0 D3

**Part 5 - Personal- use property**

Description of capital property						Gain only
	0	0	0	0	0	0 3
	0	0	0	0	0	0 3
	0	0	0	0	0	0 3
	0	0	0	0	0	0 3
	0	0	0	0	0	0 E
	0	0	0	0	0	0
	0	0	0	0	0	0 E1
	0	0	0	0	0	0 E2
	0	0	0	0	0	0 E3

Note: Losses are not deductible.

## Part 6 - Listed personal property

**Note:** Net listed personal property losses may only be applied against personal property gains.

**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	-6,988	-6,988
Allowable business investment losses (G1, G2, G3)	0	0	0	
Gains or losses on dispositions (including ABIL)	0	0	-6,988	
<b>Add:</b>				
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	-6,988	-6,988
<b>Less:</b>				
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	-6,988 J	-6,988 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, <b>period 1</b>	0 H x	75.0000%	=	0 K
Amount from line I, <b>period 2</b>	0 I x	66.6667%	=	0 L
Subtotal (note 2)	0 M x	.0000%	=	0 AA
Amount from line I, <b>period 3</b>	-6,988 J x	50.0000%	=	-3,494 N
Total (note 3)	-6,988 O			-3,494 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 ..... -6,988 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
<b>Subtotal</b> .....					-6,988

**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. .... -6,988 R

Taxable capital gains (amount R x Inclusion rate)

Transfer to 603 of the CT23. .... 0 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 prescribe 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

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 column 7 exceeds column 5)	Reduced undepreciated capital cost (column 6 minus acquisitions column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario 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	1354892290	28,864,857	-47,157,518	4,445,576	1332154053	12,209,640	1319944413	4	0	0	52,797,777	1279356276
8	69,791,104	7,533,801	0	0	77,324,905	3,766,900	73,558,005	20	0	0	14,711,601	62,613,304
10	28,366,174	5,095,326	0	437,237	33,024,263	2,329,044	30,695,219	30	0	0	9,208,566	23,815,697
12	33,845,324	23,462,217	0	0	57,307,541	11,731,108	45,576,433	100	0	0	45,576,433	11,731,108
17	5,735,958	1,336,427	0	0	7,072,385	668,213	6,404,172	8	0	0	512,334	6,560,051
2	650,772,061	0	0	0	650,772,061	0	650,772,061	6	0	0	39,046,324	611,725,737
13	0	211,282	0	0	211,282	105,641	105,641	0	0	0	21,128	190,154
10.1	0	0	118,605,776	0	118,605,776	0	118,605,776	0	0	0	0	118,605,776
		129,600	0	0	129,600	64,800	64,800	30	0	0	38,880	90,720
Total	2143402911	66,633,510	71,448,258	4,882,813	2276601866	30,875,346	2245726520		0	0	161,913,043	2114688823
										Enter in boxes [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
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	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) ..... **20,261,096<sup>A</sup>**

**Add:**

Cost of eligible capital property acquired during the taxation year	+	<b>41,438<sup>B</sup></b>	
Amount transferred on amalgamation or wind-up of subsidiary	+	<b>0<sup>C</sup></b>	
Other adjustments	+	<b>0<sup>D</sup></b>	
<b>Total of B + C + D</b>	=	<b>41,438</b>	X 0.75 = <b>31,079<sup>E</sup></b>
<b>Subtotal A + E</b>	=		<b>20,292,175<sup>F</sup></b>

**Deduct:**

Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	<b>600,000<sup>G</sup></b>	
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)	+	<b>0<sup>H</sup></b>	
Other adjustments	+	<b>0<sup>I</sup></b>	
<b>Total of G + H + I</b>	=	<b>600,000</b>	X 0.75 = <b>450,000<sup>J</sup></b>
<b>Ontario cumulative eligible capital balance F – J</b>	=		<b>19,842,175<sup>K</sup></b>

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **19,842,175<sup>K</sup>** X 7.00% \* ..... = **1,388,952<sup>L</sup>**

\* 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) ..... = **18,453,223<sup>M</sup>**

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<sup>N</sup>**

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	<b>0<sup>1</sup></b>	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA	<b>0<sup>2</sup></b>	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	<b>0<sup>3</sup></b>	
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	<b>0<sup>4</sup></b>	
Line 3 deduct line 4	<b>0</b>	<b>0<sup>5</sup></b>
Total lines 1 + 2 + 5		<b>0<sup>6</sup></b>
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000		<b>0<sup>7</sup></b>
Deduct line 7 from line 6		<b>0</b>

**N - O (cannot be negative)** ..... **0<sup>O</sup>**

Amount on line 5 **0** X 1/2 ..... **0<sup>P</sup>**

**P - Q** ..... **0<sup>Q</sup>**

Amount on line R **0** X 2/3 \* ..... **0<sup>R</sup>**

Lesser of line N or line O ..... **0<sup>S</sup>**

Amount to be included in income S + T ..... **0<sup>T</sup>**

Amount to be included in income S + T ..... **0**

\* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S





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

Account No.  
**1800235**

**35**  
PX5003

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
C/O ALEX SCHIAPPA  
14 CARLETON ST

**TORONTO**  
M5B 1K5

**ON**

# Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998  
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

--	--	--	--	--	--	--	--	--	--

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Taxation Year End: (YYYYMMDD)

2	0	0	2	1	2	3	1
---	---	---	---	---	---	---	---

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

**Total Payment Enclosed:**

--	--	--	--	--	--	--	--	--	--

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule I5  
Filed: 2012 June 1  
(1 page)



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

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
**ASSESSMENT NO. 27**

Account No.	Assessment Date (year, month, day)	Page
<b>1800235</b>	2003/08/08	1 of 1

Tax: Federal and Provincial PIL  
Assessment Interest  
Total Assessment Liability

10,589,943.00  
8,403.42  
10,598,346.42

### SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

11,630,948.00CR

Sub-Total

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

11,630,948.00CR  
1,032,601.58CR

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) 730-5593

#### 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



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

Account No.  
**1800235**

**35**  
PX5005

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
C/O BARRY PARKER  
14 CARLTON ST

**TORONTO**  
M5B 1K5

**ON**

# Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998  
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

--	--	--	--	--	--	--	--	--	--

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

Taxation Year End: (YYYYMMDD)

2	0	0	2	1	2	3	1
---	---	---	---	---	---	---	---

Payment Amount: \$

--	--	--	--	--	--	--	--	--	--

**Total Payment Enclosed:**

--	--	--	--	--	--	--	--	--	--

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule I6  
Filed: 2012 June 1  
(1 page)



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

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**

Account No.

**1800235**

Reassessment Date  
(year, month, day)

**2008/03/19**

Page

**1 of 1**

**REASSESSMENT NO. 137 REPLACING ASSESSMENT DATED: 2003/08/08**

Tax: Federal and Provincial PIL  
Assessment Interest

**10,666,872.00**  
**608,537.76CR**  
**10,058,334.24**

**Total Reassessment Liability**

### SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers  
Refunds

**21,670,661.97CR**  
**1,034,045.33**

**Sub-Total**

**20,636,616.64CR**  
**10,578,282.40CR**

**CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR**

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Statement of Adjustments sent under separate cover.

#### 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

**Ministry of Revenue**  
Toronto Tax Office  
5 Park Home Avenue  
3rd Floor  
North York, Ontario  
M2N 6L4

**Ministère des Revenu**  
Toronto Tax Office  
5 avenue Park Home  
3<sup>e</sup> étage  
North York (Ontario)  
M2N 6L4



(416) 730-5543

March 14, 2008

Mr. Barry Parker, C.A.  
Manager, Taxation  
Toronto Hydro  
14 Carlton Street  
Toronto, Ontario M5B 1K5

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule I7  
Filed: 2012 June 1  
(7 pages)

Dear Mr. Parker,

**Re: Toronto Hydro-Electric System Limited**  
**Account Numbers: 1800235**  
**Ontario Tax Audit: Fiscal 2001 to 2002**

---

Our review of the tax returns for the years noted above is now complete.

Attached please find Statements of Adjustments reflecting the changes to your company's tax liability. The adjustments contained therein reflect the proposed settlement faxed by your legal representative to our office on March 11, 2008. Our Ministry has made a substantial concession in accepting this proposed settlement. As such, it is my understanding that your company will not be filing a Notice of Objection once you have received a formal Notice of Reassessments from us. These notices will be mailed under separate cover for each year being reassessed.

Now that the audit is drawing to a close, I want to take this opportunity to thank you and your staff for the courtesy and co-operation extended to my auditors during their visits to your office. Please feel free to contact Mr. Stan Santavy of my office if further clarification is required.

Yours truly,

A handwritten signature in black ink, appearing to read "Ian Tso", enclosed within a large, hand-drawn oval.

Ian Tso  
Senior Group Manager  
Field Audit Section

c.c. Salvatore Mirandola, Borden Ladner Gervais, LLP

Encl.



Box 622 CP 622  
33 King St. West 33 rue King ouest  
Oshawa ON L1H 8H6 Oshawa ON L1H 8H6

**Statement of Adjustments re Taxes Assessed**  
**Relevé des redressements de cotisations**

Ministry of Revenue  
Ministère des Revenu

Tax Compliance and Regional Operations Branch  
Direction de l'observation fiscale et des opérations régionales

Name of Corporation / Raison sociale de la compagnie <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Account No. / N° de compte <b>1800235</b>
	Taxation Year End / Fin de l'année d'imposition <b>December 31, 2002</b>

**INCOME TAX**

Taxable Income as previously reassessed	\$	Nil
Add: Non-deductible bad debts expense		14,739,000
Non-capital loss applied		
previous	\$	34,785,664
revised		<u>31,846,660</u>
		2,939,004
Deduct: Taxpayer requested adj. June 30/04		
Change in reserves	(	7,073,093 )
CCA on transition costs	(	5,666,020 )
Non-taxable imputed interest	(	2,511,963 )
Decrease income due to meter error	(	2,426,928 )
Add: Deferred charge amortization		7,095,409
Stationery/advertising expense		90,381
Meter error- Ellesmere		
previous	\$	2,426,928
revised		<u>10,589,476</u>
		13,016,404
Bad debt - Cavanaugh		1,038,000
Inventory obsolescence net		
previous	\$	4,589,260
revised		<u>3,059,506</u>
		1,529,753
Non-capital loss applied		
previous	\$	31,846,660
revised		<u>12,484,428</u>
		19,362,232

continued ... /2

**\*\*\*DESIGNATED ASSESSMENT\*\***

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment"

**\*\*\*COTISATION DESIGNEE\*\***

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.



Ministry of Revenue  
Ministère des Revenu

Tax Compliance and Regional Operations Branch  
Direction de l'observation fiscale et des opérations régionales

Page 2

Deduct: Non-deductible bad debt expense

previous	\$14,739,000	
revised	<u>1,842,375</u>	( 12,896,625 )

Capital cost allowance

previous	\$167,579,063	
revised	<u>190,104,129</u>	( 22,525,066 )

Transition cost - OPEX		( 5,015,433 )
------------------------	--	---------------

Capital tax expense

Previous	\$ 7,305,399	
revised	<u>5,610,344</u>	( 1,695,055 )

Revised Taxable Income for Federal and Ontario purposes	<u>\$ Nil</u>
--	---------------

Ontario Tax thereon	\$ Nil
---------------------	--------

Federal Part 1 tax

Federal Part 1 Tax Payable	Nil
----------------------------	-----

<u>CORPORATE MINIMUM TAX</u>	518,287
------------------------------	---------

CAPITAL TAX

Ontario

Net paid-up capital	\$ 2,018,628,296
<u>Deduct</u> : Investment allowance	( 83,098,754 )
Capital exemption	( 4,586,218 )
Revised Taxable Capital	<u>\$ 1,930,943,324</u>

Tax thereon @ 0.3 %	5,792,830
---------------------	-----------

Continued ... / page 3

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Ministry of Revenue  
Ministère des Revenu

Tax Compliance and Regional Operations Branch  
Direction de l'observation fiscale et des opérations régionales

Page 3

**Federal Part 1.3 tax**

Capital	\$ 2,037,685,029
<u>Deduct:</u> Investment allowance	( 91,794,000 )
Capital exemption	( 10,000,000 )
Revised Taxable Capital	\$ 1,935,891,029

Tax thereon @ 0.225%

4,355,755

**TOTAL PAYMENTS-IN-LIEU OF TAXES PAYABLE**

\$ 10,666,872

Stan Santavy  
MRK811

**\*\*DESIGNATED ASSESSMENT\*\***

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

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**\*\*COTISATION DESIGNÉE\*\***

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.

# **Toronto Hydro-Electric System Limited**

Account No. 1800235 HP

## **Revised Non-Capital Loss Schedule**

---

Revised Non-capital Loss as of December 31, 2001	\$ 54,162,902
Non-capital loss applied in fiscal 2002	( 12,484,428 )
Closing Balance as of December 31, 2002	<u>\$ 41,678,474</u>



Ministry of Revenue  
Ministère des Revenu

Tax Compliance and Regional Operations Branch  
Direction de l'observation fiscale et des opérations régionales

Name of Corporation / Raison sociale de la compagnie <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Account No. / N° de compte <b>1 8 0 0 2 3 5</b>
	Taxation Year End / Fin de l'année d'imposition <b>December 31, 2001</b>

### INCOME TAX

Loss previously assessed (\$ 48,706,178 )

Add: Per request dated June 30, 2004:

Additional CCA	( 240,581 )
Additional bad debts expense	( 493,486 )
Non-taxable imputed interest	( 80,152 )
Net Fibre Rental expense	( 287,931 )

Add: Settlement proposals:

Inventory obsolescence

previous	\$ 1,969,399	
revised	<u>1,312,933</u>	( 656,466 )

Non-deductible bad debt expense

previous	\$ 4,814,767	
revised	<u>601,846</u>	( 4,212,921 )

Transition cost- OPEX

( 905,013 )

Deduct: Holdbacks payable

1,179,245

Transition cost CCA

240,581

Revised Non-capital Loss

(\$ 54,162,902 )

Tax thereon

\$ Nil

Continued ... / page 2

#### \*\*\*DESIGNATED ASSESSMENT\*\*

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

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#### \*\*\*COTISATION DESIGNEE\*\*

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Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.





Ministry of Revenue  
Ministère des Revenu

Tax Compliance and Regional Operations Branch  
Direction de l'observation fiscale et des opérations régionales

Page 2

**CAPITAL TAX**

As previously assessed: Ontario	\$1,290,200	
Federal Part 1.3	<u>959,854</u>	2,250,054
<b><u>TOTAL PAYMENTS-IN-LIEU OF TAXES PAYABLE</u></b>		<u><u>\$ 2,250,054</u></u>

Stan Santavy  
MRK811

**\*\*DESIGNATED ASSESSMENT\*\***

The items marked with an asterisk above are designated parts of this assessment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

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Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.

## **Financial Statements**

# **Toronto Hydro-Electric System Limited**

**December 31, 2002**

---

## AUDITORS' REPORT

---

To the Shareholder of  
**Toronto Hydro-Electric System Limited**

We have audited the balance sheet of **Toronto Hydro-Electric System Limited** [the "Corporation"] as at December 31, 2002 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
February 26, 2003 [except as to note 26  
which is as of March 21, 2003].

*Ernst & Young LLP*

Chartered Accountants

## **Financial Statements**

# **Toronto Hydro-Electric System Limited**

**December 31, 2002**

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# Toronto Hydro-Electric System Limited

## BALANCE SHEET

[in thousands of dollars]

As at December 31

	2002 \$	2001 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	30,936	-
Accounts receivable, net of allowance for doubtful accounts [note 17]	173,697	137,118
Unbilled revenue [note 17]	232,593	164,426
Inventories	20,232	30,287
Prepaid expenses	862	427
Notes receivable from related parties [note 17]	71,729	-
<b>Total current assets</b>	<b>530,049</b>	<b>332,258</b>
Long-term loan receivable from related party [note 17]	20,065	20,065
Property, plant and equipment, net [note 3]	1,546,588	1,541,296
Intangible assets, net [note 4]	52,873	52,292
Regulatory assets [note 5]	81,502	31,033
Other assets [note 6]	3,213	3,232
<b>Total assets</b>	<b>2,234,290</b>	<b>1,980,176</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current</b>		
Bank indebtedness and bankers' acceptance [note 7]	210,000	58,545
Accounts payable and accrued liabilities [note 17]	270,214	235,966
Termination accrual [note 12]	2,720	12,924
Current portion of other long-term liabilities [note 8]	12,574	9,143
Promissory note payable [note 9]	980,231	-
<b>Total current liabilities</b>	<b>1,475,739</b>	<b>316,578</b>
<b>Long-term liabilities</b>		
Promissory note payable [note 9]	-	980,231
Post-employment benefits [note 10]	103,795	103,550
Customers' advance deposits and other deposits	36,567	32,069
Other long-term liabilities [note 16]	5,459	-
Provision for environmental costs [note 11]	3,333	1,801
<b>Total long-term liabilities</b>	<b>149,154</b>	<b>1,117,651</b>
<b>Total liabilities</b>	<b>1,624,893</b>	<b>1,434,229</b>
Commitments and contingencies [notes 18, 20, 21 and 24]		
<b>Shareholder's equity</b>		
Share capital [note 24]	527,817	527,817
Retained earnings	70,189	7,339
Contributed surplus [notes 22 and 23]	11,391	10,791
<b>Total shareholder's equity</b>	<b>609,397</b>	<b>545,947</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,234,290</b>	<b>1,980,176</b>

# Toronto Hydro-Electric System Limited

## STATEMENT OF RETAINED EARNINGS

[in thousands of dollars]

Year ended December 31

	2002 \$	2001 \$
Retained earnings, beginning of year	7,339	9,140
Net income for the year	62,850	13,199
Dividends in kind	-	(15,000)
Retained earnings, end of year	70,189	7,339

# Toronto Hydro-Electric System Limited

## STATEMENT OF INCOME

[in thousands of dollars]

Year ended December 31

	2002 \$	2001 \$
<b>Revenues</b> [note 17]		
Sale of electricity	2,389,886	2,062,179
Other income	10,343	19,486
	<b>2,400,229</b>	<b>2,081,665</b>
<b>Costs</b> [note 17]		
Purchased power	1,974,923	1,740,412
Operating expenses	164,843	158,628
Depreciation and amortization	121,994	114,085
	<b>2,261,760</b>	<b>2,013,125</b>
<b>Income before interest, unusual items and provision for payments in lieu of corporate income taxes and LCT</b>	<b>138,469</b>	<b>68,540</b>
Interest income	1,280	336
Interest expense		
Promissory note payable [note 17]	(66,656)	(41,884)
Other interest	(4,520)	(1,028)
<b>Income before unusual items and provision for payments in lieu of corporate income taxes and LCT</b>	<b>68,573</b>	<b>25,964</b>
Termination costs [note 12]	(1,453)	(22,731)
Proceeds from settlement of class action [note 13]	-	7,780
WSIA settlement gain [note 14]	-	3,098
<b>Income before provision for payments in lieu of corporate income taxes and LCT</b>	<b>67,120</b>	<b>14,111</b>
Provision for payments in lieu of corporate income taxes and LCT [note 15]	4,270	912
<b>Net income for the year</b>	<b>62,850</b>	<b>13,199</b>

# Toronto Hydro-Electric System Limited

## STATEMENT OF CASH FLOWS

[in thousands of dollars]

Year ended December 31

	2002 \$	2001 \$
<b>OPERATING ACTIVITIES</b>		
Net income for the year	62,850	13,199
Adjustments for non-cash items		
Depreciation and amortization	121,994	114,085
Net change in other liabilities and assets	(3,557)	(10,645)
Loss on disposal of property, plant and equipment	236	-
Other	-	(77)
Changes in non-cash working capital balances		
Increase in accounts receivable	(36,579)	(4,479)
Increase in unbilled revenue	(68,167)	(14,372)
Decrease in inventories	3,989	3,628
Decrease (increase) in prepaid expenses	(435)	1,776
Increase (decrease) in accounts payable and accrued liabilities	34,848	(6,043)
Increase (decrease) in termination accrual	(10,204)	12,924
Increase (decrease) in current portion of long-term liabilities	405	(131)
<b>Cash provided by operating activities</b>	<b>105,380</b>	<b>109,865</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(103,794)	(129,904)
Purchase of intangible assets	(12,049)	(14,155)
Increase in regulatory assets	(50,469)	(11,936)
Increase in notes receivable from related parties	(71,729)	(4,250)
Proceeds on disposal of property, plant and equipment	4,982	29
<b>Cash used in investing activities</b>	<b>(233,059)</b>	<b>(160,216)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness and bankers' acceptances	151,455	43,259
Increase in customers' advance deposits	7,160	7,092
<b>Cash provided by financing activities</b>	<b>158,615</b>	<b>50,351</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>30,936</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b>30,936</b>	<b>-</b>
<b>Supplementary cash flow information</b>		
Total interest paid	71,039	42,912
Payments in lieu of corporate income taxes and LCT	3,808	912



## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

#### **1. INCORPORATION**

On June 23, 1999, Toronto Hydro Corporation ["THC" or the "Corporation"] was incorporated under the Business Corporations Act (Ontario) ["BCA"] along with two wholly-owned subsidiary companies, Toronto Hydro-Electric System Limited ["THESL" or "LDC"] and Toronto Hydro Energy Services Inc. ["THESI"]. The incorporation was required in accordance with the provincial government's Electricity Act, 1998.

Under the terms of By-law No. 374-1999 of the City of Toronto ["Transfer By-law"] made under section 145 of the Electricity Act, 1998 and in accordance with continuity of interest accounting, the former Toronto Hydro-Electric Commission and the City of Toronto transferred, at book value, their assets and liabilities [effective July 1, 1999] and employees [effective January 1, 2000] associated with:

- [a] electricity distribution to THESL in consideration for the issuance of equity securities of LDC and long-term notes payable to the City of Toronto; and
- [b] electricity generation, co-generation and energy services to THESI in consideration for the issuance of equity securities of THESI.

The equity securities of THESL and THESI were subsequently transferred by the City of Toronto to the Corporation in consideration for the issuance of equity securities of the Corporation to the City of Toronto.

Certain surplus real property assets and cash funds were excluded from the transfer and were retained by the City of Toronto. In addition, the long-term debt incurred by the City of Toronto on behalf of the former Toronto Hydro-Electric Commission was excluded from the liabilities transferred and was retained by the City of Toronto.

The book value of the assets transferred at July 1, 1999 was \$1,548,047,955. The principal amount of the long-term notes payable to the City of Toronto was \$980,230,955 and the value of the common shares of the Corporation received by the City of Toronto was \$567,817,000.

THC supervises the operations of, and provides corporate and management services and strategic direction to, its subsidiary companies [each of which is listed below, incorporated under the BCA and wholly-owned, directly or indirectly, by the Corporation]:

- [a] THESL [incorporated June 23, 1999] – distributes electricity to customers located in the City of Toronto.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

- [b] THESI [incorporated June 23, 1999] – manages an existing portfolio of electricity and natural gas contracts and is engaged in the development and sale of energy efficiency products and services to large and small customers located throughout Ontario. 1512830 Ontario Inc. [incorporated January 29, 2002] is a wholly-owned subsidiary of THESI and holds a 50% interest in the assets relating to a wind turbine business, a joint venture with Toronto Renewable Energy Co-operative.
- [c] Toronto Hydro Telecom Inc. ["THTI"] [incorporated September 26, 2000] – provides "dark" fibre optic capacity and "lit" data communications services to telecommunications carriers, business customers and large institutions located in the City of Toronto.
- [d] 1455948 Ontario Inc. [incorporated December 21, 2000] – owns a 50% interest in EBT Express Partnership ["EBT Express"], a joint venture with a wholly-owned subsidiary of Ontario Power Generation Inc. EBT Express owns a 66⅔% controlling interest in The SPi Group ["SPi"], a corporation formed to provide, among other things, centralized electronic data management and transaction services to energy industry participants.
- [e] Toronto Hydro Street Lighting Inc. ["THSLI"] [incorporated December 28, 2001] – provides street lighting and maintenance services to customers including the City of Toronto.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of THESL have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"], including accounting principles prescribed by the Ontario Energy Board [the "OEB"] in the handbook "Accounting Procedures Handbook for Electric Distribution Utilities" [AP Handbook], and reflect the significant accounting policies summarized below.

### *a) Regulation*

The Energy Competition Act, 1998 [the "Act"] was given Royal Assent on October 30, 1998. The Act provides for a competitive market in the sale of electricity and the regulation of the monopoly electricity delivery system in the Province of Ontario [the "Province"] by the OEB. Electricity retailers began competing for customers as of March 1, 2000. On May 1, 2002, with the electricity market opening, or "Open Access", electricity retailers, including THESI, began to sell electricity.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

The OEB has regulatory oversight of electricity matters in the Province of Ontario. The Act sets out the OEB's powers to issue a distribution licence which must be obtained by any person owning or operating a distribution system under the Ontario Energy Board Act, 1998. The OEB may prescribe licence requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing/process requirements for rate-setting purposes.

The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers.

In December 2002, the Province passed the Electricity Pricing, Conservation and Supply Act, 2002 ["Bill 210"] which among other things:

- [a] fixed the price of electricity paid by low volume and designated consumers at 4.3 cents per kWh (retroactive to May 1, 2002); and
- [b] capped distribution rates at current levels and deferred further rate increases and certain cost recoveries during the Rate Cap Period.

The "Rate Cap Period" refers to the period during which the rate cap system provided for under Bill 210 is in effect. During the Rate Cap Period, an application to the OEB for a new distribution rate order may be made only with the written approval of the Minister of Energy. The Rate Cap Period is expected to continue until at least May 1, 2006.

The following regulatory treatments have resulted in accounting treatments which differ from GAAP for enterprises operating in a non-regulated environment:

#### ***Regulatory assets***

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets" and will be reflected in LDC's balance sheet until the manner and timing of disposition is determined by the OEB. The Minister of Energy has indicated in a letter to LDC dated January 23, 2003, that he will ask the OEB to complete, no later than December 31, 2003, a review of applications by distributors for recovery of amounts that Bill 210 deems to be regulatory assets. The letter states that once the OEB completes its review in 2003 and confirms the amounts to be received, recovery will commence no later than 2006.

The continuing restructuring of Ontario's electricity industry and other regulatory developments may affect the distribution rates charged by LDC and the costs LDC is permitted to recover.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

THESL continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made. If a future recovery decision was made by the OEB or the Minister of Energy to allow recovery of the regulatory assets, THESL would recognize revenue in the results of operations in the period such a decision was made.

The principal regulatory assets of THESL are comprised of transition costs, a pre-market opening electricity variance and settlement variances.

[i] Transition costs:

Costs incurred to align systems and practices with the requirements of the future competitive electricity market in Ontario in accordance with the Energy Competition Act, 1998 ["Transition costs" or "Market Ready costs"] have been deferred in accordance with the criteria set out in the OEB's Electricity Distribution Rate Handbook and the AP Handbook. Under such regulation, certain costs are allowed to be deferred that would be expensed when incurred under GAAP for unregulated business [note 5].

[ii] Pre-market Opening Electricity variance:

At December 31, 2002, THESL recognized the pre-market opening electricity variance for the period January 1, 2001 to April 30, 2002, the date of market opening, in accordance with the AP Handbook [note 5]. The pre-market opening variance represents the difference between the utility's cost of power purchased based upon time-of-use ["TOU"] rates, and the amounts billed for the cost of power to non-TOU customers at an average rate for the same period.

[iii] Settlement variances:

THESL has recognized settlement variances for the period May 1, 2002 to December 31, 2002 in accordance with criteria set out in the AP Handbook. The settlement variances relate primarily to service charges non-competitive electricity charges and imported power charges [note 5]. The nature of the settlement variances is such that the balance will fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB.

***Payments in lieu of corporate income taxes and large corporations tax ["LCT"]***

The current tax-exempt status of THESL under the Income Tax Act (Canada) and the Corporations Tax Act reflects the fact that THESL is wholly-owned by a municipality. This tax-exempt status might be lost in a number of circumstances, including if the municipality ceases to own 90% or more of the shares or capital of THESL, or if a non-government entity has rights immediately or in the future, either absolutely or contingently, to acquire more than 10% of the shares of THESL.

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

Commencing October 1, 2001, THESL is required, under the Electricity Act, 1998, to make payments in lieu of corporate taxes to Ontario Electricity Financial Corporation ["OEFC"]. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act as modified by the Electricity Act, 1998, and related regulations.

As a result of becoming subject to "payments in lieu of taxes ["PILs"]", the Company's taxation year was deemed to have ended immediately beforehand and a new taxation year was deemed to have commenced immediately thereafter. THESL was therefore deemed to have disposed of each of its assets at their then fair market value and to have reacquired such assets at that same amount for purposes of computing its future income subject to PILs. For purposes of certain provisions, THESL was deemed to be a new company and, as a result, tax credits or tax losses not previously utilized by THESL would not be available to it after the change in tax status. Essentially, THESL was taxed as though it had a "fresh start" at the time of its change in tax status.

THESL provides for PILs relating to its regulated business using the taxes payable method as directed by the Canadian Institute of Chartered Accountants ["CICA"] and OEB. 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. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of THESL at that time.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs by LDC through annual distribution rate adjustments as permitted by the OEB. Applications to recover these payments are not permitted during the Rate Cap Period except in certain limited circumstances.

#### ***Contributions in aid of construction***

Capital contributions are required contributions received from outside sources used to finance additions to property, plant and equipment assets. Capital contributions received are treated as a "credit" contra account and are included in property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense at an equivalent rate to that used for the depreciation of the related property, plant and equipment.

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

#### ***Spare transformers and meters***

Effective January 1, 2002, THESL adopted the change in accounting policy for spare transformers and meters, as prescribed by the AP Handbook. Spare transformers and meters are items that are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service as opposed to assets available for other uses. Effective January 1, 2002, spare transformers and meters are treated as capital assets. During 2002, spare transformers and meters with carrying amounts of \$5,071,000 and \$995,000, respectively, were transferred from "Inventories" to "Property, plant and equipment".

#### ***b) Cash and cash equivalents***

Cash equivalents are highly liquid investments, with terms to maturity of three months or less from their date of acquisition.

#### ***c) Inventories***

Inventories consist primarily of maintenance and construction materials and are stated at the lower of cost and replacement cost, with cost determined on a standard cost basis net of the provision for obsolescence.

#### ***d) Property, plant and equipment and depreciation***

Effective January 1, 2002, THESL adopted the change in accounting policy for intangible assets, as prescribed by the new CICA Handbook Section 3062, "Goodwill and other intangibles".

Property, plant and equipment assets are stated at cost and are removed from the accounts at the end of their estimated average service lives, except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition of such assets are credited or charged to other income.

Effective January 1, 2002, THESL prospectively adopted the recommendations of the CICA Handbook Section 3063, "Impairment of long-lived assets". In the event that facts and circumstances indicate that property, plant and equipment may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

Depreciation is provided on a straight-line basis over the estimated service lives at the following annual rates:

Buildings	1.7% to 10.0%
Distribution stations	2.9% to 5.0%
Distribution lines - overhead and underground	2.5% to 4.0%
Distribution transformers	3.3% to 4.0%
Distribution meters	2.9% to 4.0%
Other capital assets	6.7% to 12.5%
Communications	20.0%
Computer hardware	20.0% to 25.0%
Rolling stock	12.5% to 20.0%
Equipment and tools	10.0%

Construction in progress includes assets not currently in use which are not depreciated.

#### *e) Intangible assets*

Effective January 1, 2002, THESL adopted the change in accounting policy for intangible assets, as prescribed by the new CICA Handbook Section 3062, "Goodwill and other intangibles".

Intangible assets, assets which lack physical substance, are stated at cost. Amortization is provided on a straight-line basis over the useful service lives, at the following annual rates:

Land rights	2.0%
Computer software	14.0% to 33.0%

Software in development includes assets not currently in use which are not amortized.

#### *f) Workplace Safety and Insurance Act*

Until December 31, 2001, THESL was self-insured for workers' compensation under the Workplace Safety and Insurance Act ["WSIA"]. The costs were charged to income as incurred by THESL. For periods prior to 2001, THESL recognized in its financial statements the actuarial value of the employees' permanent disability liability. Effective January 1, 2002, THESL was required to alter its coverage status under the WSIA from a Schedule 2 to a Schedule 1 employer. As a Schedule 1 employer, THESL is required to pay annual premiums into an insurance fund established under the WSIA and will recognize expenses based on funding requirements [note 14].

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

#### ***g) Provision for environmental costs***

THESL will incur future costs associated with the disposal of contaminated waste and site restoration for certain of its properties. Although these costs cannot be reasonably determined for some of the properties at this time, a contingent liability exists. When reasonably determinable, THESL has provided for future costs, net of expected recoveries, by charges to income. Actual costs are charged to the provision for environmental costs as incurred [note 11].

#### ***h) Revenue recognition***

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

#### ***i) Employee future benefits***

##### ***Pension plan***

THESL provides a pension plan for its full-time employees through the Ontario Municipal Employees Retirement System ["OMERS"]. OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. THESL recognizes the expense related to this plan as contributions are made.

##### ***Employee future benefits other than pension plan***

Employee future benefits other than pension provided by THESL include medical and life insurance benefits, accumulated sick leave credits and voluntary exit incentive program liability. These plans provide benefits to certain employees when they are no longer providing active service.

Employee future benefit expense is recognized in the period in which the employees render services.

Effective January 1, 2002, THESL transferred employees associated with THC, THTI and THSLI and transferred their proportionate share of the accrued benefit obligation of \$2,190,000 [THC, \$1,694,000; THTI, \$23,000; THSLI, \$473,000] [note 10]. The proportionate share was determined based on active employee data used for the current actuarial valuation.



## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefit method pro rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility. The effects of a curtailment gain or loss are recognized in income in the year of the event giving rise to the curtailment. The effects of a settlement gain or loss are recognized in income for the period in which a settlement occurs.

#### ***j) Customers' advance deposits***

Customers' advance deposits are cash collections from customers to guarantee the payment of energy bills. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

#### ***k) Use of estimates***

The preparation of THESL financial statements in accordance with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

### 3. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	2002			2001		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Land	5,871	—	5,871	5,977	—	5,977
Buildings	139,967	34,451	105,516	145,476	32,882	112,594
Distribution stations	166,991	77,294	89,697	160,332	74,440	85,892
Distribution lines - overhead and underground	1,731,633	731,407	1,000,226	1,704,568	664,176	1,040,392
Distribution transformers	387,009	200,490	186,519	391,169	186,778	204,391
Distribution meters	120,776	63,278	57,498	112,674	58,786	53,888
Other capital assets	32,197	24,613	7,584	31,831	22,924	8,907
Communications	23,283	16,204	7,079	21,947	13,490	8,457
Computer hardware	40,248	26,112	14,136	30,815	22,323	8,492
Rolling stock	49,509	40,300	9,209	51,310	42,615	8,695
Equipment and tools	22,896	19,463	3,433	22,177	18,566	3,611
Construction in progress	59,820	—	59,820	—	—	—
	<b>2,780,200</b>	<b>1,233,612</b>	<b>1,546,588</b>	<b>2,678,276</b>	<b>1,136,980</b>	<b>1,541,296</b>

### 4. INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	2002			2001		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land rights	9,884	1,219	8,665	9,884	1,021	8,863
Computer software	73,127	29,395	43,732	66,919	23,490	43,429
Software in development	476	—	476	—	—	—
	<b>83,487</b>	<b>30,614</b>	<b>52,873</b>	<b>76,803</b>	<b>24,511</b>	<b>52,292</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

#### 5. REGULATORY ASSETS

Regulatory assets consist of the following [note 2(a), Regulation]:

	2002	2001
	\$	\$
Transition costs	32,843	31,033
Pre-market opening energy variance	21,082	—
Settlement variances	27,577	—
	81,502	31,033

#### 6. OTHER ASSETS

Other assets consist of the following:

	2002	2001
	\$	\$
Long-term advances and deposits	2,360	2,360
Other	853	872
	3,213	3,232

#### 7. BANK INDEBTEDNESS AND BANKERS' ACCEPTANCES

Until April 19, 2002, THESL was party to an unsecured short-term credit facility with a Canadian chartered bank pursuant to which the Corporation could borrow up to \$150,000,000 in the form of Bankers' Acceptances ["BAs"], prime rate loans in Canadian dollars and current account overdrafts. The amount drawn under the credit facility as at December 31, 2001 was \$58,545,000 consisting of \$25,000,000 in BAs and \$33,545,000 in current account overdrafts. Amounts outstanding under the credit facility bore interest at the bank's posted rate for BAs [December 31, 2001 – 2.47%] and at interest rates ranging from Schedule I chartered banks' posted one-month BA rate of 2.25% plus 25 basis points to the prime rate [December 31, 2001 – 4%].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

THESL's \$150,000,000 unsecured credit facility was restructured under the terms of a revolving credit facility on April 19, 2002 ["Revolving Credit Facility"], with a syndicate of Canadian Schedule I chartered banks, with amounts outstanding under the old credit facility assumed under the new credit facility. Under the terms of the Revolving Credit Facility, THESL can borrow up to \$400,000,000 of which:

- [a] \$300,000,000 will be available for general corporate purposes in the form of prime rate loans in Canadian dollars and Bankers' Acceptances ["Tranche A"]; and
- [b] \$100,000,000 will be available in the form of letters of credit to support the prudential requirements of THESL, and THESI and 1455948 Ontario Inc. ["Tranche B"]. The amount available under Tranche B to support the prudential requirements of THESI alone is limited to \$50,000,000.

Effective August 29, 2002, the Revolving Credit Facility was amended with the borrowing limit for Tranche A decreased to \$260,000,000 and the borrowing limit for Tranche B increased to \$140,000,000.

As at December 31, 2002, the amount drawn under Tranche A was \$210,000,000 [with the full amount drawn Bankers' Acceptances] and letters of credit in the amount of \$135,138,000 had been issued under Tranche B.

The rate of interest payable on prime rate loans at December 31, 2002 was 4.5%. The fee payable for Bankers' Acceptances and letters of credit is based on a margin determined by reference to the Corporation's debt rating. A commitment fee is paid on any unused portion of the Revolving Credit Facility with a step-up fee of 5 basis points added in circumstances where more than one-third of the Revolving Credit Facility is drawn.

The Revolving Credit Facility expires on April 18, 2003 subject to extension with the consent of the lenders. As disclosed in note 26[b] and [c], certain terms of the Revolving Credit Facility have been amended subsequent to December 31, 2002 and its term has been extended.

### 8. CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

	2002 \$	2001 \$
Current portion of obligations under capital leases [note 18[b]]	1,914	—
Customers' advance deposits	9,860	7,198
Provision for environmental costs	800	1,945
	12,574	9,143

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

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#### **9. PROMISSORY NOTE PAYABLE**

LDC issued a promissory note to the City of Toronto on July 1, 1999 ["Initial Note"] in the principal amount of \$947,000,000 in partial consideration for the assets in respect of the electricity distribution system transferred by the Toronto Hydro-Electric Commission and the City of Toronto to LDC effective July 1, 1999. The Initial Note was non-interest bearing until December 31, 1999 and interest bearing thereafter at the rate of 6% per annum. Pursuant to the Transfer By-law, the principal amount of the Initial Note was adjusted effective January 1, 2000 to \$980,230,955 to reflect the deemed debt/common equity structure of LDC [65:35] permitted by the OEB. At the same time, the Initial Note was replaced by a promissory note ["Replacement Note"] issued by LDC, which was interest bearing at the rate of 6.8% per annum. The Replacement Note, is payable on the earlier of demand and December 31, 2003. The Replacement Note has been classified as a current liability for 2002.

The City of Toronto reduced the interest payable under the Initial Note and the Replacement Note to bring payments into line with the electricity distribution rate increase approved by the OEB effective December 1, 2000 which represented one-third of the incremental revenue necessary to achieve the 9.88% target return on equity requested by LDC in its initial rate application. The City of Toronto agreed to reduce the interest payable under the Replacement Note by \$24,772,000 in 2001 to reflect the reduced revenues available to LDC to pay interest as a result of the OEB's decision to phase in the adjustment to a market-based rate of return over three years rather than making the adjustment immediately.

In 2002, THESL made interest payments of \$66,656,000 [2001 - \$41,884,000] at the rate prescribed under the Replacement Note.

Contingent upon the closing of the offering to raise additional funds, the City of Toronto is expected to transfer the Replacement Note to the Corporation in consideration for the issue by the Corporation of a promissory note [the "City Note"]. The principal amount of the City Note of \$980,230,955, together with accrued interest thereon, will be payable:

[a] on demand or not less than 90 days written notice at any time on or after the first day of the month following the Closing Date; and

[b] in accordance with a payment schedule to be delivered by the City of Toronto at least 90 days before the third anniversary of the Closing Date;

provided that the Corporation will not be required to pay more than \$330,000,000 of the principal amount of the City Note during any twelve-month period. The maximum term of the City Note is ten years.

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

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The rate of interest payable under the City Note is equal to the Debt Cost Rate. The "Debt Cost Rate" is equal to the debt cost rate prescribed from time to time in the Rate Handbook issued by the OEB for utilities in the same rate class as LDC. The Debt Cost Rate is currently 6.8% per annum.

If the offering does not close, the terms of the Replacement Note will remain in effect.

#### **10. EMPLOYEE FUTURE BENEFITS**

##### **Pension**

THESL did not incur current service pension costs for the twelve months ended December 31, 2002 [2001 – nil]. Because of a surplus under the plan, a contribution holiday had been in effect from August 1998 to December 2002. Contributions recommenced in January 2003. Based upon recent comments by OMERS, THESL expects to return to full contributions in 2004. THESL estimates that its annual participating employer contributions during 2003 and 2004 will be \$2,300,000 and \$7,400,000, respectively.

##### **Employee future benefits other than pension**

THESL has a number of unfunded benefit plans providing retirement and post-employment benefits [excluding pension] to most of its employees.

##### **[a] Medical and life insurance benefits**

THESL pays certain medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

##### **[b] Accumulated sick leave credits**

THESL pays accumulated sick leave credits, up to certain established limits based on service, in the event of retirement, termination, or death of certain employees.

##### **[c] Voluntary exit incentive program liability**

In October 1994, the former Toronto Hydro-Electric Commission introduced the voluntary exit incentive program for eligible employees. Certain employees receive a retirement supplement payment over the term of their retirement and the life of any surviving spouse.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

Information about THESL's defined benefit plans is as follows:

	2002 \$	2001 \$
<b>Change in accrued benefit obligation</b>		
Balance, beginning of year	103,550	108,902
January 1, 2002 transfer of employees to Toronto Hydro Corporation, Toronto Hydro Telecom Inc. and Toronto Hydro Street Lighting Inc.	(2,190)	—
Current service cost	1,366	2,914
Interest cost	5,917	6,111
Actuarial gains	—	(579)
Plan amendments	(100)	(116)
Benefits paid	(4,748)	(6,452)
Curtailed gain from VSP/VRP program [note 12]	—	(7,230)
<b>Accrued benefit obligation, end of year</b>	<b>103,795</b>	<b>103,550</b>
<b>Projected accrued benefit obligation, end of year</b>	<b>94,454</b>	<b>93,907</b>
<b>Unamortized actuarial gain</b>	<b>9,341</b>	<b>9,643</b>
<b>Components of net periodic benefit cost</b>		
Service cost	1,366	2,914
Interest cost	5,917	6,111
Amortization of July 1, 2000 amendment	(290)	(333)
Amortization of January 1, 2001 amendment	190	217
Amortization of actuarial gains	—	(579)
Curtailed gain	—	(7,230)
<b>Net periodic benefit cost</b>	<b>7,183</b>	<b>1,100</b>
Capitalized as part of property, plant and equipment	2,299	407
<b>Charged to operations</b>	<b>4,884</b>	<b>693</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

	2002 \$	2001 \$
<b>Effect of 1% increase in health care cost trends on:</b>		
Accrued benefit obligation, December 31	7,846	7,470
Net periodic benefit cost	177	205

<b>Effect of 1% decrease in health care cost trends on:</b>		
Accrued benefit obligation, December 31	(6,402)	(6,080)
Net periodic benefit cost	(145)	(154)

	2002 %	2001 %
<b>Significant assumptions:</b>		
i) Weighted-average discount rate	6.5	6.5
ii) Rate of compensation scale escalation	4.0	4.0
iii) Rate of increase in dental costs	4.5	4.5

For December 31, 2002 and 2001, medical costs were assumed to increase at 12% per year graded down by 1.6% annual decrements to 4.0% in 2007 and thereafter.

#### 11. PROVISION FOR ENVIRONMENTAL COSTS

THESL has provided for future costs by charges to income. For the year ended December 31, 2002, the amount charged to income was \$1,066,000 [2001 - \$1,345,000].

#### 12. TERMINATION COSTS

In June 2001, THESL introduced an employee-downsizing program for eligible employees involving a voluntary separation and retirement program [the "program"]. Employees were required to apply for the program by August 3, 2001. Under the program, THESL incurred a total expense of \$22,731,000, which had been recognized at December 31, 2001. This expense also includes the cost of some limited target buy-out and involuntary severance.



## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

Of the program's total cost of \$22,731,000, \$29,961,000 represented the cost of lump-sum termination incentive payments to employees, offset by \$7,230,000 savings in the reduction of THESL's liability for employee future benefits, as a result of a curtailment gain. The reduction in employees reduced THESL's balance sheet "other post-employment benefits liability" by \$7,230,000, as a result of the future benefits that are no longer payable to certain employees terminated under the program [note 10].

In 2002, THESL incurred a termination expense of \$1,453,000 relating to additional downsizing.

At December 31, 2002, the unpaid portion relating to the above terminations amounted to \$2,720,000 [2001 - \$12,924,000].

#### **13. PROCEEDS FROM SETTLEMENT OF CLASS ACTION**

During 2001, THESL received \$7,779,800 representing its pro-rata share of the proceeds from the settlement of the class action commenced by the member utilities of the Electricity Distributors Association ["EDA"], formerly the Municipal Electric Association ["MEA"], against the former Ontario Hydro. The action dealt primarily with three special rates and subsidies for the former Ontario Hydro's large industrial customers and asserted that EDA and their customers were being forced to pay higher rates in order to fund those subsidies.

#### **14. WSIA - [WORKPLACE SAFETY AND INSURANCE ACT] - SETTLEMENT GAIN**

To December 31, 2001, THESL was self-insured for workers' compensation under the WSIA. Effective January 1, 2002, THESL was required to alter its coverage status from a Schedule 2 to a Schedule 1 employer. As a Schedule 1 employer, THESL is required to participate in the collective liability scheme and pay annual premiums into the insurance fund established under the WSIA.

On December 31, 2001, as required under the regulations under the WSIA, THESL made a one-time lump-sum payment of \$1,784,500 to discharge its Schedule 2 accrued benefit obligation liability [the "liability"]. As a result of this transaction, the liability at December 31, 2001 of \$4,883,400 was eliminated and a settlement gain was recognized in income at December 31, 2001 in the amount of \$3,098,900.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

### 15. CORPORATE INCOME TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

#### Statement of income

	2002 \$	2001 \$
<b>Rate reconciliation</b>		
Income from continuing operations before PILs	67,120	14,111
Statutory Canadian federal and provincial income tax rate	38.62 %	40.62%
Expected taxes on income	25,922	5,732
Non-taxable pre-October 1, 2001 income	—	(22,427)
Increase (decrease) in income taxes resulting from		
Large corporations tax net of surtax	4,270	912
Non-capital loss not benefited	—	18,518
Utilization of temporary differences previously not benefited	(8,905)	—
Previously unrecognized temporary differences	(10,702)	(6,087)
Effect of rate changes on temporary differences	(6,345)	4,264
Other	30	-
<b>Provision for PILs</b>	<b>4,270</b>	<b>912</b>
<b>Effective tax rate</b>	<b>6.36%</b>	<b>6.40%</b>
<b>Components of income tax expense</b>		
Current tax expense [LCT]	4,270	912
<b>Provision for PILs</b>	<b>4,270</b>	<b>912</b>

#### Balance sheet

Future income taxes relating to the regulated businesses have not been recorded in the accounts as they are expected to be recovered through future revenues. As at December 31, 2002, future income tax assets of \$210,443,000 [ 2001 - \$225,356,000], based on substantively enacted income tax rates, have not been recorded.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

THESL has accumulated tax losses of approximately \$19,100,000, which are available to reduce future years' taxable income. The benefit of these losses has not been recorded in the accounts. These loss carryforwards begin to expire in 2008.

### 16. OTHER LONG-TERM LIABILITIES

	2002 \$	2001 \$
Obligations under capital leases [note 18(b)]	4,431	—
Other	1,028	—
	5,459	—

During 2002, THESL acquired "Property, plant and equipment" through capital lease transactions totaling \$4,079,000. These non-cash transactions have been excluded from the Statement of Cash Flows.

### 17. RELATED PARTIES

	2002 \$	2001 \$
Notes receivable from related parties		
From THC	23,729	—
From THESI	48,000	—
	71,729	—

The notes receivable from related parties bear interest at the Bankers' Acceptance rate. [December 31, 2002 - 3.37 %]. The notes receivable are due in 2003.

Long-term loan receivable from THC	20,065	20,065
	20,065	20,065

The long-term loan receivable is non-interest bearing with no fixed terms of repayment. At December 31, 2002, the fair value of the long-term loan receivable is not determinable.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

Included in "Accounts receivable, net of allowance for doubtful accounts" are amounts due from related parties, as follows:

	2002 \$	2001 \$
Due from THTI	2,756	1,677
Due from 1455948 Ontario Inc.	16	—
Due from THSLI	5,232	—
Due from THC	—	4,067
Due from THESI	—	15,478
	8,004	21,222

Included in "Accounts payable and accrued liabilities" are amounts due to related parties, as follows:

	2002 \$	2001 \$
Due to THC	17,013	—
Due to THESI	17,053	—
	34,066	—

For the year ended December 31, 2002, streetlighting electricity and streetlighting maintenance services were provided to the City of Toronto in the amounts of \$10,023,000 and \$4,831,000, respectively, [2001 - \$7,386,000 and \$5,727,000]. THESL purchases certain services from the City of Toronto in the normal course of business at commercial rates.

At December 31, 2002, the promissory note payable in the amount of \$980,230,955 [2001 - \$980,230,955] was payable to the City of Toronto. For the year ended December 31, 2002, interest expense of \$66,656,000 [2001 - \$41,884,000], on the promissory note payable had been paid to the City of Toronto [note 9].

During 2002, THESL provided information technology, telecommunication and facilities services to related companies, THC, THESI and THTI respectively, totaling \$4,900,000, \$1,000,000 and \$1,100,000, respectively in the ordinary course of business, with the recovery of these services charged to operating expenses and measured at their exchange amounts.

During 2002, THESL provided water heater services to THESI totaling \$3,451,000, with the recovery of these services charged to operating expenses and measured at their exchange amounts [2001 - \$902,000].

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

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During 2002, THESL purchased corporate and management services from THC totaling \$32,052,000 in the ordinary course of business, with these services charged to operating expenses and measured at their exchange amounts.

For the year ended December 31, 2002, THESL incurred property taxes payable to the City of Toronto of \$7,458,000 [2001 - \$9,000,000].

For the year ended December 31, 2002, THESL billed THTI pole attachment and duct rental services totaling \$7,668,000 [2001 - \$1,665,000], at prevailing market prices and normal trade terms. Included in the billings of \$7,668,000, were amounts for additional fiscal 2001 and 2000 billings of \$2,675,000 and \$580,000, respectively, to retroactively reflect the terms of a new pole and duct rental agreement, which bills THTI a market rate for the services previously provided by THESL.

For the year ended December 31, 2002, THTI billed THESL "dark" fibre optic capacity and data communications services totaling \$9,725,000 [2001 - \$nil], at prevailing market prices and under normal trade terms. Included in the charges of \$9,725,000, were amounts related to fiscal 2001 and 2000 charges of \$3,826,000 and \$957,000, respectively, to retroactively reflect the terms of a new fibre rental agreement which bills THESL a market rate for the services previously provided by THTI.

During 2002, THESL purchased project management services and marketing services from THESI for \$26,400,000 and \$75,000, respectively [2001 - \$292,000 and \$239,000].

For the year ended December 31, 2002, THESL earned electricity revenues of \$169,585,000 [2001 - nil], from THESI. At December 31, 2002, included in "Unbilled revenue", is \$37,700,000 [2001 - nil] of unbilled revenue due from THESI related to these earned electricity revenues.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

### 18. LEASE COMMITMENTS

#### [a] Operating lease obligations:

As at December 31, 2002, the future minimum annual lease payments under property and computer hardware operating leases with remaining lease terms between one to five years, are as follows:

	\$
2003	1,483
2004	800
2005	438
2006	232
2007	96
<b>Total minimum lease payments</b>	<b>3,049</b>

#### [b] Capital lease obligations:

As at December 31, 2002, the future minimum annual lease payments under vehicle capital leases with remaining lease terms between one to six years, are as follows:

	\$
2003	1,914
2004	1,848
2005	1,704
2006	1,327
2007	675
Thereafter	41
<b>Total amount of future minimum lease payments</b>	<b>7,509</b>
<b>Less interest</b>	<b>1,164</b>
	<b>6,345</b>
<b>Current portion [note 8]</b>	<b>1,914</b>
<b>Long-term portion [note 16]</b>	<b>4,431</b>

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

#### **19. FINANCIAL INSTRUMENTS**

##### **Credit risk**

Financial assets expose THESL to credit risk. Credit risk is the loss from non-performance by suppliers, customers or financial counterparties. THESL provides reserves for credit risks based on the financial condition and short and long-term exposures to counterparties. At December 31, 2002, there are no significant concentrations of credit risk with respect to any class of financial assets.

##### **Fair value of financial instruments**

The carrying value of cash and cash equivalents, bank indebtedness, accounts receivable, notes receivable from related parties, accounts payable and accrued liabilities and promissory note payable approximates their fair value due to the immediate or short-term maturity of these financial instruments.

#### **20. FINANCIAL GUARANTEES**

Participants [THESL and THESI] in the wholesale market for electricity that is administered by the Independent Electricity Market Operator are required to satisfy prescribed prudential requirements. In addition, counter-parties under contracts for the purchase and sale of electricity and natural gas and customers under purchase contracts may require parental financial guarantees or other forms of credit support.

The City of Toronto has authorized THC to provide up to \$500,000,000 in financial support [including guarantees] with respect to prudential requirements and as security for obligations under third party contracts.

At December 31, 2002, THC's Board of Directors had approved \$386,000,000 in parental guarantees on behalf of THESI [2001 - \$186,000,000], of which \$227,000,000 has been issued [2001 - \$75,000,000]. At December 31, 2002, no parental guarantees have been issued on behalf of THESL [2001 - nil].

In 2002, THESL restructured its short-term credit facility [note 7]. At December 31, 2002, \$135,138,000 was utilized of Tranche B in the form of letters of credit to support the prudential requirements of THESL [\$120,000,000], THESI [\$14,638,000] and 1455948 Ontario Inc. [\$500,000].

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

[all tabular amounts in thousands of dollars]

December 31, 2002

#### **21. CONTINGENCIES**

##### **Legal proceedings**

A class action claiming \$500,000,000 in restitutionary payments plus interest was served on the former Toronto Hydro-Electric Commission on November 18, 1998. The action was initiated against the former 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 is that late payment penalties result in 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 EDA, in cooperation with THESL, is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, of the action on the financial statements of THESL.

A substantially similar class action claiming \$64,000,000 in restitutionary payments plus interest was commenced against the Toronto Hydro-Electric Commission on April 28, 1994. The action was initiated against the Toronto Hydro-Electric Commission directly as a municipal electrical utility which made late payment charges on overdue utility bills at any time after April 1, 1981. In the action, the proposed representative plaintiffs allege that late payment charges resulted in the Toronto Hydro-Electric Commission receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347 (1)(b) of the Criminal Code. The EDA, in cooperation with THESL, is undertaking the defence of the action. The action is at a preliminary stage. No examinations for discovery have been conducted and no class has been certified for purposes of the action. At this time it is not possible to quantify the effect, if any, of the action on the financial statements of THESL.

#### **22. SALE OF STREET LIGHTING BUSINESS**

In connection with the sale of the street lighting business, THESL transferred a post-employment benefit liability of \$473,000 to THSLI in exchange for an intercompany receivable from THSLI in the amount of \$127,000. For accounting purposes, the transfer was recorded at book value with the aggregate of the liability's book value and the consideration received, \$600,000, recorded as a credit to contributed surplus.

#### **23. SALE OF WATER HEATER ASSETS**

On October 1, 2001, THESL sold water heater assets to THESI, a company under common control.



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2002

The following is a summary of the value of the net assets transferred to THESI as part of the transaction:

	\$
Water heater capital assets [transferred at carrying value at September 30, 2001]	11,861
Difference between the exchange amount and the assets' carrying value	3,139
	<u>15,000</u>
<b>Consideration [fair market value of assets]</b>	<b>15,000</b>

The consideration for such transfer consisted of an interest bearing promissory note payable from THESI. The note payable bears interest at an effective annual rate of 6.8%. Upon receipt of the promissory note, THESL distributed by way of a dividend in kind the promissory note to THC. For accounting purposes, the transfer was recorded at book value and the \$3,139,000, representing the difference between the assets' book value and the consideration received, was recorded as a credit to contributed surplus.

#### 24. SHARE CAPITAL

Share capital consists of the following as at December 31:

	2002 \$	2001 \$
<b>Authorized</b>		
The authorized share capital consists of an unlimited number of common shares. Any invitation to the public to subscribe for securities of THESL is prohibited		
<b>Issued and outstanding</b>		
1,000 common shares	527,817	527,817

## **Toronto Hydro-Electric System Limited**

### **NOTES TO FINANCIAL STATEMENTS**

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#### ***Dividends***

Subject to applicable law, THESL is required to pay dividends to the Corporation each year, who in turn pays the dividends to the City of Toronto, commencing January 1, 2002 equal to the greater of \$20,000,000 and 40% of THESL's net income for the year. The dividends are not cumulative. The Corporation's board of directors will use its best efforts to ensure that THC and its subsidiaries meet certain financial performance standards, including those relating to dividends. No dividends were declared or paid to the Corporation or the City of Toronto in 1999, 2000, 2001 or 2002.

#### **25. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2002 financial statements.

#### **26. SUBSEQUENT EVENTS**

- [a] At its meeting of February 4, 5, 6, 2003, the City of Toronto adopted a resolution affirming its original decision to allow LDC to continue to operate under the Electricity Act, 1998 and the BCA as a "for-profit" entity.
- [b] Effective January 16, 2003, the Revolving Credit Facility was amended with the borrowing limit for Tranche A increased to \$290,000,000 and the borrowing limit for Tranche B decreased to \$110,000,000.
- [c] Effective March 19, 2003, the Revolving Credit Facility was extended for a 90-day period until July 18, 2003. The Corporation intends to refinance the debt outstanding under the Revolving Credit Facility under a new \$500,000,000 revolving credit facility.
- [d] On March 21, 2003, the Province announced its intention to implement a business protection plan for large electricity consumers that, among other things, will increase the class of low volume consumers to include consumers of electricity who annually utilize 150,000 kWh or more but not more than 250,000 kWh.

# **Toronto Hydro-Electric System Limited**

## **Application for 2002 Annual Rate Adjustment**

### **Manager's Summary**

#### ***Introduction***

1. This Manager's Summary accompanies and forms part of the Application by Toronto Hydro-Electric System Limited ("TH Electric System") to the Ontario Energy Board ("Board") for rate adjustments to be effective March 1, 2002.
2. These rate adjustments relate to several individual items for which the Board has provided written guidelines. The Board has also provided a spreadsheet model to be used by utilities making Applications.
3. TH Electric System has followed the Board's written guidelines and has completed the spreadsheet model ("Rate Adjustment Model" or "RAM") according to the guidelines and instructions supplied by the Board, specifically with respect to:
  - a) the Input Price Index (IPI) minus Productivity Factor (PF) adjustment;
  - b) the second installment of the MARR phase-in;
  - c) adjustment for permanent revenue changes due to the change in Late Payment Charge (LPC) policy.
  - d) recovery of the 2001 PILs deferral account allowance; and,
  - e) pass through of the 2002 PILs proxy.

4. TH Electric System believes that this Application fits squarely within the parameters established by the Board for a 'standard' Application.

TH Electric System is not applying for any adjustments which are not expressly provided for in the Board's filing guidelines of December 21, 2001.

5. TH Electric System is concerned that the model used to determine the PILs proxy amount may not accurately reflect a utility's actual tax year PILs liability, and specifically that there may be a perpetual lag in recovery of PILs revenues due to the fact that the rate year commences March 1, two months after the tax year. However, TH Electric System believes that this issue can be more effectively addressed by way of a separate filing which it intends to submit to the Board presently. Therefore, TH Electric System wishes to state for the record that notwithstanding the application for a 2002 PILs proxy amount set out herein, it reserves the right to make further application to the Board for rate relief or any other ratemaking remedy TH Electric System may determine, such as a deferral account attracting interest, with respect to this issue.
6. TH Electric System is also concerned that additional rate adjustments may be necessary to recover certain potential additional costs related to industry re-structuring. These include the costs of prudentials, increased working capital due to the delay in retail billing arising from the commencement of wholesale billing by the IMO, and the OEB annual assessment. TH Electric System understands by way of informal discussion with OEB staff that proposals are being formulated to address these and similar costs, and in anticipation of these proposals, has not

included any of these items in its current application. If necessary, TH Electric System will apply separately for recovery of these costs.

7. The current Board-approved distribution rates became effective and were implemented December 1, 2000.
8. TH Electric System has carefully considered and has worked hard to minimize the customer rate impacts arising from the adjustments applied for, both collectively and individually.

### ***Discussion of Individual Rate Adjustment Items***

#### **IPI-PF Adjustment**

9. TH Electric System has entered the value for the IPI prescribed by the Board of 0.4% in the RAM.

#### **Incremental MARR Revenue**

10. TH Electric System requests approval to implement the second installment of the Board-approved MARR amount in TH Electric System distribution rates, effective March 1, 2002. The requested amount of \$39.8 million was approved by the Board in its RP-2000-0021 Decision as the amount of the phased-in MBRR annual adjustment applicable to TH Electric System.

### ***Permanent Revenue Change Due to LPC***

11. The Board's application guidelines direct that utilities enter the amount of any permanent revenue change in the RAM. In the case of TH Electric System, a permanent revenue change has resulted from

TH Electric System's change in Late Payment Policy. For the entire 1999 year, TH Electric System maintained a Late Payment Penalty of 5%.

Revenues from this source totaled \$9,599,627, and were reflected in the 1999 base year revenues used to establish subsequent rates.

12. Due to the uncertainty concerning the legal validity of that policy, TH Electric System converted to a 1.5% per month interest charge on overdue accounts in mid-2000, and intends to maintain that indefinitely. The Board now requires all utilities to adopt a similar policy.
13. In 2001, Late Payment (LP) revenue was \$3,344,116. The gross amount of the revenue change, determined by subtracting 2001 LP revenue from 1999 LP revenue, is \$6.256 million.
14. The gross amount of the revenue change is principally determined by the change in LP policy, but is also affected by factors such as load growth, price changes, and economic conditions. In keeping with the Board's general approach of basing rates on the 1999 fiscal year, TH Electric System has adjusted the 2001 LP revenue to account for load growth and changes in unit power costs which directly affect LP revenue levels. The adjustments are intended to produce a figure that is more representative of what 1999 LP revenue would have been had the policy change been in place at that time.
15. As a first approximation to account for factors other than the LP policy change, TH Electric System has reduced the 2001 LP revenue by dividing it by the load growth factor over 1999 to 2001. The growth factor is simply 1 plus the percentage change in annual kWh load, and is equal to 1.0099 (i.e., a 0.99% change). The resulting figure is \$3.311 million.

16. In 1999, revenues per kWh sold were 7.41 cents/kWh (i.e., total electricity sales revenue divided by total kWh). In 2001, unit revenues were 8.06 cents/kWh, reflecting increases in distribution rates and the Wholesale Energy Surcharge. The percentage change in the unit price was 8.75%. The load growth-adjusted figure of \$3.311 million was divided by 1.0875 to determine the net adjusted figure for 2001 LP revenue of \$3.045 million.
17. The difference between the 1999 LP revenue and the 2001 net adjusted LP revenue was calculated to arrive at the amount of \$6.555 million included in the application as the permanent revenue change.
18. TH Electric System submits that this amount should be allocated and recovered in proportion to distribution revenue, the default methodology employed by RAM.

### ***2001 PILs Deferral Account Allowance***

19. TH Electric System has followed the instructions provided by the Board in writing and as embodied in the SIMPIL model. The result of this procedure is an amount of \$5 million which amount has been entered appropriately in the RAM.

### ***2002 PILs Proxy***

20. Similarly, TH Electric System has followed the procedures set out with respect to the 2002 PILs proxy amount. TH Electric System understands that in addition to the actual PILs proxy amount applied for, the Board

wishes to be advised of the 'benchmark' PILs proxy amount (i.e., the maximum possible amount provided for) applicable to each utility.

21. The benchmark PILs proxy amount for TH Electric System is \$58.9 million. However, in order to minimize rate impacts, TH Electric System has reduced its actual PILs proxy request, and hereby applies for an amount of \$55 million, subject to further possible separate adjustments as noted earlier. /c

### *Justification of Rate Impacts*

22. TH Electric System is naturally concerned that customer rate impacts be minimized, and has taken several steps, reflected in this application, to ensure that the requested revenue increase is limited to that which is strictly necessary to the commercial operations of the utility and to recover costs introduced through the new tax regime.
23. To that end, TH Electric System has chosen not to apply for early partial recovery of transition costs; it has made an actual 2002 PILs proxy request which is significantly less than the benchmark amount; and it has declined at this time to bring forward requests for Z-factor treatment of other significant items such as foregone LP revenue, additional working capital, and prudential costs.
24. As noted earlier, Ontario utilities including TH Electric System are operating under strict financial constraints resulting from the phase-in of MBRR. TH Electric System submits that with respect to the MBRR element of the overall rate increase, the OEB has already taken substantial



measures to mitigate rate impacts and that any further reductions or deferrals at this time would be unwarranted.

25. TH Electric System also submits that while the rate impact of PILs in this instance exceeds the MBRR impact, the imposition of PILs is entirely outside the control of TH Electric System and the Board, and that the Board should therefore approve the resulting rate impacts.

# T2 CORPORATION INCOME TAX RETURN

200

Code 0301

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 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

Toronto Hydro-Electric System Limited  
EB-2012-0064  
Tab 5  
Schedule J1  
Filed: 2012 June 1  
(56 pages)

## Identification

Business Number (BN) ..... 001 896718327RC0001

Corporation's name

002 TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

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 14 CARLTON ST.

012 City Province, territory, or state  
015 TORONTO 016 ON

017 Country (other than Canada) Postal code/ZIP code  
018 M5B-1K5

### 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 City Province, territory, or state  
023 TORONTO 026 ON

025 Country (other than Canada) Postal code/ZIP code  
027 M5B-1K5 028

### Location of books and records

031 14 CARLTON ST.

032 City Province, territory, or state  
035 TORONTO 036 ON

037 Country (other than Canada) Postal code/ZIP code  
038 M5B-1K5

### 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 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 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.

### 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:** 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.

Guide item	Yes	Schedule
27 Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
8 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 checked="" 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 checked="" 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
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
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 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 checked="" type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232 <input checked="" 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
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	ELECTRICITY 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 GIFL ☐ 300 90,422,072 A

**Deduct:**

Charitable donations from Schedule 2	311	<u>316</u>
Gifts to Canada, a province, or a territory 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 or 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>17,936,899</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>
<b>Subtotal</b>		<u>17,937,215</u> B

Subtotal (amount A minus amount B) (if negative, enter "0") 72,484,857 C

**Add:**

Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355	<u>0</u> D
<b>taxable income</b> (amount C plus amount D)	360	<u>72,484,857</u>
Income exempt under paragraph 149(1)(t)	370	<u>0</u>
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		<u>72,484,857</u> 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 90,422,072 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 72,484,857 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	0	=	0	1
		Number of days in the taxation year	365			
225,000	x	Number of days in the taxation year in 2003	365	=	225,000	2
		Number of days in the taxation year	365			
250,000	x	Number of days in the taxation year in 2004	0	=	0	3
		Number of days in the taxation year	365			
300,000	x	Number of days in the taxation year in 2005	0	=	0	3.1
		Number of days in the taxation year	365			

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\*\*\* 4,289,355 D = 11,250 85,787,100 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  
(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 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) \* 90,422,072 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 72,484,857 C

**Deduct:**

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

Amount C minus amount D (if negative, enter "0") 72,484,857 72,484,857 E

Amount A, B, or E above, whichever is less 0 F

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

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

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

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less 0 K

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

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

**Accelerated tax reduction** - 7% of amount M (enter amount N on line 637 of page 7) 0 N

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

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

**Resource deduction**

Taxable resource income [as defined in subsection 125.11(1)]				<u>435</u>	<u>0</u> A
Amount A	<u>0</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 1% = <u>0</u> B
			Number of days in the taxation year	<u>365</u>	
Amount A	<u>0</u>	x	Number of days in the taxation year in 2004	<u>0</u>	x 2% = <u>0</u> C
			Number of days in the taxation year	<u>365</u>	
Amount A	<u>0</u>	x	Number of days in the taxation year in 2005	<u>0</u>	x 3% = <u>0</u> C.1
			Number of days in the taxation year	<u>365</u>	
<b>Resource deduction</b> – total of amounts B, C, and C.1 (enter amount D on line 10 of page 7)				<u>438</u>	<u>0</u> D

**General tax reduction for Canadian-controlled private corporations****Canadian-controlled private corporations throughout the taxation year**

Taxable income from line 360 on page 3				<u>72,484,857</u> E	
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u> F		
Amount QQ from Part 13 of Schedule 27			<u>0</u> G		
Taxable resource income from line 435 above			<u>0</u> H		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			<u>0</u> I		
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			<u>0</u> J		
Aggregate investment income from line 440 of page 6			<u>0</u> K		
Amount used to calculate the accelerated tax reduction (amount M of page 4)			<u>0</u> L		
Total of amounts F, G, H, I, J, K, and L			<u>0</u>	<u>0</u> M	
Amount E minus amount M (if negative, enter "0")				<u>72,484,857</u> N	
Amount N	<u>72,484,857</u>	x	Number of days in the taxation year in 2001	<u>0</u>	x 1% = <u>0</u>
			Number of days in the taxation year	<u>365</u>	
Amount N	<u>72,484,857</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% = <u>0</u> O
			Number of days in the taxation year	<u>365</u>	
Amount N	<u>72,484,857</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 5% = <u>3,624,243</u> P
			Number of days in the taxation year	<u>365</u>	
Amount N	<u>72,484,857</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% = <u>0</u> Q
			Number of days in the taxation year	<u>365</u>	
<b>General tax reduction for Canadian-controlled private corporations</b> - total of amounts year 2001, O, P, and Q (enter amount R on line 638 of page 7)				<u>3,624,243</u> R	

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

Taxable income from line 360 of page 3				<u>0</u> S	
Amount Z from Part 9 of Schedule 27	<u>0</u>	x 100/7 =	<u>0</u> T		
Amount QQ from Part 13 of Schedule 27			<u>0</u> U		
Taxable resource income from line 435 above			<u>0</u> V		
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			<u>0</u> W		
Total of amounts T, U, V, and W			<u>0</u>	<u>0</u> X	
Amount S minus amount X (if negative, enter "0")				<u>0</u> Y	
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2001	<u>0</u>	x 1% = <u>0</u>
			Number of days in the taxation year	<u>365</u>	
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2002	<u>0</u>	x 3% = <u>0</u> Z
			Number of days in the taxation year	<u>365</u>	
Amount Y	<u>0</u>	x	Number of days in the taxation year in 2003	<u>365</u>	x 5% = <u>0</u> AA
			Number of days in the taxation year	<u>365</u>	
Amount Y	<u>0</u>	x	Number of days in the taxation year after 2003	<u>0</u>	x 7% = <u>0</u> BB
			Number of days in the taxation year	<u>365</u>	
<b>General tax reduction</b> - total of amounts year 2001, Z, AA, and BB (enter amount CC on line 639 of page 7)				<u>0</u> CC	

**Refundable portion of Part I tax****Canadian-controlled private corporations throughout the taxation year**

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

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

**Deduct:**

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

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

Taxable income from line 360 on page 3 ..... 72,484,857

**Deduct:**

Amount on line 400, 405, 410, or 425 on page 4, whichever is less ..... 0

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

Foreign business income  
tax credit from line 636  
of page 7 ..... 0 x 3 = ..... 0  
 ..... 0

72,484,857 x 26 2/3% = 19,329,295 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 16,945,109

**Deduct:** Corporate surtax from line 600 of page 3 ..... 811,830

Net amount ..... 16,133,279 16,133,279 E

**Refundable portion of Part I tax** – Amount C, D, or E, whichever is less ..... 450 ..... 0 F

**Refundable dividend tax on hand**

Refundable dividend tax on hand at the end of the preceding taxation year ..... 460 ..... 0

**Deduct:** Dividend refund for the previous taxation year ..... 465 ..... 0  
 ..... 0 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 ..... 5,000,000 x 1/3 1,666,667 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** 27,544,246 **A**

**Corporate surtax calculation**

Base amount from line A above ..... 27,544,246 **1**

**Deduct:**

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 ..... 7,248,486 **2**

Investment corporation deduction from line 620 below ..... 0 **3**

Federal logging tax credit from line 640 below ..... 0 **4**

Federal qualifying environmental trust tax credit from line 648 below ..... 0 **5**

For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:

28.00% of taxable income from line 360 of page 3 ... 0 **a**

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 ..... 7,248,486 **7**

Net amount (line 1 minus line 7) ..... 20,295,760 **8**

**Corporate surtax** – 4.00% of the amount on line 8 ..... **600** 811,830 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 ..... **602** 0 **C**

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

Aggregate investment income from line 440 on page 6 ..... 0 **i**

Taxable income from line 360 on page 3 ..... 72,484,857

**Deduct:**

Amount on lines 400, 405, 410, or 425 of page 4, whichever is less .. 0

Net amount ..... 72,484,857 72,484,857 **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) 28,356,076 **E**

**Deduct:**

Small business deduction from line 430 of page 4 ..... 0 **9**

Federal tax abatement ..... **608** 7,248,486

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 ..... **616** 0

Investment corporation deduction ..... **620** 0

(taxed capital gains **624** 0)

Additional deduction – credit unions from Schedule 17 ..... **628** 0

Federal foreign non-business income tax credit from Schedule 21 ..... **632** 0

Federal foreign business income tax credit from Schedule 21 ..... **636** 0

Accelerated tax reduction from amount N of page 4 ..... **637** 0

Resource deduction from line 438 of page 5 ..... 0 **10**

General tax reduction for CCPCs from amount R of page 5 ..... **638** 3,624,243

General tax reduction from amount CC of page 5 ..... **639** 0

Federal logging tax credit from Schedule 21 ..... **640** 0

Federal political contribution tax credit ..... **644** 0

Federal political contributions **646** 0

Federal qualifying environmental trust tax credit ..... **648** 0

Investment tax credit from Schedule 31 ..... **652** 538,238

Subtotal 11,410,967 11,410,967 **F**

**Part I tax payable** – Line E minus line F (enter amount G on line 700 of page 8) ..... 16,945,109 **G**



**Summary of tax and credits****Federal tax**

Part I tax payable from page 7	700	16,945,109
Part I.3 tax payable from Schedule 33, 34, or 35	704	3,701,157
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 **20,646,266****Add provincial and territorial tax:**Provincial or territorial jurisdiction **750** ON

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

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta) **760** 0Provincial tax on large corporations (New Brunswick and Nova Scotia) **765** 0Total tax payable **770** **20,646,266** A**Deduct other credits:**

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

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** 16,892,521Total credits **890** 16,892,521Refund code **894** 1

Overpayment 0

Balance (line A minus line B) **3,753,745****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 **3,753,745**Enclosed payment **898** **3,753,745**

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** LYCZYK

Last name in block letters

**951** WANDA

First name in block letters

**954** SR VP & CFO

Position, office, or rank

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

**955** 2004-06-25

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

**956** 416-542-2500

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** ALEX SCHIAPPA

Name in block letters

**959** 416-542-2826

Telephone number

**Language of correspondence - Langue de correspondance****990**

Indicate the language of your choice.

Indiquer la langue de correspondance de votre choix.

1 English/Anglais

☒

2 Français/French

☐

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

**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 ..... 72,959,000 A

**Additions:**

Provision for income taxes - current .....	<input type="checkbox"/> 101	34,490,000	
Amortization of tangible assets .....	<input type="checkbox"/> 104	117,578,951	
Charitable donations from Schedule 2 .....	<input type="checkbox"/> 112	316	
Scientific research expenditures deducted per financial statements .....	<input type="checkbox"/> 118	655,621	
Non-deductible club dues and fees .....	<input type="checkbox"/> 120	49,334	
Non-deductible meals and entertainment expenses .....	<input type="checkbox"/> 121	58,650	
Reserves from financial statements - balance at the end of the year .....	<input type="checkbox"/> 126	123,167,791	
		-----	
Total of additions .....		276,000,663	276,000,663

**Other Additions:****Miscellaneous Other Additions:**

<input type="checkbox"/> 600 DEBT FINANCING EXPENSES .....	<input type="checkbox"/> 290	1,536,876	
<input type="checkbox"/> 601 Non-deductible parking audit penalty .....	<input type="checkbox"/> 291	2,000,000	
		-----	
Subtotal of Other Additions .....	<input type="checkbox"/> 199	3,536,876	3,536,876
		-----	
<b>Total Additions</b> .....	<input type="checkbox"/> 500	279,537,539	279,537,539

s:

Disposal of assets per financial statements .....	401	396,506	
Cost allowance from Schedule 8 .....	403	133,999,465	
Cumulative eligible capital deduction from Schedule 10 .....	405	1,296,285	
Scientific research expenses claimed in year from Form T661 .....	411	655,621	
Reserves from financial statements-balance at the beginning of the year .....	414	119,132,936	
		-----	
Subtotal of Deductions .....		255,480,813	255,480,813

**Other Deductions:****Miscellaneous Other Deductions:**

700	SEC 20(1)(E) .....	390	1,027,325	
701	CAPITAL TAX ADJUST TO ACTUAL .....	391	-15,553	
702	Non-taxable imputed interest on Regulatory Assets .....	392	2,233,343	
703	Decrease in net income due to meter error .....	393	3,348,539	
			-----	
	total of Other Deductions .....	499	6,593,654	6,593,654
			-----	
	<b>Total Deductions</b> .....	510	262,074,467	262,074,467

**Net income (loss) for income tax purposes** .....

(enter on line 300 on the T2 return)

90,422,072

=====

Capital Tax per FS  
2003 Actual Capital Tax

0.00

5,807,282.00

0.00

0.00

0.00

0.00

0.00

0.00

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0.00

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0.00  
0.00

-15,553.00

[illegible]

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)
Human Resources Professional Resources of CDN	316
	-----
Subtotal	316
Add: Total donations of less than \$100 each	0
	-----
Total donations in current taxation year	316
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year . . . . .	0 A	0	0
Less: Charitable donations expired after 5 taxation years . . . . .	239	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year . . . . .	240	0	0
Add:			
Donations transferred on amalgamation or wind-up of subsidiary . . . . .	250	0 B	
Total current year charitable donations made . . . . .	210	316 C	
	-----	-----	-----
Subtotal:			
Amount B plus amount C . . . . .	316	316 D	316
	=====	-----	-----

	Federal	Quebec	Alberta
Charitable donations available	316 E	316	316
Amount applied against taxable income: (enter amount from line S)	260 316 F	316	316
Charitable donations closing balance	280 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	-	2001 0	0	0
4th prior year	-	2000 0	0	0
5th prior year	-	1999 0	0	0
6th prior year *	-	1998 0	0	0
		-----	-----	-----
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%		67,816,554 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)		67,816,554 R
		=====
Claim for charitable donations: (not exceeding the lesser of amount E from Part 1, amount R and net income for tax purposes)		316 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 portion 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
<b>Deduct:</b> 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
<b>Add:</b> 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
<b>Deduct:</b> 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
<b>Deduct:</b> 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
<b>Add:</b> 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
<b>Deduct:</b> 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	2001	0	0	0
4th prior year	2000	0	0	0
5th prior year	1999	0	0	0
6th prior year *	1998	0	0	0
		-----	-----	-----
	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
<b>Deduct:</b> Gifts of certified ecologically sensitive land expired after 5 taxation years..... <span style="border: 1px solid black; padding: 0 5px;">539</span>	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year..... <span style="border: 1px solid black; padding: 0 5px;">540</span>	0	0	0
<b>Add:</b> Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary..... <span style="border: 1px solid black; padding: 0 5px;">550</span>	0		
Total current year gifts of certified ecologically sensitive land..... <span style="border: 1px solid black; padding: 0 5px;">510</span>	0		
	-----	-----	-----
Subtotal	0	0	0
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 314 of the T2 return)..... <span style="border: 1px solid black; padding: 0 5px;">560</span>	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land - Closing balance..... <span style="border: 1px solid black; padding: 0 5px;">580</span>	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	2001	0	0	0
4th prior year	2000	0	0	0
5th prior year	1999	0	0	0
6th prior year *	1998	0	0	0
		-----	-----	-----
	<b>Total</b>	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**

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	Complete if payer corporation is connected	
		C	D
Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)		Business Number	Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid
200	205	210	220

Complete if payer corporation is connected  
 and is either a private corporation or  
 a subject corporation

	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
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 **
	<div>230</div>	<div>240</div>	<div>250</div>	<div>260</div>	<div>270</div>
	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.

## 9

0

0

0

0

0

0

360

0

## D

400

410

420

430

5,000,000

0

0

0

0

0

0

0

Q

0

0

0

0

0

**Total** 5,000,000

450

Q

460

5,000,000

**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 5,000,000

Other dividends paid in the taxation year

(Total of 510 to 550) ..... 0

Total dividends paid in the taxation year ..... 500 5,000,000

**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 ..... 5,000,000

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED**  
**Account/Business No.: 896 3327RC0001**  
**RELATED AND ASSOCIATED CORPORATIONS**

**Year Ended:**

**2003-12-31**

**Sch. 009**

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]
TORONTO HYDRO CORPORATION		896760725RC0001	1		0 0.00	0	0.00	0
TORONTO HYDRO ENERGY SERVICES		896747128RC0001	3		0 0.00	0	0.00	0
TORONTO HYDRO TELECOM INC.		863638961RC0001	3		0 0.00	0	0.00	0
1455948 ONTARIO INC.		886517614RC0001	3		0 0.00	0	0.00	0
TORONTO HYDRO STREET LIGHTING		862135316RC0001	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-09

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 18,453,223 A

## Add:

Cost of eligible capital property acquired during  
the taxation year ..... 222 86,854 BAmount transferred on amalgamation or wind-up  
of subsidiary ..... 224 0 COther adjustments ..... 226 0 D

(add amounts B, C, and D) 86,854 x 0.75 = 65,141 E

Subtotal (amount A plus amount E) ..... 230 18,518,364 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 JCumulative eligible capital balance (amount F minus amount J) ..... 18,518,364 K  
(if amount K is negative, enter "0" at line M and proceed to Part 2)Current year deduction ..... amount K 18,518,364 x 7.00% = 250 1,296,285 L  
(enter amount L at line 405 of Schedule 1)Cumulative eligible capital - Closing balance ..... 300 17,222,079 M  
Amount K minus amount L (if negative, enter "0")  
=====

## Note

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

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

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

Amount from line K above (show as a positive amount) .....			0	N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 .....	400	0	1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) .....	401	0	2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 .....	402	0	3	
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 .....	408	0	4	
Line 3 minus line 4 .....	0	0	5	
Total of lines 1, 2, and 5 .....		0	6	
Line T from Schedule 10 of previous taxation years ending after February 27, 2000 .....	409	0	7	
Line 6 minus line 7 .....		0		0 O
Line N minus line O (cannot be negative) .....				0 P
Amount on line 5	0	x	1/2	0 Q
Line N 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	

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## CONTINUITY OF RESERVES

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

## Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	0	0	0	0	0

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve  
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
POEB	103,795,000	0	0	118,000	103,677,000
HOLDBACKS	68,948	0	45,838	0	114,786
ENVIRONMENTAL	3,333,000	0	1,107,500	0	4,440,500
AFDA	9,000,000	0	1,053,322	0	10,053,322
INV OBS	2,935,988	0	0	53,805	2,882,183
property Tax	0	0	2,000,000	0	2,000,000
Reserves From Section 2 below	0	0	0	0	0
Totals	119,132,936	0	4,206,660	171,805	123,167,791

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..... [ ]	110	0	115	0	0	120
Reserve for undelivered goods and services not rendered..... [ ]	130	0	135	0	0	140
Reserve for prepaid rent..... [ ]	150	0	155	0	0	160
Reserve for December 31, 1995 income..... [ ]	170	0	175	0	0	180
Reserve for refundable containers..... [ ]	190	0	195	0	0	200
Reserve for unpaid amounts..... [ ]	210	0	215	0	0	220
Other tax reserves..... [ ]	230	0	235	0	0	240
		-----		-----		-----
Totals	270	0	275	0	0	280
		=====		=====		=====

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.

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**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;
- 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.

If the calendar year to which this agreement applies is after 2006, ensure that the total at line A does not exceed \$300,000.

**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**

filed (do not use this area).....

Year Month Day

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

Year

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?.....

[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)
<input type="text" value="100"/>	<input type="text" value="200"/>	<input type="text" value="300"/>		<input type="text" value="350"/>	<input type="text" value="400"/>	<input type="text" value="500"/>
TORONTO HYDRO-ELECTRIC SYSTEM	896718327RC0001	1	225,000	100.0000	225,000	
See attached				.0000	0	
			Total	100.0000	225,000	A
				=====	=====	

\* The % of the annual business limit required to maximize the small business deduction is 0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

**Business limit reduction under subsection 125(5.1)**

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group\*\*\* of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group\*\*\* for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada\*\* of each corporation in the associated group\*\*\* for its last taxation year ending in the preceding calendar year.

\* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

\*\* "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

\*\*\* The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

1	2	3	4	5	6	7	8
			Business limit (before the allo- cation)	Percentage of the business limit %	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]		[350]	[400]	[500]	
-----							
TORONTO HYDRO CORPORATION	896760725RC0001	1	0	.0000	0		0
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	1	0	.0000	0		0
TORONTO HYDRO TELECOM INC.	863638961RC0001	1	0	.0000	0		0
1455948 ONTARIO INC.	886517614RC0001	1	0	.0000	0		0
TORONTO HYDRO STREET LIGHTING	862135316RC0001	1	0	.0000	0		0
<b>TOTALS</b>			0	.0000	0		0

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-09

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

### PAYMENTS TO NON-RESIDENTS

- A corporation that makes payments or credits amounts to non-residents under subsection 202(1) and 105(1), of the "Income Tax Regulations" has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than \$100, you do not have to complete the information below for that payee.

Name (list each payee separately)	1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code	Payment code (See note 1)	Amount \$
100	200	300	400
MAK CONSULTING	P.O. BOX 1862	04	19,412
	IRMO		
REKADOM INCORPORATED	SC US - 29063 20 SILVER STREET	04	247,992
	WATERVILLE		
RISHISYS LLC	ME US - 04901 1104 GLENDEVON CIRCLE	04	6,428
	COLUMBIA		
SCT UTILITY SYSTEMS INC.	SC US - 29229 4 COUNTRY VIEW ROAD	04	117,287
	MALVERN		
SURYA VISIONS LLC	PA US - 19355 109 WILTSHIRE WAY	04	30,741
	COLUMBIA		
	SC US - 29229		

Note 1: Enter the applicable payment code in column 300:

1 - Royalties	2 - Rents	3 - Management fees/commissions
4 - Technical assistance fees	5 - Research and development fees	6 - Interest
7 - Dividends	8 - Film payments:	- a motion picture film, or
9 - Other services		- a film or video tape for use in connection with television

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## INVESTMENT TAX CREDIT - CORPORATIONS

## General information

1. For use by a corporation that during a taxation year:
  - a) earned an investment tax credit (ITC);
  - b) is claiming a deduction against their Part I tax payable;
  - c) is claiming a refund of credit earned during the current taxation year;
  - d) is claiming a carry-forward of credit from preceding taxation years;
  - e) is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal "Income Tax Act;"
  - f) is requesting a credit carry-back; or
  - g) is subject to a recapture of ITC.
2. References to parts, sections, and subsections on this schedule are from the federal "Income Tax Act" and the federal "Income Tax Regulations." References to interpretation bulletins and information circulars are to the latest versions.
3. The ITC is eligible for a three-year carryback (if not deductible in the year earned) and a ten-year carryforward.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal "Income Tax Regulations," that earn the ITC are:
  - qualified property;
  - certified property;
  - qualified expenditures for scientific research and experimental development (SR&ED). Complete and file Form T661, "Claim for Scientific Research and Experimental Development Expenditures Carried on in Canada;" and
  - pre-production mining expenditures.
5. Attach a completed copy of this schedule with the "T2 Corporation Income Tax Return."  
For more information on ITCs, see the section called "Investment Tax Credit" in the "T2 Corporation Income Tax Guide," Information Circular IC 78-4, "Investment Tax Credit Rates," and its related Special Release. Also, see Interpretation Bulletin IT-151, "Scientific Research and Experimental Development Expenditures."
7. For information on SR&ED, see Interpretation Bulletin IT-151, "Scientific Research and Experimental Development Expenditures," Information Circular IC 86-4, "Scientific Research and Experimental Development," Guide T4052, "An Introduction to the Scientific Research and Experimental Development Program," and Guide T4088, "Claiming Scientific Research and Experimental Development" (guide to Form T661).

## Detailed information

1. For the purpose of this schedule, **investment** means:

The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government assistance or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
2. An ITC deducted or refunded in a taxation year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next taxation year. It also reduces the undepreciated capital cost of that class in the next taxation year. An ITC for SR&ED deducted or refunded in a taxation year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next taxation year. An ITC from pre-production mining expenditures deducted in a taxation year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next taxation year.

Property acquired has to be "available for use" before a claim can be made for an ITC.

## Detailed information (continued)

4. Qualified expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the taxation year in which the expenditures or capital costs were incurred.
5. Partnership allocations - Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. For more information, see Interpretation Bulletin IT-151.

## Part 1 - Investments or expenditures, percentages, and codes

Investments	Specified percentage	Code
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region . . . . .	10%	14
<b>Expenditures</b>		
If you are a Canadian-controlled private corporation (CCPC) throughout the taxation year, code 11B may apply to you on the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10) . . . . .	35%	11B
<b>Note:</b> If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20% rate.		
If you are a corporation that is not a CCPC throughout the current taxation year that incurred qualified expenditures for SR&ED in any area in Canada after 1995 . . . . .	20%	3B
If you are a taxable Canadian corporation that incurred pre-production mining expenditures:		
- in 2003 . . . . .	5%	--
- in 2004 . . . . .	7%	--
- after 2004 . . . . .	10%	--

## Part 2 - Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . ☐ [101] [Y/N] N

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2).

The corporation has to be a CCPC throughout the current taxation year and the taxable income (before any loss carrybacks) for its preceding year cannot be more than its business limit for that preceding year.

If the corporation is associated with any other corporations during the taxation year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last taxation year ending in the preceding calendar year, cannot be more than the total of their business limits for that last year.

If you are a qualifying corporation, you will earn a 100% refund on its share of any investment tax credits earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

**Part 2 - Determination of a qualifying corporation (continued)**

Some CCPCs that are not qualifying corporations may also earn a 100% refund on their share of any investment credits earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund. The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

- a) one or more persons exempt from Part I tax under section 149;
- b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- c) any combination of persons referred to in a or b above.

**Part 3 - Corporations in the farming industry**

Did the corporation pay a contribution to an agricultural organization whose goal is

to finance SR&ED work (for example, check-off dues)? ..... ☐ [102] [Y/N] [ N]

If "Yes," complete Schedule 125, "Income Statement Information," to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the "Guide to the General Index of Financial Information (GIFI) for Corporations."

**Part 4 - Eligible investments for qualified property from the current taxation year - code 14 only**

CCA class number	Description of investment	Date available for use	Location used (province)	Amount of investment
<input type="checkbox"/> [105]	<input type="checkbox"/> [110]	<input type="checkbox"/> [115]	<input type="checkbox"/> [120]	<input type="checkbox"/> [125]
1.				0
<b>Total investment - enter in formula on line 240 in Part 5</b>				0
				=====



**Part 5 - Calculation of current-year credit and account balances -****ITC from investments in qualified property**

at the end of the preceding taxation year .....		0	
<b>Deduct:</b>			
Credit deemed as a remittance of co-op corporations .....	210	0	
Credit expired after 10 taxation years .....	215	0	
	-----		
Subtotal .....		0	0
	=====		
ITC at the beginning of the taxation year .....	220		0
<b>Add:</b>			
Credit transferred on amalgamation or wind-up of subsidiary .....	230	0	
ITC from repayment of assistance .....	235	0	
Total current-year credit:			
total of column 125                      0 x 10% =	240	0	
Credit allocated from a partnership .....	250	0	
	-----		
Subtotal .....		0	0
	=====		
Total credit available .....			0
<b>Deduct:</b>			
Credit deducted from Part I tax (enter on line FFF in Part 19) .....	260	0	
Credit carried back to the preceding year(s) (from Part 6) .....		0	A
Credit transferred to offset Part VII tax liability .....	280	0	
	-----		
Subtotal .....		0	0
	=====		
Credit balance before refund .....			0 B
<b>Deduct:</b>			
Refund of credit claimed on investments from qualified property (from Part 7) .....	310		0
	-----		
ITC closing balance of investments from qualified property .....	320		0
	=====		

**Part 6 - Request for carryback of credit from investments in qualified property**

Year Month Day

1st preceding taxation year .....	Credit to be applied	901	0
2nd preceding taxation year .....	Credit to be applied	902	0
3rd preceding taxation year .....	Credit to be applied	903	0
		-----	
Total (enter on line A in Part 5) .....			0
		=====	

**Part 7 - Calculation of refund for qualifying corporations on investments from qualified property**

Current-year ITCs (total of lines 240 and 250 in Part 5) .....		0 C
		=====
Credit balance before refund (amount B from Part 5) .....		0 D
		=====
Refund (40% of amount C or D, whichever is less) .....		0 E
		=====
Enter amount E or a lesser amount on line 310 in Part 5 (also enter on line 780 of the T2 return if no SR&ED ITC refund is claimed).		

**Part 11 - Calculation of investment tax credits on SR&ED expenditures**

Enter whichever is less: current expenditures (line 350 from Part 8)

Expenditure limit (line 410 from Part 10)*	420	0	x 35% =	0	J
Line 350 minus line 410 (if negative, enter "0")	430	1,045,399	x 20% =	209,080	K
Line 410 minus line 350 (if negative, enter "0")		0	L		
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above*	440	0	x 35% =	0	M
Line 360 minus line L (if negative, enter "0")	450	0	x 20% =	0	N

**Repayments**

(amount from line 370 in Part 8) 0

If a corporation makes a repayment of any government assistance, non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount.	460	0	x 35% =	0	
	470	0	x 30% =	0	
	480	0	x 20% =	0	
Total		0		0	O

**Current-year SR&ED ITC** (total of lines J, K, M, N, and O;

enter on line 540 in Part 12) 209,080

\* For corporations that are not CCPCs throughout the year, enter "0" on lines J and M.

**Part 12 - Calculation of current-year credit and account balances - ITC from SR&ED expenditures**

ITC at the end of the preceding taxation year 329,158

Credit deemed as a remittance of co-op corporations	510	0		
Credit expired after 10 taxation years	515	0		
Subtotal		0		0

ITC at the beginning of the taxation year 520 329,158

Credit transferred on amalgamation or wind-up of subsidiary	530	0		
Total current-year credit	540	209,080		
Credit allocated from a partnership	550	0		
Subtotal		209,080		209,080

Total credit available 538,238

**Deduct:**

Credit deducted from Part I tax (enter on line GGG in Part 19)	560	538,238		
Credit carried back to the preceding year(s) (from Part 13)		0	P	
Credit transferred to offset Part VII tax liability	580	0		
Subtotal		538,238		538,238
Credit balance before refund				0 Q

**Part 12 - Calculation of current-year credit and account balances - ITC from SR&ED expenditures (continued)****Deduct:**

Refund of credit claimed on expenditures of SR&amp;ED

(from Part 14 or 15, whichever applies) .....  0ITC closing balance on SR&ED .....  0

=====

**Part 13 - Request for carryback of credit from SR&ED expenditures**

Year Month Day

1st preceding taxation year ..... Credit to be applied  02nd preceding taxation year ..... Credit to be applied  03rd preceding taxation year ..... Credit to be applied  0

Total (enter on line P in Part 12) ..... 0

=====

**Part 14 - Calculation of refund of ITC for qualifying corporations - SR&ED**

Complete this part only if you are a qualifying corporation as determined at line 101.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? .....  [Y/N] [ N]

Credit balance before refund (amount Q from Part 12) ..... 0 AA

Current-year ITC (lines 540 plus 550

from Part 12 minus line O from Part 11) ..... 0 BB

Refundable credits (amount AA or BB, whichever is less)\* ..... 0 CC

Amount J from Part 11 ..... 0 DD

Subtract: Amount CC or DD, whichever is less ..... 0 EE

Net amount (if negative, enter "0") ..... 0 FF

=====

Amount FF 0 x 40% ..... 0 GG

Add: Amount EE ..... 0 HH

Refund of ITC (amounts GG plus HH - enter this, or a lesser amount,

on line 610 in Part 12) ..... 0 II

=====

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

\* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount should be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC on line II.

**Part 15 - Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations - SR&ED**

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Section 2.

Credit balance before refund (amount Q from Part 12) ..... 0 JJ

Amount J from Part 11 ..... 0 KK

Subtract: Amount JJ or KK, whichever is less ..... 0 LL

Net amount (if negative, enter "0") ..... 0 MM

=====

Amount M from Part 11 ..... 0 NN

=====

**Part 15 - Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations - SR&ED (continued)**

Amount MM or NN, whichever is less 0 x 40% ..... 0 OO  
 Add: Amount LL above ..... 0 PP  
 -----  
 Refund of ITC (amounts OO plus PP) ..... 0 QQ  
 =====  
 Enter QQ, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

**Part 16 - Pre-production mining expenditures****Exploration information**

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the taxation year and after 2002. Attach additional schedules if more space is required.

**List of minerals**

800

- 1.
- 2.
- 3.
- 4.

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there were no mineral title, identify the project and mining division only. Attach additional schedules if more space is required.

**Project name**

805

**Mineral title**

806

**Mining division**

807

- 1.
- 2.
- 3.
- 4.

**Pre-production mining expenditures \***

Pre-production mining expenditures that the corporation incurred in the taxation year and after 2002, for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting .....	810	0 RR
Geological, geophysical, or geochemical surveys .....	811	0 SS
Drilling by rotary, diamond, percussion, or other methods .....	812	0 TT
Trenching, digging test pits, and preliminary sampling .....	813	0 UU

Pre-production mining expenditures incurred in the taxation year and after 2002 for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping .....	820	0 VV
Sinking a mine shaft, constructing an adit, or other underground entry .....	821	0 WW

**Part 16 - Pre-production mining expenditures (continued)**

Other pre-production mining expenditures incurred in the taxation year and after 2002

(with additional schedules if more space is required):

Description	Amount		
<b>825</b>	<b>826</b>		
1.	0		
2.	0		
3.	0		
4.	0		
	-----		
Add amounts at column 826	0	0	XX
	=====		
Total pre-production mining expenditures (add amounts RR to XX)	<b>830</b>	0	
<b>Deduct:</b> Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above	<b>832</b>	0	
	-----		
Excess (line 830 minus line 832) (if negative, enter "0")		0	YY
<b>Add:</b> Repayments of government and non-government assistance	<b>835</b>	0	ZZ
	-----		
Pre-production mining expenditures (amount YY plus amount ZZ)		0	AAA
	=====		

\* A pre-production mining expenditure is defined under subsection 127(9) which does not include an amount renounced under subsection 66(12.6).

**Part 17 - Calculation of current-year credit and account balances****- ITC from pre-production mining expenditures**

ITC at the end of the preceding taxation year				0
<b>Deduct:</b>				
Credit deemed as a remittance of co-op corporations	<b>841</b>	0		
Credit expired after 10 taxation years	<b>845</b>	0		
	-----			
Subtotal		0	0	
	=====			
ITC at the beginning of the taxation year			<b>850</b>	0
<b>Add:</b>				
Credit transferred on amalgamation or wind-up of subsidiary			<b>860</b>	0
Expenditures from line AAA, Part 16, incurred in 2003	<b>865</b>	0 x 5% =	0	BBB
Expenditures from line AAA, Part 16, incurred in 2004	<b>867</b>	0 x 7% =	0	CCC
Expenditures from line AAA, Part 16, incurred after 2004	<b>870</b>	0 x 10% =	0	DDD
Total current-year credit (add amounts BBB, CCC, and DDD)	<b>880</b>	0		0
	=====			
Total credit available				0

**Part 17 - Calculation of current-year credit and account balances****- ITC from pre-production mining expenditures (continued)**

Credit:

Credit deducted from Part I tax

(enter on line HHH in Part 19) ..... 885 0

Credit carried back to the preceding year(s) (from Part 18) ..... 0 EEE

Subtotal 0 0

ITC closing balance from pre-production mining expenditures ..... 890 0

**Part 18 - Request for carryback of credit from pre-production mining expenditures**

Year Month Day

1st preceding taxation year ..... Credit to be applied 921 0

2nd preceding taxation year ..... Credit to be applied 922 0

3rd preceding taxation year ..... Credit to be applied 923 0

Total (enter on line EEE in Part 17) 0

**Part 19 - Total ITC deducted from Part I tax**

ITC from investments in qualified property deducted from Part I tax

(from line 260 in Part 5) ..... 0 FFF

ITC from SR&amp;ED expenditures deducted from Part I tax

(from line 560 in Part 12) ..... 538,238 GGG

ITC from pre-production mining expenditures deducted from Part I tax

(from line 885 in Part 17) ..... 0 HHH

**Total ITC deducted from Part I tax**

(add lines FFF, GGG, and HHH) ..... 538,238 III

(Enter amount III at line 652 of the T2 return.)

**Part 20 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED**You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 10 preceding taxation years;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661 or T665;
- the cost of the property was included in computing your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

**Note**

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following taxation year, add the amount of the ITC recapture to your SR&ED expenditure pool.

**Part 20 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED (continued)**

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition which a recapture applies, using the calculation formats below.

**Calculation 1 - If you meet all of the above conditions**

	Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's-length party, as described in the note above <b>700</b>	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's-length transaction) or the fair market value of the property (in any other case) <b>710</b>	Amount from column 700 or 710, whichever is less
1.	0	0	0
2.	0	0	0
3.	0	0	0
4.	0	0	0
5.	0	0	0
<b>Subtotal</b> (enter this amount on line MMM in Part 21)			0 JJJ

**Calculation 2 - Only if you acquired all or a part of the qualified expenditure from another person under an agreement described in subsection 127(13); otherwise, enter nil at line KKK in Part 20.**

<b>A</b>	<b>B</b>	<b>C</b>
The rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement <b>720</b>	The proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition <b>730</b>	The amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) <b>740</b>
1. 0.00	0	0
2. 0.00	0	0
3. 0.00	0	0
4. 0.00	0	0
5. 0.00	0	0

<b>D</b>	<b>E</b>	<b>F</b>
The amount determined by the formula <b>(A x B) - C</b> (using the columns)	The ITC earned by the transferee in respect of the qualified expenditures which were transferred <b>750</b>	Amount from column D or E, whichever is less
1. 0	0	0
2. 0	0	0
3. 0	0	0
4. 0	0	0
5. 0	0	0
<b>Subtotal</b> (enter this amount on line NNN in Part 21)		0 KKK

**Part 20 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED (continued)****Calculation 3**

As a member of the partnership, you will report your share of the ITC of the partnership after the ITC has been reduced by the amount of the recapture. If this amount is a positive amount you will report it on line 550 in Part 12. However, if the partnership does not have sufficient ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line LLL below.

Corporate partner's share of the excess of ITC

(amount to be reported on line 000 in Part 21) ..... 760 0 LLL  
=====

**Part 21 - Total recapture of investment tax credit**

Recaptured ITC for calculation 1 from line JJJ in Part 20 ..... 0 MMM

Recaptured ITC for calculation 2 from line KKK in Part 20 above ..... 0 NNN

Recaptured ITC for calculation 3 from line LLL in Part 20 above ..... 0 OOO  
-----

**Total recapture of investment tax credit**

- Add lines MMM, NNN, and OOO ..... 0 PPP  
=====

(Enter amount PPP at line 602 of the T2 return.)



## Continuity of Investment Tax Credit Carryovers

CCA Class No.: 99

CURRENT YEAR

Addition Current Year (A)	Applied Current Year (B)	Claimed as a Refund (C)	Carried Back (D)	ITC End of Year (A-B-C-D)
209,080	209,080	0	0	0

## PRIOR YEARS

Taxation Year	ITC Beginning of Year (E)	Adjustments (F)	Applied Current Year (G)	Expired (H)	ITC End of Year (E-F-G-H)
1st prior year	329,158	0	329,158	0	0
2nd prior year	0	0	0	0	0
3rd prior year	0	0	0	0	0
4th prior year	0	0	0	0	0
5th prior year	0	0	0	0	0
6th prior year	0	0	0	0	0
7th prior year	0	0	0	0	0
8th prior year	0	0	0	0	0
9th prior year	0	0	0	0	0
10th prior year	0	0	0	0	0
TOTAL	329,158	0	329,158	0	0

Total I.T.C. utilized (B+C+D+G)

538,238

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	123,167,791
Capital stock (or members' contributions if incorporated without share capital). . . . .	103	0
Retained earnings. . . . .	104	138,148,000
Contributed surplus. . . . .	105	11,391,000
Any other surpluses. . . . .	106	527,817,000
Deferred unrealized foreign exchange gains. . . . .	107	0
All loans and advances to the corporation. . . . .	108	1,222,239,000
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  
(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 2,022,762,791 2,022,762,791 A

**Deduct the following amounts:**

Deferred tax debit balance at the end of the year . . . . .  
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 . . . . .  
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  
at the end of the year . . . . .

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 2,022,762,791

**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 6,991,000  
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 6,991,000

**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) .....	2,022,762,791	C
<b>Deduct:</b> Investment allowance for the year (line 490) .....	6,991,000	D
<b>Taxable capital for the year</b>		
(amount C minus amount D) (if negative, enter "0") .....	<span style="border: 1px solid black;">500</span> 2,015,771,791	
	=====	

**Part 4 - Taxable capital employed in Canada**

is completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500)	2,015,771,791	X	Taxable income earned in Canada	<span style="border: 1px solid black;">610</span> 72,484,857		Taxable capital employed in Canada	<span style="border: 1px solid black;">690</span> 2,015,771,791
			-----	-----	=		=====
			Taxable income	72,484,857			

- 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

1 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) . . . . . 2,015,771,791

**Deduct:** Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36) . . . . .

801

10,000,000

Excess of taxable capital employed in Canada over capital deduction . . . . . 2,005,771,791

811

Year	Line 811		Number of days	Number of days in the taxation year					
------	----------	--	----------------	-------------------------------------	--	--	--	--	--

Before 2004	2,005,771,791	x	( 365 /	365)	x	.2250%	=	4,512,987	F
2004	2,005,771,791	x	( 0 /	365)	x	.2000%	=	0	G
2005	2,005,771,791	x	( 0 /	365)	x	.1750%	=	0	H
2006	2,005,771,791	x	( 0 /	365)	x	.1250%	=	0	I
2007	2,005,771,791	x	( 0 /	365)	x	.0625%	=	0	J

**Note:** The Part I.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J)

4,512,987

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 4,512,987 x Number of days in the year 365 = 0 L

365

Gross Part I.3 tax (amount K or L, whichever applies) . . . . .

820

4,512,987

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

Taxable capital employed in Canada (line 690 or 790, whichever applies) .....	2,015,771,791	M
<b>Less:</b> Capital deduction claimed for the year (1/5 of line 801 if the taxation year end after 2003) .....	10,000,000	N
	-----	
Excess (amount M minus amount N) (if negative, enter "0") .....	2,005,771,791	O
	=====	
Amount O 2,005,771,791 x .2250% = .....	4,512,987	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 4,512,987 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) .....	<span style="border: 1px solid black; padding: 0 2px;">821</span>	4,512,987
		=====

**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.

If 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	811,830	x	2,015,771,791	= 811,830 c
			-----	
			2,015,771,791	
			line 500 of this schedule	
d) line 700 from the T2 return .....	16,945,109	d	811,830	S

<b>Current-year surtax credit available</b> (amount R or S, whichever applies) .....	<span style="border: 1px solid black; padding: 0 2px;">830</span>	811,830
		=====

**Part 8 - Calculation of current-year unused surtax credit**

Current-year surtax credit available (line 830) .....	811,830
<b>Less:</b> Gross Part 1.3 tax for purposes of the unused surtax credit (line 821) .....	4,512,987
	-----
<b>Current-year unused surtax credit</b> (if negative, enter "0") .....	<span style="border: 1px solid black; padding: 0 2px;">850</span> 0
Enter this amount at line 600 on Schedule 37.	=====

**Part 9 - Calculation of net Part 1.3 tax payable**

Gross Part 1.3 tax (line 820).....		4,512,987	T
<b>duct:</b>			
Current-year surtax credit applied			
(line 820 or 830, whichever is less).....	861	811,830	
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)		811,830	811,830 U
		=====	-----
<b>Net Part 1.3 tax payable</b> (amount T minus amount U).....	870	3,701,157	
Enter this amount at line 704 of the T2 return.		=====	

=====



## LOANS AND ADVANCES

Long-term note payable to related parties	180,000,000.00
Promisorry note payable	980,231,000.00
current portion of LT liabilities	14,820,000.00
Other-long term liabilities	4,666,000.00
CUSOMERS ADVANCES AND DEPOSITS	42,522,000.00
	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
Total	----- 1222239000.00 =====

LOANS/ADVANCES-RELATED CORPS  
LCT/CTAX

## LCT/CTAX

Long-term note receivable from related party:THSLI

6,991,000.00

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

0.00

0.00

0.00

Total

6,991,000.00

[illegible]



- 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]
-----			
TORONTO HYDRO CORPORATION	896760725RC0001	0	
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	0	
TORONTO HYDRO TELECOM INC.	863638961RC0001	0	
1455948 ONTARIO INC.	886517614RC0001	0	
TORONTO HYDRO STREET LIGHTING	862135316RC0001	0	
<b>TOTAL</b>		0	

- Note 1:** If a corporation is not registered, enter "NR."
- Note 2:** Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

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

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

- Use this schedule to allocate the annual expenditure limit among associated Canadian-controlled private corporations (CCPCs), (subsection 127(10.2) of the "Income Tax Act"), in order to calculate the investment tax credit eligible for the 35% rate on qualifying scientific research and experimental development expenditures.
- 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 CCPCs and non-CCPCs.

**Column 2:** Provide the Business Number for each corporation in column 1 (if a corporation is not registered, enter "NR").

**Column 3:** Enter the code that applies for each corporation identified in columns 1 and 2:  
1 - CCPC  
2 - Non-CCPC

**Column 4A:** Enter the taxable income for each corporation for their last taxation year ending in the preceding calendar year. If the taxable income for the preceding taxation year is nil or a loss, enter nil in column 4A.

**Column 4B:** Enter the reduced business limit from line 425 in the small business deduction section of the T2 return for each CCPC's tax year that ends in the calendar year of this agreement (see notes 1 and 2 below). This is used in the calculation of "B" below.

**Column 4C:** Enter the corporation's reduced business limit for the preceding taxation year. If any corporation in the group has more than one taxation year ending in either the current or preceding calendar year, enter the total of the reduced business limit(s) for the taxation year(s) ending in the calendar year preceding the year your corporation's taxation year ends. This is used to determine if the corporation is a "qualifying corporation" for investment tax credit purposes.

**Column 4D:** Enter the amount of the expenditure limit allocated to each corporation that has type of corporation code 1 in column 3. The rules for determining the total expenditure limit that can be allocated, (subsection 127(10.2) of the "Income Tax Act"), are explained below.

## Allocation of expenditure limit

Filed (do not use this area) .....

025

Year Month Day

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

050

Year

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	4A	4B	4C	4D
Names of associated corporations	Business Number of associated corporations	Type of corporation code	Taxable Income of prior year	Reduced Business limit of current year	Reduced Business limit of prior year	Expenditure limit allocated*
						\$
						400
TORONTO HYDRO-ELECTRIC SYSTEM	896718327RC0001	1	0	0	0	0
See attached			2,250,108	0	0	0
			-----	-----	-----	-----
			2,250,108	0	0	
			=====	=====	=====	
Total expenditure limit (cannot be more than \$2,000,000)						410 0
						=====

## The total expenditure limit is calculated as follows:

(\$5,000,000\*\* minus 10A) x B divided by C where,

A = the greater of:

- \$300,000\*\*; and
- the total of all taxable incomes (prior to any loss carry-backs applied) of all associated corporations identified in columns 1 and 2 for their last taxation years\*\*\* ending in the preceding calendar year;

B = the total of the reduced business limits for the year\*\*\* from line 425 in the small business deduction area of the T2 return for each of the associated CCPC's; and

C = the total of all business limits allocated to each associated corporations identified in columns 1 and 2 above (amount A from Schedule 23).

Amount A 425

500,000

Amount B 450

0

Amount C 475

225,000

\* 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 expenditure limit for the second (and subsequent) taxation year(s) will be equal to the expenditure limit allocated for the first taxation year ending in the calendar year.

\*\* If your taxation year immediately follows a taxation year that ended before 2003, the references to \$5,000,000 and \$300,000 in the above calculation, should be \$4,000,000 and \$200,000 respectively.

\*\*\* If any of the taxation years referred to in A or B above are less than 51 weeks, gross up the taxable incomes and the business limits for those taxation years by the ratio that 365 is of the number of days in those taxation years. Use these grossed up amounts when applying the formula above.

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Account/Business No.: 8967 327RC0001 Year Ended: 2003-12-31

## AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE EXPENDITURE LIMIT

1	2	3	4A	4B	4C	4D
Names of associated corporations [100]	Business Number of associated corporations [200]	Type of corporation code [300]	Taxable Income of prior year	Reduced Business limit of current year	Reduced Business limit of prior year	Expenditure limit allocated [400]
TORONTO HYDRO CORPORATION	896760725RC0001	1	0	0	0	0
TORONTO HYDRO ENERGY SERVICES	896747128RC0001	1	0	0	0	0
TORONTO HYDRO TELECOM INC.	863638961RC0001	1	2,250,108	0	0	0
1455948 ONTARIO INC.	886517614RC0001	1	0	0	0	0
TORONTO HYDRO STREET LIGHTING	862135316RC0001	1	0	0	0	0
<b>TOTALS</b>			2,250,108	0	0	0

## Schedule 49 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-09

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

# **SHAREHOLDER INFORMATION**

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	200	300	400	500
TORONTO HYDRO CORPORATION	896760725RC0001		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.

**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.



