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1 **DEFERRAL AND VARIANCE ACCOUNTS:**

2 **OVERVIEW**

3 The information contained in this exhibit includes the status and description of E.L.K.'s deferral
4 and variance accounts, the proposed disposition of certain account balances, and the rate riders
5 required for recovery or refund of the account balances.

PREVIOUS DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

The report of the Board on Electricity Distributors' Deferral and Variance Account Review report (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed of if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed of. With respect to the disposition period, the EDDVAR Report states that the default position would be one year.

2010 IRM Approval and Board Directive

March 25, 2010 the Ontario Energy Board's Decision and Order EB-2009-0197 approved the disposition of E.L.K.'s December 31, 2008 Group 1 account balances over a one year disposition period. To summarize, E.L.K. requested that the Board review and approve the disposition of the December 31, 2008 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total of Group 1 account balance is a credit of \$283,869, which includes a credit balance of \$370,612 in the 1588 global adjustment sub-account. (Credit balances are amounts payable to customers and debit balances are amounts recoverable from customers). E.L.K. included interest on these account balances using the Board's prescribed interest rates to April 30, 2010. E.L.K.'s account balances as at December 31, 2008, plus projected carrying charges to April 30, 2010.

E.L.K. stated that it had reviewed the Regulatory Audit & Accounting Bulletin 200901 and confirmed it had accounted for its Account 1588 RSVA power and global adjustment sub-account in accordance with this Bulletin. In 2010, the approved balances were transferred to account 1595. Table 9-1 below summarizes the 2008 approved Group 1 accounts and amounts for disposition.

Table 9-1
2010 IRM Approved Group 1 Amounts for Disposition

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C= A + B
LV Variance Account	1550	-	-	-
RSVA - Wholesale Market Service Charge	1580	854,008	11,200	865,208
RSVA - Retail Transmission Network Charge	1584	(519,512)	(6,813)	(526,325)
RSVA - Retail Transmission Connection Charge	1586	1,049,996	13,771	1,063,767
RSVA - Power (Excluding Global Adjustment)	1588	133,889	1,756	135,645
RSVA - Power (Global Adjustment Sub-account)	1588	(365,815)	(4,797)	(370,612)
Recovery of Regulatory Asset Balances	1590	(872,373)	(11,441)	(883,814)
Disposition and recovery of Regulatory Balances Account	1595	(280,193)	(3,676)	(283,869)

At the time of the 2010 IRM application, E.L.K.'s billing system could not readily accommodate and implement a separate rate rider to non-RPP customers to dispose of the global adjustment sub-account balance before May 1, 2010. The credit balance of \$370,612 was included in the Deferral/ Variance Account Disposition (2010) rate rider. The Decision and Order EB 2009-0197 also stated:

"The Board directs E.L.K. to further investigate and report to the Board in a proceeding no later than the rebasing proceeding E.L.K.'s projection of the costs that it would incur to accommodate the establishment of a separate rate rider to dispose of the global adjustment sub account".

During preliminary dialogue with E.L.K.'s CIS provider Harris, this rate rider would now be able to be implemented into E.L.K.'s system. Some set-up modifications and programming changes would be required. The associated costs were included in the provisions for standard maintenance fees. If additional assistance is required E.L.K. expects additional cost would be minimal. E.L.K. still needs to confirm through detailed testing of accounts that its billing system is now able to support a separate rate rider for non-RPP customers, although preliminary indications suggest that it can be accommodated.

2011 IRM Approval and Board Directive

E.L.K. requested that the Board review and approve the disposition of the December 31, 2009 Group 1 account balances as defined by the EDDVAR Report since the preset disposition threshold of \$0.001 per kWh was exceeded. The combined total of Group 1 account balance is a debit of \$1,548,504, (debit balances are amounts recoverable from customers) reflecting E.L.K.'s account balances as at December 31, 2009, plus projected carrying charges to April 30, 2011. E.L.K. included interest on these account balances using the Board's prescribed interest rates to April 30, 2011. In 2011, the approved balances were transferred to account 1595. Table 9-2 below summarizes the 2009 approved Group 1 accounts and amounts for disposition. The disposition period was for one year.

Table 9-2
2011 IRM Approved Group 1 Amounts for Disposition

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C= A + B
LV Variance Account	1550	-	-	-
RSVA - Wholesale Market Service Charge	1580	217,602	2,206	219,808
RSVA - Retail Transmission Network Charge	1584	(677,170)	(6,867)	(684,037)
RSVA - Retail Transmission Connection Charge	1586	394,682	4,002	398,684
RSVA - Power (Excluding Global Adjustment)	1588	78,460	796	79,256
RSVA - Power (Global Adjustment Sub-account)	1588	1,788,799	18,138	1,806,937
Recovery of Regulatory Asset Balances	1590	(269,412)	(2,732)	(272,144)
Disposition and recovery of Regulatory Balances Account	1595	1,532,961	15,543	1,548,504

STATUS OF DEFERRAL AND VARIANCE ACCOUNTS:

This Schedule contains the status of Deferral and Variance Accounts ("DVAs") currently used by E.L.K. Their balances as at December 31, 2011 and the proposed recovery amounts are summarized in 9-3, following the descriptions of each account:

GROUP 1 ACCOUNTS

1550 LV Variance Account

This account is used to record the variances arising from low voltage transactions which are not part of the electricity wholesale market. This account shall be used to record the net of the amount charged by a host distributor to an embedded distributor for transmission or low voltage services, Account 4750, including accruals and the amount billed to the embedded distributor's customers based on the embedded distributor's approved LV rate(s) in Account 4075, including accruals, with the appropriate carrying charges.

For 2012, E.L.K is requesting disposition of the December 31, 2011 audited balance, plus the projected interest from January 1, 2012 through September 30, 2012 for account 1550. The requested amount is a credit of (\$38,329).

1580 Retail Settlement Variance Account - Wholesale Market Service Charges

This account is used to record the net of the amount charged by the IESO based on the settlement invoice for the operation of the IESO-administered markets and the operation of the IESO-controlled grid, and the amount billed to customers using the OEB-approved Wholesale Market Service Rate, including accruals. Embedded distributors shall also use this account to record the net difference between the amount charged by the host distributor (based on the settlement invoice) for wholesale market services and the amount billed to customers using the Board-approved Wholesale Market Service Rate. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

For 2012, E.L.K is requesting disposition of the December 31, 2011 audited balance, plus the projected interest from January 1, 2012 through September 30, 2012 for account 1580. The requested amount is a credit of (\$531,905).

1584 Retail Settlement Variance Account - Retail Transmission Network Charges

This account is used to record the net of the amount charged by Hydro One (as E.L.K. is an embedded distributor), based on the settlement invoice for transmission network services, including accruals, and the amount billed to customers using the OEB-approved Transmission Network Charge, including accruals. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

For 2012, E.L.K. is requesting disposition of the December 31, 2011 audited balance, plus the projected interest from January 1, 2012 through September 30, 2012 for account 1584. The requested amount is a credit of \$(73,138)

1586 Retail Settlement Variance Account - Retail Transmission Connection Charges

This account is used to record the net of the amount charged by Hydro One (as E.L.K. is an embedded distributor), based on the settlement invoice for transmission connection services, including accruals and the amount billed to customers using the OEB-approved Transmission Connection Charge, including accruals. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

For 2012, E.L.K. is requesting disposition of the December 31, 2011 audited balance, plus the projected interest from January 1, 2012 through September 30, 2012 for account 1586. The requested amount is a credit of \$(155,983)

1588 Retail Settlement Variance Account – Power (excluding Global Adjustment)

This account is used to recover the net difference between the energy amount billed to customers, including accruals and the energy charge to E.L.K. using the settlement invoice from the Independent Electricity System Operator (IESO), host distributor or embedded generator, including accruals. The variance between Board-approved and

1 actual line losses is reflected in Account 1588 for the applicable period. The Board
2 prescribed interest rates are used to calculate the carrying charges and the interest is
3 recorded in a sub-account.

4 For 2012, E.L.K. is requesting disposition of the December 31, 2011 audited balance,
5 plus the projected interest from January 1, 2012 through September 30, 2012 for
6 account 1588 – Power (excluding Global Adjustment). The requested amount is a credit
7 of \$(3,257,593)

8 **1588 Retail Settlement Variance Account - Power, Sub-account Global Adjustment**

9 This account is used to recover the net difference between the global adjustment
10 amount billed to non-Regulated Price Plan consumers, including accruals and the global
11 adjustment charge to E.L.K. for non-Regulated Price Plan consumers using the
12 settlement invoice from the IESO, host distributor or embedded generator, including
13 accruals. The Board prescribed interest rates are used to calculate the carrying charges
14 and the interest is recorded in a sub-account.

15 For 2012, E.L.K. is requesting disposition of the December 31, 2011 audited balance,
16 plus the projected interest from January 1, 2012 through September 30, 2012 for
17 account 1588 sub account Global Adjustment through a separate non-RPP rate rider.
18 The requested amount is a debit of \$3,506,704

19 **1595 Disposition and Recovery/Refund of Regulatory Balances Control Account**

20 This account includes the regulatory asset or liability balances authorized by the Board
21 for recovery in rates or payments/credits made to customers. Separate sub-accounts are
22 maintained for expenses, interest, and recovery amounts approved by the Board in
23 E.L.K.'s 2010 IRM (EB-2009-0197) and 2011 IRM (EB-2010-0126). The Board
24 prescribed interest rates are used to calculate the carrying charges and the interest is
25 recorded in a sub-account. With regards to the recovery amounts approved by the
26 Board in E.L.K.'s 2010 IRM (EB-2009-0197) the one year recovery period was
27 completed as at April 30, 2011. The balance of this subaccount as at December 31,
28 2011 was a credit of (\$101,092) owing to customers. For 2012, E.L.K. is requesting

disposition of the December 31, 2011 audited balance, plus the projected interest from January 1, 2012 through September 30, 2012 of (1,114) for a total of \$(102,206).

GROUP 2 ACCOUNTS

1508 Other Regulatory Assets - Sub-account OEB Cost Assessments

This account includes amounts paid for OEB Cost Assessment for the period January 1, 2005 to April 30, 2007 in excess of amounts previously included in rates (1999 OEB costs). The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the projected interest from January 1, 2012 through September 30, 2012 for account 1508 – Sub-account OEB Cost Assessments. The requested amount is a debit of \$31,631

1508 Other Regulatory Assets - Sub-account Pension Contributions

This account includes amounts paid for OMERS pension expense for the period January 1, 2005 to April 30, 2007 not included in rates. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the projected interest from January 1, 2012 through September 30, 2012 for account 1508 - Sub-account Pension Contributions. The requested amount is a debit of \$82,633

1508 Other Regulatory Assets – Late Payment Penalty

This account includes amounts paid for and collected from customers related to the late payment penalty costs and damages resulting from a court settlement that addressed litigation against many of the former municipal electricity utilities in Ontario.

E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the projected interest from January 1, 2012 through September 30, 2012 for account 1508 - Sub-account Late Payment Penalty. The requested amount is a debit of \$15,686

1521 Special Purpose Charge (SPC) Assessment Variance Account

This account records any difference between the amounts remitted to the Minister of Finance for the SPC and the amount the utility recovers from customers. This amount shall be recorded in "Sub-account 2010 SPC Assessment Variance" of account 1521. Account 5681, Special Purpose Charge Expense shall be used to record the amount of the SPC assessment, and account 4324, Special Purpose Charge Recovery shall be used to record amounts collected from customers on account of that assessment. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account. The April 23, 2011 letter from the Board stated that requests for disposition of the balances will be addressed as part of the proceedings to set rates for the 2011 rate year, no later than April 15, 2012.

E.L.K. established account 1521 Sub-account 2011 SPC Variance, in accordance with the Board's April 23, 2011 letter. E.L.K.'s share of the Assessment for MEI Conservation and Renewable program of \$97,822 was recognized in this account in 2010, and customer billing for recoveries commenced in this year as well.

E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the projected interest from January 1, 2012 through September 30, 2012 for account 1521. The requested amount is a debit of \$21,085

1525 Miscellaneous Deferred Debits

This account includes all debits not elsewhere provided for which will benefit future periods and shall be carried forward and charged to expense over the term of the benefit. Carrying charges shall also apply to this account.

E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the projected interest from January 1, 2012 through September 30, 2012 for account 1525. The requested amount is a debit of \$3,276.

1531 Renewable Connection Capital Deferral Account

This account includes the amounts paid for capital investments related to "renewable enabling improvements" as defined in the OEB Guidelines G-2009-0087 Deemed

1 Conditions of Licence: Distribution System Planning, June 16, 2009. The Board
2 prescribed interest rates are used to calculate the carrying charges and the interest is
3 recorded in a sub-account.
4

5 E.L.K. has established the 1531 Renewable Connection Capital Deferral Account in
6 accordance with the Board's Guidelines on Deemed Conditions of Licence: Distribution
7 System Planning (G-2009-0087) released June 16, 2009, to track costs associated with
8 renewable connection capital. There is currently no activity in this account.
9

10 **1532 Renewable Connection OM&A Deferral Account**

11 This account includes the amounts paid for incremental operating, maintenance,
12 amortization and administrative expenses directly related to "renewable enabling
13 improvements" as defined in the OEB Guidelines G-2009-0087 Deemed Conditions of
14 Licence: Distribution System Planning, June 16, 2009. The Board prescribed interest
15 rates are used to calculate the carrying charges and the interest is recorded in a sub-
16 account.
17

18 E.L.K. has established the 1532 Renewable Connection OM&A Deferral Account in
19 accordance with the Board's Guidelines on Deemed Conditions of Licence: Distribution
20 System Planning (G-2009-0087) released June 16, 2009, to track costs associated with
21 renewable connection OM&A. There is currently no activity in this account.
22

23 **1534 Smart Grid Capital Deferral Account**

24 This account includes the amounts paid for capital investments related to "smart grid
25 demonstration projects" as defined in the OEB Guidelines G-2009-0087 Deemed
26 Conditions of Licence: Distribution System Planning, June 16, 2009. The Board
27 prescribed interest rates are used to calculate the carrying charges and the interest is
28 recorded in a sub-account.
29

30 E.L.K. has established the 1534 Smart Grid Capital Deferral Account in accordance with
31 the Board's Guidelines on Deemed Conditions of Licence: Distribution System Planning

(G-2009-0087) released June 16, 2009 to track costs associated with smart grid capital.
There is currently no activity in this account.

1535 Smart Grid OM&A Deferral Account

This account includes the amounts paid for incremental operating, maintenance, amortization and administrative expenses directly related to “smart grid development activities” as defined in the OEB Guidelines G-2009-0087 Deemed Conditions of Licence: Distribution System Planning, June 16, 2009. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

E.L.K. has established the 1535 Smart Grid OM&A Deferral Account in accordance with the Board's Guidelines on Deemed Conditions of Licence: Distribution System Planning (G-2009-0087) released June 16, 2009, to track costs associated with smart grid OM&A. There is currently no activity in this account.

1555 Smart Meter Capital and Recovery Offset Variance

This account records the net of the amounts paid for direct capital costs related to the smart meter program and the amounts charged to customers using the OEB- approved smart meter rate adder. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

E.L.K. is following the Smart Meter Funding and Cost Recovery Guideline dated October 22, 2008 (G-2008-0002) and is requesting a disposition rider of the December 31, 2011 audited balance for account 1555 – Smart Meter Capital and Recovery Offset Variance through a smart meter rate disposition rider as detailed in Tab 4 of this Exhibit.

1556 Smart Meter OM&A Variance

This account records the incremental operating, maintenance, amortization and administrative expenses directly related to smart meters. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-

1 account. E.L.K. is following the Smart Meter Funding and Cost Recovery Guideline
2 dated October 22, 2008 (G-2008-0002) and is requesting a disposition rider of the
3 December 31, 2011 audited balance for account 1556 – Smart Meter OM&A Variance
4 through a smart meter rate disposition rider as detailed in Tab 4 of this Exhibit.

5 **1562 Deferred Payments in Lieu of Taxes**

6 This account records the amount resulting from the OEB-approved PILs methodology for
7 determining the 2001 deferral account allowance and the PILs proxy amount determined
8 for 2002 and subsequent periods ending April 30, 2006.

9 E.L.K. is requesting disposition of this account following the principals set out in the
10 combined proceeding found in decision EB-2008-0381. As such E.L.K has provided the
11 relevant information required for disposition of this account under Tab 3 of this Exhibit. In
12 summary, E.L.K is requesting disposition of \$155,453 for this account.

13 **1592 PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST/OVAT**
14 **Input Tax Credits (ITCs)**

15 Effective July 1, 2010 distributors were required to record the incremental ITC they
16 receive on distribution revenue requirement items that were previously subject to PST
17 and become subject to HST. Tracking of these amounts will continue in this deferral
18 account until the effective date of distributors' next cost of service rate order. 50 per
19 cent of the confirmed balance in this account shall be returnable to the ratepayers.
20 Carrying charges also apply to this account.

21 E.L.K. is requesting disposition of the December 31, 2011 audited balance plus the
22 projected interest from January 1, 2012 through September 30, 2012 for account 1592.
23 The requested amount is a credit of (\$3,226) which 50% of the value of this account
24 reflecting the discussion above. E.L.K. is also requesting the completion of recording
25 the incremental ITC in this account after the effective day of E.L.K.'s 2012 cost of service
26 rates are approved.

ACCOUNTS REQUESTED FOR DISPOSITION BY WAY OF A DEFERRAL AND VARIANCE **ACCOUNT RATE RIDER**

The following Table 9-3 contains account balances from the 2011 Audited Financial Statements as at December 31, 2011 and summarizes the amounts requested for disposition for both Group 1 and Group 2 Accounts including interest from January 1, 2012 to September 30, 2012.

Table 9-3
December 31, 2011 Audited Balances – Deferral and Variance Accounts

Account Description	Account Number	Dec 31, 2011 Account Balances A	Jan 1 to Sept 30, 2012 Interest Amounts B	Total Claim C= A + B
GROUP 1 ACCOUNTS				
LV Variance Account	1550	(37,911)	(418)	(38,329)
RSVA - Wholesale Market Service Charge	1580	(526,104)	(5,800)	(531,905)
RSVA - Retail Transmission Network Charge	1584	(72,340)	(798)	(73,138)
RSVA - Retail Transmission Connection Charge	1586	(154,282)	(1,701)	(155,983)
RSVA - Power (Excluding Global Adjustment)	1588	(3,222,070)	(35,523)	(3,257,593)
RSVA - Power (Global Adjustment Sub-account)	1588	3,468,464	38,240	3,506,704
Recovery of Regulatory Asset Balances	1595	(101,092)	(1,115)	(102,206)
Group 1 Sub-Total		(645,336)	(7,115)	(652,451)
GROUP 2 ACCOUNTS				
Other Regulatory Assets- Sub-Account- OEB Cost Assessments	1508	31,286	345	31,631
Other Regulatory Assets- Sub-Account- Pension Contributions	1508	81,732	901	82,633
Other Regulatory Assets- Sub-Account- Late Payment Penalty	1508	15,515	171	15,686
Special Purpose Charge (SPC) Assessment Variance Account	1521	20,983	103	21,085
Miscellaneous Deferred Debits	1525	3,240	36	3,276
Deferred Payments in Lieu of Taxes	1562	155,453	-	155,453
1592 PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST/OVAT Input Tax Credits (ITCs)	1592	(3,191)	(35)	(3,226)
Group 2 Sub-Total		305,018	1,520	306,538
Total		(340,318)	(5,594)	(345,912)

Table 9-4 provides the interest rates that have been used to calculate actual and forecast carrying charges on the accounts in accordance with the methodology approved by the Board.

Table 9-4
Interest Rates Applied to Deferral and Variance Accounts

	Account 1508	All Other Accounts
Q1 2005	3.88%	7.00%
Q2 2005	3.88%	7.00%
Q3 2005	3.88%	7.00%
Q4 2005	3.88%	7.00%
Q1 2006	3.88%	7.00%
Q2 2006	4.14%	4.14%
Q3 2006	4.59%	4.59%
Q4 2006	4.59%	4.59%
Q1 2007	4.59%	4.59%
Q2 2007	4.59%	4.59%
Q3 2007	4.59%	4.59%
Q4 2007	5.14%	5.14%
Q1 2008	5.14%	5.14%
Q2 2008	4.08%	4.08%
Q3 2008	3.35%	3.35%
Q4 2008	3.35%	3.35%
Q1 2009	2.45%	2.45%
Q2 2009	1.00%	1.00%
Q3 2009	0.55%	0.55%
Q4 2009	0.55%	0.55%
Q1 2010	0.55%	0.55%
Q2 2010	0.55%	0.55%
Q3 2010	0.89%	0.89%
Q4 2010	1.20%	1.20%
Q1 2011	1.47%	1.47%
Q2 2011	1.47%	1.47%
Q3 2011	1.47%	1.47%
Q4 2011	1.47%	1.47%
Q1 2012	1.47%	1.47%
Q2 2012	1.47%	1.47%
Q3 2012	1.47%	1.47%
Q4 2012	1.47%	1.47%

E.L.K. is requesting disposition of the variance accounts noted below according to the Report of the Board EB-2008-0046, which states that “at the time of rebasing, all Account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline.

E.L.K. has followed the guidelines in the Report of the Board and requests disposition over a one-year period. E.L.K. has provided a continuity schedule of the accounts listed below in the live Excel file named ELK 2012_EDDVAR_Continuity_Schedule.

Table 9-5 outlines the allocation of the Group 1 and Group 2 Accounts shown in Table 9-3 to the rate classes.

Table 9-5
Allocation of Deferral and Variance Accounts

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 kW	GS > 50 kW	Embedded Distributor	USL	Senitnel Lighting	Street Lighting	Total
LV Variance - Account 1550	\$ (38,329)	kWh	\$ (14,801)	\$ (5,040)	\$ (11,317)	\$ (6,836)	\$ (30)	\$ (1)	\$ (305)	\$ (38,329)
WMSA - Account 1580	\$ (531,905)	kWh	\$ (205,400)	\$ (69,942)	\$ (157,042)	\$ (94,868)	\$ (415)	\$ (9)	\$ (4,228)	\$ (531,905)
Network - Account 1584	\$ (73,138)	kWh	\$ (28,243)	\$ (9,617)	\$ (21,594)	\$ (13,044)	\$ (57)	\$ (1)	\$ (581)	\$ (73,138)
Connection - Account 1586	\$ (155,983)	kWh	\$ (60,235)	\$ (20,511)	\$ (46,053)	\$ (27,820)	\$ (122)	\$ (3)	\$ (1,240)	\$ (155,983)
Power Non GA - Account 1588	\$ (3,257,593)	kWh	\$ (1,257,953)	\$ (428,354)	\$ (961,790)	\$ (581,008)	\$ (2,539)	\$ (54)	\$ (25,896)	\$ (3,257,593)
Power GA - Account 1588	\$ 3,506,704	Non RPP kWh	\$ 375,035	\$ 85,137	\$ 1,835,132	\$ 1,154,777	\$ 5,045	\$ 108	\$ 51,469	\$ 3,506,704
Disposition and Recovery/Refund of Regulatory Balancesm- 1595	\$ (102,206)	kWh	\$ (39,468)	\$ (13,440)	\$ (30,176)	\$ (18,229)	\$ (80)	\$ (2)	\$ (812)	\$ (102,206)
Subtotal - RSVA	\$ (652,451)		\$ (1,231,065)	\$ (461,767)	\$ 607,161	\$ 412,971	\$ 1,804	\$ 39	\$ 18,406	\$ (652,451)
Other Regulatory Assets - Acct 1508	\$ 129,949	# of Customers	\$ 114,505	\$ 13,874	\$ 1,068	\$ 46	\$ 366	\$ 23	\$ 69	\$ 129,949
Misc Deferred Debits - Acct 1525	\$ 3,276	# of Customers	\$ 2,887	\$ 350	\$ 27	\$ 1	\$ 9	\$ 1	\$ 2	\$ 3,276
Differed Payments in Lieu of Taxes - 1562	\$ 155,453	Dx Revenue	\$ 102,161	\$ 10,593	\$ 39,949	\$ 2,584	\$ 121	\$ 2	\$ 42	\$ 155,453
Input Tax Credit - 1592	\$ (3,226)	# of Customers	\$ (2,842)	\$ (344)	\$ (27)	\$ (1)	\$ (9)	\$ (1)	\$ (2)	\$ (3,226)
Special Purpose Charge -1521	\$ 21,085	kWh	\$ 8,142	\$ 2,773	\$ 6,225	\$ 3,761	\$ 16	\$ 0	\$ 168	\$ 21,085
Subtotal - Non RSVA, Variable	\$ 306,538		\$ 224,853	\$ 27,245	\$ 47,243	\$ 6,391	\$ 503	\$ 25	\$ 278	\$ 306,538
Total to be Recovered	\$ (345,912)		\$ (1,006,212)	\$ (434,522)	\$ 654,404	\$ 419,362	\$ 2,307	\$ 64	\$ 18,685	\$ (345,912)
Balance to be collected or refunded, Variable	\$ (3,852,616)		\$ (1,381,247)	\$ (519,659)	\$ (1,180,729)	\$ (735,415)	\$ (2,738)	\$ (44)	\$ (32,784)	\$ (3,852,616)
Balance to be collected or refunded, Non RPP Variable	\$ 3,506,704		\$ 375,035	\$ 85,137	\$ 1,835,132	\$ 1,154,777	\$ 5,045	\$ 108	\$ 51,469	\$ 3,506,704
Total	\$ (345,912)		\$ (1,006,212)	\$ (434,522)	\$ 654,404	\$ 419,362	\$ 2,307	\$ 64	\$ 18,685	\$ (345,912)

The following table provides the 2012 Deferral and Variance Account Rate Riders by rate class and the Non-RPP Global Adjustment Rate Rider by rate class.

Table 9-6
Deferral and Variance Accounts Rate Riders

Class	Residential	GS < 50 kW	GS > 50 kW	Embedded Distributor	USL	Senitnel Lighting	Street Lighting
Deferral and Variance Account Rate Riders	\$ (0.0148)	\$ (0.0164)	\$ (6.0623)	\$ (7.6567)	\$ (0.0146)	\$ (3.9368)	\$ (6.1389)
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW
Deferral and Variance Account Rate Riders							
Non RPP - GARate Rider	\$ 0.0269	\$ 0.0269	\$ 9.8148	\$ 12.0229	\$ 0.0269	\$ 9.6377	\$ 9.6377
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW

ACCOUNT 1562 – DEFERRED PAYMENTS IN LIEU OF TAXES

E.L.K.'s evidence to support the balance of account 1562 conforms to the principles set out in the combined proceeding decision (EB-2008-0381). In addition, it is E.L.K.'s understanding the evidence meets the expectations of Board Staff which have been communicated through Board Staff interrogatories to other applicants such as Oshawa PUC Networks Inc. as part of the EB-2011-0073 proceeding. E.L.K. has reviewed the evidentiary record of the combined proceeding EB-2008-0381, the letter from the Board dated September 13, 2011 regarding account 1562 and completed the SIMPIL models based on the Halton Hills models.

As outlined below in E.L.K.'s 1562 PILs continuity statement, that balance for account 1562 includes principal and interest to April 30, 2006 of \$138,475. In addition, interest from May 1, 2006 to September 30, 2012 of \$16,979 for a total disposition amount of \$155,453.

The following 1562 PILs Continuity Schedule support the total 1562 account balance of \$138,475 as at April 30, 2006. The schedule provides the summary of the Board Approved PILs amounts from the approved Rate Adjustment Models, adjustments from the annual SIMPIL models, PILs billed to customers and the related carrying charges at the Board prescribed interest rates for the period May 1, 2002 to April 30, 2006.

Table 9-7
E.L.K. 1562 PILs Continuity Schedule

Year start:		01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/01/2006	
Year end:		31/12/2001	31/12/2002	31/12/2003	31/12/2004	31/12/2005	30/04/2006	Total
Opening balance:	=	0	67,482	123,700	110,167	109,073	20,643	0
Board-approved PILs tax proxy from Decisions (1)	+/-	67,077	299,304	477,332	427,024	102,564	96,378	1,469,679
PILs proxy from April 1, 2005 - input 9/12 of amount						216,851		216,851
True-up Variance Adjustment Q4, 2001 (2)	+/-		37,706					37,706
True-up Variance Adjustment (3)	+/-			40,474	-42,132	-10,207	-12,390	-24,255
Deferral Account Variance Adjustment Q4, 2001 (4)								0
Deferral Account Variance Adjustment (5)	+/-		-8,755	-69,023	-19,321	-23,965	97,345	-23,719
Adjustments to reported prior years' variances (6)	+/-							0
Carrying charges (7)	+/-	405	10,218	7,639	6,769	3,547	-198	28,380
PILs billed to (collected from) customers (8)	-	0	-282,255	-469,955	-373,434	-377,219	-63,304	-1,566,167
Ending balance: # 1562		67,482	123,700	110,167	109,073	20,643	138,475	138,475

The income tax rates used for true-up purposes are the actual legislated tax rate for the applicable year based on the regulatory taxable income used to determine the amount of PILs that were included in rates not the rate used to set PILs included in rates nor the actual income tax rate paid. The method of determining the actual legislated tax rates is described below.

In 2001 and 2002, E.L.K. was eligible for a reduced small business deduction for federal tax purposes. The small business deduction tax rate was calculated based upon regulatory taxable income and the actual federal clawback based upon prior year's gross part I.3 tax (gross LCT). The actual legislated tax rate was calculated using the maximum tax rates set out in the tax rate table in the combined proceeding decision (including surtax) with a reduction for the small business deduction to which E.L.K. was entitled. The tax rates for gross-up purposes are the rates calculated as described reduced by 1.12% being the surtax reduction.

E.L.K. believes these are the proper rates to utilize as they reflect the intent of the SIMPIL process to capture changes in legislated tax rates. The PILs included in rates

were determined well in advance of the actual tax years using proxies for what the actual tax rates would be. Utilizing the actual tax rates that would be applicable to the same level of regulatory net income as used to set PILs in rates properly captures the changes in legislation. This captures the difference between the rates used to determine PILs included in rates and what the PILs would have been if they were set in the actual tax year with knowledge of any changes in tax rates. The use of the legislated tax rate for the applicable year is also consistent with the principles established in the combined proceeding decision.

In completing the required information to support the 1562 balance E.L.K. reflected the Ministry of Finance Assessment notices for the years 2001 to 2005 which as noted below are provided in Appendix Q to U. E.L.K. confirms that all tax years from 2001 to 2005 are statute barred.

The information requested by the Board to support E.L.K.'s disposition amount includes the following appendices related to the disposition of Account 1562:

- Appendix 9-A: 1562 Summary Continuity Schedule and Supporting Calculations (Excel and PDF)
- Appendix 9-B: Calculation of Collected PILs (Excel and PDF)
- Appendix 9-C: 2001 SIMPIL Model (Excel and PDF)
- Appendix 9-D: 2002 SIMPIL Model (Excel and PDF)
- Appendix 9-E: 2003 SIMPIL Model (Excel and PDF)
- Appendix 9-F: 2004 SIMPIL Model (Excel and PDF)
- Appendix 9-G: 2005 SIMPIL Model (Excel and PDF)
- Appendix 9-H: 2002 OEB Decision (PDF only)
- Appendix 9-I: 2004 OEB Decision (PDF only)
- Appendix 9-J: 2005 OEB Decision (PDF only)
- Appendix 9-K: 2002 Rate Adjustment Model (Excel and PDF)
- Appendix 9-L: 2004 Rate Adjustment Model (Excel and PDF)

1	Appendix 9-M:	2005 Rate Adjustment Model (Excel and PDF)					
2	Appendix 9-N:	2001 Audited Financial Statements, Tax Returns and					
3		Assessment (PDF only)					
4	Appendix 9-O:	2002 Audited Financial Statements, Tax Returns and					
5		Assessment (PDF only)					
6	Appendix 9-P	2003 Audited Financial Statements, Tax Returns and					
7		Assessment (PDF only)					
8	Appendix 9-Q	2004 Audited Financial Statements, Tax Returns and					
9		Assessment (PDF only)					
10	Appendix 9-R	2005 Audited Financial Statements, Tax Returns and					
11		Assessment (PDF only)					

SMART METER PROPOSAL

E.L.K is seeking approval for smart meter cost recovery for the implementation of smart meters in the LDC's service area. The cost recovery is based on actual costs incurred to December 31, 2011

E.L.K. is specifically requesting the following

- Smart Meter Disposition Rate Rider (per metered customer per month) of (\$0.94) for one year (October 1, 2012 to September 30, 2013) for Residential customers and a Smart Meter Disposition Rate Rider (per metered customer per month) of \$0.95 for one year (October 1, 2012 to September 30, 2013) for General Service <50kW customers. This Rate Rider reflects the Net Deferred Revenue Requirement of (\$99,705) being the difference between the Deferred Incremental Revenue Requirement from 2009 to December 31, 2011 and the SMFA Revenues collected from 2007 to May of 2012;
- Approval to include smart meter capital deployed from 2009 to 2011 in the 2012 rate base that supports the 2012 revenue requirement and distribution rates which is the subject of this rate application.
- Approval to include smart meter operation and maintenance expenses in the 2012 revenue requirement associated with smart meters deployed.
- Approval to charge \$2.22 per month per Residential and GS < 50 kW customers to recover \$ 299,445 for stranded meters as at December 31, 2011 over a one year period beginning October 1, 2013.

Smart Meter Program Status

E.L.K. began recovery of smart meter funding adders in accordance with the 2006 Decision and Order (EB-2007-0436). A monthly fixed charge of \$0.27 per metered customer per month effective May 1, 2007, was billed and the proceeds were credited in OEB Account 1555, Smart Meter Capital and Recovery Offset Variance Account. E.L.K. requested the continuation of the smart meter rate adder previously approved by the

Board in order to provide funding for possible future implementation of smart meter costs and to minimize future rate impacts. The Board-approved rate adder for E.L.K. of \$0.27 per month per metered customer continued effective May 1, 2008. E.L.K.'s variance accounts for smart meter program implementation costs authorized by the Board also continued. On October 22, 2008 the Board issued a Guideline for Smart Meter Funding and Cost Recovery ("Smart Meter Guideline") which sets out the Board's filing requirements in relation to the funding of, and the recovery of costs associated with, smart meter activities conducted by electricity distributors. E.L.K. was a non-implementing distributor in the 2009 rate year. As such, E.L.K. requested the continuation of the smart meter funding adder of \$0.27 per metered customer per month and was granted this request by the Board.

In the 2010 Decision and Order (EB-2009-0197), E.L.K. received approval for the standard \$1.00 per metered customer per month smart meter funding charge for the 2010 IRM rate year. E.L.K. requested the standard smart meter funding adder of \$1.00 per metered customer per month which is intended to provide funding in the case where the distributor may be in the early stages of planning and may not have sufficient cost information for a utility specific funding adder. The Board approved this adder as requested.

In the 2011 Decision and Order (EB-2010-0126), E.L.K. received approval to change its utility specific smart meter funding adder from \$1.00 to 1.45 per metered customer per month to provide funding for E.L.K.'s smart metering activities in the 2011 rate year.

In 2007 E.L.K. purchased and installed approximately 800 Tantalus Smart Meters. Ultimately this vendor was not an approved vendor for E.L.K. As a result, these meters were removed and eliminated from account 1860. E.L.K. was able to sell approximately 683 of these meters. 176, I210 meters, complete with Tantalus module were sold for seventy five dollars each and 507, I210 meters, were sold separately for fifteen dollars each. They are not part of the stranded meter costs calculation. The remaining meters are on hand.

E.L.K. became a named distributor in the London Hydro RFP as a 2009 add-on LDC, and therefore authorized E.L.K. via Regulation 427/06 to proceed with "metering activities pursuant to the Request for Proposal (RFP) for Advanced Metering Infrastructure (AMI) –

1 Phase I Smart Meter Deployment: Fair Negotiations Protocol for Statement of Work (SOW)
2 Development and Contract Award issued August 14, 2008 by London Hydro Inc.” Please
3 note that E.L.K. was added to this consortium RFP approximately 8-10 months following
4 the initial wave of LDC’s. E.L.K. proceeded in negotiations with its number one ranked
5 proponent which was not successful. Ultimately, this led to an agreement with the second
6 ranked proponent KTI/Sensus Limited.

7 E.L.K. installed approximately 11,000 smart meters in the years 2010 and 2011. E.L.K.’s
8 Smart Meter Implementation Program was substantially complete by December 31, 2011.

PROCUREMENT OF SMART METER AGREEMENTS AND INSTALLATION SERVICES

Sensus Metering

E.L.K. was an active participant in the London RFP smart meter procurement process as a 2009 add-on LDC and therefore was authorized via Regulation 427/06 to proceed with “metering activities pursuant to the Request for Proposal (RFP) for Advanced Metering Infrastructure (AMI) – Phase I Smart Meter Deployment: Fair Negotiations Protocol for Statement of Work (SOW) Development and Contract Award issued August 14, 2008 by London Hydro Inc.” E.L.K.’s proceeded its negotiations with its number one ranked proponent Silver Springs Network which was not successful. Ultimately, this led to an agreement with the second ranked proponent KTI/Sensus. In late November 2009, E.L.K. finalized the details of the Smart Metering contract with KTI/Sensus Limited. KTI/Sensus Limited provided the supply of goods, software and professional services to provide an automated metering infrastructure (AMI) system (meters, gatekeepers/collectors and head-end communications and meter-data-collection server) and meter data collection services through a Hosted Services Agreement to facilitate integration with the provincial MDM/R. KTI/Sensus Limited will be providing ongoing maintenance and support of E.L.K.’s AMI system. System Acceptance testing of the fully-installed and operational KTI/Sensus Limited solution is complete.

KTI/Sensus Limited Gatekeeper Deployment

E.L.K. owns the meters, Tower Gateway Basestation (TGB) which consists of certain hardware, firmware and software installed at the tower site that collects meter reads from the approved meters and transmits these meter reads to the RNI, the FlexNet Network Portal’s (FNP’s) which is a pole mountable intelligent fringe network extender which receives messages from meters within its RF range that are in hard-to-reach or fringe locations when there are no other electronic meters in RF range to delay those messages, and stores and forwards those messages to a TGB. An FNP requires 110 or 240 VAC of operating voltage and FRP’s. Sensus owns the RNI which is a regional network interface computer consisting of equipment and software used to gather, store and report Meter Reads collected from Approved Meters and TGBs that are part of the FlexNet System.

The Software operates on the RNI that is used to retrieve or receive and temporarily store meter reads before or as they are being transmitted to the MDM/R. The information stored in the RNI is available to log maintenance and transmission faults and issue reports on the overall health of the AMI to E.L.K. and the MDM/R and operates and maintains the network, and Sensus provides full FlexNet functionality data services including hourly reads for all meters, monthly demand reads and reset for demand meters; voltage information; tamper information, outage/restoral information, meter status information and remote connect/disconnect. Sensus plotted and performed a propagation study using an existing water tower in place of PageNet's T056 site. As the E.L.K. service area is comprised of approximately 11,000 meters, the propagation study assumed that E.L.K. could get on the water tower in Essex, that the antenna will be installed at a height of at least 38 meters, and that FNP's will be installed on normal pole lines. E.L.K. currently possesses 1 TGB in Essex and a total of 6 (2 in Kingsville, 2 in the Town of Belle River, 1 in Comber and 1 in Harrow).

Some of the main responsibilities or services of each part to the agreement are included in the chart below.

Item #	Item	Reponsible Party
1	Purchase the Sensus FlaxNet electric endpoints (as defined by new electronic Approved Meter with an integrated two-way comm module)	E.L.K.
2	Purchase the Sensus Installation & Diagnostics Handheld Field Tool	E.L.K.
3	Installation of the FlexNet endpoints using Handheld Field Tool.	E.L.K.
4	Perform site selection survey and propogation analysis to determine the tower and TGB sites (Sensus would do this collaboratively with E.L.K. to use the E.L.K. tower sites if E.L.K. has sites it would like to make available for use).	Sensus
5	Perform project planning and management of TGB siting to ensure proper installation and drive testing to verify coverage.	Sensus

6	Purchase the Sensus TGB (TGB hardware pricing included installation).	E.L.K.
7	Provide the tower/pole attachment location for the TGB antenna and FNPs to be sited (this would likely be a combination of 3rd party and the E.L.K. sites).	Sensus
8	Field installation of the TGB which includes the TGB hardware, antenna, mounts, connectors, coax and any needed external ice bridges and filters.	Sensus
9A	Purchase the RNI System hardware.	Sensus
9B	Provide the FlexWare Software license.	Sensus
10	Provide a location for the RNI hardware to be sited.	Sensus
11	Install the RNI hardware and all related software and provide ongoing services to maintain the hardware, operating systems and all related software in good standing. All materials and labour costs to be covered by Warranty/Maintenance as provided for by Sensus Services.	Sensus
12	Establishment of WAN Communications from the TGB to the RNI.	Sensus
13	Payment for WAN Communications from the TGB to the RNI (set up costs and ongoing monthly costs) (the E.L.K. may have communications that can be used for WAN communications).	Sensus
14	Provide FlexNet proprietary software licenses (TGB software and firmware, Sensus System Operations Software, Sensus ELK Information Web Package, Sensus Diagnostic Software, Sensus Map Server Software).	Sensus
15	Provide FlexNet proprietary software updates and software maintenance and any other necessary yearly ongoing support tasks for this software and all Sensus network software.	Sensus
16	Provide the tower TGB power (estimated to be about 150 watts)	Sensus
17	Provide the use of licensed IC spectrum, 8 blocks of 12.5 kHz	Sensus
18	Provide 24x7x365 TGB and RNI monitoring and trouble ticket generation	Sensus
19	Operate the network delivering the data and communications required	Sensus
20	Provide preventative maintenance monitoring using Sensus FlexNet diagnostic software tools for all Approved Meters, TGBs and the RNI	Sensus

21	Managing ongoing data capacity to set the appropriate modes of operation in each Approved Meter and TGS in order to maximize reliability, the number of Approved Meters and Approved Meter types served and overall Approved Meter message throughput	Sensus
22	Provide all Technician labour to repair TGBs	Sensus
23	Provide all Technician labour and Hardware Maintenance Agreements to repair the RNI	Sensus
24	Provide the field services labour to visit a problem endpoint and perform diagnostics and repair or replacement	ELK
25	Provide TGB hardware that needs to be replaced because of failure, obsolescence or normal wear and tear at no additional cost for the life of the contract and any renewal periods	Sensus
26	Purchase and provide TGB hardware that needs to be replaced because of disaster destruction or vandalism	ELK
27	Provide RNI hardware that needs to be replaced because of obsolescence	Sensus
28	Secure Microsoft Windows and Sequel Licenses and pay the annual license fees	Sensus
29	Provide 1 week per year of on site training. This training would be scheduled in advance and be subject to the reasonable availability of the right Sensus employees.	Sensus
30	Payment of the taxes on the network hardware	ELK
31	Sensus warrants the performance of the TGB, FNP and RNI hardware	Yes
32	Sensus provides a service level agreement	Yes
33	Handling of IC compliance and regulatory matters	Sensus
34	Periodically monitor, primarily if a problem is suspected, in band and adjacent channels for radio frequency obstruction and notifying the Elk and IC if such is found	Sensus

1 **Residential and Commercial Deployment of KTI/Sensus Meters**

2 To attempt to keep costs at a minimum, E.L.K. estimated the cost of mass deployment and
3 concluded that the most cost-effective approach to converting E.L.K.'s service territory
4 meters to smart meters was to utilize in-house trained personnel who are familiar with
5 E.L.K.'s service territory.

6 **Annual Security Audit**

7 With the mass deployment of AMI systems, security of the AMI network is critical to
8 prevent utilities from becoming susceptible to new levels of potential security breaches
9 and to ensure customer privacy and acceptance of the network. By installing network
10 infrastructure in the field, there is now a requirement for additional security measures in
11 order to ensure that utility data and equipment are kept secure from manipulation or other
12 forms of control. As networks are deployed throughout North America, cyber security
13 articles with reports of the potential for smart-grid hacking are becoming commonplace in
14 the media. The minimum Functional Specification for an Advanced Metering Infrastructure
15 (AMI) released in July 2007 identified the need for security within the AMI network -
16 Section 2.11 Security and Authentication: "The AMI shall have security features to prevent
17 unauthorized access to the AMI and meter data and to ensure authentication to all AMI
18 elements." Some of the privacy and network security infrastructure concerns that have
19 been raised include:

- 20 • Monitoring a consumer's usage;
- 21 • Modifying one's own, or another consumer's usage;
- 22 • Interrupting the power of one or more consumers; and
- 23 • Tampering with demand side management tools which can be controlled through
24 smart meters.

25 Since early 2010, Ontario utilities have been working with their smart meter providers to
26 understand the security features of the networks, best practices for their deployment and
27 new features that are being developed for future implementation within the smart meter

1 networks. In November of 2010 the Information and Privacy Commissioner of Ontario
2 released the report Smart Privacy for the Smart Grid which identified areas of concern to
3 be addressed in the area of smart meter and smart grid devices.

4 E.L.K. is always looking at improving and maintaining its security of personal information
5 in order to satisfy the due diligence requirements for protection not only of customer
6 information, but also to ensure that access to the infrastructure is properly protected,
7 thereby securing against unwanted modifications to data collection and/or load-control
8 functionality.

9 E.L.K. uses a commercial grade Watchguard firewall appliance at its perimeter to protect
10 all key network resources from cyber attacks while allowing for safe secure remote
11 access. The Watchguard firewall includes security services that are renewed each year
12 that proxy all traffic and protect the network. The services included and renewed are
13 Intrusion Prevention Service, Gateway Antivirus, Email spam blocker and webblocker.
14 Policies have been set-up to employ a tighter security model on incoming traffic over
15 E.L.K.'s single internet connection. The key policies are as follows:

- 16 a) RDP packet filter to allow protocol only from PC outlet (outsourced IT vendor's IP),
17 Harris Northstar (billing CIS) and the EBT.
- 18 b) Secure access to E.L.K.'s webserver.
- 19 c) Remote access using 3DES VPN tunnels.
- 20 d) Inside webblocking of unapproved sites by category to minimize risk from inside
21 users.
- 22 e) Spam and antivirus blocking of incoming e-mails.
- 23 f) Antivirus filtering of website content from inside web browsing
- 24 g) Branch office VPN tunnel to key Smartmetering Partner Metersense
- 25 h) Trusted certificates on E.L.K.'s web server.

1 Further to this E.L.K. possesses application level security with Smart metering partners
2 that include and SFTP being used with transfers to Metersense and Sensus, AS2 software
3 with the MDM/R all of which contain encryption as part of the protocol. It should be notes
4 that all archives are stored safely onsite on E.L.K.'s archive server.

5 Security services are renewed on Firewall yearly and signatures updated hourly, firewall
6 firmware upgrades are done during a scheduled network tune-up, servers are maintained
7 for operating system updates and other updates during network tune-up and AS2 software
8 maintenance is renewed yearly.

9 Also below is Sensus Security Strategy



Sensus Security Strategy

Sensus maintains a dedicated team for information security within the Sensus organization. The Information Security team is the central point of contact for all information security matters regarding Sensus products and services. Acting as customer and internal technical information security consultants, it is this team's responsibility to create workable security solutions that take into consideration the needs of Sensus, Customers and selected third parties. Reflected in these solutions, this team defines information security standards, procedures, policies, and other requirements applicable to the entire organization and Sensus product space, and comply with relevant governance, regulatory and certification standards and requirements. The Security team works with various groups within the organization to develop and deliver secure products and services. Security monitors the security of Sensus products and services; it achieves this through working with development teams to ensure that a Security Development Lifecycle is integrated into the development process, and provides information security training and awareness programs to Sensus resources. In addition the team is responsible for periodically providing management with reports about the current state of information security within Sensus. Finally the Information Security team provides technical consulting to our Operational teams in order to provide assistance related to network security, host security and emergency response. Through these responsibilities and actions this team's provides the overall security strategy for the organization. This security strategy is achieved through the following security principles.

Security Drivers – Many factors go into the Sensus Security Strategy, customer feedback, industry standards, emerging and evolving threats. They all play a large role in shaping the strategy in which Sensus addresses security within our products. The two largest factors are our customers and industry standards. Sensus addresses concerns from these two groups in a variety of ways. For our customers, Sensus maintains a Security Focused User Group (SFUG) in order to bring security related issues to our customers. It provides a forum for two way communication of security issues or areas for Sensus to address or consider. In addition, it provides a communication path for security updates in our current products and security roadmap items. The second major contributor is industry standards. Sensus maintains close ties to the major standards bodies in the AML space (**NIST, OPEN-SG, and Zigbee**) to ensure an open communication path for existing and evolving standards. Sensus uses these two avenues to address new security requirement and apply evolving standards into our products.

Threat Assessment Model – Sensus adheres to a risk based model for assessing risks and threats during the design, development, testing and implementation of our products. This model extends through our entire end to end solution. From assessing risk at the physical and logical areas of the endpoints, to network related threats through the communication path, to the risks associated with the head end system located in a secure data center. Sensus breaks each of these areas up into individual domains and applies the same assessment criteria to them based on physical and logical security threats. The criteria Sensus uses to assess these threats and risks are based on traditional security and industry specific standards. In addition, Sensus participates in various industry and security groups to maintain current and relevant knowledge of emerging threats and risks. Through our participations in organizations such as **SANS** and **US-CERT**, Sensus can stay in touch with the ever changing landscape of cyber security threats.

Risk Mitigation – The next step once risks and threats have been identified is for Sensus to mitigate these through a layered security model. By providing security controls at each layer of the product, Sensus practices defense in depth throughout our entire product line. Using the CIA (**Confidentiality, Integrity and Availability**) model, Sensus applies security controls (authentication, authorization, encryption, auditing, logging, etc...) to each components of the system to address the CIA requirement with regard to the threats and risks. By applying specific security controls to address CIA requirements, Sensus can ensure that threats and risks are being mitigated at each layer (Endpoint, Network, and Head End System) of the system. Building each layer with the appropriate security controls for the requirement and risk levels, allows Sensus to Sensus acknowledges that all security controls cannot be addressed within the system and relies on third party security software to support the overall risk mitigation strategy.



This combination of build in and external third party security controls, provides security layers to prevent the potential threats and risks from becoming a successful attack.

Secure Development Lifecycle (SDL) – In order to implement our strategy of threat assessment and risk mitigation, Sensus has developed a SDL program to ensure our strategy is implemented at every step of our design, development, testing and implementation process. Through this program, the Sensus security team drives the security strategy from the beginning. During the design phase of product development, security requirements are created based on the threat/risk assessment/mitigation model described above. These security requirements are addressed through the development process using a number of security controls as dictated by the security requirement (i.e. confidentiality of communication using strong standards based encryption mechanisms). Once development phase is complete, the security requirement is passed to the Quality Assurance team. Sensus maintains a dedicated security test team to ensure the security requirement is met and the functionality of the system is not impacted. In addition this team also provides a checkpoint to ensure the requirement addresses the original risk identified by the security team. Finally through the implementation team, the product is deployed in a secure manner with the security requirements being met using the system security documentation. This ensures that the security control is in place and functioning correctly to address the threats and risk.

Security Roadmap – Sensus maintains a security roadmap that contains business and technical drivers for security in all Sensus products. It provides a detailed plan on how Sensus will be addressing these security issues in the current as well as future product releases. Sensus provides quarterly updates to this roadmap in order to address the ever changing landscape of security threats. The following are the major areas that the security roadmap addresses:

- **Market Drivers** – Sensus tracks industry security trends and customer security concerns to ensure our products stay ahead of the security curve. The roadmap document provides the latest information on what Sensus sees as driving security from a customer perspective as well as our industry as a whole.
- **Existing Security Threats and Mitigations** – Sensus addresses the current security model implemented in our products and how it mitigates threats and risks at each component that comprises our end to end solution.
- **Future Security Initiatives** – As part of the product security evolution, Sensus provides details on those security enhancement and features that are being designed and developed for a future release. The security roadmap is designed to provide information on all aspects and components of the product. In addition, Sensus limits the security roadmap to the next two major release cycles (approximately next 12 months) in order to keep the information relevant.
- **Industry Standards and Regulations** – A critical part of Sensus' roadmap is dedicated to our participation and adherence to industry standards. Each of the major standards bodies is addressed (NIST, Open-SG and Zigbee) along with tracking for changes in NERC-CIP requirements. The security roadmap provides detail on the evolution of these standards and how Sensus will be incorporating them into our products in the current and future releases.
- **Security Testing, Validation and Certification** – Sensus also addresses the practical security areas of testing validation and certification. This includes the results from recent Sensus testing performed in the latest releases both internally and externally. It will include third party testing and validation such as security assessments, penetration tests or security code/architectural reviews. Finally Sensus provides an update on current and future product certification that apply to our products.



Sensus Security Architecture – Sensus has built a secure system architecture based on best practices and industry standards. In our security architecture, the various components are segmented into separate security domains and the associated security controls for each component is applied. This provides a layered approach to security. Through this architecture, we have built defense in depth through a combination of Sensus and 3rd Party security controls. These controls provide the Confidentiality (Encryption), Integrity (Authentication) and Availability (Redundancy & Resiliency) throughout the entire FlexNet solution. The following diagram illustrates the typical security architecture for our solution. This can be customized for each customer solution.

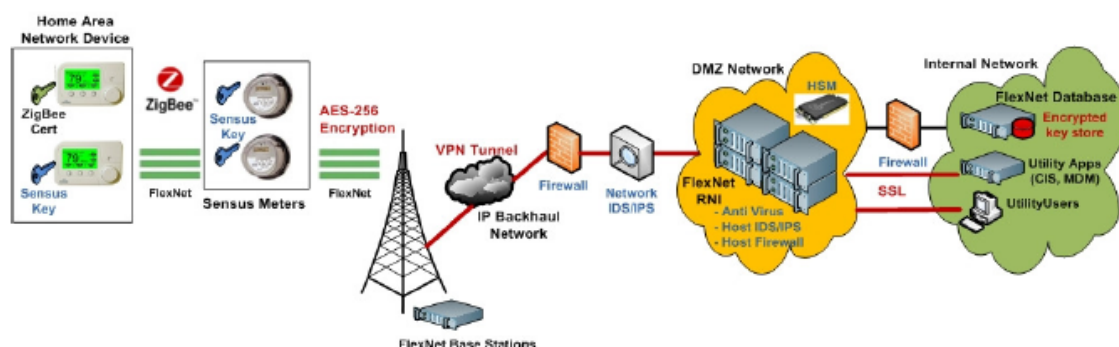


Figure 1 – Sensus Security Architecture

The figure above shows the high level security architecture of the Sensus solution. This architecture is comprised of many individual security controls. The following table describes the security controls both Sensus and 3rd Party based on individual components in each security domain.

Functional Area	Sensus Component	Sensus Security Controls	3 rd Party Security Controls
Home Area Network (HAN)	HAN devices (Thermostats, Load Control Modules, In Home Displays)	Zigbee SEP 1.0 security model in place. <ul style="list-style-type: none"> • Certicom Digital Certificates • Encryption AES-128 • Auditing and Logging - Events pushed back to head end system 	Zigbee Certification
Field Devices	Sensus Meters	FlexNet Security Architecture <ul style="list-style-type: none"> • Physical locks & seals • Tamper alarms • Encryption AES-256 • AES-CCM message authentication • Auditing and Logging – Events pushed back to head end system • FCC Licensed Spectrum • Frequency Shifting Key (FSK) 	3 rd Party Crypto libraries
Communications	Tower Gateway Base stations (TGB)	<ul style="list-style-type: none"> • Physical locks & seals • Tamper alarms • Weather proof enclosures for 	3 rd party Host based firewall



		<ul style="list-style-type: none"> external deployment • Locked down Linux kernel • IP-Tables host based firewall. Sensus pre-defined policy • Authentication / Authorization integrated with Radius or LDAP • OpenVPN / Stunnel used for secure backhaul communication • SSH used for encrypted administration of TGB remotely. • SNMP & Syslog used for auditing and logging 	
Head End System	Regional Network Interface (RNI)	<ul style="list-style-type: none"> • System segmentation to support DMZ deployments • Separation of duty through Role Based Access Control • Integrated LDAP for Authentication / Authorization • Support for integration with Microsoft Active Directory • Sensus provided system lockdown scripts • Sensus System Hardening Guidelines • OS integrated firewall with Sensus provided policies • SSL Encryption <ul style="list-style-type: none"> ◦ User Interface ◦ Inter-process communication • Hardware Security Module for secure key generation, key storage and cryptographic functions 	<ul style="list-style-type: none"> • Data Center Physical security control • Network based firewall for DMZ segmentation • Network based intrusion detection / prevention • Host based malware / spyware protection • Host integrity software (Tripwire) • Support for 3rd party multi-factor authentication mechanisms • Support for Customer Security Policies and Procedures
Back Office Application	N/A	<ul style="list-style-type: none"> • Sensus RNI provides authentication and authorization for API access • Sensus RNI provides SSL encryption for API access 	Multi-Speak support

Table 1- Security Controls

Security Validation and Testing – Sensus has developed a robust program of security validation and testing. This program involves internal and external resources. This allows Sensus to evolve our products along with the security testing and validation.

The testing is focused on the product during development and the product as implemented in customer environments. The Sensus security team in conjunction with the Quality Assurance Security team performs testing throughout the development and quality assurance process using manual and automated security tools. The tools these groups used to perform security testing are a mixture of open source and commercial. This provides a wide range of testing that can be performed and simulate the tools available to malicious personnel. Any issues or vulnerabilities discovered are communicated to the



development teams to correct through the defined Sensus change control process and re-tested once a new version of software is available.

In addition to internal resources, Sensus employs external security experts to perform various testing and validation. These external security testing and validation include the following

- Architecture & code reviews (Matasano, Additional 3rd Parties)
- End-to-end penetration testing – Sensus environment (Annual basis – Wirehead Security, Rapid7)
- End-to-end security assessment and penetration testing – Customer environments (Various Security vendors)

This provides Sensus and our customers a third party objective assessment of the system security as well as the security of the system as implemented in customer environments. Any issues or vulnerabilities discovered are communicated to the development teams to correct through the defined Sensus change control process and re-tested once a new version of software is available.

In the absence of any industry standard testing framework or certification specific to the AMI industry, Sensus has developed a partnership with Wurldtech to participate in their existing Testing and Certification process. Sensus partnered with Wurldtech to work with their existing technical certification program to integrate AMI specific requirements as well as the Sensus FlexNet protocol into their testing platform. This integration has now become part of their base platform and fully incorporated into their certification process. This certification for Sensus covered end-to-end FlexNet hardware, firmware, software components and all RNI components (web applications, database, web services, etc.). It tested the robustness and security of the system as whole as well as individual components. Sensus is scheduled to continue to certify our products for each major release.

In addition to Wurldtech certification, Sensus is also tracking the progress of the Open-SG ASAP-SG and NIST SGIP-CSWG Smart Grid Testing and Certification Committee. These would be strong considerations for future testing and certification by Sensus. Sensus is evaluating the next steps in certification and testing. Along with the existing testing and Wurldtech certification, Sensus is investigating options with Oakridge National Labs.

Summary

From its dedicated information security team, through the established and mature security processes and adherence to information security industry standards and best practices, to the germane practices of the Sensus Security Development Lifecycle, Sensus – Sensus is committed to establishing, maintaining and protecting customer data, systems and security. Turning an eye to the future, Sensus will continue to search out new threats, develop mitigation strategies, adhere or improve upon industry benchmarks and evolve an architecture that maintains or improves FlexNet security.

- 1
- 2 **Operational Data Store (ODS)**
- 3 E.L.K. fully supported the IESO MDM/R system and facilitated enrolment as quickly as
- 4 possible with the MDM/R.
- 5 As E.L.K. moved into the implementation of its AMI systems, a need was recognized for an
- 6 application that supported full integration with the MDM/R and enabled our team to audit,
- 7 validate, interact with and gain valuable business information from the wealth of meter

1 data that was being collected by the KTI/Sensus Limited System. This system, while fully
2 capable of collecting meter read data and forwarding that raw data to the MDM/R, does
3 not provide all of the functionality necessary to operate the AMI and interpret and/or
4 leverage the information it is providing in an educated and meaningful fashion.

5 E.L.K., purchased from its CIS vendor Harris (our current billing system vendor), an
6 operational data store (ODS) in Q3 of 2010, which was their MeterSense ODS application.
7 Contract negotiations were completed in Q3 2010 and the deployment of the ODS was
8 deployed shortly thereafter. The software is web-based and is hosted by Harris.

9 The primary requirements and features of the operational data store (ODS) are:

- 10 a) **Dashboard of Field Issues Possibly Requiring Intervention** - Dashboard visibility
11 to the real-time performance of the smart meter system to provide field staff with
12 visibility to troubleshooting priorities such as non-communicating meters, non-
13 communicating gatekeepers/collectors, meters with a high number of estimates, etc.
- 14 b) **AMI SLA Audit** - Audit and reporting / real-time notification capabilities to monitor AMI
15 performance and therefore ensure that data collection and submission service-level
16 agreements (SLAs) with the centralized MDM/R are consistently met
- 17 c) **Read Re-submission** - The ODS will provide a data repository to facilitate backfilling
18 reads after a meter installation, front-filling reads after a meter removal, and replacing
19 reads labeled as NVE (Needs Verification or Edit) by the IESO MDM/R system. The
20 ODS will provide a mechanism for meter data editing and VEE (Validation, Estimation
21 and Editing) processes (in keeping with the MDM/R specifications), such data can
22 then be re-submitted to the MDM/R. Features such as "register read validation failure
23 resolution" will be invaluable to E.L.K.
- 24 d) **IESO MDM/R Report Integration / Issue Resolution Automation** - The MDM/R
25 produces a large volume of reports on a daily or regular basis each potentially
26 containing large amounts of information. MeterSense can load the MDM/R reports,
27 and filter the information they provide in order to provide manageable, meaningful
28 action items that can be prioritized, investigated and resolved.

- 1 e) **Automation of Manual Meter Reading** - The ODS ability to automate the collection of
2 meter-read data and transition away from manual meter reads before enrolment with
3 the MDM/R has been finalized.
- 4 f) **Meter Event Monitoring** - Dashboard visibility to report meter events and indicators
5 such as outages, restorations, tampers, voltage changes, etc., many of which will
6 afford E.L.K. the opportunity to improve the safety and reliability of the distribution
7 system.
- 8 g) **Revenue Protection** – E.L.K. will be able to identify and respond to meter tampers
9 which historically would have resulted in unidentified theft of power
- 10 h) **Outage Reporting** - Real-time outage information to facilitate faster response time,
11 and therefore improved system reliability

12 **Business Process Redesign**

13 Throughout 2010, E.L.K. attended numerous education sessions covering the MDM/R
14 design specifications, meter read data, VEE and other billing processes, and the design of
15 a testing/cutover strategy. LDCs have widely recognized that a number of business
16 processes, including new account setup, meter installations, meter changes, move-
17 in/move-out and final billing all require scrutiny and procedural modifications to ensure that
18 MDM/R integrations are optimized. E.L.K. personnel also attended IESO-led training on
19 business process redesign. Actual business process redesign were adjusted as required
20 by E.L.K. with formal documentation created for training purposes.

21 **System Changes**

22 E.L.K. uses the Harris Northstar Billing System, which is used by several Ontario LDCs
23 including some who have completed their smart meter deployment and implemented TOU
24 billing as E.L.K. has. The Northstar system is fully capable of supporting MDM/R
25 integration and TOU billing within defined regulatory timelines and has negotiated to
26 purchase the necessary add-on software modules and professional services to ensure that
27 this occurs.

1 **Integration with MDM/R**

2 By mid-2010, E.L.K. began attending relevant IESO training sessions regarding E.L.K.'s
3 future integration to the provincial Meter Data Management Repository (MDM/R) and we
4 have remained active and involved participants, attending the majority of IESO-hosted
5 sessions on a variety of topics pertaining to the MDM/R. E.L.K.'s MDM/R registration
6 application was submitted January 4, 2010.

7 E.L.K. completed its AMCC internal testing and CIS internal testing on December 30,
8 2010. The enrollment wave was requested and confirmed on September 17, 2011. E.L.K.
9 completed detailed unit testing and submitted its self certification of enrollment testing on
10 May 17, 2011. AS2 connectivity software to facilitate data integration with the MDM/R was
11 selected and installed. This then allowed E.L.K. to complete its system integration testing
12 (SIT) on June 6, 2011. E.L.K. then completed its qualification testing (QT) July 11, 2011
13 and cut-over into production on July 25, 2011.

14 **Transition to TOU Pricing**

15 In mid-2010, the Ontario Government articulated an expectation that 1 million RPP
16 customers would be billed using TOU pricing by the summer of 2011, rising to 3.6 million
17 customers by June 2012. On June 24, 2011, the Ontario Energy Board issued a proposed
18 determination regarding mandated time-of-use pricing for regulated price plan customers
19 (Board File No. EB-2011-0218), suggesting that distributor-specific TOU dates would be
20 the most appropriate approach, as it allows for the deadline to logically follow MDM/R
21 enrolment activities. E.L.K.'s TOU mandated date was September 2011, which was
22 successfully met without delay.

23 **Web Presentment**

24 The Ministry of Energy and Infrastructure has indicated that electricity customers should
25 ideally have web access to their consumption data with which to make informed decisions
26 about future usage as part of a utility's rollout of TOU pricing. Accordingly, the SME
27 Transition Committee formally requested a proposal from an established web presentment
28 service provider, Whitecap Canada Inc., as they are already providing an effective solution

1 to several LDCs in Ontario. E.L.K. has continued to explore the area of web presentment
2 to assist our customers. Currently, E.L.K. has inquired into a Harris (current CIS vendor)
3 solution called Customer Connect/Home Connect as well as the Whitecap (My Hydro Eye)
4 solution. E.L.K. will continue to study both of these products to determine which is the
5 best fit for E.L.K. and is looking at implementation for 2013.

6 **Consumer Education Plan**

7 E.L.K. leveraged the significant development efforts undertaken by the Ministry of Energy
8 to support LDC-specific communications tools and resources related to Time-of-Use
9 (TOU) roll-out to electricity customers. E.L.K. notified all affected customers that their
10 Smart Meters had arrived through a door insert. As well, a detailed two page bill insert
11 was mailed to all customers explaining in detail when TOU pricing would begin and many
12 more Smart Meter details. Since E.L.K.'s implementation of Smart Meters, E.L.K. has
13 completely redesigned its corporate website in 2012 with a more complete and up-to-date
14 section on Smart Meters and TOU pricing including many friendly consumer features such
15 as a link to 10 Smart Meter lane that allows a consumer the ability to track costs of various
16 household items at different times during the day.

SMART METER DISPOSITION RIDER FOR COST RECOVERY

Smart Meter Costs

In this Application, E.L.K. is seeking a smart meter disposition related to the 10,802 smart meters installed in the E.L.K. service area primarily in 2010 and 2011.

Table 9-8 below provides a summary of the actual and forecast costs up to 2012 associated with smart meters. The actual costs are taken from E.L.K.'s financial records. The December 31, 2011 balances in the smart meter deferral accounts have been audited by E.L.K.'s external auditors. The cost data in Table 9-8 was used by E.L.K. in the model provided by the Board to determine the smart meter cost recovery amount. A "live" version of the Smart Meter Cost Recovery Model has been provided as part of this application

E.L.K. did not incur any costs for functionality beyond the minimum functionality adopted in O.Reg. 425/06. E.L.K. does not have a billing MDM/R system and uses only the Smart Meter Entity MDM/R system for billing Time of Use customers.

**Table 9-8
Summary of Smart Meter Costs**

	2009 Actual	2010 Actual	2011 Actual	2012 and later Forecast	Total
Total Number of Smart Meter Installations	-	9,482	1,226	94	10,802
Capital Costs					
1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)					
1.1.1 Smart Meters (may include new meters and modules, etc.)	\$ -	\$ 911,178	\$ 171,915	\$ -	\$ 1,083,093
1.1.2 Installation Costs (may include socket kits, labour, vehicle, benefits, etc.)	\$ -	\$ 184,150	\$ 73,280	\$ 7,642	\$ 265,072
1.1.3b Workforce Automation Software (may include fieldwork handhelds, barcode hardware, etc.)	\$ -	\$ 25,919	\$ -	\$ -	\$ 25,919
Total Advanced Metering Communications Devices (AMCD)	\$ -	\$ 1,121,247	\$ 245,195	\$ 7,642	\$ 1,374,084
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)					
1.2.1 Collectors	\$ -	\$ 132,569	\$ -	\$ -	\$ 132,569
1.2.2 Repeaters (may include radio licence, etc.)	\$ -	\$ 25,544	\$ -	\$ -	\$ 25,544
1.2.3 Installation (may include meter seals and rings, collector computer hardware, etc.)	\$ -	\$ 4,610	\$ 5,149	\$ 5,500	\$ 15,259
Total Advanced Metering Regional Collector (AMRC) (Includes LAN)	\$ -	\$ 162,723	\$ 5,149	\$ 5,500	\$ 173,372
1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY					
1.5.2 AMI Interface to CIS	\$ -	\$ -	\$ 53,455	\$ 1,800	\$ 55,255
1.5.3 Professional Fees	\$ 11,489	\$ -	\$ -	\$ -	\$ 11,489
1.5.5 Program Management	\$ -	\$ -	\$ 865	\$ 1,000	\$ 1,865
Total Other AMI Capital Costs Related to Minimum Functionality	\$ 11,489	\$ -	\$ 54,320	\$ 2,800	\$ 68,609
Total Smart Meter Capital Costs	\$ 11,489	\$ 1,283,970	\$ 304,664	\$ 15,942	\$ 1,616,065
Capital Cost Per Meter					\$ 149.61
OM&A Expenses					
2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)					
2.1.1 Maintenance (may include meter reverification costs, etc.)	-	940	1,615	2,000	4,555
2.1.2 Other (Sensus Monthly)	-	14,226	20,680	24,461	59,367
Total Incremental AMCD OM&A Costs	-	15,166	22,295	26,461	63,922
2.5 OTHER AMI OM & A COSTS RELATED TO MINIMUM FUNCTIONALITY					
2.5.2 Customer Communication (may include project communication, etc.)	\$ -	\$ 1,053	\$ -	\$ -	\$ 1,053
2.5.5 Administration Costs	\$ -	\$ 2,916	\$ 24,074	\$ 25,602	\$ 52,592
Total Other AMI OM&A Costs Related to Minimum Functionality	\$ -	\$ 3,969	\$ 24,074	\$ 25,602	\$ 53,645
Total Smart Meter OM&A Costs	\$ -	\$ 19,135	\$ 46,369	\$ 52,064	\$ 117,568
OM&A Costs Per Meter					\$ 10.88

Variance analysis comparing actual costs to previously approved costs

The table below provides a comparison between the forecast costs used to support a utility specific smart meter funding adder of \$1.45 per metered customer and the actual costs for the same time period. E.L.K. received approval in the 2011 Decision and Order (EB-2010-0126) for the smart meter funding adder of \$1.45. The variance amounts are quite small and are simply the difference between forecast and actual values.

Table 9-9
Variance Analysis of 2010 Smart Meter Costs

Description	Forecasted Amount Amount 2010	Actual Amounts Amount 2010	Variance
Total Capital Costs	\$ 1,319,819	\$ 1,283,970	\$ (35,849)
Total OM & A Costs	\$ 23,700	\$ 19,135	\$ (4,565)
Total	\$ 1,343,519	\$ 1,303,105	\$ (40,414)

Smart Meter Rate Rider

E.L.K. is requesting a Smart Meter Disposition Rate Rider (per metered customer per month) of (\$0.94) for one year (October 1, 2012 to September 30, 2013) for Residential customers and a Smart Meter Disposition Rate Rider (per metered customer per month) of \$0.95 for one year (October 1, 2012 to September 30, 2013) for General Service <50kW customers.

E.L.K. has completed the Smart Meter Model provided by the Board and have been provided in a 'live' Excel format under file name ELK_2012_Smart_Meter_Model. The model provides the calculation of the Revenue Requirement as a result of the costs incurred by E.L.K. This model provides for the Smart Meter Disposition Rider Rate Rider based on all metered customers. E.L.K. submits the following calculation of the Smart Meter Disposition Rider Rate Rider by rate class. It is E.L.K.'s understanding the allocation method used to calculate the rate class riders has been used by other distributors in approved smart meter disposition rate rider applications. The following outlines how the smart meter costs have been allocated to rate class to determine the Smart Meter Disposition Rider Rate Rider by rate class.

- 1 • Allocation of the return (deemed interest plus return on equity) and amortization
2 based on a CWMC (i.e. Customer Weighted Meter Cost) that reflects the average
3 actual cost of installing smart meters for the Residential and General Service
4 <50kW classes. The average E.L.K. cost of installing a smart meter for the
5 Residential class is \$77.13 and \$150.77 for the GS < 50 kW class.
- 6 • Allocate the OM&A based on the number of meters installed for each class
- 7 • Allocate PILs based on the revenue requirement allocated to each class before
8 PILs
- 9 • Allocate revenues from the Smart Meter Funding Adder based on the number of
10 meters installed for each class

11 In order to determine the Smart Meter Disposition Rider Rate Rider by rate class divide
12 the result of the above allocation method by 12 and then by the number of forecasted
13 2012 customers for the Residential and GS < 50 kW rates classes. Table 9-10 provides
14 the resulting Smart Meter Disposition Rider Rate Rider by rate class. A “live” Excel version
15 of this calculation has been provided with application under file name ELK_Smart_Meter
16 Rate_Rider_by_Class.

Table 9-10

Smart Meter Actual Cost Recovery Rate Rider - SMDR Calculated by Rate Class			
	Total	Residential	GS < 50
ELK Smart Meter Unit Cost		\$ 77.13	\$ 150.77
Total number of meters installed	10,802	9,834	968
Smart Meter Cost	\$ 904,482	\$ 758,541	\$ 145,941
Allocation of Smart Meter Costs	100.00%	83.86%	16.14%
Allocation of Number of meters installed	100.00%	91.04%	8.96%
Total Return (deemed interest plus return on equity)	\$ 158,840	\$ 133,211	\$ 25,629
Amortization	\$ 145,651	\$ 122,150	\$ 23,501
OM&A	\$ 65,504	\$ 59,634	\$ 5,870
Total Before PILs	\$ 369,995	\$ 314,995	\$ 55,001
PILs	\$ 13,750	\$ 11,706	\$ 2,044
Carry Charge - Amort and OM&A	\$ 2,290	\$ 1,972	\$ 319
Total Revenue Requirement	\$ 386,036	\$ 328,672	\$ 57,363
Smart Meter Rate Adder Revenues	(\$471,572)	(\$429,313)	(\$42,259)
Total Carrying Charge	(\$14,168)	(\$12,899)	(\$1,270)
Smart Meter True-up	(\$99,705)	(\$113,540)	\$13,834
Metered Customers	11,238	10,023	1,214
Rate Rider to Recover Smart Meter Costs	(\$0.74)	(\$0.94)	\$0.95

Stranded Meter Costs

E.L.K. is also seeking disposition of its stranded meter costs. The net book value of the stranded conventional meters at December 31, 2011 was \$299,445. Proceeds on the scrapped meters are captured in account 1555 as an offset to the stranded meter costs in the deferral account, in accordance with the Board's Guideline 2008-0002 and the Board's January 16, 2007 letter to distributors on stranded meter costs related to the installation of smart meters. Only the net book value of the stranded meters will be allowed for recovery. Accordingly, the stranded meter costs for recovery purposes will comprise the gross costs of the stranded meters, less any capital contributions, less the accumulated depreciation and less any proceeds from the disposition of the meters. The January 16, 2007 letter indicated that the distributor must have owned stranded meters prior to January 1, 2006 in order to record stranded meter costs in sub-account Stranded Meter Costs of Account 1555. Table 9-11 below provides how E.L.K. calculated its stranded meter costs.

Table 9-11

As per OEB direction stranded meter costs are to be recorded in "sub-account stranded meter costs" of account 1555. This workpaper documents the calculation of the stranded meter costs associated with smart metering activities.

# of meters to be changed to smart meters	11,099	99%	
# of meters not to be changed to smart meters at this time	115	1%	
	<u>11,214</u>	<u>100%</u>	
	Cost	Accumulated amortization	NBV
1860 Opening cost (January 1, 2010)	\$ 1,375,473.64	\$ (648,787.33)	
Remove meter costs before January 1, 2006			
2009 additions	\$ (35,988.09)	\$ 719.76	
2008 additions	\$ (131,189.64)	\$ 7,871.38	
2007 additions	\$ (276,450.35)	\$ 27,645.03	
2006 additions	\$ (52,061.47)	\$ 7,288.61	
Meter costs eligible for smart meter cost recovery	<u>\$ 879,784.09</u>	<u>\$ (605,262.55)</u>	<u>\$ 274,521.54</u>
% of meters to be stranded	99%	99%	99%
\$ of meters to be stranded	\$ 870,986.25	\$ (599,209.92)	\$ 271,776.32
1330-03 Previous meter inventory			\$ 34,519.90
	1555-50		<u>\$ 306,296.22</u>
Less: Proceeds of Disposition of Meters (2011 Green Port Environment)			\$ (6,850.96)
1555-50 as at December 31, 2011			<u>\$ 299,445.26</u>

1 E.L.K. is proposing to recover the stranded meter costs over a one year period beginning
2 October 1, 2012. The proposed stranded meter rider is \$2.22 per month per Residential
3 and GS < 50 kW customers and is calculated as \$299,445 divided by 12 divided 11,238
4 the 2012 number of customers for the Residential and GS < 50 kW rates classes.

5 **Conclusion**

6 E.L.K. respectfully submits that the costs necessary to fulfill its obligations under the
7 provincially mandated Smart Meter initiative have been prudently incurred in accordance
8 with Board guidelines; the proposed riders are just and reasonable and it is appropriate
9 that the Board approve the proposed disposition rider at this time, for implementation
10 effective October 1, 2012.

1562 Summary Continuity Schedule and Supporting Calculations

74 (9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes
75 will have to include amounts from 1562 and from 1590.

	A	B	C	D	E	F	G
1	EB-XXXX-XX						
2	Board Approved Proxy	Case	Decision	Effective	Submitted	Board	Approved
3		Reference	Date	Date of	Proxy	Adjustments	Proxy
4	Utility Name: Niagara-on-the-Lake Hydro Inc.			Rates	Amount		Amount
5							
6							
7							
8	2001 Proxy	RP-2002-0055/ EB-2002-0064	26-Feb-02	1-Mar-02	\$ 67,077	\$ -	\$ 67,077
9							
10	2002 Proxy	RP-2002-0055/ EB-2002-0064	26-Feb-02	1-Mar-02	\$ 410,255	\$ -	\$ 410,255
11							
12	2004 Proxy	RP-2004-0040/ EB-2004-0026		1-Mar-04	\$ 410,255	\$ -	\$ 410,255
13							
14	2005 Proxy	RP-2005-0013/ EB2005-0021		1-Apr-05	\$ 289,134	\$ -	\$ 289,134
15							
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33	3) For APH purposes, the 2002 PILS proxy starts on January 1, 2002.								
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E.L.K. Energy Inc.
Pro-rated PILs Proxy
Period from May 1/02 to Feb 28/04

2001 PILs proxy	67,077
2002 PILs proxy	410,255
Total	<u>477,332</u>

# of months from May 1/02 to Mar 31/04	23
Pro-rated PILs proxy per month	<u>39,778</u>

Pro-rated PILs proxy May 1/02 to Feb 28/04	<u>914,886</u>
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Full proxy before proration May 1/02 to Feb 28/04	1,025,834
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Difference adjusted in 2002 proxy	<u>110,948</u>
Monthly adjustment	9,246
Monthly 2002 before proration	<u>34,188</u>
Pro-rated monthly 2002 proxy	24,942

	A	B	C	D	E	F	G	H	I
1									
2	Month	Opening Balance	Billed Amount	Pills Proxy Accrual	True-up Variance Adjustment	UNREVAL Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
3									
4	Oct-01			22,355.00			22,355	7.25%	-
5	Nov-01	22,355		22,355.00			44,710	7.25%	135
6	Dec-01	44,710		22,355.00			67,075	7.25%	270
7			-	57,077.00	-	-			405
8									
9	Jan-02	57,077		24,542			81,619	7.25%	405
10	Feb-02	92,019		24,542			116,561	7.25%	555
11	Mar-02	116,561		24,542			141,103	7.25%	707
12	Apr-02	141,103		24,542			165,645	7.25%	857
13	May-02	165,645	(26,287)	24,542			165,500	7.25%	1,008
14	Jun-02	165,500	(35,129)	24,542	37,706	(8,755)	185,264	7.25%	1,000
15	Jul-02	185,264	(56,261)	24,542			178,115	7.25%	1,143
16	Aug-02	178,115	(58,318)	24,542			164,739	7.25%	1,076
17	Sep-02	164,739	(57,567)	24,542			149,684	7.25%	969
18	Oct-02	149,684	(36,135)	24,542			135,491	7.25%	904
19	Nov-02	135,491	(56,834)	24,542			123,569	7.25%	813
20	Dec-02	123,569	(35,464)	24,542			113,077	7.25%	747
21	Annual		(282,255)	294,304	37,706	(8,755)			13,218
22									
23									
24									
25	Jan-03	113,077	(35,593)	33,778			110,262	7.25%	687
26	Feb-03	110,262	(42,742)	33,778			116,297	7.25%	721
27	Mar-03	116,297	(36,834)	33,778			119,241	7.25%	703
28	Apr-03	119,241	(38,306)	33,778			120,713	7.25%	725
29	May-03	120,713	(40,437)	33,778			120,050	7.25%	726
30	Jun-03	120,050	(40,543)	33,778	40,474	(66,021)	20,308	7.25%	725
31	Jul-03	20,308	(37,655)	33,778			21,069	7.25%	542
32	Aug-03	21,069	(37,875)	33,778			24,961	7.25%	567
33	Sep-03	24,961	(36,126)	33,778			25,613	7.25%	574
34	Oct-03	25,613	(35,666)	33,778			24,325	7.25%	578
35	Nov-03	24,325	(37,444)	33,778			21,759	7.25%	542
36	Dec-03	21,759	(36,568)	33,778			21,968	7.25%	554
37	Annual		(489,355)	477,332	40,474	(66,021)			7,839
38									
39									
40									
41	Jan-04	21,968	(36,652)	33,585			20,899	7.25%	555
42	Feb-04	20,899	(40,288)	33,585			26,336	7.25%	542
43	Mar-04	26,336	(33,385)	33,585			128,536	7.25%	522
44	Apr-04	128,536	(17,712)	33,585			126,411	7.25%	658
45	May-04	126,411	(32,758)	33,585			126,236	7.25%	764
46	Jun-04	126,236	(30,869)	33,585	(42,132)	(16,321)	71,473	7.25%	781
47	Jul-04	71,473	(36,591)	33,585			78,466	7.25%	433
48	Aug-04	78,466	(33,733)	33,585			85,319	7.25%	474
49	Sep-04	85,319	(30,271)	33,585			85,631	7.25%	485

1	A	B	C	D	E	F	G	H	I
2	Month	Opening Balance	Billed Amount	Pile Proxy Accrual	True-up Variance Adjustment	General Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
57	Jan-05	84,041	(58,733)	34,188			61,497	7.25%	508
58	Feb-05	61,497	(35,452)	34,188			60,233	7.25%	553
59	Mar-05	60,233	(35,437)	34,188			63,994	7.25%	521
60	Apr-05	63,994	(35,147)	34,095			77,941	7.25%	507
61	May-05	77,941	(32,547)	34,095			89,489	7.25%	471
62	Jun-05	89,489	(37,431)	34,095	(10,307)	(23,945)	31,630	7.25%	430
63	Jul-05	31,630	(28,348)	34,095			37,377	7.25%	393
64	Aug-05	37,377	(37,478)	34,095			36,993	7.25%	379
65	Sep-05	36,993	(40,819)	34,095			7,269	7.25%	359
66	Oct-05	7,269	(38,844)	34,095			3,019	7.25%	48
67	Nov-05	3,019	(31,819)	34,095			(4,505)	7.25%	18
68	Dec-05	(4,505)	(27,334)	34,095			(7,745)	7.25%	(27)
69	Annual		(377,219)	318,434	(10,307)	(23,945)			3,547
70									
71									
72									
73	Jan-06	(7,745)	(54,335)	34,095			(28,175)	7.25%	(48)
74	Feb-06	(28,175)	(38,091)	34,095			(32,171)	7.25%	(110)
75	Mar-06	(32,171)	(549)	34,095			1,874	7.25%	(134)
76	Apr-06	1,874	(130)	34,095			25,818	4.14%	6
77	Unbilled @ 4	25,818	(479)				25,139	4.14%	88
78			(63,304)	66,378	-	-			(168)
79									
80									
81									
82	May-06	25,139		-			25,139	4.14%	87
83	Jun-06	25,139		-	(12,390)	97,345	110,095	4.14%	87
84	Jul-06	110,095		-			110,095	4.59%	421
85	Aug-06	110,095		-			110,095	4.59%	421
86	Sep-06	110,095		-			110,095	4.59%	421
87	Oct-06	110,095					110,095	4.59%	421
88	Nov-06	110,095					110,095	4.59%	421
89	Dec-06	110,095					110,095	4.59%	421
90	Subtotal		-	-	(12,390)	97,345			1,700
91									
92	Annual		(63,304)	66,378	(12,390)	97,345			2,503
93									
94									
95	GRAND TOTAL TO DEC 2006		(1,566,167)	1,686,530	12,451	(23,719)			20,675
96									
97	Checksum		-	-	-	-	(0)		(405)
98									
99									
100									
101	Jan-07	110,095					110,095	4.59%	421
102	Feb-07	110,095					110,095	4.59%	421
103	Mar-07	110,095					110,095	4.59%	421
104	Apr-07	110,095					110,095	4.59%	421
105	May-07	110,095					110,095	4.59%	421
106	Jun-07	110,095					110,095	4.59%	421

1	A	B	C	D	E	F	G	H	I
2	Month	Opening Balance	Billed Amount	Pile Proxy Accrual	True-up Variance Adjustment	General Account Variance Adjustment	Ending Balance	Interest Rate	Carrying Charge
107	Jul-07	110.095					110.095	4.55%	421
108	Aug-07	110.095					110.095	4.55%	421
109	Sep-07	110.095					110.095	4.55%	421
110	Oct-07	110.095					110.095	5.14%	472
111	Nov-07	110.095					110.095	5.14%	472
112	Dec-07	110.095					110.095	5.14%	472
113	Annual								5.35%
114									
115									
116									
117	Jan-08	110.095					110.095	5.14%	472
118	Feb-08	110.095					110.095	5.14%	472
119	Mar-08	110.095					110.095	5.14%	472
120	Apr-08	110.095					110.095	4.08%	374
121	May-08	110.095					110.095	4.08%	374
122	Jun-08	110.095					110.095	4.08%	374
123	Jul-08	110.095					110.095	3.35%	307
124	Aug-08	110.095					110.095	3.35%	307
125	Sep-08	110.095					110.095	3.35%	307
126	Oct-08	110.095					110.095	3.35%	307
127	Nov-08	110.095					110.095	3.35%	307
128	Dec-08	110.095					110.095	3.35%	307
129	Annual								4.35%
130									
131									
132									
133	Jan-09	110.095					110.095	2.45%	225
134	Feb-09	110.095					110.095	2.45%	225
135	Mar-09	110.095					110.095	2.45%	225
136	Apr-09	110.095					110.095	1.00%	22
137	May-09	110.095					110.095	1.00%	22
138	Jun-09	110.095					110.095	1.00%	22
139	Jul-09	110.095					110.095	0.55%	50
140	Aug-09	110.095					110.095	0.55%	50
141	Sep-09	110.095					110.095	0.55%	50
142	Oct-09	110.095					110.095	0.55%	50
143	Nov-09	110.095					110.095	0.55%	50
144	Dec-09	110.095					110.095	0.55%	50
145	Annual								1.55%
146									
147									
148									
149	Jan-10	110.095					110.095	0.55%	50
150	Feb-10	110.095					110.095	0.55%	50
151	Mar-10	110.095					110.095	0.55%	50
152	Apr-10	110.095					110.095	0.55%	50
153	May-10	110.095					110.095	0.55%	50
154	Jun-10	110.095					110.095	0.55%	50
155	Jul-10	110.095					110.095	0.85%	82
156	Aug-10	110.095					110.095	0.85%	82
157	Sep-10	110.095					110.095	0.85%	82
158	Oct-10	110.095					110.095	1.00%	110
159	Nov-10	110.095					110.095	1.00%	110
160	Dec-10	110.095					110.095	1.00%	110

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APPENDIX 9-B
Calculation of Collected PILs

	2001 PILs	2002 PILs	Total PILs Rate
Residential Service Charge	0.2699	1.6506	1.9205
Residential Volumetric charge	0.000144	0.00088	0.001024
Residential Service Charge			0
Residential Volumetric charge			0
			0
GS< 50 Service Charge	0.3391	2.0741	2.4132
GS< 50 Volumetric Charge	0.000087	0.000531	0.000618
GS< 50 Service Charge			0
GS< 50 Volumetric Charge			0
			0
GS> 50 Service Charge	8.5387	52.2243	60.763
GS> 50 Volumetric Charge	0.030238	0.184942	0.21518
GS> 50 Service Charge - TOU	21.3026	130.2909	151.5935
GS> 50 Volumetric Charge - TOU	0.002248	0.013752	0.016
			0
Sentinel Service Charge	0.0132	0.081	0.0942
Sentinel Volumetric Charge	0.019795	0.12107	0.140865
Sentinel Lights Service Charge			0
Sentinel Lights Volumetric Charge			0
Sentinel Lights Service Charge			0
Sentinel Lights Volumetric Charge			0
			0
Streetlight Service Charge	0.0054	0.0331	0.0385
Streetlight Volumetric Charge	0.016325	0.099846	0.116171
Streetlight Service Charge			0
Streetlight Volumetric Charge			0

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

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PILS for 2002 Year	Rate	# Customers	# Kwh or KW	ACTUAL January 2002		Rate	# Customers	# Kwh or KW	ACTUAL February 2002	
				Calculated	Total				Calculated	Total
Residential Service Charge - 5/1/02	1.920500 monthly			-		1.920500 Monthly			-	
Residential Volumetric charge - 5/1/02	0.001024 kwh			-	-	0.001024 kwh			-	-
Residential Service Charge	0.000000 monthly			-		0.000000 Monthly			-	
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge - 5/1/02	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - 5/1/02	0.000618 kwh			-	-	0.000618 kwh			-	-
GS< 50 Service Charge	0.000000 monthly			-		0.000000 per month			-	
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge - 5/1/02	60.763000 per month			-		60.763000 per month			-	
GS> 50 Volumetric Charge - 5/1/02	0.215180 kw			-	-	0.215180 kw			-	-
GS> 50 Service Charge TOU (interval) - 5/1/02	151.593500 monthly			-		151.593500 per month			-	
GS> 50 Volumetric Charge TOU - 5/1/02	0.018000 kw			-	-	0.018000 kw			-	-
Sentinel Service Charge	0.094200 per month			-		0.094200 per month			-	
Sentinel Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-
Sentinel Lights Service Charge	0.094200 per month			-		0.094200 per month			-	
Sentinel Lights Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-
Sentinel Lights Service Charge	0.000000 monthly			-		0.000000 monthly			-	
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge - 5/1/02	0.038500 per month			-		0.038500 per month			-	
Streetlight Volumetric Charge - 5/1/02	0.116171 kw			-	-	0.116171 kw			-	-
Streetlight Service Charge	0.000000 monthly			-		0.000000 per month			-	
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				-	-				-	-

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

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PILS for 2002 Year	ACTUAL March 2002					ACTUAL April 2002				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 5/1/02	1.9205000 Monthly			-	-	1.920500 Monthly			-	-
Residential Volumetric charge - 5/1/02	0.0010240 kwh			-	-	0.001024 kwh			-	-
Residential Service Charge	- Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	- kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge - 5/1/02	2.4132000 per month			-	-	2.413200 per month			-	-
GS< 50 Volumetric Charge - 5/1/02	0.0006180 kwh			-	-	0.000618 kwh			-	-
GS< 50 Service Charge	- per month			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	- kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge - 5/1/02	60.7630000 per month			-	-	60.763000 per month			-	-
GS> 50 Volumetric Charge - 5/1/02	0.2151800 kv			-	-	0.215180 kv			-	-
GS> 50 Service Charge TOU (interval) - 5/1/02	151.5935000 Monthly			-	-	151.593500 Monthly			-	-
GS> 50 Volumetric Charge TOU - 5/1/02	0.0160000 kv			-	-	0.016000 kv			-	-
Sentinel Service Charge	0.0942000 per month			-	-	0.094200 per month			-	-
Sentinel Volumetric Charge	0.1408650 kv			-	-	0.140865 kv			-	-
Sentinel Lights Service Charge	0.0942000 per month			-	-	0.094200 per month			-	-
Sentinel Lights Volumetric Charge	0.1408650 kv			-	-	0.140865 kv			-	-
Sentinel Lights Service Charge	- monthly			-	-	0.000000 monthly			-	-
Sentinel Lights Volumetric Charge	- kv			-	-	0.000000 kv			-	-
Streetlight Service Charge - 5/1/02	0.0385000 per month			-	-	0.038500 per month			-	-
Streetlight Volumetric Charge - 5/1/02	0.1161710 kv			-	-	0.116171 kv			-	-
Streetlight Service Charge	- Monthly			-	-	0.000000 Monthly			-	-
Streetlight Volumetric Charge	- kv			-	-	0.000000 kv			-	-
				-	-				-	-

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

PILS for 2002 Year	ACTUAL May 2002					ACTUAL June 2002				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 5/1/02	1.920500 Monthly	9,082		17,441.98		1.920500 Monthly	9,082		17,441.98	
Residential Volumetric charge - 5/1/02	0.001024 kwh		100	0.10	17,442.08	0.001024 kwh	2,021,950		2,070.48	19,512.48
Residential Service Charge	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge - 5/1/02	2.413200 per month	1,034		2,495.25		2.413200 per month	1,034		2,495.25	
GS< 50 Volumetric Charge - 5/1/02	0.000618 kwh			-	2,495.25	0.000618 kwh	659,068		407.30	2,902.55
GS< 50 Service Charge	0.000000 Monthly			-		0.000000 Monthly			-	
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge - 5/1/02	60.763000 per month	102		6,197.83		60.763000 per month	102		6,197.83	
GS> 50 Volumetric Charge - 5/1/02	0.215180 kw			-	6,197.83	0.215180 kw	6,267		1,348.53	7,546.36
GS> 50 Service Charge TOU (Interval) - 5/1/02	151.593500 Monthly	1		151.59		151.593500 Monthly	1		151.59	
GS> 50 Volumetric Charge TOU - 5/1/02	0.016000 kw			-	151.59	0.016000 kw			-	151.59
Sentinel Service Charge	0.094200 per month			-		0.094200 per month			-	
Sentinel Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw			-	0.19	0.140865 kw	41.00		5.78	5.96
Sentinel Lights Service Charge	0.000000 monthly			-		0.000000 monthly			-	
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge - 5/1/02	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge - 5/1/02	0.116171 kw			-	0.23	0.116171 kw	86		9.99	10.22
Streetlight Service Charge	0.000000 Monthly			-		0.000000 Monthly			-	
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				26,287	26,287				30,129	30,129

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

PILS for 2002 Year	ACTUAL July 2002					ACTUAL August 2002				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 5/1/02	1.920500 Monthly	9,093		17,463.11		1.920500 Monthly	9,107		17,489.99	
Residential Volumetric charge - 5/1/02	0.001024 kwh		5,658,733	5,794.54	23,257.65	0.001024 kwh		8,065,762	8,259.34	25,749.33
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge - 5/1/02	2.413200 per month	1,035		2,497.66		2.413200 per month	1,037		2,502.49	
GS< 50 Volumetric Charge - 5/1/02	0.000618 kwh		1,771,305	1,094.87	3,592.33	0.000618 kwh		2,313,574	1,429.79	3,932.28
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge - 5/1/02	60.763000 per month	102		6,197.83		60.763000 per month	103		6,258.59	
GS> 50 Volumetric Charge - 5/1/02	0.215180 kw		12,763	2,746.34	8,944.17	0.215180 kw		10,044	2,161.27	8,419.86
GS> 50 Service Charge TOU (Interval) - 5/1/02	151.593500 Monthly	1		151.59		151.593500 Monthly	1		151.59	
GS> 50 Volumetric Charge TOU - 5/1/02	0.016000 kw		8,588	137.41	289.00	0.016000 kw		3,727	59.63	211.23
Sentinel Service Charge	0.094200 per month			-	-	0.094200 per month			-	-
Sentinel Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		37.00	5.21	5.40	0.140865 kw		32.00	4.51	4.70
Sentinel Lights Service Charge	0.000000 monthly			-	-	0.000000 monthly			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge - 5/1/02	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge - 5/1/02	0.116171 kw		19	2.21	2.44	0.116171 kw			-	0.23
Streetlight Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				36,091	36,091				36,318	36,318

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

ACTUAL September 2002						ACTUAL October 2002					
PILS for 2002 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge - 5/1/02	1.920500 Monthly	9,128		17,530.32		1.920500 Monthly	9,128		17,530.32		
Residential Volumetric charge - 5/1/02	0.001024 kwh		9,910,580	10,148.41	27,678.74	0.001024 kwh		9,006,664	9,222.82	26,753.15	
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-	
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-	
GS< 50 Service Charge - 5/1/02	2.413200 per month	1,039		2,507.31		2.413200 per month	1,039		2,507.31		
GS< 50 Volumetric Charge - 5/1/02	0.000618 kwh		2,252,916	1,392.30	3,899.62	0.000618 kwh		2,231,281	1,378.93	3,888.25	
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-	
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-	
GS> 50 Service Charge - 5/1/02	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35		
GS> 50 Volumetric Charge - 5/1/02	0.215180 kw		8,717	1,875.72	8,195.08	0.215180 kw		9,064	1,950.39	8,269.74	
GS> 50 Service Charge TOU (interval) - 5/1/02	151.593500 per month	1		151.59		151.593500 per month	1		151.59		
GS> 50 Volumetric Charge TOU - 5/1/02	0.018000 kw		4,162	66.59	218.19	0.018000 kw		4,319	69.10	220.70	
Sentinel Service Charge	0.094200 per month			-	-	0.094200 per month			-	-	
Sentinel Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-	
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19		
Sentinel Lights Volumetric Charge	0.140865 kw		35	4.93	5.12	0.140865 kw		32	4.51	4.70	
Sentinel Lights Service Charge	0.000000 monthly			-	-	0.000000 per month			-	-	
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-	
Streetlight Service Charge - 5/1/02	0.038500 per month	6		0.23		0.038500 per month	6		0.23		
Streetlight Volumetric Charge - 5/1/02	0.116171 kw			-	0.23	0.116171 kw			-	0.23	
Streetlight Service Charge	0.000000 per month			-	-	0.000000 per month			-	-	
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-	
				39,997	39,997				39,135	39,135	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2002 to December 31, 2002

PILS for 2002 Year	ACTUAL November 2002					ACTUAL December 2002				
	Rate	# Customs	# Kwh or KW	Calculated	Total	Rate	# Customs	# Kwh or KW	Calculated	Total
Residential Service Charge - 5/1/02	1.920500 Monthly	9,148		17,564.89		1.920500 Monthly	9,148		17,564.89	
Residential Volumetric charge - 5/1/02	0.001024 kwh		6,707,719	6,868.70	24,433.60	0.001024 kwh		5,961,907	6,104.99	23,669.89
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge - 5/1/02	2.413200 per month	1,041		2,512.14		2.413200 per month	1,041		2,512.14	
GS< 50 Volumetric Charge - 5/1/02	0.000618 kwh		1,624,559	1,003.98	3,516.12	0.000618 kwh		1,663,998	1,028.35	3,540.49
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge - 5/1/02	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS> 50 Volumetric Charge - 5/1/02	0.215180 kw		11,193	2,408.51	8,727.86	0.215180 kw		8,283	1,778.03	8,097.38
GS> 50 Service Charge TOU (interval) - 5/1/02	151.593500 per month	1		151.59		151.593500 per month	1		151.59	
GS> 50 Volumetric Charge TOU - 5/1/02	0.016000 kw			-	151.59	0.016000 kw			-	151.59
Sentinel Service Charge	0.094200 per month			-	-	0.094200 per month			-	-
Sentinel Volumetric Charge	0.140865 kw			-	-	0.140865 kw			-	-
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		33	4.65	4.64	0.140865 kw		32	4.51	4.70
Sentinel Lights Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetsight Service Charge - 5/1/02	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetsight Volumetric Charge - 5/1/02	0.116171 kw			-	0.23	0.116171 kw			-	0.23
Streetsight Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Streetsight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				<u>36,834</u>	<u>36,834</u>				<u>35,464</u>	<u>35,464</u>

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

fill this out

PILS for 2003 Year	Rate	# Customers	# Kwh or KW	ACTUAL January 2003		Rate	# Customers	# Kwh or KW	ACTUAL February 2003	
				Calculated	Total				Calculated	Total
Residential Service Charge	1.920500 monthly	9,128		17,530.32		1.920500 Monthly	9,187		17,605.22	
Residential Volumetric charge	0.001024 kwh		3,778,632	3,869.32	21,399.64	0.001024 kwh		11,855,330	12,139.86	29,745.08
Residential Service Charge	0.000000 monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge	2.413200 per month	1,039		2,507.31		2.413200 per month	1,043		2,516.97	
GS< 50 Volumetric Charge	0.000618 kwh		1,053,438	651.02	3,158.34	0.000618 kwh		3,623,753	2,239.48	4,756.45
GS< 50 Service Charge	0.000000 monthly			-	-	0.000000 per month			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS> 50 Volumetric Charge	0.215180 kw		8,791	1,891.65	8,211.00	0.215180 kw		7,917	1,703.58	8,022.93
GS> 50 Service Charge - Interval	151.593500 monthly	1		151.59		151.593500 per month	1		151.59	
GS> 50 Volumetric Charge - Interval	0.016000 kw		12,380	198.08	349.67	0.016000 kw			-	151.59
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		31	4.37	4.58	0.140865 kw		34	4.79	4.98
Sentinel Lights Service Charge	0.000000 monthly			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetsight Service Charge	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetsight Volumetric Charge	0.116171 kw		4,046	470.03	470.26	0.116171 kw		519	60.29	60.52
Streetsight Service Charge	0.000000 monthly			-	-	0.000000 per month			-	-
Streetsight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				33,593	33,593				42,742	42,742

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	ACTUAL March 2003					ACTUAL April 2003				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge	1.9205000 Monthly	9,187		17,605.22		1.920500 Monthly	9,186		17,641.71	
Residential Volumetric charge	0.0010240 kwh		7,048,969	7,216.10	24,821.32	0.001024 kwh		8,174,918	8,371.12	28,012.83
Residential Service Charge	- Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	- kwh			-	-	0.000000 kwh			-	-
GS+ 50 Service Charge	2.4132000 per month	1,043		2,516.97		2.413200 per month	1,046		2,524.21	
GS+ 50 Volumetric Charge	0.0006180 kwh		1,783,729	1,102.34	3,619.31	0.000618 kwh		1,959,951	1,211.25	3,735.46
GS+ 50 Service Charge	- per month			-	-	0.000000 Monthly			-	-
GS+ 50 Volumetric Charge	- kwh			-	-	0.000000 kwh			-	-
GS+ 50 Service Charge	60.7630000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS+ 50 Volumetric Charge	0.2151800 kw		7,999	1,721.22	8,040.58	0.215180 kw		9,092	1,956.42	8,275.77
GS+ 50 Service Charge - Interval	151.5935000 Monthly	1		151.59		151.593500 Monthly	1		151.59	
GS+ 50 Volumetric Charge - Interval	0.0160000 kw		8,508	136.13	287.72	0.016000 kw		4,182	66.91	218.51
Sentinel Lights Service Charge	0.0942000 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.1408650 kw		33	4.85	4.84	0.140865 kw		40.00	5.83	5.82
Sentinel Lights Service Charge	- per month			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	- kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.0385000 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge	0.1161710 kw		519	60.29	60.52	0.116171 kw		521	60.53	60.76
Streetlight Service Charge	- Monthly			-	-	0.000000 Monthly			-	-
Streetlight Volumetric Charge	- kw			-	-	0.000000 kw			-	-
				<u>36,834</u>	<u>36,834</u>				<u>38,309</u>	<u>38,309</u>

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	ACTUAL May 2003					ACTUAL June 2003				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge	1.920500 Monthly	9,183		17,835.95		1.920500 Monthly	9,210		17,887.81	
Residential Volumetric charge	0.001024 kwh		6,758,662	6,918.82	24,554.77	0.001024 kwh		8,147,106	8,342.64	28,030.44
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge	2.413200 per month	1,045		2,521.79		2.413200 per month	1,048		2,529.03	
GS< 50 Volumetric Charge	0.000618 kwh		2,744,957	1,696.58	4,218.18	0.000618 kwh		2,279,309	1,408.61	3,937.65
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS> 50 Volumetric Charge	0.215180 kw		23,491	5,054.79	11,374.15	0.215180 kw		17,520	3,769.95	10,089.31
GS> 50 Service Charge - Interval	151.593500 Monthly	1		151.59		151.593500 Monthly	1		151.59	
GS> 50 Volumetric Charge - Interval	0.016000 kw		4,402	70.43	222.03	0.016000 kw		4,241	67.86	219.45
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		50	7.04	7.23	0.140865 kw		40.00	5.63	5.82
Sentinel Lights Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge	0.116171 kw		521	60.53	60.76	0.116171 kw		520	60.41	60.64
Streetlight Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				40,437	40,437				40,343	40,343

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	ACTUAL July 2003					ACTUAL August 2003				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge	1.920500 Monthly	9,220		17,707.01		1.920500 Monthly	9,227		17,720.45	
Residential Volumetric charge	0.001024 kwh		7,237,224	7,410.92	25,117.93	0.001024 kwh		6,983,044	7,150.64	24,871.09
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge	2.413200 per month	1,049		2,531.45		2.413200 per month	1,050		2,533.86	
GS< 50 Volumetric Charge	0.000618 kwh		2,378,230	1,469.75	4,001.19	0.000618 kwh		2,479,283	1,532.18	4,066.04
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS> 50 Volumetric Charge	0.215180 kw		8,971	1,930.38	8,249.73	0.215180 kw		10,840	2,332.55	8,651.90
GS> 50 Service Charge - Interval	151.593500 Monthly	1		151.59		151.593500 Monthly	1		151.59	
GS> 50 Volumetric Charge - Interval	0.016000 kw		4,309	68.94	220.54	0.016000 kw		4,203	67.25	218.84
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		36.00	5.07	5.26	0.140865 kw		43.00	6.06	6.25
Sentinel Lights Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge	0.116171 kw		521	60.53	60.76	0.116171 kw		521	60.53	60.76
Streetlight Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				37.655	37.655				37.875	37.875

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	ACTUAL September 2003					ACTUAL October 2003				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge	1.920500	Monthly	9,238	17,737.74		1.920500	Monthly	9,242	17,748.28	
Residential Volumetric charge	0.001024	kwh	9,292,455	9,515.47	27,253.21	0.001024	kwh	8,883,929	9,097.14	26,846.40
Residential Service Charge	0.000000	Monthly		-		0.000000	Monthly		-	
Residential Volumetric charge	0.000000	kwh		-	-	0.000000	kwh		-	-
GS< 50 Service Charge	2.413200	per month	1,051	2,536.27		2.413200	per month	1,052	2,538.66	
GS< 50 Volumetric Charge	0.000618	kwh	1,951,286	1,205.89	3,742.17	0.000618	kwh	2,852,932	1,763.11	4,301.80
GS< 50 Service Charge	0.000000	Monthly		-		0.000000	Monthly		-	
GS< 50 Volumetric Charge	0.000000	kwh		-	-	0.000000	kwh		-	-
GS> 50 Service Charge	60.763000	per month	104	6,319.35		60.763000	per month	104	6,319.35	
GS> 50 Volumetric Charge	0.215180	kw	7,067	1,520.68	7,840.03	0.215180	kw	36,290	8,239.24	14,558.59
GS> 50 Service Charge - Internal	151.593500	per month	1	151.59		151.593500	per month	1	151.59	
GS> 50 Volumetric Charge - Internal	0.016000	kw	4,602	73.63	225.23	0.016000	kw	4,484	71.74	223.34
Sentinel Lights Service Charge	0.094200	per month	2	0.19		0.094200	per month	2	0.19	
Sentinel Lights Volumetric Charge	0.140865	kw	31	4.37	4.56	0.140865	kw	53	7.47	7.65
Sentinel Lights Service Charge	0.000000	per month		-		0.000000	per month		-	
Sentinel Lights Volumetric Charge	0.000000	kw		-	-	0.000000	kw		-	-
Streetlight Service Charge	0.038500	per month	8	0.23		0.038500	per month	8	0.23	
Streetlight Volumetric Charge	0.116171	kw	522	60.64	60.67	0.116171	kw	521	60.53	60.76
Streetlight Service Charge	0.000000	per month		-		0.000000	per month		-	
Streetlight Volumetric Charge	0.000000	kw		-	-	0.000000	kw		-	-
				39,126	39,126				45,999	45,999

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	ACTUAL November 2003					ACTUAL December 2003				
	Rate	# Custome	# Kwh or KW	Calculated	Total	Rate	# Custome	# Kwh or KW	Calculated	Total
Residential Service Charge	1.920500 Monthly	9,248		17,760.78		1.920500 Monthly	9,248		17,760.78	
Residential Volumetric charge	0.001024 kwh		6,035,521	6,180.37	23,941.16	0.001024 kwh		7,600,795	7,783.21	25,544.00
Residential Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
Residential Volumetric charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS< 50 Service Charge	2.413200 per month	1,053		2,541.10		2.413200 per month	1,053		2,541.10	
GS< 50 Volumetric Charge	0.000618 kwh		1,829,371	1,130.55	3,671.65	0.000618 kwh		2,702,140	1,669.92	4,211.02
GS< 50 Service Charge	0.000000 Monthly			-	-	0.000000 Monthly			-	-
GS< 50 Volumetric Charge	0.000000 kwh			-	-	0.000000 kwh			-	-
GS> 50 Service Charge	60.763000 per month	104		6,319.35		60.763000 per month	104		6,319.35	
GS> 50 Volumetric Charge	0.215180 kw		14,975	3,222.32	9,541.67	0.215180 kw		15,009	3,229.64	9,548.99
GS> 50 Service Charge - Interval	151.583500 per month	1		151.59		151.583500 per month	1		151.59	
GS> 50 Volumetric Charge - Interval	0.016000 kw		4,496	71.94	223.53	0.016000 kw		4,682	74.91	228.51
Sentinel Lights Service Charge	0.094200 per month	2		0.19		0.094200 per month	2		0.19	
Sentinel Lights Volumetric Charge	0.140865 kw		34	4.79	4.98	0.140865 kw		44	6.20	6.39
Sentinel Lights Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.038500 per month	6		0.23		0.038500 per month	6		0.23	
Streetlight Volumetric Charge	0.116171 kw		522	60.64	60.87	0.116171 kw		522	60.64	60.87
Streetlight Service Charge	0.000000 per month			-	-	0.000000 per month			-	-
Streetlight Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
				37,444	37,444				39,598	39,598

E.L.K. Energy Inc.
PILS Recovery
January 1, 2003 to December 31, 2003

PILS for 2003 Year	Rate	Grand Total		Calculated	Total
		Total # Customers	Total # Kwh or KW		
Residential Service Charge	1.920500 Monthly	110,462		212,142.27	
Residential Volumetric charge	0.001024 kwh		91,792,585	93,995.61	306,137.88
Residential Service Charge	0.000000 Monthly	-		-	
Residential Volumetric charge	0.000000 kwh		-	-	*
GS< 50 Service Charge	2.413200 per month	12,572		30,338.75	
GS< 50 Volumetric Charge	0.000618 kwh		27,638,359	17,080.51	47,419.26
GS< 50 Service Charge	0.000000 Monthly	-		-	
GS< 50 Volumetric Charge	0.000000 kwh		-	-	*
GS> 50 Service Charge	60.763000 per month	1,248		75,832.22	
GS> 50 Volumetric Charge	0.215180 kw		169,962	36,572.42	112,404.65
GS> 50 Service Charge - Interval	151.593500 per month	12		1,819.12	
GS> 50 Volumetric Charge - Interval	0.016000 kw		60,489	967.82	2,786.95
Sentinel Lights Service Charge	0.094200 per month	24		2.28	
Sentinel Lights Volumetric Charge	0.140865 kw		489	68.07	68.33
Sentinel Lights Service Charge	0.000000 per month			-	
Sentinel Lights Volumetric Charge	0.000000 kw		-	-	*
Streetlight Service Charge	0.038500 per month	72		2.77	
Streetlight Volumetric Charge	0.116171 kw		9,775	1,135.57	1,138.34
Streetlight Service Charge	0.000000 per month			-	
Streetlight Volumetric Charge	0.000000 kw		-	-	*
				<u>469,955.40</u>	<u>469,955.40</u>
			Check	-	

ACTUAL January 2004

ACTUAL February 2004

PLS for 2004 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 2002	1.920500	monthly				1.920500	monthly			
Residential Volumetric charge- 2002	0.001024	kwh	10,228	10.47	10.47	0.001024	kwh	3,800	3.89	
Residential Service Charge - pre Mar/04	1.920500	monthly	9,237	17,738.66		1.920500	Monthly	9,242	17,749.26	
Residential Volumetric charge - pre Mar/ 04	0.001024	kwh	5,466,373	5,597.57	23,337.22	0.001024	kwh	8,891,566	9,104.96	26,854.22
Residential Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	Monthly		-	-
Residential Volumetric charge - Mar/ 04	0.000000	kwh		-	-	0.000000	kwh		-	-
GS< 50 Service Charge - 2002	2.413200	monthly				2.413200	monthly			
GS< 50 Volumetric Charge - 2002	0.000618	kwh	13,309	8.22		0.000618	kwh	(13,218)	(8.17)	
GS< 50 Service Charge - pre Mar/04	2.413200	per month	1,051	2,536.27		2.413200	per month	1,052	2,536.69	
GS< 50 Volumetric Charge - Pre Mar/ 04	0.000618	kwh	1,777,380	1,098.42	3,634.69	0.000618	kwh	2,500,641	1,545.40	4,084.08
GS< 50 Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	per month		-	-
GS< 50 Volumetric Charge - Mar/ 04	0.000000	kwh		-	-	0.000000	kwh		-	-
GS> 50 Service Charge - 2002	60.763000	per month				60.763000	per month			
GS> 50 Volumetric Charge - 2002	0.215180	kw	1,437	308.21		0.215180	kw	(962)	(207.00)	
GS> 50 Service Charge - pre Mar/ 04	60.763000	per month	104	6,319.35		60.763000	per month	104	6,319.35	
GS> 50 Volumetric Charge - Pre Mar/ 04	0.215180	kw	12,765	2,746.77	9,066.12	0.215180	kw	12,805	2,755.38	9,074.73
GS> 50 Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	per month		-	-
GS> 50 Volumetric Charge - Mar/ 04	0.000000	kw		-	-	0.000000	kw		-	-
Interval Service Charge - Pre Mar/ 04	151.593500	per month	1	151.59		151.593500	per month	1	151.59	
Interval Volumetric Charge - Pre Mar/ 04	0.016000	kw	4,151	66.42		0.016000	kw	4,340	69.44	
Interval Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	monthly		-	-
Interval Volumetric Charge - Mar/ 04	0.000000	kw		-	-	0.000000	kw		-	-
Sentinel Lights Sevice Charge - 2002	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge -2002	0.140865	kw		0.19		0.140865	kw		0.19	
Sentinel Lights Service Charge -Pre Mar/ 04	0.094200	per month	2	0.19		0.094200	per month	2	0.19	
Sentinel Lights Volumetric Charge - Pre Mar/ 04	0.140865	kw	46	6.48	6.67	0.140865	kw	32	4.51	4.70
Sentinel Lights Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	monthly		-	-
Sentinel Lights Volumetric Charge - Mar/ 04	0.000000	kw		-	-	0.000000	kw		-	-
Streetlight Service Charge -2002	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge -2002	0.116171	kw		0.23		0.116171	kw		0.23	
Streetlight Service Charge -Pre Mar/ 04	0.038500	per month	6	0.23		0.038500	per month	6	0.23	
Streetlight Volumetric Charge -Pre Mar/ 04	0.116171	kw	523	60.76	60.99	0.116171	kw	522	60.64	60.87
Streetlight Service Charge - Mar/ 04	0.000000	monthly		-	-	0.000000	per month		-	-
Streetlight Volumetric Charge - Mar/ 04	0.000000	kw		-	-	0.000000	kw		-	-
				36.652					40.088	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

ACTUAL March 2004						ACTUAL April 2004					
PILS for 2004 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge - 2002	1.920500	monthly		-		1.920500	monthly		-		
Residential Volumetric charge - 2002	0.001024	kwh		(383)	(0.39)	0.001024	kwh		8,124	8.32	
Residential Service Charge - pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-		
Residential Volumetric charge - pre Mar 1/04	0.001024	kwh	9,011,210	9,227.48	9,227.48	0.001024	kwh	8,394,527	8,548.00	8,548.00	
Residential Service Charge - Mar 1/4	0.000000	Monthly	9,252	-	-	0.000000	Monthly	9,274	-	-	
Residential Volumetric charge - Mar 1/04	0.003000	kwh		-	-	0.003000	kwh	1,312,452	3,937.36	3,937.36	
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - 2002	0.000618	kwh	18,277	11.30		0.000618	kwh		-		
GS< 50 Service Charge - pre Mar 1/04	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	2,152,153	1,330.03	1,330.03	0.000618	kwh	1,679,950	1,038.21	1,038.21	
GS< 50 Service Charge - Mar 1/04	0.000000	per month	1,053	-	-	0.000000	Monthly	1,056	-	-	
GS< 50 Volumetric Charge - Mar 1/04	0.000255	kwh		-	-	0.000255	kwh	553,011	141.02	141.02	
GS> 50 Service Charge - 2002	60.783000	per month		-		60.783000	per month		-		
GS> 50 Volumetric Charge - 2002	0.215180	kw	1,148	247.03		0.215180	kw	859	184.84		
GS> 50 Service Charge - pre Mar 1/04	60.783000	per month		-		60.783000	per month		-		
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw	11,292	2,429.81	2,429.81	0.215180	kw	15,917	3,425.02	3,425.02	
GS> 50 Service Charge - Mar 1/04	0.000000	Monthly	105	-	-	0.000000	Monthly	105	-	-	
GS> 50 Volumetric Charge - Mar 1/04	0.840002	kw		-	-	0.840002	kw	2,886	2,424.25	2,424.25	
Interval Service Charge - Pre Mar 1/04	151.593500	per month		-		151.593500	per month		-		
Interval Volumetric Charge - Pre Mar 1/04	0.016000	kw	4,556	72.90		0.016000	kw		-		
Interval Service Charge - Mar 1/04	0.000000	monthly	1	-	-	0.000000	monthly	1	-	-	
Interval Volumetric Charge - Mar 1/04	0.044350	kw		-	-	0.044350	kw		-	-	
Sentinel Lights Service Charge - 2002	0.094200	per month		-		0.094200	per month		-		
Sentinel Lights Volumetric Charge - 2002	0.140865	kw	8	1.13		0.140865	kw	4.00	0.56		
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	per month		-		0.094200	per month		-		
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw	35	4.93	4.93	0.140865	kw	14.00	1.97	1.97	
Sentinel Lights Service Charge - Mar 1/04	0.000000	monthly	2	-	-	0.000000	monthly	2	-	-	
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000	kw		-	-	0.317000	kw		-	-	
Streetlight Service Charge - 2002	0.038500	per month		-		0.038500	per month		-		
Streetlight Volumetric Charge - 2002	0.118171	kw		-		0.118171	kw		-		
Streetlight Service Charge - Pre Mar 1/04	0.038500	per month		-		0.038500	per month		-		
Streetlight Volumetric Charge - Pre Mar 1/04	0.118171	kw	522	60.64	60.64	0.118171	kw		-	-	
Streetlight Service Charge - Mar 1/04	0.000000	Monthly	8	-	-	0.000000	Monthly	8	-	-	
Streetlight Volumetric Charge - Mar 1/04	0.014832	kw		-	-	0.014832	kw		-	-	
				13.385					17.710		

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

PILS for 2004 Year	ACTUAL May 2004					ACTUAL June 2004				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 2002	1.920500	monthly		-		1.920500	monthly		-	
Residential Volumetric charge - 2002	0.001024	kwh		(22)	(0.02)	0.001024	kwh		-	
Residential Service Charge - pre Mar1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - pre Mar 1/04	0.001024	kwh	42,438	43.46	43.46	0.001024	kwh	40,676	41.65	41.65
Residential Service Charge - Mar 1/4	0.000000	Monthly	9,288	-	-	0.000000	Monthly	9,276	-	-
Residential Volumetric charge - Mar 1/04	0.003000	kwh	7,282,770	21,848.31	21,848.31	0.003000	kwh	6,587,963	19,763.95	19,763.95
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-		0.000618	kwh	18,305	11.31	
GS< 50 Service Charge - pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	50,699	31.33	31.33	0.000618	kwh	345,205	213.34	213.34
GS< 50 Service Charge - Mar 1/04	0.000000	Monthly	1,055	-	-	0.000000	Monthly	1,056	-	-
GS< 50 Volumetric Charge - Mar 1/04	0.000255	kwh	1,989,584	507.34	507.34	0.000255	kwh	2,110,044	538.06	538.06
GS> 50 Service Charge - 2002	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - 2002	0.215180	kw		(348)	(74.88)	0.215180	kw		348	74.88
GS> 50 Service Charge - pre Mar 1/04	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw	3,611	777.01	777.01	0.215180	kw	3,122	671.79	671.79
GS> 50 Service Charge - Mar 1/04	0.000000	Monthly	105	-	-	0.000000	Monthly	105	-	-
GS> 50 Volumetric Charge - Mar 1/04	0.840002	kw	10,938	9,187.94	9,187.94	0.840002	kw	11,177	9,388.70	9,388.70
Internal Service Charge - Pre Mar 1/04	151.593500	per month		-		151.593500	per month		-	
Internal Volumetric Charge - Pre Mar 1/04	0.016000	kw		-		0.016000	kw		-	
Internal Service Charge - Mar 1/04	0.000000	monthly	1	-	-	0.000000	monthly	1	-	-
Internal Volumetric Charge - Mar 1/04	0.044350	kw	8,640	383.18		0.044350	kw	4,194	186.00	
Sentinel Lights Service Charge - 2002	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - 2002	0.140865	kw		(2)	(0.28)	0.140865	kw	2.00	0.28	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw		(2)	(0.28)	0.140865	kw	11.00	1.55	1.55
Sentinel Lights Service Charge - Mar 1/04	0.000000	monthly	2	-	-	0.000000	monthly	2	-	-
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000	kw		-	-	0.317000	kw		-	-
Streetlight Service Charge - 2002	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge - 2002	0.116171	kw		-		0.116171	kw		-	
Streetlight Service Charge - Pre Mar 1/04	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge - Pre Mar 1/04	0.116171	kw	384	44.61	44.61	0.116171	kw		-	-
Streetlight Service Charge - Mar 1/04	0.000000	Monthly	6	-	-	0.000000	Monthly	6	-	-
Streetlight Volumetric Charge - Mar 1/04	0.014832	kw	663	9.83	9.83	0.014832	kw	526	7.80	7.80
				32.758					30.899	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

PILS for 2004 Year	ACTUAL July 2004					ACTUAL August 2004				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 2002	1.920500	monthly		-		1.920500	monthly		-	
Residential Volumetric charge - 2002	0.001024	kwh	362	0.37		0.001024	kwh	(620)	(0.63)	
Residential Service Charge - pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - pre Mar 1/04	0.001024	kwh	982	1.01	1.01	0.001024	kwh	2,903	2.97	2.97
Residential Service Charge - Mar 1/04	0.000000	Monthly	9,276	-		0.000000	Monthly	9,296	-	
Residential Volumetric charge - Mar 1/04	0.003000	kwh	5,616,278	17,448.83	17,448.83	0.003000	kwh	7,372,971	22,118.91	22,118.91
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh	(510)	(0.32)		0.000618	kwh		-	
GS< 50 Service Charge - pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	1,804	1.11	1.11	0.000618	kwh	188,576	116.54	116.54
GS< 50 Service Charge - Mar 1/04	0.000000	Monthly	1,056	-		0.000000	Monthly	1,058	-	
GS< 50 Volumetric Charge - Mar 1/04	0.000255	kwh	1,901,474	484.88	484.88	0.000255	kwh	2,290,862	584.17	584.17
GS> 50 Service Charge - 2002	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - 2002	0.215180	kw		-		0.215180	kw		-	
GS> 50 Service Charge - pre Mar 1/04	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw	3,171	682.34	682.34	0.215180	kw	1,865	401.31	401.31
GS> 50 Service Charge - Mar 1/04	0.000000	Monthly	105	-		0.000000	Monthly	105	-	
GS> 50 Volumetric Charge - Mar 1/04	0.840002	kw	12,611	10,761.27	10,761.27	0.840002	kw	12,272	10,308.50	10,308.50
Interval Service Charge - Pre Mar 1/04	151.593500	per month		-		151.593500	per month		-	
Interval Volumetric Charge - Pre Mar 1/04	0.016000	kw		-		0.016000	kw		-	
Interval Service Charge - Mar 1/04	0.000000	monthly	1	-		0.000000	monthly	1	-	
Interval Volumetric Charge - Mar 1/04	0.044350	kw	4,551	201.84		0.044350	kw	4,367	193.68	
Sentinel Lights Service Charge - 2002	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - 2002	0.140865	kw		-		0.140865	kw		-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw	10.00	1.41	1.41	0.140865	kw		-	-
Sentinel Lights Service Charge - Mar 1/04	0.000000	monthly	2	-		0.000000	monthly	2	-	
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000	kw		-	-	0.317000	kw		-	-
Streight Service Charge - 2002	0.038500	per month		-		0.038500	per month		-	
Streight Volumetric Charge - 2002	0.116171	kw		-		0.116171	kw		-	
Streight Service Charge - Pre Mar 1/04	0.038500	per month		-		0.038500	per month		-	
Streight Volumetric Charge - Pre Mar 1/04	0.116171	kw		-	-	0.116171	kw		-	-
Streight Service Charge - Mar 1/04	0.000000	Monthly	6	-		0.000000	Monthly	6	-	
Streight Volumetric Charge - Mar 1/04	0.014832	kw	526	7.80	7.80	0.014832	kw	526	7.80	7.80
				29.591					33.733	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

PILS for 2004 Year	ACTUAL September 2004					ACTUAL October 2004				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - 2002	1.920500 monthly			-		1.920500 monthly			-	
Residential Volumetric charge - 2002	0.001024 kwh			-		0.001024 kwh			-	
Residential Service Charge - pre Mar 1/04	1.920500 Monthly			-		1.920500 Monthly			-	
Residential Volumetric charge - pre Mar 1/04	0.001024 kwh		4,685	4.80	4.80	0.001024 kwh		692	0.71	0.71
Residential Service Charge - Mar 1/04	0.000000 Monthly	9,329		-		0.000000 Monthly	9,346		-	
Residential Volumetric charge - Mar 1/04	0.003000 kwh		9,056,839	27,170.52	27,170.52	0.003000 kwh		8,231,698	24,695.09	24,695.09
GS+ 50 Service Charge - 2002	2.413200 per month			-		2.413200 per month			-	
GS+ 50 Volumetric Charge - 2002	0.000618 kwh		(46,810)	(26.93)		0.000618 kwh		3,386	2.09	
GS+ 50 Service Charge - pre Mar 1/04	2.413200 per month			-		2.413200 per month			-	
GS+ 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh		(187,899)	(116.12)	(116.12)	0.000618 kwh		20,329	12.56	12.56
GS+ 50 Service Charge - Mar 1/04	0.000000 Monthly	1,062		-		0.000000 Monthly	1,064		-	
GS+ 50 Volumetric Charge - Mar 1/04	0.000255 kwh		2,349,552	599.14	599.14	0.000255 kwh		2,293,220	584.77	584.77
GS+ 50 Service Charge - 2002	60.763000 per month			-		60.763000 per month			-	
GS+ 50 Volumetric Charge - 2002	0.215180 kw		(6,315)	(1,358.86)		0.215180 kw			-	
GS+ 50 Service Charge - pre Mar 1/04	60.763000 per month			-		60.763000 per month			-	
GS+ 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw		(29,371)	(6,320.05)	(6,320.05)	0.215180 kw			-	
GS+ 50 Service Charge - Mar 1/04	0.000000 per month	105		-		0.000000 per month	106		-	
GS+ 50 Volumetric Charge - Mar 1/04	0.840002 kw		12,043	10,116.14	10,116.14	0.840002 kw		12,282	10,316.90	10,316.90
Internal Service Charge - Pre Mar 1/04	151.593500 per month			-		151.593500 per month			-	
Internal Volumetric Charge - Pre Mar 1/04	0.016000 kw			-		0.016000 kw			-	
Internal Service Charge - Mar 1/04	0.000000 monthly	1		-		0.000000 monthly	1		-	
Internal Volumetric Charge - Mar 1/04	0.044350 kw		4,550	201.79		0.044350 kw		5,038	223.44	
Sentinel Lights Service Charge - 2002	0.094200 per month			-		0.094200 per month			-	
Sentinel Lights Volumetric Charge - 2002	0.140865 kw		(20)	(2.82)		0.140865 kw			-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200 per month			-		0.094200 per month			-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865 kw			-	-	0.140865 kw			-	
Sentinel Lights Service Charge - Mar 1/04	0.000000 monthly	2		-		0.000000 monthly	2		-	
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000 kw			-	-	0.317000 kw			-	
Streetlight Service Charge - 2002	0.038500 per month			-		0.038500 per month			-	
Streetlight Volumetric Charge - 2002	0.116171 kw			-		0.116171 kw			-	
Streetlight Service Charge - Pre Mar 1/04	0.038500 per month			-		0.038500 per month			-	
Streetlight Volumetric Charge - Pre Mar 1/04	0.116171 kw			-	-	0.116171 kw			-	
Streetlight Service Charge - Mar 1/04	0.000000 per month	6		-		0.000000 per month	6		-	
Streetlight Volumetric Charge - Mar 1/04	0.014832 kw		528	7.80	7.80	0.014832 kw		528	7.83	7.83
				30,273					35,843	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

PILS for 2004 Year	ACTUAL November 2004					ACTUAL December 2004				
	Rate	# Custome	# Kwh or KW	Calculated	Total	Rate	# Custome	# Kwh or KW	Calculated	Total
Residential Service Charge - 2002	1.920500	monthly		-		1.920500	monthly		-	
Residential Volumetric charge - 2002	0.001024	kwh		-		0.001024	kwh		-	
Residential Service Charge - pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - pre Mar 1/04	0.001024	kwh	(152)	(0.16)	(0.16)	0.001024	kwh		-	-
Residential Service Charge - Mar 1/04	0.000000	Monthly	9,348	-	-	0.000000	Monthly	9,374	-	-
Residential Volumetric charge - Mar 1/04	0.003000	kwh	7,480,154	22,380.48	22,380.48	0.003000	kwh	6,515,010	19,545.03	19,545.03
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh	43,057	26.61		0.000618	kwh		-	
GS< 50 Service Charge - pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - pre Mar 1/04	0.000618	kwh	31,223	19.30	19.30	0.000618	kwh	250,382	154.74	154.74
GS< 50 Service Charge - Mar 1/04	0.000000	Monthly	1,064	-	-	0.000000	Monthly	1,067	-	-
GS< 50 Volumetric Charge - Mar 1/04	0.000255	kwh	2,097,770	534.93	534.93	0.000255	kwh	2,056,954	524.52	524.52
GS> 50 Service Charge - 2002	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - 2002	0.215180	kw	6,315	1,358.86		0.215180	kw		-	
GS> 50 Service Charge - pre Mar 1/04	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - pre Mar 1/04	0.215180	kw	7,947	1,710.04	1,710.04	0.215180	kw	29,188	6,280.67	6,280.67
GS> 50 Service Charge - Mar 1/04	0.000000	per month	108	-	-	0.000000	per month	106	-	-
GS> 50 Volumetric Charge - Mar 1/04	0.840002	kw	11,792	9,905.30	9,905.30	0.840002	kw	11,489	9,650.78	9,650.78
Interval Service Charge - Pre Mar 1/04	151.593500	per month		-		151.593500	per month		-	
Interval Volumetric Charge - Pre Mar 1/04	0.016000	kw		-		0.016000	kw		-	
Interval Service Charge - Mar 1/04	0.000000	monthly	1	-	-	0.000000	monthly	1	-	-
Interval Volumetric Charge - Mar 1/04	0.044350	kw	4,365	193.59		0.044350	kw	4,471	198.29	
Sentinel Lights Service Charge - 2002	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - 2002	0.140865	kw	1	0.14		0.140865	kw		-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw	7	0.99	0.99	0.140865	kw	12	1.69	1.69
Sentinel Lights Service Charge - Mar 1/04	0.000000	monthly	2	-	-	0.000000	monthly	2	-	-
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000	kw		-	-	0.317000	kw		-	-
Streetlight Service Charge - 2002	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge - 2002	0.116171	kw		-		0.116171	kw		-	
Streetlight Service Charge - Pre Mar 1/04	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge - Pre Mar 1/04	0.116171	kw		-	-	0.116171	kw		-	-
Streetlight Service Charge - Mar 1/04	0.000000	per month	6	-	-	0.000000	per month	6	-	-
Streetlight Volumetric Charge - Mar 1/04	0.014832	kw	528	7.83	7.83	0.014832	kw	527	7.82	7.82
				<u>36.138</u>					<u>36.364</u>	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2004 to December 31, 2004

PILS for 2004 Year	Rate	Grand Total		Calculated	Total
		Total # Customers	Total # Kwh or KW		
Residential Service Charge - 2002	1.920500 monthly	-	-	-	-
Residential Volumetric charge - 2002	0.001024 kwh	-	21,489	22.00	-
Residential Service Charge - pre Mar 1/04	1.920500 Monthly	18,479	-	35,488.92	-
Residential Volumetric charge - pre Mar 1/04	0.001024 kwh	-	29,855,900	30,572.44	66,061.36
Residential Service Charge - Mar 1/04	0.000000 Monthly	93,037	-	-	-
Residential Volumetric charge - Mar 1/04	0.003000 kwh	-	59,636,155	178,908.47	178,908.47
GS< 50 Service Charge - 2002	2.413200 per month	-	-	-	-
GS< 50 Volumetric Charge - 2002	0.000618 kwh	-	35,796	22.12	-
GS< 50 Service Charge - pre Mar 1/04	2.413200 per month	2,103	-	5,074.96	-
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh	-	8,810,443	5,444.85	10,519.81
GS< 50 Service Charge - Mar 1/04	0.000000 Monthly	10,591	-	-	-
GS< 50 Volumetric Charge - Mar 1/04	0.000255 kwh	-	17,642,471	4,498.83	4,498.83
GS> 50 Service Charge - 2002	60.763000 per month	-	-	-	-
GS> 50 Volumetric Charge - 2002	0.215180 kw	-	2,482	534.08	-
GS> 50 Service Charge - pre Mar 1/04	60.763000 per month	208	-	12,638.70	-
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw	-	72,312	15,560.10	28,198.80
GS> 50 Service Charge - Mar 1/04	0.000000 per month	1,053	-	-	-
GS> 50 Volumetric Charge - Mar 1/04	0.840002 kw	-	97,690	82,059.80	82,059.80
Interval Service Charge - Pre Mar 1/04	151.593500 per month	2	-	303.19	-
Interval Volumetric Charge - Pre Mar 1/04	0.016000 kw	-	13,047	208.75	-
Interval Service Charge - Mar 1/04	0.000000 monthly	10	-	-	-
Interval Volumetric Charge - Mar 1/04	0.044350 kw	-	40,176	1,781.81	-
Sentinel Lights Service Charge - 2002	0.094200 per month	-	-	-	-
Sentinel Lights Volumetric Charge -2002	0.140865 kw	-	(7)	(0.99)	-
Sentinel Lights Service Charge -Pre Mar 1/04	0.094200 per month	4	-	0.38	-
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865 kw	-	165	23.24	23.62
Sentinel Lights Service Charge - Mar 1/04	0.000000 monthly	20	-	-	-
Sentinel Lights Volumetric Charge - Mar 1/04	0.317000 kw	-	-	-	-
Streetlight Service Charge -2002	0.038500 per month	-	-	-	-
Streetlight Volumetric Charge - 2002	0.116171 kw	-	-	-	-
Streetlight Service Charge -Pre Mar 1/04	0.038500 per month	12	-	0.46	-
Streetlight Volumetric Charge - Pre Mar 1/04	0.116171 kw	-	1,951	226.65	227.11
Streetlight Service Charge - Mar 1/04	0.000000 per month	60	-	-	-
Streetlight Volumetric Charge - Mar 1/04	0.014832 kw	-	4,350	64.52	64.52
				373.433	
Check				-	

E.L.K. Energy Inc. PILS Recovery January 1, 2005 to December 31, 2005		fill this out									
		ACTUAL January 2005				ACTUAL February 2005					
PILS for 2005 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge -Pre Mar 1/04	1.920500	monthly				1.920500	Monthly				
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		(1,526)	(1.56)	0.001024	kwh		6,645	6.80	
Residential Service Charge - Pre Apr 1/05	0.000000	monthly	9,385			0.000000	Monthly	9,392			
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh		5,572,986	16,718.96	0.003000	kwh	9,318,012	27,954.04	27,954.04	
Residential Service Charge - Apr 1/05	0.000000	monthly				0.000000	Monthly		-	-	
Residential Volumetric charge - Apr 1/05	0.000000	kwh			-	0.000000	kwh		-	-	
GS< 50 Service Charge -2002	2.413200	per month				2.413200	per month				
GS< 50 Volumetric Charge - 2002	0.000618	kwh		13	0.01	0.000618	kwh		16,864	11.66	
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month				2.413200	per month				
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh		(8,046)	(3.74)	0.000618	kwh		56,825	35.12	
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month	1,068			0.000000	per month	1,069			
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh		1,678,160	427.93	0.000255	kwh		2,485,094	633.70	
GS< 50 Service Charge - Apr 1/05	0.000000	monthly			427.93	0.000000	per month		633.70	633.70	
GS< 50 Volumetric Charge - Apr 1/05	0.000000	kwh			-	0.000000	kwh		-	-	
GS> 50 Service Charge 2002	60.763000	per month				60.763000	per month				
GS> 50 Volumetric Charge 2002	0.215180	kw			-	0.215180	kw				
GS> 50 Service Charge - Pre Mar 1/04	60.763000	monthly				60.763000	monthly				
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw		1,932	415.73	0.215180	kw	1,368	294.37		
GS> 50 Service Charge Pre Apr 1/05	0.000000	per month	106			0.000000	per month	106			
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw		10,627	8,926.70	0.840002	kw	12,196	10,244.66	10,244.66	
GS> 50 Service Charge - Apr 1/05	0.000000	monthly				0.000000	per month				
GS> 50 Volumetric Charge - Apr 1/05	0.000000	kw			-	0.000000	kw		-	-	
GS>50 Interval Pre Apr 1/05	0.044350	kw	1	4,229	187.56	0.044350	kw	1	4,738	210.13	
GS>50 Interval Apr 1/05	0.033900	kw			-	0.033900	kw			-	
Sentinel Lights Service Charge -2002	0.094200	per month				0.094200	per month				
Sentinel Lights Volumetric Charge - 2002	0.140865	kw			-	0.140865	kw			-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	monthly				0.094200	monthly				
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw			-	0.140865	kw			-	
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000	per month	2			0.000000	per month	2			
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000	kw			-	0.317000	kw			-	
Sentinel Lights Service Charge - Apr 1/05	0.000000	monthly				0.000000	monthly			-	
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000	kw			-	0.000000	kw			-	
Streetlight Service Charge - Pre Apr 1/05	0.038500	per month	6		0.23	0.038500	per month	6		0.23	
Streetlight Volumetric Charge - Pre Apr 1/05	0.116171	kw		527	61.22	0.116171	kw		528	61.34	
Streetlight Service Charge - Apr 1/05	0.000000	monthly			61.45	0.000000	per month			61.57	
Streetlight Volumetric Charge - Apr 1/05	0.000000	kw			-	0.000000	kw			-	
					26,733						

ACTUAL March 2005						ACTUAL April 2005					
PILS for 2005 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-		
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-		0.001024	kwh		-		
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly	9,412	13,109	13.42	0.000000	Monthly		-		
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh		8,251,140	24,753.42	0.003000	kwh	7,821,901	22,865.70	22,865.70	
Residential Service Charge - Apr 1/05	0.000000	Monthly		-	-	0.000000	Monthly	9,408	-	-	
Residential Volumetric charge - Apr 1/05	0.000000	kwh		-	-	0.002300	kwh		-	-	
GS< 50 Service Charge -2002	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - 2002	0.000618	kwh		32,651	20.18	0.000618	kwh	49,830	30.79		
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh		222,180	137.31	0.000618	kwh	163,682	101.16		
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month	1,071	-	-	0.000000	per month		-		
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh		2,485,240	628.64	0.000255	kwh	2,228,418	568.25	568.25	
GS< 50 Service Charge - Apr 1/05	0.000000	per month		-	-	0.000000	Monthly	1,071	-	-	
GS< 50 Volumetric Charge - Apr 1/05	0.000000	kwh		-	-	0.000800	kwh		-	-	
GS> 50 Service Charge 2002	60.763000	per month		-		60.763000	per month		-		
GS> 50 Volumetric Charge 2002	0.215180	kw		(60)	(12.91)	0.215180	kw		(2,952)	(635.21)	
GS> 50 Service Charge - Pre Mar 1/04	60.763000	monthly		-	-	60.763000	monthly		-	-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw		(420)	(90.38)	0.215180	kw		(3,901)	(839.42)	
GS> 50 Service Charge Pre Apr 1/05	0.000000	per month	107	-	-	0.000000	per month		-	-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw		12,744	10,704.99	0.840002	kw	9,290	7,803.62	7,803.62	
GS> 50 Service Charge - Apr 1/05	0.000000	per month		-	-	0.000000	Monthly	107	-	-	
GS> 50 Volumetric Charge - Apr 1/05	0.000000	kw		-	-	0.648300	kw		-	-	
GS>50 Interval Pre Apr 1/05	0.044350	kw		4,746	210.49	0.044350	kw		4,424	198.20	
GS>50 Interval Apr 1/05	0.033900	kw		-	-	0.033900	kw		-	-	
Sentinel Lights Service Charge -2002	0.094200	per month		-		0.094200	per month		-		
Sentinel Lights Volumetric Charge - 2002	0.140865	kw		-		0.140865	kw		(15.00)	(2.11)	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	monthly		-	-	0.094200	monthly		-	-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw		-	-	0.140865	kw		(21.00)	(2.96)	
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000	per month	2	-	-	0.000000	per month		-	-	
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000	kw		-	-	0.317000	kw		-	-	
Sentinel Lights Service Charge - Apr 1/05	0.000000	monthly		-	-	0.000000	monthly	2	-	-	
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000	kw		-	-	0.000000	kw		-	-	
Streetlight Service Charge - Pre Apr 1/05	0.038500	per month	8	0.23		0.038500	per month		-	-	
Streetlight Volumetric Charge - Pre Apr 1/05	0.1161710	kw		527	61.22	0.116171	kw	527	61.22	61.22	
Streetlight Service Charge - Apr 1/05	-	Monthly		-	-	0.000000	Monthly		-	-	
Streetlight Volumetric Charge - Apr 1/05	-	kw		-	-	0.204700	kw		-	-	
				36,427	36,148				30,147	31,299	

ELK Energy Inc.
PILS Recovery
January 1, 2005 to December 31, 2005

ACTUAL May 2005						ACTUAL June 2005					
PILS for 2005 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-		
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-		0.001024	kwh		-		
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-		
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh	6,518,068	19,554.20	19,554.20	0.003000	kwh	15,990	47.97	47.97	
Residential Service Charge - Apr 1/05	0.000000	Monthly	9,403	-		0.000000	Monthly	9,417	-		
Residential Volumetric charge - Apr 1/05	0.002300	kwh	1,227,962	2,824.31	2,824.31	0.002300	kwh	6,774,108	15,580.45	15,580.45	
GS< 50 Service Charge -2002	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-		0.000618	kwh		-		
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-		2.413200	per month		-		
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	(28,173)	(17.41)		0.000618	kwh	38,752	23.95		
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-		
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh	1,923,556	490.51	490.51	0.000255	kwh	35,099	8.95	8.95	
GS< 50 Service Charge - Apr 1/05	0.000000	Monthly	1,070	-		0.000000	Monthly	1,072	-		
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh	355,306	284.24	284.24	0.000800	kwh	2,100,055	1,680.04	1,680.04	
GS> 50 Service Charge 2002	60.763000	per month		-		60.763000	per month		-		
GS> 50 Volumetric Charge 2002	0.215180	kwh	26	5.59		0.215180	kwh		-		
GS> 50 Service Charge - Pre Mar 1/04	60.763000	monthly		-		60.763000	monthly		-		
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kwh		-		0.215180	kwh		-		
GS> 50 Service Charge Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-		
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kwh	9,152	7,687.70	7,687.70	0.840002	kwh	1,374	1,154.16	1,154.16	
GS> 50 Service Charge - Apr 1/05	0.000000	Monthly	106	-		0.000000	Monthly	107	-		
GS> 50 Volumetric Charge - Apr 1/05	0.648300	kwh	2,382	1,544.25	1,544.25	0.648300	kwh	13,370	8,667.77	8,667.77	
GS>50 Interval Pre Apr 1/05	0.044350	kwh		-		0.044350	kwh		-		
GS>50 Interval Apr 1/05	0.033900	kwh	4,531	153.60		0.033900	kwh	4,640	157.30		
Sentinel Lights Service Charge -2002	0.094200	per month		-		0.094200	per month		-		
Sentinel Lights Volumetric Charge - 2002	0.140865	kwh	1	0.14		0.140865	kwh		-		
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	monthly		-		0.094200	monthly		-		
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kwh		-		0.140865	kwh		-		
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-		
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000	kwh		-		0.317000	kwh		-		
Sentinel Lights Service Charge - Apr 1/05	0.000000	Monthly	2	-		0.000000	Monthly	2	-		
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000	kwh	31	-		0.000000	kwh	39.00	-		
Streelight Service Charge - Pre Apr 1/05	0.038500	per month		-		0.038500	per month		-		
Streelight Volumetric Charge - Pre Apr 1/05	0.116171	kwh	451	52.39	52.39	0.116171	kwh		-		
Streelight Service Charge - Apr 1/05	0.000000	Monthly	6	-		0.000000	Monthly	6	-		
Streelight Volumetric Charge - Apr 1/05	0.204700	kwh	87	17.81	17.81	0.204700	kwh	538	110.13	110.13	
				32,597	32,455				27,431	27,249	

E.L.K. Energy Inc.
PILS Recovery
January 1, 2005 to December 31, 2005

PILS for 2005 Year	ACTUAL July 2005					ACTUAL August 2005				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500 Monthly			-		1.920500 Monthly			-	
Residential Volumetric charge - Pre Mar 1/04	0.001024 kwh		(1,532)	(1.57)		0.001024 kwh			-	
Residential Service Charge - Pre Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge - Pre Apr 1/05	0.003000 kwh		(15,180)	(45.54)	(45.54)	0.003000 kwh		(3,235)	(9.71)	(9.71)
Residential Service Charge - Apr 1/05	0.000000 Monthly	9,408		-		0.000000 Monthly	9,417		-	
Residential Volumetric charge - Apr 1/05	0.002300 kwh		5,585,278	12,846.14	12,846.14	0.002300 kwh		8,640,887	19,874.04	19,874.04
GS< 50 Service Charge -2002	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - 2002	0.000618 kwh			-		0.000618 kwh			-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh			-		0.000618 kwh		(38,752)	(23.95)	
GS< 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255 kwh		(1,901)	(0.48)	(0.48)	0.000255 kwh		(20,295)	(5.18)	(5.18)
GS< 50 Service Charge - Apr 1/05	0.000000 Monthly	1,071		-		0.000000 Monthly	1,072		-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800 kwh		2,048,767	1,639.01	1,639.01	0.000800 kwh		2,734,838	2,187.87	2,187.87
GS> 50 Service Charge -2002	60.763000 per month			-		60.763000 per month			-	
GS> 50 Volumetric Charge -2002	0.215180 kw			-		0.215180 kw			-	
GS> 50 Service Charge - Pre Mar 1/04	60.763000 monthly			-		60.763000 monthly			-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw			-		0.215180 kw			-	
GS> 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002 kw		13,854	11,637.39	11,637.39	0.840002 kw			-	-
GS> 50 Service Charge - Apr 1/05	0.000000 Monthly	107		-		0.000000 Monthly	107		-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300 kw			-	-	0.648300 kw		7,996	5,183.81	5,183.81
GS>50 Interval Pre Apr 1/05	0.044350 kw	1		-		0.044350 kw	1		-	
GS>50 Interval Apr 1/05	0.033900 kw		4,800	162.72		0.033900 kw		4,753	161.13	
Sentinel Lights Service Charge -2002	0.094200 per month			-		0.094200 per month			-	
Sentinel Lights Volumetric Charge - 2002	0.140865 kw			-		0.140865 kw			-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200 monthly			-		0.094200 monthly			-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865 kw			-		0.140865 kw			-	
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000 kw			-	-	0.317000 kw			-	-
Sentinel Lights Service Charge - Apr 1/05	0.000000 Monthly	2		-		0.000000 Monthly	2		-	
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000 kw		38.00	-	-	0.000000 kw		33.00	-	-
Streetlight Service Charge - Pre Apr 1/05	0.038500 per month			-		0.038500 per month			-	
Streetlight Volumetric Charge - Pre Apr 1/05	0.116171 kw			-	-	0.116171 kw			-	-
Streetlight Service Charge - Apr 1/05	0.000000 Monthly	6		-		0.000000 Monthly	6		-	
Streetlight Volumetric Charge - Apr 1/05	0.204700 kw		537	109.92	109.92	0.204700 kw		537	109.92	109.92
				26,348	26,186				27,478	27,341

E.L.K. Energy Inc.
PILS Recovery
January 1, 2005 to December 31, 2005

ACTUAL September 2005						ACTUAL October 2005					
PILS for 2005 Year	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total	
Residential Service Charge - Pre Mar 1/04	1.920500 Monthly			-		1.920500 Monthly			-		
Residential Volumetric charge - Pre Mar 1/04	0.001024 kwh			-		0.001024 kwh			-		
Residential Service Charge - Pre Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-		
Residential Volumetric charge - Pre Apr 1/05	0.003000 kwh		93	0.28	0.28	0.003000 kwh		(91)	(0.27)	(0.27)	
Residential Service Charge - Apr 1/05	0.000000 Monthly	9,430		-		0.000000 Monthly	9,446		-		
Residential Volumetric charge - Apr 1/05	0.002300 kwh		12,323,173	28,343.30	28,343.30	0.002300 kwh		10,163,669	23,376.48	23,376.48	
GS< 50 Service Charge -2002	2.413200 per month			-		2.413200 per month			-		
GS< 50 Volumetric Charge - 2002	0.000618 kwh			-		0.000618 kwh			-		
GS< 50 Service Charge - Pre Mar 1/04	2.413200 per month			-		2.413200 per month			-		
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh		35,870	22.17		0.000618 kwh		(15,891)	(9.82)		
GS< 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-		
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255 kwh		65,344	16.66	16.66	0.000255 kwh		(68,619)	(17.50)	(17.50)	
GS< 50 Service Charge - Apr 1/05	0.000000 Monthly	1,073		-		0.000000 Monthly	1,075		-		
GS< 50 Volumetric Charge - Apr 1/05	0.000800 kwh		3,016,965	2,415.17	2,415.17	0.000800 kwh		2,479,706	1,983.76	1,983.76	
GS> 50 Service Charge 2002	60.763000 per month			-		60.763000 per month			-		
GS> 50 Volumetric Charge 2002	0.215180 kw		1,056	227.23		0.215180 kw		348	74.88		
GS> 50 Service Charge - Pre Mar 1/04	60.763000 monthly			-		60.763000 monthly			-		
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw			-		0.215180 kw		(1,314)	(282.75)		
GS> 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-		
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002 kw		2,866	2,424.25	2,424.25	0.840002 kw		(5,173)	(4,345.33)	(4,345.33)	
GS> 50 Service Charge - Apr 1/05	0.000000 per month	107		-		0.000000 per month	107		-		
GS> 50 Volumetric Charge - Apr 1/05	0.648300 kw		14,041	9,102.78	9,102.78	0.648300 kw		11,716	7,595.48	7,595.48	
GS>50 Interval Pre Apr 1/05	0.044350 kw			-		0.044350 kw			-		
GS>50 Interval Apr 1/05	0.033900 kw		4,595	155.77		0.033900 kw		4,696	159.19		
Sentinel Lights Service Charge -2002	0.094200 per month			-		0.094200 per month			-		
Sentinel Lights Volumetric Charge - 2002	0.140865 kw		9	1.27		0.140865 kw		2	0.28		
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200 monthly			-		0.094200 monthly			-		
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865 kw			-		0.140865 kw			-		
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-		
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000 kw			-	-	0.317000 kw			-	-	
Sentinel Lights Service Charge - Apr 1/05	0.000000 Monthly	2		-		0.000000 Monthly	2		-		
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000 kw		37	-	-	0.000000 kw		35	-	-	
Streetlight Service Charge - Pre Apr 1/05	0.038500 per month			-		0.038500 per month			-		
Streetlight Volumetric Charge - Pre Apr 1/05	0.116171 kw			-	-	0.116171 kw			-	-	
Streetlight Service Charge - Apr 1/05	0.000000 per month	6		-		0.000000 per month	6		-		
Streetlight Volumetric Charge - Apr 1/05	0.204700 kw		537	109.92	109.92	0.204700 kw		536	109.72	109.72	
				42,819	42,412				28,644	28,702	

ELK Energy Inc.
PILS Recovery
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PILS for 2005 Year	ACTUAL November 2005					ACTUAL December 2005				
	Rate	# Customs	# Kwh or KW	Calculated	Total	Rate	# Customs	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-		0.001024	kwh		-	
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-	
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh	(3,633)	(10.90)	(10.90)	0.003000	kwh	(1,104)	(3.31)	(3.31)
Residential Service Charge - Apr 1/05	0.000000	Monthly	9,437	-		0.000000	Monthly	9,452	-	
Residential Volumetric charge - Apr 1/05	0.002300	kwh	9,078,478	20,880.50	20,880.50	0.002300	kwh	8,065,654	13,951.00	13,951.00
GS< 50 Service Charge -2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-		0.000618	kwh		-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	(368)	(0.23)		0.000618	kwh	42,921	26.53	
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh	(512)	(0.13)	(0.13)	0.000255	kwh	40,343	10.29	10.29
GS< 50 Service Charge - Apr 1/05	0.000000	Monthly	1,074	-		0.000000	Monthly	1,078	-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh	2,461,937	1,969.55	1,969.55	0.000800	kwh	1,949,999	1,560.00	1,560.00
GS> 50 Service Charge 2002	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge 2002	0.215180	kw		-		0.215180	kw		-	
GS> 50 Service Charge - Pre Mar 1/04	60.763000	monthly		-		60.763000	monthly		-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw	2,522	542.68		0.215180	kw	720	154.93	
GS> 50 Service Charge Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw	14	11.76	11.76	0.840002	kw	4,058	3,408.73	3,408.73
GS> 50 Service Charge - Apr 1/05	0.000000	per month	107	-		0.000000	per month	107	-	
GS> 50 Volumetric Charge - Apr 1/05	0.648500	kw	12,270	7,954.84	7,954.84	0.648500	kw	12,537	8,127.74	8,127.74
GS>50 Interval Pre Apr 1/05	0.044350	kw	1	-		0.044350	kw	1	-	
GS>50 Interval Apr 1/05	0.033900	kw	4,701	159.36		0.033900	kw	5,259	178.28	
Sentinel Lights Service Charge -2002	0.094200	per month		-		0.094200	per month		-	
Sentinel Lights Volumetric Charge - 2002	0.140865	kw		-		0.140865	kw		-	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200	monthly		-		0.094200	monthly		-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865	kw	12	1.69		0.140865	kw	1	0.14	
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000	kw	1	0.32	0.32	0.317000	kw		-	-
Sentinel Lights Service Charge - Apr 1/05	0.000000	Monthly	2	-		0.000000	Monthly	2	-	
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000	kw	6	-	-	0.000000	kw	6	-	-
Streetlight Service Charge - Pre Apr 1/05	0.038500	per month		-		0.038500	per month		-	
Streetlight Volumetric Charge - Pre Apr 1/05	0.116171	kw		-	-	0.116171	kw		-	-
Streetlight Service Charge - Apr 1/05	0.000000	per month	6	-		0.000000	per month	6	-	
Streetlight Volumetric Charge - Apr 1/05	0.204700	kw	536	109.72	109.72	0.204700	kw	536	109.72	109.72
				31,619	30,915				27,524	27,164

E.L.K. Energy Inc.
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PILS for 2005 Year	Rate	Grand Total			
		Total # Customers	Total # Kwh or KW	Calculated	Total
Residential Service Charge -Pre Mar 1/04	1.920500 Monthly			-	
Residential Volumetric charge - Pre Mar 1/04	0.001024 kwh		16,698	17.10	
Residential Service Charge -Pre Apr 1/05	0.000000 Monthly	28,189		-	
Residential Volumetric charge - Pre Apr 1/05	0.003000 kwh		37,274,945	111,824.84	111,824.84
Residential Service Charge - Apr 1/05	0.000000 Monthly	84,818		-	
Residential Volumetric charge - Apr 1/05	0.002300 kwh		59,859,229	137,676.23	137,676.23
GS< 50 Service Charge -2002	2.413200 per month			-	
GS< 50 Volumetric Charge - 2002	0.000618 kwh		101,358	62.64	
GS< 50 Service Charge - Pre Mar 1/04	2.413200 per month			-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh		471,000	291.08	
GS< 50 Service Charge - Pre Apr 1/05	0.000000 per month	3,208		-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255 kwh		10,829,927	2,761.63	2,761.63
GS< 50 Service Charge - Apr 1/05	0.000000 Monthly	9,654		-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800 kwh		17,149,573	13,719.66	13,719.66
GS> 50 Service Charge 2002	60.763000 per month			-	
GS> 50 Volumetric Charge 2002	0.215180 kw		(1,582)	(340.41)	
GS> 50 Service Charge - Pre Mar 1/04	60.763000 monthly			-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw		907	195.17	
GS> 50 Service Charge Pre Apr 1/05	0.000000 per month	319		-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002 kw		71,022	59,658.62	59,658.62
GS> 50 Service Charge - Apr 1/05	0.000000 per month	982		-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300 kw		74,312	48,176.47	48,176.47
GS>50 Interval Pre Apr 1/05	0.044350 kw		18,137	804.38	
GS>50 Interval Apr 1/05	0.033900 kw		37,975	1,287.35	
Sentinel Lights Service Charge -2002	0.094200 per month			-	
Sentinel Lights Volumetric Charge - 2002	0.140865 kw		(3)	(0.42)	
Sentinel Lights Service Charge - Pre Mar 1/04	0.094200 monthly			-	
Sentinel Lights Volumetric Charge - Pre Mar 1/04	0.140865 kw		(8)	(1.13)	
Sentinel Lights Service Charge - Pre Apr 1/05	0.000000 per month	6		-	
Sentinel Lights Volumetric Charge - Pre Apr 1/05	0.317000 kw		1	0.32	0.32
Sentinel Lights Service Charge - Apr 1/05	0.000000 Monthly			-	
Sentinel Lights Volumetric Charge - Apr 1/05	0.000000 kw		225	-	-
Streetlight Service Charge - Pre Apr 1/05	0.038500 per month	18		0.69	
Streetlight Volumetric Charge - Pre Apr 1/05	0.116171 kw		2,560	297.40	298.09
Streetlight Service Charge - Apr 1/05	0.000000 per month			-	
Streetlight Volumetric Charge - Apr 1/05	0.204700 kw		3,844	786.87	786.87
				<u>377,218.46</u>	<u>374,902.72</u>
Check				-	

ELK Energy Inc.
PILS Recovery
January 1, 2006 to December 31, 2006

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PILS for 2006 Year	Rate	# Customers	ACTUAL January 2006			Total	Rate	# Customers	ACTUAL February 2006			Total
			# Kwh or KW	Calculated					# Kwh or KW	Calculated		
Residential Service Charge - Pre Mar 1/04	1.920500	monthly		-			1.920500	Monthly		-		
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-	-		0.001024	kwh		-	-	
Residential Service Charge - Pre Apr 1/05	0.000000	monthly		-			0.000000	Monthly		-		
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh		-	-		0.003000	kwh		-	-	
Residential Service Charge - Apr 1/05	0.000000	monthly	9,476	-			0.000000	Monthly	9,477	-		
Residential Volumetric charge - Apr 1/05	0.002300	kwh					0.002300	kwh				
			5,108,608	11,745.20		11,745.20			8,085,811	18,597.37		18,597.37
GS< 50 Service Charge - 2002	2.413200	per month		-			2.413200	per month		-		
GS< 50 Volumetric Charge - 2002	0.000618	kwh					0.000618	kwh				
GS< 50 Service Charge - Pre Mar 1/04	2.413200	monthly		67,474	41.70		2.413200	per month		8,355	5.16	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh					0.000618	kwh				
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		14,460	8.94		0.000000	per month		36,125	22.33	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh					0.000255	kwh				
GS< 50 Service Charge - Apr 1/05	0.000000	monthly		40,353	10.29	10.29	0.000000	per month			-	-
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh					0.000800	kwh				
			1,784,985	1,427.99		1,427.99			2,143,702	1,714.96		1,714.96
GS> 50 Service Charge - Pre mar 1/04	60.783000	per month		-			60.783000	per month		-		
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw					0.215180	kw				
GS> 50 Service Charge - Pre Apr 1/05	0.000000	per month		719	154.71		0.000000	per month			-	-
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw					0.840002	kw				
GS> 50 Service Charge - Apr 1/05	0.000000	monthly		3,501	2,940.85	2,940.85	0.000000	per month			-	-
GS> 50 Volumetric Charge - Apr 1/05	0.648300	kw					0.648300	kw				
			27,358	17,736.19		17,736.19			11,786	7,640.86		7,640.86
GS>50 Interval Pre Apr 1/05	0.044350	kw		-			0.044350	kw		-		
GS>50 Interval Apr 1/05	0.033900	kw					0.033900	kw				
GS>50 Interval May 1/06	0.000000	kw		4,706	159.53		0.000000	kw				
Sentinel Lights Sevice Charge	0.000000	per month					0.000000	per month				
Sentinel Lights Volumetric Charge	0.000000	kw					0.000000	kw				
			2	17	-	-			2	(1)	-	-
Streetlight Service Charge	0.000000	per month					0.000000	per month				
Streetlight Volumetric Charge	0.204700	kw					0.204700	kw				
			6	536	109.72	109.72			6	537	109.92	109.92
					34,335.12	33,970					28,090.60	28,063

E.L.K. Energy Inc.
PILS Recovery
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PILS for 2006 Year	ACTUAL March 2006					ACTUAL April 2006				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		(336)	(0.34)	0.001024	kwh		-	-
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-	-
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh	-427	(1.28)	(1.28)	0.003000	kwh		-	-
Residential Service Charge - Apr 1/05	0.000000	Monthly	9,493			0.000000	Monthly	9,493	-	
Residential Volumetric charge - Apr 1/05	0.002300	kwh		5,974	13.74	0.002300	kwh		(2,779)	(8.39)
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-		0.000618	kwh		-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	48,880	28.97		0.000618	kwh	48,880	30.83	
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh		-	-	0.000255	kwh	53,320	13.60	13.60
GS< 50 Service Charge - Apr 1/05	0.000000	per month	1,081	-		0.000000	Monthly	1,081	-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh		23,413	18.73	0.000800	kwh	3,080	2.46	2.46
GS> 50 Service Charge - Pre Mar 1/04	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw		-		0.215180	kw		-	
GS> 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw		-	-	0.840002	kw		-	-
GS> 50 Service Charge - Apr 1/05	0.000000	per month	107	-		0.000000	Monthly	107	-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300	kw		122	79.09	0.648300	kw		-	-
GS>50 Interval Pre Apr 1/05	0.044350	kw		-		0.044350	kw		-	
GS>50 Interval Apr 1/05	0.033900	kw		-		0.033900	kw		-	
GS>50 Interval May 1/06	0.000000	kw		-		0.000000	kw		-	
Sentinel Lights Service Charge	-	per month	2	-		0.000000	per month	2	-	
Sentinel Lights Volumetric Charge	-	kw		-	-	0.000000	kw		-	-
Streetlight Service Charge	-	per month	6	-		0.000000	per month	6	-	
Streetlight Volumetric Charge	0.2047000	kw		537	109.92	0.204700	kw	537	109.92	109.92
					248.83					150.42
					220					120

E.L.K. Energy Inc.
PILS Recovery
January 1, 2006 to December 31, 2006

PILS for 2006 Year	ACTUAL May 2006					ACTUAL June 2006				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-	-	1.920500	Monthly		-	-
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-	-	0.001024	kwh	(1,593)	(1.63)	(1.63)
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly		-	-	0.000000	Monthly		-	-
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh		-	-	0.003000	kwh	(245)	(0.74)	(0.74)
Residential Service Charge - Apr 1/05	0.000000	Monthly		-	-	0.000000	Monthly		-	-
Residential Volumetric charge - Apr 1/05	0.002300	kwh	(2,210)	(5.08)	(5.08)	0.002300	kwh	(2,004)	(4.61)	(4.61)
GS< 50 Service Charge - 2002	2.413200	per month		-	-	2.413200	per month		-	-
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-	-	0.000618	kwh		-	-
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-	-	2.413200	per month		-	-
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh		-	-	0.000618	kwh		-	-
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		-	-	0.000000	per month		-	-
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh	77,120	19.67	19.67	0.000255	kwh	12,544	3.20	3.20
GS< 50 Service Charge - Apr 1/05	0.000000	Monthly		-	-	0.000000	Monthly		-	-
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh	11,571	9.28	9.28	0.000800	kwh	117,166	93.73	93.73
GS> 50 Service Charge - Pre mar 1/04	60.763000	per month		-	-	60.763000	per month		-	-
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw		-	-	0.215180	kw		-	-
GS> 50 Service Charge - Pre Apr 1/05	0.000000	per month		-	-	0.000000	per month		-	-
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw		-	-	0.840002	kw	(87)	(73.08)	(73.08)
GS> 50 Service Charge - Apr 1/05	0.000000	Monthly		-	-	0.000000	Monthly		-	-
GS> 50 Volumetric Charge - Apr 1/05	0.648300	kw	745	482.98	482.98	0.648300	kw	(235)	(152.35)	(152.35)
GS>50 Interval Pre Apr 1/05	0.044350	kw		-	-	0.044350	kw		-	-
GS>50 Interval Apr 1/05	0.033900	kw		-	-	0.033900	kw		-	-
GS>50 Interval May 1/06	0.000000	kw		-	-	0.000000	kw	4,952	-	-
Sentinel Lights Sevice Charge	0.000000	per month		-	-	0.000000	per month		-	-
Sentinel Lights Volumetric Charge	0.000000	kw		-	-	0.000000	kw		-	-
Streetlight Service Charge	0.000000	per month		-	-	0.000000	per month		-	-
Streetlight Volumetric Charge	0.204700	kw	537	109.92	109.92	0.204700	kw		-	-
				<u>616.75</u>	<u>617</u>				<u>(135.47)</u>	<u>(135)</u>

E.L.K. Energy Inc.
PILS Recovery
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PILS for 2006 Year	ACTUAL July 2006					ACTUAL August 2006				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500 Monthly			-		1.920500 Monthly			-	
Residential Volumetric charge - Pre Mar 1/04	0.001024 kwh			-	-	0.001024 kwh		72	0.07	0.07
Residential Service Charge - Pre Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge - Pre Apr 1/05	0.003000 kwh			-	-	0.003000 kwh		312	0.94	0.94
Residential Service Charge - Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge - Apr 1/05	0.002300 kwh		(1,219)	(2.80)	(2.80)	0.002300 kwh		(257)	(0.59)	(0.59)
GS< 50 Service Charge - 2002	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - 2002	0.000618 kwh			-		0.000618 kwh			-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh			-		0.000618 kwh			-	
GS< 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255 kwh			-	-	0.000255 kwh		(1,620)	(0.41)	(0.41)
GS< 50 Service Charge - Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800 kwh			-	-	0.000800 kwh		(624)	(0.50)	(0.50)
GS> 50 Service Charge - Pre mar 1/04	60.763000 per month			-		60.763000 per month			-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw			-		0.215180 kw			-	
GS> 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002 kw			-	-	0.840002 kw			-	-
GS> 50 Service Charge - Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300 kw			-	-	0.648300 kw			-	-
GS>50 Interval Pre Apr 1/05	0.044350 kw			-		0.044350 kw			-	
GS>50 Interval Apr 1/05	0.033900 kw			-		0.033900 kw			-	
GS>50 Interval May 1/06	0.000000 kw		4,811	-		0.000000 kw		4,883	-	
Sentinel Lights Service Charge	0.000000 per month			-		0.000000 per month			-	
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.000000 per month			-		0.000000 per month			-	
Streetlight Volumetric Charge	0.204700 kw			-	-	0.204700 kw			-	-
				(2.80)	(3)				(0.49)	(0)

E.L.K. Energy Inc.
PILS Recovery
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PILS for 2006 Year	ACTUAL September 2006					ACTUAL October 2006				
	Rate	# Customers	# Kwh or KW	Calculated	Total	Rate	# Customers	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500 Monthly			-		1.920500 Monthly			-	
Residential Volumetric charge - Pre Mar 1/04	0.001024 kwh			-	-	0.001024 kwh			-	-
Residential Service Charge - Pre Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge - Pre Apr 1/05	0.003000 kwh			-	-	0.003000 kwh			-	-
Residential Service Charge - Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
Residential Volumetric charge - Apr 1/05	0.002300 kwh		(1,218)	(2.80)	(2.80)	0.002300 kwh		(824)	(1.90)	(1.90)
GS< 50 Service Charge - 2002	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - 2002	0.000618 kwh			-		0.000618 kwh			-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200 per month			-		2.413200 per month			-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618 kwh			-		0.000618 kwh			-	
GS< 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255 kwh			-	-	0.000255 kwh			-	-
GS< 50 Service Charge - Apr 1/05	0.000000 Monthly			-		0.000000 Monthly			-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800 kwh			-	-	0.000800 kwh			-	-
GS> 50 Service Charge - Pre mar 1/04	60.763000 per month			-		60.763000 per month			-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180 kw			-		0.215180 kw			-	
GS> 50 Service Charge - Pre Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002 kw			-	-	0.840002 kw			-	-
GS> 50 Service Charge - Apr 1/05	0.000000 per month			-		0.000000 per month			-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300 kw			-	-	0.648300 kw			-	-
GS>50 Interval Pre Apr 1/05	0.044350 kw			-		0.044350 kw			-	
GS>50 Interval Apr 1/05	0.033900 kw			-		0.033900 kw			-	
GS>50 Interval May 1/06	0.000000 kw		4,842	-		0.000000 kw		4,811	-	
Sentinel Lights Sevice Charge	0.000000 per month			-		0.000000 per month			-	
Sentinel Lights Volumetric Charge	0.000000 kw			-	-	0.000000 kw			-	-
Streetlight Service Charge	0.000000 per month			-		0.000000 per month			-	
Streetlight Volumetric Charge	0.204700 kw			-	-	0.204700 kw		2,151	440.31	440.31
				(2.80)	(3)				438.41	438

E.L.K. Energy Inc.
PILS Recovery
January 1, 2006 to December 31, 2006

PILS for 2006 Year	ACTUAL November 2006					ACTUAL December 2006				
	Rate	# Custome	# Kwh or KV	Calculated	Total	Rate	# Custome	# Kwh or KW	Calculated	Total
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly		-		1.920500	Monthly		-	
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh		-	-	0.001024	kwh		-	-
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-	
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh		-	-	0.003000	kwh		-	-
Residential Service Charge - Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-	
Residential Volumetric charge - Apr 1/05	0.002300	kwh		(14)	(0.03)	0.002300	kwh	(2,101)	(4.83)	(4.83)
GS< 50 Service Charge - 2002	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - 2002	0.000618	kwh		-		0.000618	kwh		-	
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month		-		2.413200	per month		-	
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh		-		0.000618	kwh		-	
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh		-	-	0.000255	kwh		-	-
GS< 50 Service Charge - Apr 1/05	0.000000	Monthly		-		0.000000	Monthly		-	
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh		-	-	0.000800	kwh		-	-
GS> 50 Service Charge - Pre mar 1/04	60.763000	per month		-		60.763000	per month		-	
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw		-		0.215180	kw		-	
GS> 50 Service Charge - Pre Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw		-	-	0.840002	kw		-	-
GS> 50 Service Charge - Apr 1/05	0.000000	per month		-		0.000000	per month		-	
GS> 50 Volumetric Charge - Apr 1/05	0.648300	kw		-	-	0.648300	kw		-	-
GS>50 Interval Pre Apr 1/05	0.044350	kw		-		0.044350	kw		-	
GS>50 Interval Apr 1/05	0.033900	kw		-		0.033900	kw		-	
GS>50 Interval May 1/06	0.000000	kw	5,002	-		0.000000	kw	4,647	-	
Sentinel Lights Service Charge	0.000000	per month		-		0.000000	per month		-	
Sentinel Lights Volumetric Charge	0.000000	kw		-	-	0.000000	kw		-	-
Streetsight Service Charge	0.000000	per month		-		0.000000	per month		-	
Streetsight Volumetric Charge	0.204700	kw	537	109.92	109.92	0.204700	kw	537	109.92	109.92
				<u>109.89</u>	<u>110</u>				<u>109.09</u>	<u>109</u>

E.L.K. Energy Inc.
PILS Recovery
January 1, 2006 to December 31, 2006

PILS for 2006 Year	Rate		Grand Total		Calculated	Total
			Total # Customers	Total # Kwh or KW		
Residential Service Charge - Pre Mar 1/04	1.920500	Monthly	-	-	-	-
Residential Volumetric charge - Pre Mar 1/04	0.001024	kwh	-	(1,857)	(1.90)	(1.90)
Residential Service Charge - Pre Apr 1/05	0.000000	Monthly	-	-	-	-
Residential Volumetric charge - Pre Apr 1/05	0.003000	kwh	-	(380)	(1.08)	(1.08)
Residential Service Charge - Apr 1/05	0.000000	Monthly	37,939	-	-	-
Residential Volumetric charge - Apr 1/05	0.002300	kwh	-	13,185,789	30,327.27	30,327.27
GS< 50 Service Charge - 2002	2.413200	per month	-	-	-	-
GS< 50 Volumetric Charge - 2002	0.000618	kwh	-	75,829	48.86	-
GS< 50 Service Charge - Pre Mar 1/04	2.413200	per month	-	-	-	-
GS< 50 Volumetric Charge - Pre Mar 1/04	0.000618	kwh	-	147,345	91.06	-
GS< 50 Service Charge - Pre Apr 1/05	0.000000	per month	-	-	-	-
GS< 50 Volumetric Charge - Pre Apr 1/05	0.000255	kwh	-	181,717	48.34	48.34
GS< 50 Service Charge - Apr 1/05	0.000000	Monthly	4,320	-	-	-
GS< 50 Volumetric Charge - Apr 1/05	0.000800	kwh	-	4,083,293	3,266.63	3,266.63
GS> 50 Service Charge - Pre mar 1/04	60.763000	per month	-	-	-	-
GS> 50 Volumetric Charge - Pre Mar 1/04	0.215180	kw	-	719	154.71	-
GS> 50 Service Charge - Pre Apr 1/05	0.000000	per month	-	-	-	-
GS> 50 Volumetric Charge - Pre Apr 1/05	0.840002	kw	-	3,414	2,867.77	2,867.77
GS> 50 Service Charge - Apr 1/05	0.000000	per month	428	-	-	-
GS> 50 Volumetric Charge - Apr 1/05	0.848300	kw	-	39,776	25,786.78	25,786.78
GS>50 Interval Pre Apr 1/05	0.044350	kw	-	-	-	-
GS>50 Interval Apr 1/05	0.033900	kw	-	4,706	159.53	-
GS>50 Interval May 1/06	0.000000	kw	-	33,748	-	-
Sentinel Lights Service Charge	0.000000	per month	8	-	-	-
Sentinel Lights Volumetric Charge	0.000000	kw	-	16	-	-
Streetlight Service Charge	0.000000	per month	24	-	-	-
Streetlight Volumetric Charge	0.204700	kw	-	5,909	1,209.57	1,209.57
					<u>63,953.55</u>	<u>63,503.28</u>
				Check	-	-

APPENDIX 9-C

2001 SIMPIL Model

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: HYDRONAME				
4	Reporting period: Dec. 31, 2001 Revised				
5					
6	Days in reporting period:	92	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT			
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT			
24	Accounting Year End		Date	31-Dec	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			11,068,045	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			947,978	
43	1999 return from RUD Sheet #7			255,161	255,161
45	Total Incremental revenue			692,817	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			230,939	230,939
48	Amount allowed in 2002			230,939	230,939
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			230,939	230,939
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				947,978
54					
55	Equity			5,534,023	
56					
57	Return at target ROE			546,761	
58					
59	Debt			5,534,023	
60					
61	Deemed interest amount in 100% of MARR			401,217	
62					
63	Phase-in of interest - Year 1 (2001)			205,734	
64	((D43+D47)/D41)*D61				
65	Phase-in of interest - Year 2 (2002)			303,475	
66	((D43+D47+D48)/D41)*D61				
67	Phase-in of interest - Year 3 (2003) and forward			303,475	
68	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
69					
70					
71					

A	B	C	D	E	F	G	H	I	J	K	L
1 SECTION 93 PILS TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2 DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3 TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4 ("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	0									0	
6		\$						\$		\$	
7 Utility Name: HYDRONAME											
8 Reporting period: Dec. 31, 2001 Revised											Column
9 Days in reporting period:	92	days								Brought	
10 Total days in the calendar year:	365	days								From	
11										TAXREC	
12											
13 II) CORPORATE INCOME TAXES											
14											
15 Regulatory Net Income REGINFO E53	1	63,790						-63,790		0	
16											
17 BOOK TO TAX ADJUSTMENTS											
18											
19 Additions:											
20 Depreciation & Amortization	2	165,876						-25,397		140,479	
21 Employee Benefit Plans - Accrued, Not Paid	3							123,643		123,643	
22 Tax reserves - beginning of year	4							0		0	
23 Reserves from financial statements - end of year	4							0		0	
24 Regulatory Adjustments - increase in income	5	0						0		0	
25 Other Additions (See Tab entitled "TAXREC")											
26 "Material" Items from "TAXREC" worksheet	6							0		0	
27 Other Additions (not "Material") "TAXREC"	6							453		453	
28 "Material" Items from "TAXREC 2" worksheet	6							0		0	
29 Other Additions (not "Material") "TAXREC 2"	6							100		100	
30											
31 Deductions: Input positive numbers											
32 Capital Cost Allowance and CEC	7	57,506						93,771		151,277	
33 Employee Benefit Plans - Paid Amounts	8							34,846		34,846	
34 Items Capitalized for Regulatory Purposes	9	0						0		0	
35 Regulatory Adjustments - deduction for tax purposes in Item 5	10	0						0		0	
36 Interest Expense Deemed/ Incurred	11	51,434						-51,434		0	
37 Tax reserves - end of year	4							0		0	
38 Reserves from financial statements - beginning of year	4							0		0	
39 Contributions to deferred income plans	3							0		0	
40 Contributions to pension plans	3							0		0	
41 Interest capitalized for accounting but deducted for tax	11							0		0	
42 Other Deductions (See Tab entitled "TAXREC")											
43 "Material" Items from "TAXREC" worksheet	12							0		0	
44 Other Deductions (not "Material") "TAXREC"	12							0		0	
45 Material Items from "TAXREC 2" worksheet	12							0		0	
46 Other Deductions (not "Material") "TAXREC 2"	12							0		0	
47											
48 TAXABLE INCOME/ (LOSS)		120,726						112,192	Before loss C/F	78,552	
49											
50 BLENDED INCOME TAX RATE											
51 Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	34.12%						-3.9800%		30.14%	
52											
53 REGULATORY INCOME TAX		41,192						-41,192	Actual	0	
54											
55											
56 Miscellaneous Tax Credits	14							0	Actual	0	
57											
58 Total Regulatory Income Tax		41,192						-41,192	Actual	0	
59											
60											
61 III) CAPITAL TAXES											
62											
63 Ontario											
64 Base	15	11,068,045						5,642,059		16,710,104	
65 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000						0		5,000,000	
66 Taxable Capital		6,068,045						5,642,059		11,710,104	
67											
68 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69											
70 Ontario Capital Tax		4,551						4,304		8,855	
71											
72 Federal Large Corporations Tax											
73 Base	18	11,068,045						3,167,494		14,235,539	
74 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000						0		10,000,000	
75 Taxable Capital		1,068,045						3,167,494		4,235,539	
76											
77 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						0.0000%		0.2250%	
78											
79 Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		2,403						-1		2,402	
80 Less: Federal Surtax 1.12% x Taxable Income	21	1,352						-1,352		0	
81											
82 Net LCT		0						-1,353		2,402	
83											

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5		0									0	
6			\$						\$		\$	
84	III) INCLUSION IN RATES											
85												
86	Income Tax Rate used for gross-up (exclude surtax)		34.12%									
87												
88	Income Tax (proxy tax is grossed-up)	22	62,525							Actual 2004	0	
89	LCT (proxy tax is grossed-up)	23	0							Actual 2004	2,402	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	4,551							Actual 2004	8,855	
91												
92												
93	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	67,076							Actual 2004	11,257	
94	RAM DECISION											
95												
96												
97	IV) FUTURE TRUE-UPS											
98	IV a) Calculation of the True-up Variance								DR/(CR)			
99	In Additions:											
100	Employee Benefit Plans - Accrued, Not Paid	3							123,643			
101	Tax reserves deducted in prior year	4							0			
102	Reserves from financial statements-end of year	4							0			
103	Regulatory Adjustments	5							0			
104	Other additions "Material" Items TAXREC	6							0			
105	Other additions "Material" Items TAXREC 2	6							0			
106	In Deductions - positive numbers											
107	Employee Benefit Plans - Paid Amounts	8							34,846			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							0			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							0			
111	Tax reserves claimed in current year	4							0			
112	Reserves from F/S beginning of year	4							0			
113	Contributions to deferred income plans	3							0			
114	Contributions to pension plans	3							0			
115	Other deductions "Material" Items TAXREC	12							0			
116	Other deductions "Material" Item TAXREC 2	12							0			
117												
118	Total TRUE-UPS before tax effect	26						=	88,797			
119												
120	Income Tax Rate (excluding surtax) from 2004 Utility's tax return							x	30.14%			
121												
122	Income Tax Effect on True-up adjustments							=	26,763			
123												
124	Less: Miscellaneous Tax Credits	14							0			
125												
126	Total Income Tax on True-ups								26,763			
127												
128	Income Tax Rate used for gross-up (exclude surtax)								29.02%			
129												
130	TRUE-UP VARIANCE ADJUSTMENT								37,706			
131												
132	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
133												
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	120,726			
135												
136	REVISED CORPORATE INCOME TAX RATE							x	30.14%			
137												
138	REVISED REGULATORY INCOME TAX							=	36,387			
139												
140	Less: Revised Miscellaneous Tax Credits							-	1,436			
141												
142	Total Revised Regulatory Income Tax							=	34,951			
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)							-	41,192			
145												
146	Regulatory Income Tax Variance							=	(6,241)			
147												
148	Ontario Capital Tax											
149	Base							=	11,068,045			
150	Less: Exemption from tab Tax Rates, Table 2, cell C39							-	5,000,000			
151	Revised deemed taxable capital							=	6,068,045			
152												
153	Rate - Tab Tax Rates cell C54							x	0.3000%			
154												
155	Revised Ontario Capital Tax							=	4,588			
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)							-	4,551			
157	Regulatory Ontario Capital Tax Variance							=	37			
158												
159	Federal LCT											
160	Base								11,068,045			
161	Less: Exemption from tab Tax Rates, Table 2, cell C40							-	10,000,000			

[illegible]

[illegible]

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5	0				0	
6	Section A: Identification:					
7	Utility Name: HYDRONAME					
8	Reporting period: Dec. 31, 2001 Revised					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:	92	days			
12						
13	Please enter the Materiality Level :	13,835	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	0		0	
32	Distribution Revenue	+			0	
33	Other income	+			0	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-			0	
40	Administration	-			0	
41	Customer billing and collecting	-			0	
42	Operations and maintenance	-			0	
43	Amortization	-			0	
44	Ontario Capital Tax	-			0	
45		-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	-371,600	0	0	
51	Less: Interest expense for accounting purposes	-			0	
52	Provision for payments in lieu of income taxes	-	-858,800		-858,800	
53	Net Income (loss)	=	487,200	0	858,800	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	-858,800	0	-858,800	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	140,479	0	140,479	
62	Employee benefit plans-accrued, not paid	+	123,643	0	123,643	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments	+	0	0	0	
66	Material addition items from TAXREC 2	+	0	0	0	
67	Other addition items (not Material) from TAXREC 2	+	100	0	100	
68						
69	Subtotal		-594,578	0	-594,578	
70						
71	Other Additions: (Please explain the nature of the additions)					
72	Recapture of CCA	+			0	
73	Non-deductible meals and entertainment expense	+	453		453	
74	Capital items expensed	+			0	
75		+			0	
76		+			0	
77		+			0	
78		+			0	
79	Total Other Additions	=	453	0	453	
80						
81	Total Additions	=	-594,125	0	-594,125	
82						
83	Recap Material Additions:					
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91	Total Other additions >materiality level		0	0	0	
92	Other deductions (less than materiality level)		453	0	453	
93	Total Other Additions		453	0	453	
94						

	A	B	C	D	E	F
1	SECTION 93 PILS TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					0	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	136,815		136,815	
97	Cumulative eligible capital deduction	-	14,462		14,462	
98	Employee benefit plans-paid amounts	-	34,846		34,846	
99	Items capitalized for regulatory purposes	-			0	
100	Regulatory adjustments :	-			0	
101	CCA	-			0	
102	other deductions	-	0	0	0	
103	Tax reserves - end of year	-	0	0	0	
104	Reserves from financial statements- beginning of year	-	0	0	0	
105	Contributions to deferred income plans	-			0	
106	Contributions to pension plans	-			0	
107	Interest capitalized for accounting deducted for tax	-	0	0	0	
108	Material deduction items from TAXREC 2	-	0	0	0	
109	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
110						
111	Subtotal	=	186,123	0	186,123	
112	Other deductions (Please explain the nature of the deductions)					
113	Charitable donations - tax basis	-		0	0	
114	Gain on disposal of assets	-			0	
115	Capital Tax	-			0	
116		-			0	
117		-			0	
118	Total Other Deductions	=	0	0	0	
119						
120	Total Deductions	=	186,123	0	186,123	
121						
122	Recap Material Deductions:					
123			0	0	0	
124			0	0	0	
125			0	0	0	
126			0	0	0	
127			0	0	0	
128	Total Other Deductions exceed materiality level		0	0	0	
129	Other Deductions less than materiality level		0	0	0	
130	Total Other Deductions		0	0	0	
131						
132	TAXABLE INCOME	=	-293,048	0	78,552	
133	DEDUCT:					
134	Non-capital loss applied positive number	-			0	
135	Net capital loss applied positive number	-			0	
136		-			0	
137	NET TAXABLE INCOME	=	(293,048)	0	78,552	
138						
139	FROM ACTUAL TAX RETURNS					
140	Net Federal Income Tax (Must agree with tax return)	+			0	
141	Net Ontario Income Tax (Must agree with tax return)	+			0	
142	Subtotal	=	0	0	0	
143	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
144	Total Income Tax	=	0	0	0	
145						
146	FROM ACTUAL TAX RETURNS					
147	Net Federal Income Tax Rate (Must agree with tax return)		28.12%		28.12%	
148	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
149	Blended Income Tax Rate		40.62%		40.62%	
150						
151	Section D: Detailed calculation of Ontario Capital Tax					
152						
153	ONTARIO CAPITAL TAX					
154	(From Ontario CT23)					
155	PAID-UP CAPITAL					
156						
157	Paid-up capital stock	+	100		100	
158	Retained earnings (if deficit, deduct)	+/-	8,566,527		8,566,527	
159	Capital and other surplus excluding	+	4,402,373		4,402,373	
160	appraisal surplus	+			0	
161	Loans and advances	+			0	
162	Bank loans	+			0	
163	Bankers acceptances	+			0	
164	Bonds and debentures payable	+	0		0	
165	Mortgages payable	+			0	
166	Lien notes payable	+			0	
167	Deferred credits	+	-865,000		-865,000	
168	Contingent, investment, inventory and similar reserves	+	4,806,104		4,806,104	
169	Other reserves not allowed as deductions	+			0	
170	Share of partnership(s), joint venture(s) paid-up capital	+			0	
171	Sub-total	=	16,710,104	0	16,710,104	
172	Subtract:					
173	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
174	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
175	Total (Net) Paid-up Capital	=	16,710,104	0	16,710,104	
176						
177	ELIGIBLE INVESTMENTS					
178						
179	Bonds, lien notes, interest coupons	+			0	
180	Mortgages due from other corporations	+			0	
181	Shares in other corporations	+			0	
182	Loans and advances to unrelated corporations	+			0	
183	Eligible loans and advances to related corporations	+			0	
184	Share of partnership(s) or joint venture(s) eligible investments	+			0	
185						
186	Total Eligible Investments	=	0	0	0	
187						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4			Return			
5	0				0	
188						
189	TOTAL ASSETS					
190						
191	Total assets per balance sheet	+	16,179,739		16,179,739	
192	Mortgages or other liabilities deducted from assets	+			0	
193	Share of partnership(s)/ joint venture(s) total assets	+			0	
194	Subtract: Investment in partnership(s)/joint venture(s)	-			0	
195						
196	Total assets as adjusted	=	16,179,739	0	16,179,739	
197						
198	Add: (if deducted from assets)					
199	Contingent, investment, inventory and similar reserves	+			0	
200	Other reserves not allowed as deductions	+			0	
201	Subtract:				0	
202	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
203	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
204	Subtract: Appraisal surplus if booked	-			0	
205	Add or subtract: Other adjustments	+/-			0	
206						
207	Total Assets	=	16,179,739	0	16,179,739	
208						
209						
210	Investment Allowance		0	0	0	
211						
212	Taxable Capital					
213						
214	Net paid-up capital	+	16,710,104	0	16,710,104	
215	Subtract: Investment Allowance	-	0	0	0	
216						
217	Taxable Capital	=	16,710,104	0	16,710,104	
218						
219	Capital Tax Calculation					
220	Deduction from taxable capital up to maximum of \$5,000,000		5,000,000	0	5,000,000	
221	(Input in tab Tax Rates)					
222	Net Taxable Capital		11,710,104	0	11,710,104	
223						
224	Rate		0.3000%	0.3000%	0.3000%	
225						
226	Days in taxation year		92	92	92	
227	Divide days by 365		0.25	0.25	0.25	
228						
229	Ontario Capital Tax (Must agree with CT23 return)		8,855	0	8,855	
230						
231	Section E: Detailed calculation of Large Corporation Tax					
232						
233	LARGE CORPORATION TAX					
234	(From Federal Schedule 33)					
235	CAPITAL					
236	ADD:					
237	Reserves that have not been deducted in computing income for the year under Part I	+	2,131,539		2,131,539	
238	Capital stock	+	100		100	
239	Retained earnings	+	8,566,527		8,566,527	
240	Contributed surplus	+	4,402,373		4,402,373	
241	Any other surpluses	+			0	
242	Deferred unrealized foreign exchange gains	+			0	
243	All loans and advances to the corporation	+			0	
244	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
245	Any dividends declared but not paid	+			0	
246	All other indebtedness outstanding for more than 365 days	+			0	
247						
248	Subtotal	=	15,100,539	0	15,100,539	
249						
250	DEDUCT:					
251	Deferred tax debit balance	-	865,000		865,000	
252	Any deficit deducted in computing shareholders' equity	-			0	
253	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
254	Deferred unrealized foreign exchange losses	-			0	
255						
256	Subtotal	=	865,000	0	865,000	
257						
258	Capital for the year		14,235,539	0	14,235,539	
259						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					0	
260	INVESTMENT ALLOWANCE					
261						
262	Shares in another corporation	+			0	
263	Loan or advance to another corporation	+			0	
264	Bond, debenture, note, mortgage, or	+			0	
265	similar obligation of another corporation	+			0	
266	Long term debt of financial institution	+			0	
267	Dividend receivable from another corporation	+			0	
268	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
269	Interest in a partnership	+			0	
270						
271	Investment Allowance	=	0	0	0	
272						
273						
274	TAXABLE CAPITAL					
275						
276	Capital for the year	=	14,235,539	0	14,235,539	
277						
278	Deduct: Investment allowance	-	0	0	0	
279						
280	Taxable Capital for taxation year	=	14,235,539	0	14,235,539	
281						
282	Deduct: Capital Deduction - maximum of \$50,000,000	-	10,000,000	0	10,000,000	
283	(Input in tab "Tax Rates")					
284	Taxable Capital	=	4,235,539	0	4,235,539	
285						
286	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.22500%	0.22500%	0.22500%	
287						
288	Days in year		92	92	92	
289	Divide days by 366		0.2521	0.2521	0.2521	
290						
291	Gross Part I.3 Tax LCT (Must agree with tax return)	=	2,402	0	2,402	
292						
293	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
294						
295	Less: Federal Surtax = Actual Surtax from tax return	-	0		0	
296						
297	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	2,402	0	2,402	
298	(if surtax is greater than Gross LCT, then zero)					
299						
300	Section F: Income and Capital Taxes					
301						
302	RECAP FROM ABOVE:					
303	Total Income Taxes	+	0	0	0	
304	Ontario Capital Tax	+	8,855	0	8,855	
305	Federal Large Corporations Tax	+	2,402	0	2,402	
306						
307	Total income and capital taxes	=	11,257	0	11,257	
308						

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

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5		0	Return			
6					0	
7						
8	Utility Name: HYDRONAME					
9	Reporting period: Dec. 31, 2001 Revised					
10	Number of days in taxation year:		92			
11	Materiality Level:		13,835			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+	0		0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+	100		100	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44	Debt financing expenses	+			0	
45	Amortization of deferred financing costs	+	0		0	
46		+			0	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+			0	
54	Total Additions	=	100	0	100	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

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

1	SECTION 93 PILS TAX GROSS-UP "SIMPL"				
2	Corporate Tax Rates			0	
3	Exemptions, Deductions, or Thresholds			0	
4	Utility Name: HYDRONAME				
5	Reporting period: Dec. 31, 2001 Revised				
6					
7					
8	Table 1				
9	Rates Used in 2002 RAM PILs Applications				
10	Income Range		0	200,001	
11	RAM 2002		to	to	>700,000
12		Year	200,000	700,000	
13	Income Tax Rate				
14	Proxy Tax Year	2002			
15	Federal (Includes surtax)		0.00%		
16	and Ontario blended		19.12%	34.12%	40.62%
17	Blended rate		19.12%	0.00%	34.12%
18					40.62%
19	Capital Tax Rate		0.300%		
20	LCT rate		0.225%		
21	Surtax		1.12%		
22	Ontario Capital Tax	MAX	5,000,000		
23	Exemption **	\$5MM			
24	Federal Large	MAX	10,000,000		
25	Corporations Tax	\$10MM			
26	Exemption **				
27	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing				
28					
29					
30	Table 2				
31	Expected Rates and Exemptions for 2004				
32	Income Range		0	250,001	400,001
33	Expected Rates 2004		to	to	to
34		Year	250,000	400,000	1,128,000
35	Income Tax Rate				
36	Current year	2004			
37	Federal (Includes surtax)		13.12%	22.12%	22.12%
38	Ontario		5.50%	5.50%	9.75%
39	Blended rate		18.62%	27.62%	31.87%
40					36.12%
41	Capital Tax Rate		0.300%		
42	LCT rate		0.200%		
43	Surtax		1.12%		
44	Ontario Capital Tax	MAX	5,000,000		
45	Exemption ***	\$5MM			
46	Federal Large	MAX	50,000,000		
47	Corporations Tax	\$50MM			
48	Exemption ***				
49	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.				
50					
51					
52	Table 3				
53	Input Information from Utility's Actual 2004 Tax Returns				
54	Income Range		0	250,001	400,001
55			to	to	to
56		Year	250,000	400,000	1,128,000
57	Income Tax Rate				
58	Current year	2004			
59	Federal (Includes surtax)		13.12%	22.12%	22.12%
60	Ontario		5.50%	5.50%	9.75%
61	Blended rate		18.62%	27.62%	31.87%
62					36.12%
63	Capital Tax Rate		0.300%		
64	LCT rate		0.225%		
65	Surtax		1.12%		
66	Ontario Capital Tax	MAX	4,969,248		
67	Exemption *	\$5MM			
68	Federal Large	MAX	10,000,000		
69	Corporations Tax	\$50MM			
70	Exemption *				
71	* Include copies of the actual tax return allocation calculations in your submission:				
72	Ontario CT23 page 11; federal T2 Schedule 36				

	A	B	C	D
1		SECTION 93 PILs TAX GROSS-UP "SIMPIL"		
2		Filing Requirements related to the "SIMPIL" model		0
3		Utility Name: HYDRONAME		0
4		Reporting period: Dec. 31, 2001 Revised		
5				
6				
7				
8				
9		Documents to be submitted to the Board when filing the Ministry of Finance Column information:		
10		(Stage 3 filing: normally in July of the year following the reporting period)		
11				
12		Please file 3 copies of each paper document and 1 CD or disk		
13				
14	1)	REGINFO	Yes	
15				
16	2)	TAXCALC	Yes	
17				
18	3)	TAXREC	Yes	
19				
20	4)	Tax Reserves	Yes	
21				
22	5)	TAXREC 2	Yes	
23				
24	6)	Tax Rates	Yes	
25				
26	7)	Checklist	Yes	
27				
28	8)	Background Questionnaire	Yes	
29				
30	9)	PILs Variance Analysis	Yes	
31				
32	10)	Financial statements used to prepare tax returns if different from the audited financial statements submitted to the Board in April 2005	N/A	
33				
34	11)	Electronic Excel format of the SIMPIL worksheets	Yes	
35				
36	12)	Notices of assessments, and any re-assessments, for:		
37			2001	Yes
38			2002	Yes
39			2003	Yes
40			2004	Yes
41				
42	13)	Schedules or pages from CT23 and T2 tax returns	Yes	
43				
44				
45				
46				
47				
48				
49				
50				

	A	B	C
1	SECTION 93 PILs TAX GROSS-UP	"SIMPIL"	
2	Background Questionnaire		0
3	Utility Name: HYDRONAME		0
4	Reporting period: Dec. 31, 2001 Revised		
5			
6	1 Does the company engage in non-regulated activities?		
7	Answer:		
8	No		
9			
10	If the answer to question 1 is "NO", please skip questions 2 to 6.		
11			
12	2 Please identify the types of non-wire operations carried on by the LDC.		
13	Answer:		
14			
15			
16			
17	3 Does the LDC intend to transfer the non-wire operations to a separate legal entity and the expected date?		
18	Answer:		
19			
20			
21			
22	4 Please identify the percentage and amount of gross revenues arising from non-wire operations.		
23	Answer:		
24			
25			
26	5 Please identify the percentage and amount of operating expense incurred pertaining to non-wire operations.		
27	Answer:		
28			
29			
30	6 Please identify the percentage and amount of depreciation and capital cost allowance expenses pertaining to non-wire operations.		
31	Answer:		
32			
33			
34			
35	7 Did the company incur any OPEBs (post employment benefits other than pensions) for accounting and tax purposes? (Please identify the amount.)		
36	Answer: Yes - a total recovery of \$72,739 was included		
37			
38			
39	8 Did the company have any reserves for accounting and tax purposes? (Please identify the amount.)		
40	Answer: Only for Allowance for doubtful accounts used in schedule 1 - tax and accounting adjustments were the same.		
41			
42			
43			
44			

24 Note:

APPENDIX 9-D

2002 SIMPIL Model

	A	B	C	D	E
1	PILs TAXES - EB-2008-381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: UTILITYNAME			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA, to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		99.7%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2002	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			11,068,045	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			947,978	
43	1999 return from RUD Sheet #7			255,161	255,161
45	Total Incremental revenue			692,817	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			230,939	230,939
48	Amount allowed in 2002			230,939	230,939
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			230,939	0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				717,039
55					
56	Equity			5,534,023	
57					
58	Return at target ROE			546,761	
59					
60	Debt			5,534,023	
61					
62	Deemed interest amount in 100% of MARR			401,217	
63					
64	Phase-in of interest - Year 1 (2001)			205,734	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			303,475	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			303,475	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			401,217	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: UTILITYNAME							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	717,039		154,429		871,468	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	663,503		30,609		694,112	
21	Employee Benefit Plans - Accrued, Not Paid	3			123,643		123,643	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			725		725	
30	Items on which true-up does not apply "TAXREC 3"				504,672		504,672	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	453,968		427,515		881,483	
34	Employee Benefit Plans - Paid Amounts	8			34,846		34,846	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	303,475		-210,585		92,890	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			826		826	
48	Items on which true-up does not apply "TAXREC 3"				24,750		24,750	
49								
50	TAXABLE INCOME/ (LOSS)		623,099		536,726	Before loss C/F	1,159,825	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		240,641		-224,395	Actual	16,246	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		240,641		-224,395	Actual	16,246	
61								
62								
63	III) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	11,068,045		-11,068,045			
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-5,000,000		0	
68	Taxable Capital		6,068,045		-16,068,045		0	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		18,204		-18,204	Overpaid	0	
73								
74	Federal Large Corporations Tax							
75	Base	18	11,068,045		-11,068,045			
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		1,068,045		-11,068,045		-10,000,000	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		2,403		-24,903		-22,500	
82	Less: Federal Surtax 1.12% x Taxable Income	21	6,979		-6,979		0	
83								
84	Net LCT		0		-17,924		-22,500	
85								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	(*Wires-only* business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: UTILITYNAME							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	392,051			Actual 2002	16,246	
91	LCT (proxy tax is grossed-up)	23	0			Actual 2002		
92	Ontario Capital Tax (no gross-up since it is deductible)	24	18,204			Actual 2002	28,644	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	410,255			Actual 2002	44,890	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			123,643			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			34,846			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			0			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	88,797			
121								
122	Income Tax Rate (excluding surtax) from 2002 Utility's tax return			x	31.66%			
123								
124	Income Tax Effect on True-up adjustments			=	28,113			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				28,113			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				30.54%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				40,474			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	623,099			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	31.66%			
139								
140	REVISED REGULATORY INCOME TAX			=	197,273			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	197,273			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	240,641			
147								
148	Regulatory Income Tax Variance			=	(43,368)			
149								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: UTILITYNAME							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
150	Ontario Capital Tax							
151	Base		=		11,068,045			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39		-		5,000,000			
153	Revised deemed taxable capital		=		6,068,045			
154								
155	Rate - Tab Tax Rates cell C54		x		0.3000%			
156								
157	Revised Ontario Capital Tax		=		18,204			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)		-		18,204			
159	Regulatory Ontario Capital Tax Variance		=		0			
160								
161	Federal LCT							
162	Base		=		11,068,045			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40		-		10,000,000			
164	Revised Federal LCT		=		1,068,045			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
167								
168	Gross Amount				2,403			
169	Less: Federal surtax		-		6,979			
170	Revised Net LCT		=		(4,576)			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)		-		0			
173	Regulatory Federal LCT Variance		=		(4,576)			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				30.54%			
176								
177	Income Tax (grossed-up)		+		(62,435)			
178	LCT (grossed-up)		+		(6,587)			
179	Ontario Capital Tax		+		0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT		=		(69,023)			
182								
183	TRUE-UP VARIANCE (from cell I130)		+		40,474			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)		=		(28,549)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				401,217			
194	Interest phased-in (Cell C36)				303,475			
195								
196	Variance due to phase-in of debt component of MARR in rates				97,741			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				92,890			
202	Total deemed interest (REGINFO CELL D61)				401,217			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				0			
207								
208	Total Interest Variance				97,741			
209								
210								
211								

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: UTILITYNAME					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12			13,835	< - enter materiality level		
13	Please enter the Materiality Level :					
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	14,177,688		14,177,688	
32	Distribution Revenue	+	2,837,116		2,837,116	
33	Other Income	+	550,256		550,256	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	14,177,688		14,177,688	
40	Administration	-	680,194		680,194	
41	Customer billing and collecting	-	437,968		437,968	
42	Operations and maintenance	-	703,630		703,630	
43	Amortization	-	694,112		694,112	
44	Ontario Capital Tax	-			0	
45	Reg Assets	-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	871,468	0	871,468	
51	Less: Interest expense for accounting purposes	-	92,890		92,890	
52	Provision for payments in lieu of income taxes	-	306,000		306,000	
53	Net Income (loss)	=	472,578	0	472,578	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	306,000	0	306,000	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	694,112	0	694,112	
62	Employee benefit plans-accrued, not paid	+	123,643	0	123,643	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		504,672	0	504,672	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	725	0	725	
69						
70	Subtotal		1,629,152	0	1,629,152	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	1,629,152	0	1,629,152	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	0		Return			
5					Version 2009.1	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return		Version 2009.1	
5						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	825,120		825,120	
98	Cumulative eligible capital deduction	-	56,363		56,363	
99	Employee benefit plans-paid amounts	-	34,846		34,846	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments:	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"	-	24,750	0	24,750	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	826	0	826	
112						
113	Subtotal	=	941,905	0	941,905	
114	Other deductions (Please explain the nature of the deductions)					
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	941,905	0	941,905	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	1,159,825	0	1,159,825	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	151,845		151,845	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	1,007,980	0	1,007,980	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+			0	
143	Net Ontario Income Tax (Must agree with tax return)	+	16,246		16,246	
144	Subtotal	=	16,246	0	16,246	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	16,246	0	16,246	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		26.12%		26.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		38.62%	*****	38.62%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	16,246	0	16,246	
157	Ontario Capital Tax	+	28,644		28,644	
158	Federal Large Corporations Tax	+	11,648		11,648	
159						
160	Total income and capital taxes	=	56,538	0	56,538	
161						

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: UTILITYNAME					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other - Please describe				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41	ENNERCONNECT LIMITED PARTNERSHIP INCOME	+	725		725	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	725	0	725	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		725	0	725	
79	Total Additions		725	0	725	

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92	\	-			0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Non-taxable load transfers	-			0	
97	Taxable dividends under 112	-	826		826	
98		-			0	
99	Total Deductions	=	826	0	826	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		826	0	826	
121	Total Deductions		826	0	826	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: UTILITYNAME				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	657		657	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		25		25	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+	503,990		503,990	
42		+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44		+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	504,672	0	504,672	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	24,625		24,625	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-	125		125	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
66	Changes in Regulatory Asset balances	-			0	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	24,750	0	24,750	
74						
75						

[illegible]

APPENDIX 9-E

2003 SIMPIL Model

	A	B	C	D	E
1	PILs TAXES - EB-2008-381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: UTILITYNAME			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		99.5%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2003	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			11,068,045	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			947,978	
43	1999 return from RUD Sheet #7			255,161	255,161
45	Total Incremental revenue			692,817	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			230,939	230,939
48	Amount allowed in 2002			230,939	230,939
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			230,939	0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				717,039
55					
56	Equity			5,534,023	
57					
58	Return at target ROE			546,761	
59					
60	Debt			5,534,023	
61					
62	Deemed interest amount in 100% of MARR			401,217	
63					
64	Phase-in of interest - Year 1 (2001)			205,734	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			303,475	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			303,475	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			401,217	
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS	Estimate			Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALS)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: UTILITYNAME							
7	Reporting period: 2005							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income - REGINFO E53	1	717,039		2,506,170		3,223,209	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Adjustments:							
20	Depreciation & Amortization	2	663,503		-46,326		617,177	
21	Employee Benefit Plans - Accrued, Not Paid	3			42,147		42,147	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")	6			0		0	
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			2,656		2,656	
30	Items on which true-up does not apply "TAXREC 3"				377,651		377,651	
31								
32	Deductions: Input positive numbers							
33	Capital Coal Allowance and CEC	7	453,968		154,710		608,678	
34	Employee Benefit Plans - Paid Amounts	8			36,486		36,486	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	303,478		162,287		465,762	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")	12			0		0	
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	"Material" Items from "TAXREC 2" worksheet	12			15,324		15,324	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				35,381		35,381	
49								
50	TAXABLE INCOME/ (LOSS)		623,099		2,478,140	Before loss C/F	3,101,239	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.0000%		36.62%	
54								
55	REGULATORY INCOME TAX		240,641		429,653	Actual	670,494	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		240,641		429,653	Actual	670,494	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	11,068,048		-11,068,048			
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	8,068,048		-11,381,607		4,666,438	
68	Taxable Capital						-4,666,438	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		18,204		-18,204		0	
73								
74	Federal Large Corporations Tax							
75	Base	18	11,068,048		-11,068,048			
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		1,068,048		-11,068,048		-10,000,000	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		2,403		-24,903		-22,500	
82	Less: Federal Surtax: 1.12% x Taxable Income	21	6,979		-6,979		0	
83								
84	Net LCT		0		-17,924		-22,500	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross-up (exclude surtax)		38.62%					
89								
90	Income Tax (provy tax is grossed-up)	22	392,051			Actual 2003	670,494	
91	LCT (provy tax is grossed-up)	23	0			Actual 2003	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	18,204			Actual 2003	35,381	
93								
94								
95	Total PILs for Rate Adjustment - MUST AGREE WITH 2002	25	410,255			Actual 2003	705,875	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			42,147			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			36,486			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell 1206)	11			64,545			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			15,324			
119								
120	Total TRUE-UPS before tax effect	26			-74,208			

	A	B	C	D	E	F	G	H
1	PIL: TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PIL: DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: UTILITYNAME							
7	Reporting period: 2003							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13								
121								
122	Income Tax Rate (excluding surtax) from 2003 Utility's tax return			x	36.82%			
123								
124	Income Tax Effect on True-up adjustments			-	-27,175			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-27,175			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				35.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(42,132)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME (LOSSES) (as reported in the initial estimate column)			-	623,099			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.82%			
139								
140	REVISED REGULATORY INCOME TAX			-	228,179			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			-	228,179			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	240,841			
147								
148	Regulatory Income Tax Variance			-	(12,462)			
149								
150	Ontario Capital Tax							
151	Base			-	11,068,045			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			-	6,068,045			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			-	18,204			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	18,204			
159	Regulatory Ontario Capital Tax Variance			-	0			
160								
161	Federal LCT							
162	Base			-	11,068,045			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			-	1,068,045			
165								
166	Rate (as a result of legislative changes) tab "Tax Rates" cell C51				0.2250%			
167								
168	Gross Amount			-	2,403			
169	Less: Federal surtax			-	6,979			
170	Revised Net LCT			-	0			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
173	Regulatory Federal LCT Variance			-	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				35.50%			
176								
177	Income Tax (grossed-up)			+	(19,321)			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			-	(19,321)			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	(42,132)			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			-	(61,453)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				401,217			
194	Interest phased-in (Cell C36)				303,475			
195								
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision				97,741			
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
200	Interest deducted on MGF filing (Cell K36-K41)				465,762			
201								
202	Actual Interest Paid							
203								
204	Variance caused by excess debt				465,762			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				64,545			
207								
208	Total Interest Variance				-368,021			
209								
210								
211								

A	B	C	D	E	F
1 PILS TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2 TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3 (for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	0	Return			
5				Version 2009.1	
6 Section A: Identification:					
7 Utility Name: UTILITYNAME					
8 Reporting period: 2003					
9 Taxation Year's start date:					
10 Taxation Year's end date:					
11 Number of days in taxation year:		365	days		
12					
13 Please enter the Materiality Level :		13,835	< - enter materiality level		
14 (0.25% x Rate Base x CER)	Y/N	Y			
15 (0.25% x Net Assets)	Y/N				
16 Or other measure (please provide the basis of the amount)	Y/N				
17 Does the utility carry on non-wires related operation?	Y/N				
18 (Please complete the questionnaire in the Background questionnaire worksheet.)					
19					
20 Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21					
22 Section B: Financial statements data:					
23 Input unconsolidated financial statement data submitted with Tax returns.					
24 The actual categories of the income statements should be used.					
25 If required please change the descriptions except for amortization, interest expense and provision for income tax					
26					
27 Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28 in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29					
30 Income:					
31 Energy Sales	+	11,940,399		11,940,399	
32 Distribution Revenue	+	5,097,928		5,097,928	
33 Other Income	+	584,147		584,147	
34 Miscellaneous income	+			0	
35	+			0	
36 Revenue should be entered above this line					
37					
38 Costs and Expenses:					
39 Cost of energy purchased	-	11,940,399		11,940,399	
40 Administration	-	679,507		679,507	
41 Customer billing and collecting	-	523,212		523,212	
42 Operations and maintenance	-	638,970		638,970	
43 Amortization	-	617,177		617,177	
44 Ontario Capital Tax	-			0	
45 Reg Asset movement	-			0	
46	-			0	
47	-			0	
48	-			0	
49					
50 Net Income Before Interest & Income Taxes EBIT	=	3,223,209	0	3,223,209	
51 Less: Interest expense for accounting purposes	-	465,762		465,762	
52 Provision for payments in lieu of income taxes	-	683,000		683,000	
53 Net Income (loss)	=	2,074,447	0	2,074,447	
54 (The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55					
56 Section C: Reconciliation of accounting income to taxable income					
57 From T2 Schedule 1					
58 BOOK TO TAX ADDITIONS:					
59 Provision for income tax	+	683,000	0	683,000	
60 Federal large corporation tax	+			0	
61 Depreciation & Amortization	+	617,177	0	617,177	
62 Employee benefit plans-accrued, not paid	+	42,147	0	42,147	
63 Tax reserves - beginning of year	+	0	0	0	
64 Reserves from financial statements- end of year	+	0	0	0	
65 Regulatory adjustments on which true-up may apply (see A66)	+	0	0	0	
66 Items on which true-up does not apply "TAXREC 3"		377,651	0	377,651	
67 Material addition items from TAXREC 2	+	0	0	0	
68 Other addition items (not Material) from TAXREC 2	+	2,686	0	2,686	
69					
70 Subtotal		1,722,661	0	1,722,661	
71					
72 Other Additions: (Please explain the nature of the additions)					
73 Recapture of CCA	+			0	
74 Non-deductible meals and entertainment expense	+			0	
75	+			0	
76	+	0		0	
77	+			0	
78	+			0	
79	+			0	
80 Total Other Additions	=	0	0	0	
81					
82 Total Additions	=	1,722,661	0	1,722,661	
83					
84 Recap Material Additions:					
85		0	0	0	

	A	B	C	D	E	F
1	PILS TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	0		Return			
5					Version 2009.1	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	556,260		556,260	
98	Cumulative eligible capital deduction	-	52,418		52,418	
99	Employee benefit plans-paid amounts	-	36,486		36,486	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		35,381	0	35,381	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	15,324	0	15,324	
111	Other deduction items (not Material) from TAXREC 2	-	1,084,721	0	0	
112						
113	Subtotal	=	1,780,590	0	695,869	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	1,780,590	0	695,869	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	2,016,518	0	3,101,239	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	141,203		141,203	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	1,875,315	0	2,960,036	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	452,326		452,326	
143	Net Ontario Income Tax (Must agree with tax return)	+	218,168		218,168	
144	Subtotal	=	670,494	0	670,494	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	670,494	0	670,494	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		24.12%		24.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		36.62%		36.62%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	670,494	0	670,494	
157	Ontario Capital Tax	+	35,381		35,381	
158	Federal Large Corporations Tax	+			0	
159						
160	Total income and capital taxes	=	705,875	0	705,875	
161						

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: UTILITYNAME					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37	Expenses capitalized for accounting	+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41	ENNERCONNECT LIMITED PARTNERSHIP INCOME	+	2,686		2,686	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	2,686	0	2,686	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		2,686	0	2,686	
79	Total Additions		2,686	0	2,686	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92	Restatement of employee future benefit liability	-	1,084,721			
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Non-taxable load transfers	-	0		0	
97	Expenses capitalized for accounting	-	15,324		15,324	
98		-			0	
99	Total Deductions	=	1,100,045	0	15,324	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117	Expenses capitalized for accounting		15,324	0	15,324	
118			0	0	0	
119	Total Deductions exceed materiality level		15,324	0	15,324	
120	Other deductions less than materiality level		1,084,721	0	0	
121	Total Deductions		1,100,045	0	15,324	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: UTILITYNAME				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	2,547		2,547	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+	37,000		37,000	
41	Changes in Regulatory Asset balances	+	338,104		338,104	
42		+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44	Bad debts - pre-October 1, 2001 Denied	+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	377,651	0	377,651	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-	35,381		35,381	
65		-			0	
66	Changes in Regulatory Asset balances	-			0	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	35,381	0	35,381	
74						
75						

24.12%	0.00%
12.50%	0.00%
36.62%	0.00%

[illegible]

APPENDIX 9-F

2004 SIMPIL Model

	A	B	C	D	E
1	PILs TAXES - EB-2008-381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: UTILITYNAME			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	Y	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			11,068,045	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			947,978	
42					
43	1999 return from RUD Sheet #7			255,161	255,161
44					
45	Total Incremental revenue			692,817	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			230,939	230,939
48	Amount allowed in 2002			230,939	230,939
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			230,939	0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				717,039
55					
56	Equity			5,534,023	
57					
58	Return at target ROE			546,761	
59					
60	Debt			5,534,023	
61					
62	Deemed interest amount in 100% of MARR			401,217	
63					
64	Phase-in of interest - Year 1 (2001)			205,734	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			303,475	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			303,475	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			401,217	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES - 13-2009-381	11M	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	(Wires-only) business - see Tab TAXREC				R-C	Explanation		
5							Version 2009.1	
6	Utility Name: UTIL11YNAME							
7	Reporting period: 2004							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				brought	
11							from	
12							TAXREC	
13								
14	II CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income - REGINFO E53	1	717,039		1,389,114		2,106,153	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	663,509		-55,594		607,909	
21	Employee Benefit Plans - Accrued, Not Paid	3			42,844		42,844	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5			0		0	
25	Other Additions (See Tab entitled "TAXREC")				0		0	
26	"Material" items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") - "TAXREC"	6			0		0	
28	"Material" items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") - "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				560,938		560,938	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	453,968		140,986		594,954	
34	Employee Benefit Plans - Paid Amounts	8			34,391		34,391	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in item 5	10			0		0	
37	Interest Expense Deemed Incurred	11	303,475		124,572		428,047	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")				0		0	
44	"Material" items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") - "TAXREC"	12			0		0	
46	"Material" items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") - "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				37,504		37,504	
49								
50	TAXABLE INCOME/ (LOSS)		623,099		1,599,859	Before loss C/F	2,222,958	
51								
52	BLENDED INCOME TAX RATE							
53	1st Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.5000%		36.12%	
54								
55	REGULATORY INCOME TAX		240,641		582,291	Actual	802,932	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		240,641		582,291	Actual	802,932	
61								
62								
63	III CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	11,068,045		-11,068,045			
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-315,157		4,684,843	
68	taxable Capital		6,068,045		-11,383,202		-4,684,843	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		18,204		-18,204		0	
73								
74	Federal Large Corporations Tax							
75	Base	18	11,068,045		-11,068,045			
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		35,995,000		45,995,000	
77	Taxable Capital		1,068,045		24,926,955		0	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		2,403		-2,403		0	
82	Less: Federal Surtax 1.12% x Taxable income	21	6,979		-6,979		0	
83								
84	Net LCT		0		4,576		0	
85								
86	III INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross-up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	392,051			Actual 2004	802,932	
91	LCT (proxy tax is grossed-up)	23	0			Actual 2004	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	18,204			Actual 2004	37,479	
93								
94								
95	Total PILs for Rate Adjustment - MUST AGREE WITH 2002	25	410,255			Actual 2004	840,411	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			42,844			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" items TAXREC	6			0			
107	Other additions "Material" items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			34,391			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			25,830			
113	Tax reserves claimed in current year	4			0			
114	Reserves from prior beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" items TAXREC	12			0			
118	Other deductions "Material" item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26			-18,367			

A	B	C	D	E	F	G	H
1 PILS TAXES - 19-2008-381	ITEM	Initial Estimate	M of F Filing Variance	M of F Filing Variance Explanation	Tax Returns	Version 2009.1	
2 PILS DEFERRAL AND VARIANCE ACCOUNTS							
3 TAX CALCULATIONS (TAXCALC)							
4 ("Wires-only" business - see Tab TAXREC)							
5							
6 Utility Name: UTILITYNAME							
7 Reporting period: 2004							
8							
9 Days in reporting period:	365	days				Column Brought	
10 Total days in the calendar year:	365	days				from TAXREC	
11							
12							
13							
121 Income Tax Rate (excluding surtax) from 2004 Utility's tax return			x	36.12%			
122							
123 Income Tax Effect on True-up adjustments			=	-6,634			
124							
125 Less: Miscellaneous Tax Credits	14			0			
126							
127 Total Income Tax on True-ups				-6,634			
128							
129 Income Tax Rate used for gross-up (exclude surtax)				35.00%			
130							
131 TRUE-UP VARIANCE: ADJUSTMENT				(10,207)			
132							
133 IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
134							
135 REGULATORY TAXABLE INCOME (LOSSES) (as reported in the initial estimate column)			=	623,099			
136							
137 REVISED CORPORATE INCOME TAX RATE			x	36.12%			
138							
139 REVISED REGULATORY INCOME TAX			=	225,063			
140							
141 Less: Revised Miscellaneous Tax Credits			-	0			
142							
143 Total Revised Regulatory Income Tax			=	225,063			
144							
145 Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	240,641			
146							
147 Regulatory Income Tax Variance			=	(15,577)			
148							
149 Ontario Capital Tax							
150							
151 Base			=	11,068,045			
152 Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153 Revised deemed taxable capital			=	6,068,045			
154							
155 Rate - Tab Tax Rates cell C54			x	0.3000%			
156							
157 Revised Ontario Capital Tax			=	18,204			
158							
159 Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	18,204			
160							
161 Regulatory Ontario Capital Tax Variance			=	0			
162							
163 Federal LCT							
164							
165 Base			=	11,068,045			
166 Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
167 Revised Federal LCT			=	(38,931,955)			
168							
169 Rate (as a result of legislative changes) tab Tax Rates cell C51			=	0.2000%			
170							
171 Gross Amount			=	0			
172 Less: Federal surtax			-	0			
173 Revised Net LCT			=	0			
174							
175 Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
176			=	0			
177 Regulatory Federal LCT Variance			=	0			
178							
179 Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
180							
181 Income Tax (grossed-up)			+	(23,965)			
182			+	0			
183 LCT (grossed-up)			+	0			
184			+	0			
185 Ontario Capital Tax			=	(23,965)			
186							
187 DEFERRAL ACCOUNT VARIANCE: ADJUSTMENT			+	(10,207)			
188							
189 TRUE-UP VARIANCE (from cell I132)			=	(34,172)			
190							
191 Total Deferral Account Entry (Positive Entry = Debit)			=	(34,172)			
192							
193 (Deferral Account Variance + True-up Variance)							
194							
195							
196 V) INTEREST PORTION OF TRUE-UP							
197 Variance Caused by Phase-In of Deemed Debt							
198							
199 Total deemed interest (REGINFO)				401,217			
200							
201 Interest phased-in (Cell C36)				303,475			
202							
203 Variance due to phase-in of debt component of MARR in rates according to the Board's decision				97,741			
204							
205 Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
206							
207 Interest deducted on MoF Filing (Cell K36-K41)				428,047			
208							
209 Actual Interest Paid							
210							
211 Variance caused by excess debt				428,047			
212							
213 Interest Adjustment for Tax Purposes (carry forward to Cell I112)				26,830			
214							
215 Total Interest Variance				-330,306			
216							
217							
218							
219							
220							
221							

	A	B	C	D	E
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
4		0	Return		
5					Version 2009.1
6	Section A: Identification:				
7	Utility Name: UTILITYNAME				
8	Reporting period: 2004				
9	Taxation Year's start date:				
10	Taxation Year's end date:				
11	Number of days in taxation year:		366	days	
12					
13	Please enter the Materiality Level :		13,835	< - enter materiality level	
14	(0.25% x Rate Base x CER)	Y/N	Y		
15	(0.25% x Net Assets)	Y/N			
16	Or other measure (please provide the basis of the amount)	Y/N			
17	Does the utility carry on non-wires related operation?	Y/N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)				
19	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K				
20					
21					
22	Section B: Financial statements data:				
23	Input unconsolidated financial statement data submitted with Tax returns.				
24	The actual categories of the income statements should be used.				
25	If required please change the descriptions except for amortization, interest expense and provision for income tax				
26					
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts				
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.				
29					
30	Income:				
31	Energy Sales	+	12,574,922		12,574,922
32	Distribution Revenue	+	3,875,737		3,875,737
33	Other Income	+	512,938		512,938
34	Miscellaneous income	+			0
35		+			0
36	Revenue should be entered above this line				
37					
38	Costs and Expenses:				
39	Cost of energy purchased	-	12,574,922		12,574,922
40	Administration	-	705,839		705,839
41	Customer billing and collecting	-	521,215		521,215
42	Operations and maintenance	-	447,559		447,559
43	Amortization	-	607,909		607,909
44	Ontario Capital Tax	-			0
45	Recovery of regulatory assets - expense	-			0
46		-			0
47		-			0
48		-			0
49					
50	Net Income Before Interest & Income Taxes EBIT	=	2,106,153	0	2,106,153
51	Less: Interest expense for accounting purposes	-	428,047		428,047
52	Provision for payments in lieu of income taxes	-	390,000		390,000
53	Net Income (loss)	=	1,288,106	0	1,288,106
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)				
55					
56	Section C: Reconciliation of accounting income to taxable income				
57	From T2 Schedule 1				
58	BOOK TO TAX ADDITIONS:				
59	Provision for income tax	+	390,000	0	390,000
60	Federal large corporation tax	+	0		0
61	Depreciation & Amortization	+	607,909	0	607,909
62	Employee benefit plans-accrued, not paid	+	42,844	0	42,844
63	Tax reserves - beginning of year	+	0	0	0
64	Reserves from financial statements- end of year	+	0	0	0
65	Regulatory adjustments on which true-up may apply (see A66)	+			0
66	Items on which true-up does not apply "TAXREC 3"		560,938	0	560,938
67	Material addition items from TAXREC 2	+	0	0	0
68	Other addition items (not Material) from TAXREC 2	+	0	0	0
69					
70	Subtotal		1,601,691	0	1,601,691
71					
72	Other Additions: (Please explain the nature of the additions)				
73	Recapture of CCA	+			0
74	Non-deductible meals and entertainment expense	+			0
75		+			0
76		+	0		0
77		+			0
78		+			0
79		+			0
80	Total Other Additions	=	0	0	0
81					
82	Total Additions	=	1,601,691	0	1,601,691
83					
84	Recap Material Additions:				
85			0	0	0

	A	B	C	D	E
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return
4		0	Return		
5					Version 2009.1
86			0	0	0
87			0	0	0
88			0	0	0
89			0	0	0
90			0	0	0
91			0	0	0
92	Total Other additions >materiality level		0	0	0
93	Other additions (less than materiality level)		0	0	0
94	Total Other Additions		0	0	0
95					
96	BOOK TO TAX DEDUCTIONS:				
97	Capital cost allowance	-	546,206		546,206
98	Cumulative eligible capital deduction	-	48,748		48,748
99	Employee benefit plans-paid amounts	-	34,381		34,381
100	Items capitalized for regulatory purposes	-			0
101	Regulatory adjustments :	-			0
102	CCA	-			0
103	other deductions	-			0
104	Tax reserves - end of year	-	0	0	0
105	Reserves from financial statements- beginning of year	-	0	0	0
106	Contributions to deferred income plans	-			0
107	Contributions to pension plans	-			0
108	Items on which true-up does not apply "TAXREC 3"		37,504	0	37,504
109	Interest capitalized for accounting deducted for tax	-			0
110	Material deduction items from TAXREC 2	-	0	0	0
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0
112					
113	Subtotal	=	666,839	0	666,839
114	Other deductions (Please explain the nature of the deductions)				
115	Charitable donations - tax basis	-			0
116	Gain on disposal of assets	-			0
117		-			0
118					0
119		-			0
120	Total Other Deductions	=	0	0	0
121					
122	Total Deductions	=	666,839	0	666,839
123					
124	Recap Material Deductions:				
125				0	0
126			0	0	0
127			0	0	0
128			0	0	0
129			0	0	0
130	Total Other Deductions exceed materiality level		0	0	0
131	Other Deductions less than materiality level		0	0	0
132	Total Other Deductions		0	0	0
133					
134	TAXABLE INCOME	=	2,222,958	0	2,222,958
135	DEDUCT:				
136	Non-capital loss applied positive number	-	0		0
137	Net capital loss applied positive number	-			0
138					0
139	NET TAXABLE INCOME	=	2,222,958	0	2,222,958
140					
141	FROM ACTUAL TAX RETURNS				
142	Net Federal Income Tax (Must agree with tax return)	+	491,718	0	491,718
143	Net Ontario Income Tax (Must agree with tax return)	+	311,214	0	311,214
144	Subtotal	=	802,932	0	802,932
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0
146	Total Income Tax	=	802,932	0	802,932
147					
148	FROM ACTUAL TAX RETURNS				
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%
151	Blended Income Tax Rate		36.12%		36.12%
152					
153	Section F: Income and Capital Taxes				
154					
155	RECAP				
156	Total Income Taxes	+	802,932	0	802,932
157	Ontario Capital Tax	+	37,479		37,479
158	Federal Large Corporations Tax	+	0		0
159					
160	Total income and capital taxes	=	840,411	0	840,411

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: UTILITYNAME					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee future benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee future benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	PILS TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		13,835			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	

	A	B	C	D	E	F
1						
2	PILS TAXES - EB-2008-381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		13,835			
12						
13						
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: UTILITYNAME				Version 2009.1	
9						
10						
11	Reporting period: 2004					
12	Number of days in taxation year:		366			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+				0
20	CCA adjustments	+				0
21	CEC adjustments	+				0
22	Gain on sale of non-utility eligible capital property	+				0
23	Gain on sale of utility eligible capital property	+				0
24	Loss from joint ventures or partnerships	+				0
25	Deemed dividend income	+				0
26	Loss in equity of subsidiaries and affiliates	+				0
27	Loss on disposal of utility assets	+				0
28	Loss on disposal of non-utility assets	+				0
29	Depreciation in inventory -end of year	+				0
30	Depreciation and amortization adjustments	+				0
31	Dividends credited to investment account	+				0
32	Non-deductible meals	+	1,241			1,241
33	Non-deductible club dues	+				0
34	Non-deductible automobile costs	+				0
35	Donations - amount per books		25			25
36	Interest and penalties on unpaid taxes					0
37	Management bonuses unpaid after 180 days of year end					0
38	Ontario capital tax adjustments		37,000			37,000
39		+				0
40	Changes in Regulatory Asset balances	+	522,672			522,672
41	Imputed interest expense on Regulatory Assets	+				0
42		+				0
43	Other Additions: (please explain in detail the nature of the item)	+				0
44		+				0
45		+				0
46		+				0
47	Total Additions on which true-up does not apply	=	560,938	0		560,938
48						
49	Deduct:					
50						
51	CCA adjustments	-				0
52	CEC adjustments	-				0
53	Depreciation and amortization adjustments	-				0
54	Gain on disposal of assets per financial statements	-				0
55	Financing fee amortization - considered to be interest expense for PILs	-				0
56	Imputed interest income on Regulatory Assets	-				0
57	Donations - amount deductible for tax purposes	-	25			25
58	Income from joint ventures or partnerships	-				0
59		-				0
60	Ontario capital tax adjustments to current or prior year	-	37,479			37,479
61		-				0
62	Changes in Regulatory Asset balances	-				0
63		-				0
64	Assessment Notice	-				0
65		-				0
66		-				0
67		-				0
68	Other deductions: (Please explain in detail the nature of the item)	-				0
69		-				0
70		-				0
71		-				0
72		-				0
73	Total Deductions on which true-up does not apply	=	37,504	0		37,504
74						
75						

	A	B	C	D	E	F	G	H	I	J					
1	PILS TAXES - EB-2008-381														
2	Corporate Tax Rates					Version 2009.1									
3	Exemptions, Deductions, or Thresholds														
4	Utility Name: UTILITYNAME														
5	Reporting period: 2004														
6															
7															
8	Rates Used in 2002 RAM PILs Applications for 2002					Table 1									
9	Income Range		0		200,001										
10	RAM 2002		to		to										
11		Year	200,000		700,000										
12	Income Tax Rate														
13	Proxy Tax Year	2002													
14	Federal (Includes surtax)		13.12%		26.12%			26.12%							
15	and Ontario blended		6.00%		6.00%			12.50%							
16	Blended rate		19.12%		34.12%			38.62%							
17															
18	Capital Tax Rate		0.300%												
19	LCT rate		0.225%												
20	Surtax		1.12%												
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000												
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000												
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing														
24															
25	Expected Income Tax Rates for 2004 and Capital Tax Exemptions for 2004					Table 2									
26	Income Range		0	250,001	400,001										
27	Expected Rates		to	to	to										
28		Year	250,000	400,000	1,128,000										
29	Income Tax Rate														
30	Current year	2004													
31	Federal (Includes surtax)	2004	13.12%	22.12%	22.12%			22.12%							
32	Ontario	2004	5.50%	5.50%	9.75%			14.00%							
33	Blended rate	2004	18.62%	27.62%	31.87%			36.12%							
34															
35															
36	Capital Tax Rate	2004	0.300%												
37	LCT rate	2004	0.200%												
38	Surtax	2004	1.12%												
39	Ontario Capital Tax Exemption *** 2004	MAX \$5MM	5,000,000												
40	Federal Large Corporations Tax Exemption *** 2004	MAX \$50MM	50,000,000												
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.														
42															
43	Input Information from Utility's Actual 2004 Tax Returns					Table 3									
44	Income Range		0	250,001	400,001										
45			to	to	to										
46		Year	250,000	400,000	1,128,000										
47	Income Tax Rate														
48	Current year	2004													
49	Federal (Includes surtax)		13.12%	22.12%	22.29%			22.12%							
50	Ontario		5.50%	5.50%	13.77%			14.00%							
51	Blended rate		18.62%	27.62%	36.06%			36.12%							
52															
53															
54	Capital Tax Rate		0.300%												
55	LCT rate		0.200%												
56	Surtax		1.12%												
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,684,843												
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000												
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36														
60															
61															

22.12% 0.00%
14.00% 0.00%
36.12% 0.00%

APPENDIX 9-G

2005 SIMPIL Model

	A	B	C	D	E
1	PILs TAXES - EB-2008-0381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: UTILITYNAME			Colour Code	
4	Reporting period: 2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2005	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			11,068,045	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			947,978	
43	1999 return from RUD Sheet #7			0	0
45	Total Incremental revenue			947,978	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			230,939	230,939
48	Amount allowed in 2002			230,939	230,939
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			230,939	230,939
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				
52	Other Board-approved changes to MARR or incremental revenue				
53					0
54	Total Regulatory Income				692,817
55					
56	Equity			5,534,023	
57					
58	Return at target ROE			546,761	
59					
60	Debt			5,534,023	
61					
62	Deemed interest amount in 100% of MARR			401,217	
63					
64	Phase-in of interest - Year 1 (2001)			97,741	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			195,483	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			195,483	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			401,217	

A	B	C	D	E	F	G	H
1 PILS TAXES - EB-2008-0381	ITEM	Initial	M of F	M of F	Tax		
2 PILS DEFERRAL AND VARIANCE ACCOUNTS	Estimate		Filing	Filing	Returns		
3 TAX CALCULATIONS (TAXCALC)			Variance	Variance			
4 ("Wires-only" business - see Tab TAXREC)			K-C	Explanation			
5					Version 2009.1		
6 Utility Name: UTILITYNAME							
7 Reporting period: 2005							
8							
9 Days in reporting period:	365	days				Column	
10 Total days in the calendar year:	365	days				Brought	
11						From	
12		\$	\$			TAXREC	
13						\$	
14							
15 II. CORPORATE INCOME TAXES							
16 Regulatory Net Income REGINFO E53	1	1,028,724	662,381		1,691,105		
17 BOOK TO TAX ADJUSTMENTS							
18 Additions:							
20 Depreciation & Amortization	2	663,503	-16,630		646,873		
21 Employee Benefit Plans - Accrued, Not Paid	3		38,603		38,603		
22 Tax reserves - beginning of year	4		0		0		
23 Reserves from financial statements - end of year	4		0		0		
24 Regulatory Adjustments - Increase in Income	5		0		0		
25 Other Additions (See Tab entitled "TAXREC")							
26 "Material" Items from "TAXREC" worksheet	6		0		0		
27 Other Additions (not "Material") "TAXREC"	6		0		0		
28 "Material" Items from "TAXREC 2" worksheet	6		16,851		16,851		
29 Other Additions (not "Material") "TAXREC 2"	6		1,218		1,218		
30 Items on which true-up does not apply "TAXREC 3"			14,603		14,603		
31							
32 Deductions: input positive numbers							
33 Capital Cost Allowance and CEC	7	453,988	152,024		605,991		
34 Employee Benefit Plans - Paid Amounts	8		41,795		41,795		
35 Items Capitalized for Regulatory Purposes	9		0		0		
36 Regulatory Adjustments - deduction for tax purposes in item 5	10		0		0		
37 Interest expense deemed incurred	11	401,217	-13,898		387,319		
38 Tax reserves - end of year	4		0		0		
39 Reserves from financial statements - beginning of year	4		0		0		
40 Contributions to deferred income plans	3		0		0		
41 Contributions to pension plans	3		0		0		
42 Interest capitalized for accounting but deducted for tax	11		0		0		
43 Other Deductions (See Tab entitled "TAXREC")		103,000					
44 "Material" Items from "TAXREC" worksheet	12		0		0		
45 Other Deductions (not "Material") "TAXREC"	12		0		0		
46 "Material" Items from "TAXREC 2" worksheet	12		35,956		35,956		
47 Other Deductions (not "Material") "TAXREC 2"	12		334		334		
48 Items on which true-up does not apply "TAXREC 3"			542,987		542,987		
49							
50 TAXABLE INCOME/ (LOSS)		734,042	(42,232)	Before loss C/F	794,810		
51							
52 BLENDED INCOME TAX RATE							
53 Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	27.50%	8.6200%		36.12%		
54							
55 REGULATORY INCOME TAX		201,862	84,714	Actual	286,576		
56							
57							
58 Miscellaneous Tax Credits	14		0	Actual	0		
59							
60 Total Regulatory Income Tax		201,862	84,714	Actual	286,576		
61							
62							
63 III. CAPITAL TAXES							
64							
65 Ontario							
66 Base	15	11,088,045	-11,088,045				
67 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000	-544,072		6,955,928		
68 Taxable Capital		3,588,045	-11,612,117		-8,024,072		
69							
70 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%	0.0000%		0.3000%		
71							
72 Ontario Capital Tax		10,704	-10,704		0		
73							
74 Federal Large Corporations Tax							
75 Base	18	11,088,045	-11,088,045		0		
76 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000	-4,005,000		45,995,000		
77 Taxable Capital		0	-15,073,045		-15,073,045		
78							
79 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%	0.0250%		0.2000%		
80							
81 Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		0	0		0		
82 Less: Federal Surtax 1.12% x Taxable Income	21	0	0		0		
83							
84 Net LCT		0	0		0		
85							
86 III. INCLUSION IN RATES							
87							
88 Income Tax Rate used for gross-up (exclude surtax)		27.50%					
89							
90 Income Tax (proxy tax is grossed-up)	22	278,430		Actual 2005	286,576		
91 LCT (proxy tax is grossed-up)	23	0		Actual 2005	0		
92 Ontario Capital Tax (no gross-up since it is deductible)	24	10,704		Actual 2005	30,484		
93							
94							
95 Total PILs for Rate Adjustment - MUST AGREE WITH 2005	25	289,134		Actual 2005	317,040		
96							
97 RAM DECISION							
98							
99 IV. FUTURE TRUE-UPS							
100 IV a) Calculation of the True-up Variance			DR/(CR)				
101 In Additions:							
102 Employee Benefit Plans - Accrued, Not Paid	3		38,603				
103 Tax reserves deducted in prior year	4		0				
104 Reserves from financial statements-end of year	4		0				
105 Regulatory Adjustments	5		0				
106 Other additions "Material" Items TAXREC	6		0				
107 Other additions "Material" Items TAXREC 2	6		16,851				
108 In Deductions - positive numbers							
109 Employee Benefit Plans - Paid Amounts	8		41,795				
110 Items Capitalized for Regulatory Purposes	9		0				
111 Regulatory Adjustments	10		0				
112 Interest Adjustment for tax purposes (See Below - cell I206)	11		0				
113 Tax reserves claimed in current year	4		0				
114 Reserves from F/S beginning of year	4		0				
115 Contributions to deferred income plans	3		0				
116 Contributions to pension plans	3		0				
117 Other deductions "Material" Items TAXREC	12		0				
118 Other deductions "Material" Item TAXREC 2	12		35,956				
119							
120 Total TRUE-UPS before tax effect	26		-22,297				
121							
122 Income Tax Rate (excluding surtax) from 2005 Utility's tax return			x	36.12%			

A	B	C	D	E	F	G	H
1 PILS TAXES - EB-2008-0381	ITEM	Initial Estimate		M of F Filing	M of F Filing	Tax Returns	
2 PILS DEFERRAL AND VARIANCE ACCOUNTS				Variance	Variance		
3 TAX CALCULATIONS (TAXGALC)				K-C	Explanation		
4 ("Wires-only" business - see Tab TAXREC)							
5	0					Version 2009.1	
6 Utility Name: UTILITYNAME							
7 Reporting period: 2005							
8							
9 Days in reporting period:	365	days					
10 Total days in the calendar year:	365	days				Column Brought From TAXREC	
11							
12		\$		\$			
13							
124 Income Tax effect on True-up adjustments			=	-8,054			
125							
126 Less: Miscellaneous Tax Credits	14			0			
127							
128 Total Income Tax on True-ups				-8,054			
129							
130 Income Tax Rate used for gross-up (exclude surtax)				35.00%			
131							
132 TRUE-UP VARIANCE ADJUSTMENT				(12,390)			
133							
134 IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135							
136 REGULATORY TAXABLE INCOME/(LOSSES) (as reported in the initial estimate column)			=	734,042			
137							
138 REVISED CORPORATE INCOME TAX RATE			x	36.12%			
139							
140 REVISED REGULATORY INCOME TAX			=	265,136			
141							
142 Less: Revised Miscellaneous Tax Credits			-	0			
143							
144 Total Revised Regulatory Income Tax			=	265,136			
145							
146 Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C56)			-	201,862			
147							
148 Regulatory Income Tax Variance			=	63,274			
149							
150 Ontario Capital Tax							
151 Base			=	11,068,045			
152 Less: Exemption from tab Tax Rates, Table 2, cell C39			-	7,500,000			
153 Revised deemed taxable capital			=	3,568,045			
154							
155 Rate - Tab Tax Rates cell C54			x	0.3000%			
156							
157 Revised Ontario Capital Tax			=	10,704			
158 Less: Ontario Capital Tax reported in the Initial estimate column (Cell C70)			-	10,704			
159 Regulatory Ontario Capital Tax Variance			=	0			
160							
161 Federal LGT							
162 Base			=	11,068,045			
163 Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164 Revised Federal LGT			=	(38,931,955)			
165							
166 Rate (as a result of legislative changes) tab Tax Rates cell C51				0.2000%			
167							
168 Gross Amount			=	0			
169 Less: Federal surtax			-	0			
170 Revised Net LCT			=	0			
171							
172 Less: Federal LCT reported in the Initial estimate column (Cell C82)			-	0			
173 Regulatory Federal LCT Variance			=	0			
174							
175 Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
176							
177 Income Tax (grossed-up)			=	97,345			
178 LGT (grossed-up)			=	0			
179 Ontario Capital Tax			=	0			
180							
181 DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	97,345			
182							
183 TRUE-UP VARIANCE (from cell I132)			=	(12,390)			
184							
185 Total Deferral Account Entry (Positive Entry = Debit)			=	84,955			
186 (Deferral Account Variance + True-up Variance)							
187							
188							
189							
190 V) INTEREST PORTION OF TRUE-UP							
191 Variance Caused By Phase-In of Deemed Debt							
192							
193 Total deemed interest (REGINPO)				401,217			
194 Interest phased-in (Cell C36)				155,483			
195							
196 Variance due to phase-in of debt component of MARK in rates according to the Board's decision				205,734			
197							
198							
199 Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
200 Interest deducted on MoI filing (Cell K36-K41)				367,319			
201 Actual Interest Paid							
202							
203 Variance caused by excess debt				367,319			
204							
205 Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			
206							
207 Total Interest Variance				-181,585			
208							
209							
210							
211							

A	B	C	D	E	F	G
1 PILs TAXES - EB-2008-0381	LINE	M of F	Non-wires	Wires-only		
2 TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3 (for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4	0	Return				
5				Version 2009.1		
6 Section A: Identification:						
7 Utility Name: UTILITYNAME						
8 Reporting period: 2005						
9 Taxation Year's start date:						
10 Taxation Year's end date:						
11 Number of days in taxation year:		365	days			
12						
13 Please enter the Materiality Level :		13,835	< - enter materiality level			
14 (0.25% x Rate Base x CER)	Y/N	Y				
15 (0.25% x Net Assets)	Y/N					
16 Or other measure (please provide the basis of the amount)	Y/N					
17 Does the utility carry on non-wires related operation?	Y/N					
18 (Please complete the questionnaire in the Background questionnaire worksheet.)						
19						
20 Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K						
21						
22 Section B: Financial statements data:						
23 Input unconsolidated financial statement data submitted with Tax returns.						
24 The actual categories of the income statements should be used.						
25 If required please change the descriptions except for amortization, interest expense and provision for income tax						
26						
27 Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts						
28 in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.						
29						
30 Income:						
31 Energy Sales	+	16,965,467		16,965,467		
32 Distribution Revenue	+	3,432,712		3,432,712		
33 Other Income	+	614,746		614,746		
34 Miscellaneous Income	+			0		
35	+			0		
36 Revenue should be entered above this line						
37						
38 Costs and Expenses:						
39 Cost of energy purchased	-	16,965,467		16,965,467		
40 Administration	-	626,995		626,995		
41 Customer billing and collecting	-	481,419		481,419		
42 Operations and maintenance	-	601,125		601,125		
43 Amortization	-	646,813		646,813		
44 Ontario Capital Tax	-			0		
45 Capitalized	-			0		
46 Recovery of Regulatory Assets	-			0		
47	-			0		
48	-			0		
49						
50 Net Income Before Interest & Income Taxes EBIT	=	1,691,105	0	1,691,105		
51 Less: Interest expense for accounting purposes	-	387,319		387,319		
52 Provision for payments in lieu of income taxes	-	162,000		162,000		
53 Net Income (loss)	=	1,141,786	0	1,141,786		
54 (The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)						
55						
56 Section C: Reconciliation of accounting income to taxable income						
57 From T2 Schedule 1						
58 BOOK TO TAX ADDITIONS:						
59 Provision for income tax	+	162,000	0	162,000		
60 Federal large corporation tax	+	0		0		
61 Depreciation & Amortization	+	646,813	0	646,813		
62 Employee benefit plans-accrued, not paid	+	38,603	0	38,603		
63 Tax reserves - beginning of year	+	0	0	0		
64 Reserves from financial statements- end of year	+	0	0	0		
65 Regulatory adjustments on which true-up may apply (see A66)	+			0		
66 Items on which true-up does not apply "TAXREC 3"		14,603	0	14,603		
67 Material addition items from TAXREC 2	+	16,851	0	16,851		
68 Other addition items (not Material) from TAXREC 2	+	1,218	0	1,218		
69						
70 Subtotal		880,088	0	880,088		
71						
72 Other Additions: (Please explain the nature of the additions)						
73 Recapture of CCA	+			0		
74 Non-deductible meals and entertainment expense	+			0		
75 Capital items expensed	+			0		
76	+	0		0		
77	+			0		
78	+			0		
79	+			0		
80 Total Other Additions	=	0	0	0		
81						
82 Total Additions	=	880,088	0	880,088		
83						
84 Recap Material Additions:						
85		0	0	0		
86		0	0	0		
87		0	0	0		

A	B	C	D	E	F	G
1 PILs TAXES - EB-2008-0381	LINE	M of F	Non-wires	Wires-only		
2 TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax		
3 (for "wires-only" business - see s. 72 OEB Act)		Tax		Return		
4	0	Return				
5				Version 2009.1		
88		0	0	0		
89		0	0	0		
90		0	0	0		
91		0	0	0		
92 Total Other additions >materiality level		0	0	0		
93 Other additions (less than materiality level)		0	0	0		
94 Total Other Additions		0	0	0		
95						
96 BOOK TO TAX DEDUCTIONS:						
97 Capital cost allowance	-	560,655		560,655		
98 Cumulative eligible capital deduction	-	45,336		45,336		
99 Employee benefit plans-paid amounts	-	41,795		41,795		
100 Items capitalized for regulatory purposes	-			0		
101 Regulatory adjustments :	-			0		
102 CCA	-			0		
103 other deductions	-			0		
104 Tax reserves - end of year	-	0	0	0		
105 Reserves from financial statements- beginning of year	-	0	0	0		
106 Contributions to deferred income plans	-			0		
107 Contributions to pension plans	-			0		
108 Items on which true-up does not apply "TAXREC 3"		542,987	0	542,987		
109 Interest capitalized for accounting deducted for tax	-			0		
110 Material deduction items from TAXREC 2	-	35,956	0	35,956		
111 Other deduction items (not Material) from TAXREC 2	-	335	0	335		
112						
113 Subtotal	=	1,227,064	0	1,227,064		
114 Other deductions (Please explain the nature of the deductions)						
115 Charitable donations - tax basis	-			0		
116	-			0		
117	-			0		
118	-			0		
119	-			0		
120 Taxable dividends under 112		1,410		1,410		
121 Total Other Deductions	=	1,410	0	0		
122						
123 Total Deductions	=	1,228,474	0	1,227,064		
124						
125 Recap Material Deductions:						
126		0	0	0		
127		0	0	0		
128		0	0	0		
129		0	0	0		
130		0	0	0		
131 Total Other Deductions exceed materiality level		0	0	0		
132 Other Deductions less than materiality level		1,410	0	0		
133 Total Other Deductions		1,410	0	0		
134						
135 TAXABLE INCOME	=	793,400	0	794,810		
136 DEDUCT:						
137 Non-capital loss applied positive number	-	0		0		
138 Net capital loss applied positive number	-			0		
139				0		
140 NET TAXABLE INCOME	=	793,400	0	794,810		
141						
142 FROM ACTUAL TAX RETURNS						
143 Net Federal Income Tax (Must agree with tax return)	+	175,500	0	175,500		
144 Net Ontario Income Tax (Must agree with tax return)	+	111,076	0	111,076		
145 Subtotal	=	286,576	0	286,576		
146 Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0		
147 Total Income Tax	=	286,576	0	286,576		
148						
149 FROM ACTUAL TAX RETURNS						
150 Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%		Divide federal income tax by the taxable
151 Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%		Divide Ontario income tax by the taxable
152 Blended Income Tax Rate		36.12%		36.12%		
153						
154 Section F: Income and Capital Taxes						
155						
156 RECAP						
157 Total Income Taxes	+	286,576	0	286,576		
158 Ontario Capital Tax	+	30,464		30,464		
159 Federal Large Corporations Tax	+	0		0		
160						
161 Total income and capital taxes	=	317,040	0	317,040		
162						

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-0381	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: UTILITYNAME					
8	Reporting period: 2005					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		0		0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		0		0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee future benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		0		0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee future benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-0381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+	16,851		16,851	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41	ENNERCONNECT LIMITED PARTNERSHIP INCOME	+	1,218		1,218	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	18,069	0	18,069	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53	Loss on disposal of assets		16,851	0	16,851	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-0381	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: UTILITYNAME					
9	Reporting period: 2005					
10	Number of days in taxation year:		365			
11	Materiality Level:		13,835			
12						
13						
75			0	0	0	
76			0	0	0	
77	Total Material additions		16,851	0	16,851	
78	Other additions less than materiality level		1,218	0	1,218	
79	Total Additions		18,069	0	18,069	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-	35,956		35,956	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92	Ennerconnect loss	-	335		335	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	36,291	0	36,291	
100						
101	Recap of Material Deductions:					
102	Gain on disposal of assets per f/s		35,956	0	35,956	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		35,956	0	35,956	
120	Other deductions less than materiality level		335	0	335	
121	Total Deductions		36,291	0	36,291	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-0381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: UTILITYNAME				Version 2009.1	
9						
10						
11	Reporting period: 2005					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	1,176		1,176	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		695		695	
36	Interest and penalties on unpaid taxes		12,732		12,732	
37	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances	+			0	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44		+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	14,603	0	14,603	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-	695		695	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60	Ontario capital tax adjustments to current or prior year	-			0	
61		-			0	
62	Changes in Regulatory Asset balances	-	542,292		542,292	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	Other deductions: (Please explain in detail the nature of the item)	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	542,987	0	542,987	
74						
75						

APPENDIX 9-H
2002 OEB Decision

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

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



BY PRIORITY POST

February 28, 2002

Mr. Michael Audet
General Manager - Hydro
E.L.K. Energy Inc.
172 Forest Avenue
Essex, ON
N8M 3E4

Dear Mr. Audet:

Re: E.L.K. Energy Inc.
March 2002 LDC Rate Adjustments
Board File No. RP-2002-0055/EB-2002-0064

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

Yours truly,


Peter H. O'Dell
Assistant Board Secretary

Encl.

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2002-0055
EB-2002-0064

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

AND IN THE MATTER OF an Application by E.L.K.
Energy Inc. for an order or orders approving or fixing
just and reasonable rates.

BEFORE: Paul Vlahos
Vice Chair and Presiding Member

George Dominy
Vice Chair and Member

DECISION AND ORDER

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

E.L.K. Energy Inc. ("the Applicant") filed an Application ("the Application"), dated January 24 2002, for an order or orders under section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates for the distribution of electricity, effective March 1, 2002.

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

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

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

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

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

- Input Price Inflation (IPI) and Productivity Factor as provided for in the Performance Based Regulation (PBR) Plan.
- the second of three installments of the utility's incremental Market Adjusted Revenue Requirement (MARR), \$230,939.
- the 2001 deferred Payments in Lieu of Taxes (PILs), \$106,638.
- the 2002 Payments in Lieu of Taxes (PILs), \$468,940.
- a change in the utility's late payment penalty and a provision in the amount of \$80,746 to account for revenue losses incurred by this change.

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

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

Board Findings

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

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

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

The current proceeding is an extension of the process undertaken by the Board to restructure Ontario’s electricity distribution industry. To facilitate this work, the Board developed a regulatory framework that was the result of extensive consultation and public hearings. The current applications are the result of this framework, which is largely formulaic and includes for the first time the provision for the legislative requirement of PILs.

Persons have received an opportunity to make their concerns known to the Board through the published Notice which invited written submissions on the applications. The Board notes that a written hearing is a public process in which all documents received by the Board are available to the public. The Board further notes that most of the issues raised by the submissions of the persons requesting an oral hearing are outside of the scope of the Board’s jurisdiction in this proceeding. For example, some persons raised issues of privatization of electricity services and limitations in international trade agreements on the ability

of the government to make changes to Ontario's electricity system in the future. These are not relevant to the Board's duty in this proceeding to approve just and reasonable rates for an individual distributor regulated by the Board.

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

The Board adjusts the Applicant's proposals for the following reasons. The Applicant did not include the correct deemed income tax deduction nor the correct income tax rate for the 2001 PILs calculation. For both 2001 and 2002, the Applicant did not correctly adjust the income tax gross-up formula for the 1.12% surtax rate, and adjustments were made to the capital cost allowance calculation. Additionally, the 2001 capital cost allowance was not pro-rated correctly. The regulatory income for 2002 was adjusted to deduct the permanent revenue due to the change in the late payment penalty, which the applicant had incorrectly included. As a result,

- the 2001 deferred Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$39,561.
- the 2002 Payments in Lieu of Taxes (PILs) amount was adjusted to correct for an overstatement of \$58,685.

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

Ontario Energy Board

-6 -

THE BOARD ORDERS THAT:

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

DATED at Toronto, February 28, 2002.

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2002-0055
EB-2002-0064

February 28, 2002

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Board Secretary

E.L.K. Energy Inc.
Schedule of Rates and Charges
 Effective March 1, 2002

RP-2002-0055
 EB-2002-0064

Time Periods for Time of Use (Eastern Standard Time)

Winter: All Hours, October 1 through March 31
 Summer: All Hours, April 1 through September 30
 Peak: 0700 to 2300 hours (local time) Monday to Friday inclusive, except for public holidays
 including New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday (Toronto)
 Labour Day, Thanksgiving Day, Christmas Day and Boxing Day.
 Off Peak: All Other Hours.

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

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.14
Distribution Volumetric Rate	(per kWh)	\$0.0075
Cost of Power Rate	(per kWh)	\$0.0741

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$15.78
Distribution Volumetric Rate	(per kWh)	\$0.0024
Cost of Power Rate	(per kWh)	\$0.0731

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$558.63
Distribution Volumetric Rate	(per kW)	\$2.7555
Cost of Power Demand Rate	(per kW)	\$2.4419
Cost of Power Energy Rate	(per kWh)	\$0.0583

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$4,487.81
Distribution Volumetric Rate	(per kW)	\$0.4989
Cost of Power - Winter Peak	(per kW)	\$10.8450
Cost of Power - Summer Peak	(per kW)	\$8.1180
Cost of Power - Winter Peak	(per kWh)	\$0.0703
Cost of Power - Winter Off Peak	(per kWh)	\$0.0420
Cost of Power - Summer Peak	(per kWh)	\$0.0593
Cost of Power - Summer Off Peak	(per kWh)	\$0.0311

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.63
Distribution Volumetric Rate	(per kW)	\$1.0456
Cost of Power Demand Rate	(per kW)	\$22.8471

E.L.K. Energy Inc.
Schedule of Rates and Charges -- Page 2
Effective March 1, 2002

RP-2002-0055
EB-2002-0064

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.15
Distribution Volumetric Rate	(per kW)	\$0.9164
Cost of Power Demand Rate	(Winter)	\$33.0833
Cost of Power Demand Rate	(Summer)	\$12.4228

UN-METERED SCATTERED LOAD

Monthly Service Charge	(per month)	\$15.78
Distribution Volumetric Rate	(per kWh)	\$0.0024
Cost of Power Rate	(per kWh)	\$0.0731

SPECIFIC SERVICE CHARGES

Account Setup Charge	\$	9.00
Arrears Certificate	\$	10.70
Late Payment per month		1.50%
per annum		19.56%
Returned Cheque	\$	9.00
Collection of Account Charge	\$	9.00
Disconnect/Reconnect Charges (non payment of account)		
At Meter - During Regular Hours	\$	20.00
At Meter - After Hours	\$	50.00
Dispute involvement charge	\$	10.00
Transformation allowance credit, less than 115kV(per kW)	\$	0.60

APPENDIX 9-I
2004 OEB Decision

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

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



March 12, 2004

Michael Audet
Chief Executive Officer
E.L.K. Energy Inc.
172 Forest Avenue
Essex ON
N8M 3E4

Dear Mr. Audet:

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

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

Yours truly,

A handwritten signature in black ink, appearing to read 'P. O'Dell', with a horizontal line underneath.

Peter H. O'Dell
Assistant Secretary

cc. Intervenor of record

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2004-0040
EB-2004-0026

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

AND IN THE MATTER OF an Application by E.L.K. Energy
Inc. for an order or orders approving or fixing just and
reasonable rates.

BEFORE: Bob Betts
Presiding Member

Paul Vlahos
Member

DECISION AND ORDER

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

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

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

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

Ontario Energy Board

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

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

THE BOARD ORDERS THAT:

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

DATED at Toronto, March 12, 2004

ONTARIO ENERGY BOARD



Peter H. O'Dell
Assistant Secretary

Interim Rates
E.L.K. Energy Inc.
Schedule of Changed Distribution Rates and Charges
 Effective Date: March 1, 2004
 Implementation Date: April 1, 2004

RP-2004-0040
 EB-2004-0026

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.66
Distribution Volumetric Rate	(per kWh)	\$0.0080

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$15.14
Distribution Volumetric Rate	(per kWh)	\$0.0022

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$554.38
Distribution Volumetric Rate	(per kW)	\$3.1149

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$1,113.07
Distribution Volumetric Rate	(per kW)	\$0.8080

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.52
Distribution Volumetric Rate	(per kW)	\$1.0817

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.08
Distribution Volumetric Rate	(per kW)	\$0.6538

UNMETERED SCATTERED LOAD

Monthly Service Charge	(per month)	\$15.14
Distribution Volumetric Rate	(per kWh)	\$0.0022

APPENDIX 9-J
2005 OEB Decision

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



BY PRIORITY POST

March 29, 2005

Michael Audet
Chief Executive Officer
E.L.K. Energy Inc.
172 Forest Avenue
Essex ON
N8M 3E4

Dear Mr. Audet:

Re: 2005 Electricity Distribution Rates
Board Decision and Order - E.L.K. Energy Inc.
Board File No. RP-2005-0013/EB-2005-0021

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

Yours truly,

A handwritten signature in black ink, appearing to read "P. O'Dell".

Peter H. O'Dell
Assistant Secretary

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2005-0013
EB-2005-0021

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

AND IN THE MATTER OF an Application by **E.L.K.
Energy Inc.** for an order or orders approving or
fixing just and reasonable rates.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

Paul Vlahos
Member

Pamela Nowina
Member

DECISION AND ORDER

Background and Application

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

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

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

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

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

The Applicant filed an application dated January 17, 2005 and a revised application dated February 14, 2005 for adjustments to their rates for the following amounts:

MARR: \$ 230,939

2005 PILs Proxy: \$ 289,134

Regulatory Assets Second Tranche: \$ 165,863

Submissions

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

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

The Applicant was not specifically named in any of these submissions.

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

Board Findings

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

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

The Board will issue a separate decision on cost awards.

THE BOARD ORDERS THAT:

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

Ontario Energy Board

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

DATED at Toronto, March 29, 2005.

ONTARIO ENERGY BOARD

A handwritten signature in black ink, appearing to read 'P. O'Dell', is written over a faint, rectangular stamp or watermark.

Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

RP-2005-0013
EB-2005-0021

March 29, 2005

ONTARIO ENERGY BOARD

E.L.K. Energy Inc.
Schedule of Changed Distribution Rates and Charges
 Effective Date: March 1, 2005
 Implementation Date: April 1, 2005

RP-2005-0013
 EB-2005-0021

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.78
Distribution Volumetric Rate	(per kWh)	\$0.0102

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$12.49
Distribution Volumetric Rate	(per kWh)	\$0.0029

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$503.14
Distribution Volumetric Rate	(per kW)	\$3.6245

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$961.06
Distribution Volumetric Rate	(per kW)	\$0.2854

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per connection)	\$0.41
Distribution Volumetric Rate	(per kW)	\$0.7289

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per connection)	\$0.04
Distribution Volumetric Rate	(per kW)	\$0.5174

UNMETERED SCATTERED LOAD

Monthly Service Charge	(per month)	\$12.49
Distribution Volumetric Rate	(per kWh)	\$0.0029

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

APPENDIX 9-K

2002 Rate Adjustment Model

SHEET 6 - 2001 PILs Deferral Account Estimate Adder Calculation

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-1999-007
NAME OF CONTACT	Sandra Corrado	PHONE NUMBER	(519)776-5291 Ext. 1
E- Mail Address	scorrado@elkenegyinc.com		
VERSION NUMBER	1		
Date	37263		

This schedule allows LDCs to input the calculated value for the 2001 PILs Defferal Account. Use the methodology released by the Board on December 21, 2001.

Enter the Estimated Value for the 2001 PILs Defferal Account.

\$ 67,076.87

The Table below uses your best estimate of the 2001 statistics for your LDC to allocate the 2001 PILs deferral amount and to create the adders in each class. Ideally, these statistics should agree with those to be filed by your LDC as part of the PBR filing requirements.

2001 Statistics by Class	kW	kWh	Number of Customers	Distribution Revenues	2001 Revenue Shares	2001 PILs Deferral Allocations
RESIDENTIAL CLASS	-	87,662,132	9,085	\$1,417,530.71	62.66%	\$ 42,030.31
GENERAL SERVICE <50 KW CLASS	-	19,523,805	971	\$190,382.21	8.42%	\$ 5,644.97
GENERAL SERVICE >50 KW NON TIME OF USE	185,888	-	128	\$631,908.24	27.93%	\$ 18,736.31
GENERAL SERVICE >50 KW TIME OF USE	48,725	-	1	\$12,316.44	0.54%	\$ 365.11
INTERMEDIATE USE	0	-	0	\$0.00	0.00%	\$ -
LARGE USER CLASS	0	-	0	\$0.00	0.00%	\$ -
SENTINEL LIGHTS	475	-	138	\$1,057.05	0.05%	\$ 31.34
STREET LIGHTING CLASS	6,090	-	2,603	\$9,062.19	0.40%	\$ 268.71
TOTALS				\$2,262,256.84	1.00	\$ 67,076.87

Residential Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G26 above)	\$ 12,609.12	\$ 29,421.27	\$ 42,030.38
(B) RETAIL KWH	87,662,132		
(C) NUMBER OF CUSTOMERS		9,085	
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	\$0.000144		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		\$0.2699	

General Service <50kW Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G27 above)	\$ 1,693.47	\$ 3,951.44	\$ 5,644.91
(B) RETAIL KWH	19,523,805		
(C) NUMBER OF CUSTOMERS		971	
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	\$0.000087		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		\$0.3391	

General Service >50kW Class Non TOU

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G28 above)	\$ 5,620.90	\$ 13,115.44	\$ 18,736.35
(B) RETAIL KW	185,888		
(C) NUMBER OF CUSTOMERS		128	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	\$0.030238		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		\$8.5387	

General Service >50kW Class TOU

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G29 above)	\$ 109.56	\$ 255.63	\$ 365.19
(B) RETAIL KW	48,725		
(C) NUMBER OF CUSTOMERS		1	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	\$0.002248		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		\$21.3026	

Intermediate Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.000	1.000	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G30 above)	\$ -	\$ -	\$ -
(B) RETAIL KW	0		
(C) NUMBER OF CUSTOMERS		-	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	#DIV/0!		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		#DIV/0!	

Large User Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.000	1.000	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G31 above)	\$ -	\$ -	\$ -
(B) RETAIL KW	0		
(C) NUMBER OF CUSTOMERS		-	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	#DIV/0!		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		#DIV/0!	

Sentinel Lighting Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G32 above)	\$ 9.40	\$ 21.94	\$ 31.34
(B) RETAIL KW	475		
(C) NUMBER OF CUSTOMERS		138	

(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) \$0.019795
(this amount is added to the kW rate shown on Sheet 4 and
the total new rate appears on the Rate Schedule on Sheet 7)

(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 \$0.0132
(this amount is added to the Service Charge shown on Sheet 4 and
the total new Service Charge appears on the Rate Schedule on Sheet 7)

Streetlighting Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2001 PILs Estimate REVENUE
	0.370	0.630	100%
(A) ALLOCATED 2001 PILs Estimate (Total in Cell G33 above)	\$ 99.42	\$ 169.28	\$ 268.70
(B) RETAIL KW	6,090		
(C) NUMBER OF CUSTOMERS (Connections)		2,603	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 4 and the total new rate appears on the Rate Schedule on Sheet 7)	\$0.016325		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 4 and the total new Service Charge appears on the Rate Schedule on Sheet 7)		\$0.0054	

SHEET 7 - 2002 Rate Schedule including 2001PILs Deferral Account Estimate Adder

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-1999-0070
NAME OF CONTACT	Sandra Corrado	PHONE NUMBER	(776-5291 Ext. 13
E- Mail Address	sccorrad@elkenenergyinc.com		
VERSION NUMBER	1		
Date	37263		

This schedule includes the 2002 distribution rates which have been adjusted for the IPI - PF 2nd year PBR rate adjustment, the addition of the 2nd Installment of 1/3 Incremental MARR and 2001PILs Deferral Account Estimate Adder.

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.00638
MONTHLY SERVICE CHARGE (Per Customer)	\$12.00080
COST OF POWER KWH RATE	\$0.07414

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	\$0.00084			
MONTHLY SERVICE CHARGE (Per Customer)	\$1.58663			
COST OF POWER TIME OF USE RATES	WINTER PEAK	WINTER OFF-PEAK	SUMMER PEAK	SUMMER OFF-PEAK
	\$/KWH	\$/KWH	\$/KWH	\$/KWH
	\$0.0000	\$0.0000	\$0.0000	\$0.0000

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE	\$0.00142
MONTHLY SERVICE CHARGE (Per Customer)	\$11.80280
COST OF POWER KWH RATE	\$0.073070

GENERAL SERVICE < 50 KW (TIME OF USE)

DISTRIBUTION KWH RATE	\$0.00024			
MONTHLY SERVICE CHARGE (Per Customer)	\$1.62599			
COST OF POWER TIME OF USE RATES	WINTER PEAK	WINTER OFF-PEAK	SUMMER PEAK	SUMMER OFF-PEAK
	\$/KWH	\$/KWH	\$/KWH	\$/KWH
	\$0.0000	\$0.0000	\$0.0000	\$0.0000

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$2.44275
MONTHLY SERVICE CHARGE (Per Customer)	\$470.33144
COST OF POWER KW RATE	\$2.441900
COST OF POWER KWH RATE	\$0.058280

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.12056					
MONTHLY SERVICE CHARGE (Per Customer)	\$903.37937					
COST OF POWER TIME OF USE RATES	WINTER PEAK	SUMMER PEAK	WINTER PEAK	WINTER OFF-PEAK	SUMMER PEAK	SUMMER OFF-PEAK
	\$/KW	\$/KW	\$/KWH	\$/KWH	\$/KWH	\$/KWH
	\$10.8450	\$8.1180	\$0.0703	\$0.0420	\$0.0593	\$0.0311

GENERAL SERVICE INTERMEDIATE USE

DISTRIBUTION KW RATE	#DIV/0!					
MONTHLY SERVICE CHARGE (Per Customer)	#DIV/0!					
COST OF POWER TIME OF USE RATES	WINTER PEAK	SUMMER PEAK	WINTER PEAK	WINTER OFF-PEAK	SUMMER PEAK	SUMMER OFF-PEAK
	\$/KW	\$/KW	\$/KWH	\$/KWH	\$/KWH	\$/KWH
	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

LARGE USE

DISTRIBUTION KW RATE	#DIV/0!					
MONTHLY SERVICE CHARGE (Per Customer)	#DIV/0!					
COST OF POWER TIME OF USE RATES	WINTER PEAK	SUMMER PEAK	WINTER PEAK	WINTER OFF-PEAK	SUMMER PEAK	SUMMER OFF-PEAK
	\$/KW	\$/KW	\$/KWH	\$/KWH	\$/KWH	\$/KWH
	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.68876
MONTHLY SERVICE CHARGE (Per Connection)	\$0.39157
COST OF POWER KW RATE	\$22.8471

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE	\$0.09487	
MONTHLY SERVICE CHARGE (Per Connection)	\$0.05531	
COST OF POWER TIME OF USE RATES	WINTER PEAK	SUMMER PEAK
	\$/KW	\$/KW
	\$0.0000	\$0.0000

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.08316
MONTHLY SERVICE CHARGE (Per Connection)	\$0.03038
COST OF POWER KW RATE	\$0.0000

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE	\$0.60862	
MONTHLY SERVICE CHARGE (Per Connection)	\$0.05016	
COST OF POWER TIME OF USE RATES	WINTER PEAK	SUMMER PEAK
	\$/KW	\$/KW
	\$33.0833	\$12.4228

SHEET 8 - 2002 PILs Proxy Estimate Adder Calculation

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-1999-0070
NAME OF CONTACT	Sandra Corrado	PHONE NUMBER	(519) 776-5291 Ext. 13
E- Mail Address	scorrado@elkenenergyinc.com		
VERSION NUMBER	1		
Date	37263		

This schedule allows LDCs to input the calculated value for the 2002 PILs Proxy Estimate. Use the methodology released by the Board on December 21, 2001.

Enter the Estimated Value for the 2002 PILs Proxy **\$ 410,255.00**

The Table below uses your best estimate of the 2001 statistics for your LDC to allocate the 2002 PILs Proxy Estimate amount and to create the adders in each class. Ideally, these statistics should agree with those to be filed by your LDC as part of the PBR filing requirements.

When this data was added on Sheet 6, it will also appear in the table below.

2001 Statistics by Class	kW	kWh	Number of Customers	Distribution Revenues	2001 Revenue Shares	2002 PILs Estimate Allocations
RESIDENTIAL CLASS	-	87,662,132	9,085	\$1,417,530.71	62.66%	\$ 257,065.89
GENERAL SERVICE <50 KW CLASS	-	19,523,805	971	\$190,382.21	8.42%	\$ 34,525.37
GENERAL SERVICE >50 KW NON TIME OF USE	185,888	-	128	\$631,908.24	27.93%	\$ 114,595.09
GENERAL SERVICE >50 KW TIME OF USE	48,725	-	1	\$12,316.44	0.54%	\$ 2,233.56
INTERMEDIATE USE	0	-	-	\$0.00	0.00%	\$ -
LARGE USER CLASS	0	-	-	\$0.00	0.00%	\$ -
SENTINEL LIGHTS	475	-	138	\$1,057.05	0.05%	\$ 191.69
STREET LIGHTING CLASS	6,090	-	2,603	\$9,062.19	0.40%	\$ 1,643.41
TOTALS				\$2,262,256.84	1.00	410,255.00
						\$ 410,255.00

Residential Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE	SERVICE CHARGE REVENUE	ALLOCATED TOTAL 2002 PILs Estimate REVENUE
	Percentage	Percentage	
	0.300	0.700	100%
(A) ALLOCATED 2002 PILs (Total in Cell G26 above)	\$ 77,119.77	\$ 179,946.12	\$ 257,065.89
(B) RETAIL KWH	87,662,132		
(C) NUMBER OF CUSTOMERS		9,085	
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	\$0.000880		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		\$1.6506	

General Service <50kW Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2002 PILs (Total in Cell G27 above)	\$ 10,357.61	\$ 24,167.76	\$ 34,525.37
(B) RETAIL KWH	19,523,805		
(C) NUMBER OF CUSTOMERS		971	
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	\$0.000531		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		\$2.0741	

General Service >50kW Class Non TOU

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2002 PILs (Total in Cell G28 above)	\$ 34,378.53	\$ 80,216.56	\$ 114,595.09
(B) RETAIL KW	185,888		
(C) NUMBER OF CUSTOMERS		128	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	\$0.184942		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		\$52.2243	

General Service >50kW Class TOU

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PILs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2002 PILs (Total in Cell G29 above)	\$ 670.07	\$ 1,563.49	\$ 2,233.56
(B) RETAIL KW	48,725		
(C) NUMBER OF CUSTOMERS		1	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	\$0.013752		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		\$130.2909	

Intermediate Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PIEs Estimate REVENUE
	0.000	1.000	100%
(A) ALLOCATED 2002 PIEs (Total in Cell G30 above)	\$ -	\$ -	\$ -
(B) RETAIL KW		0	
(C) NUMBER OF CUSTOMERS		-	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the KW rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	#DIV/0!		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		#DIV/0!	

Large User Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PIEs Estimate REVENUE
	0.000	1.000	100%
(A) ALLOCATED 2002 PIEs (Total in Cell G31 above)	\$ -	\$ -	\$ -
(B) RETAIL KW		0	
(C) NUMBER OF CUSTOMERS		-	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the KW rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	#DIV/0!		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		#DIV/0!	

Sentinel Lighting Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PIEs Estimate REVENUE
	0.300	0.700	100%
(A) ALLOCATED 2002 PIEs (Total in Cell G32 above)	\$ 57.51	\$ 134.19	\$ 191.69
(B) RETAIL KW		475	
(C) NUMBER OF CUSTOMERS		138	

(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) \$0.121070
(this amount is added to the kW rate shown on Sheet 7 and
the total new rate appears on the Rate Schedule on Sheet 9)

(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 \$0.0810
(this amount is added to the Service Charge shown on Sheet 7 and
the total new Service Charge appears on the Rate Schedule on Sheet 9)

Streetlighting Class

When you entered your approved Variable/Fixed Charge Split from your 2001 RUD Model for this class on Sheet 3, it will also appear below:

	VARIABLE CHARGE REVENUE Percentage	SERVICE CHARGE REVENUE Percentage	ALLOCATED TOTAL 2002 PILs Estimate REVENUE
	0.370	0.630	100%
(A) ALLOCATED 2002 PILs (Total in Cell G33 above)	\$ 608.06	\$ 1,035.35	\$ 1,643.41
(B) RETAIL KW	6,090		
(C) NUMBER OF CUSTOMERS (Connections)		2,603	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 7 and the total new rate appears on the Rate Schedule on Sheet 9)	\$0.099846		
(E) ADDITIONAL MONTHLY SERVICE CHARGE (A)/(C)/12 (this amount is added to the Service Charge shown on Sheet 7 and the total new Service Charge appears on the Rate Schedule on Sheet 9)		\$0.0331	

APPENDIX 9-L

2004 Rate Adjustment Model

SHEET 1 - December 31, 2002 Regulatory Assets

V1.1

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

Enter the total applied-for regulatory asset amounts for each account in the appropriate cells below:
(These amounts should correspond to your December 31, 2002 regulatory filings with the OEB.)

Description	Account Number	Applied-for Amount Balance as at Dec. 31, 2002
RSVA - Wholesale Market Service Charge	1580	\$430,523
RSVA - Retail Transmission Network Charge	1584	\$45,864
RSVA - Retail Transmission Connection Charge	1586	-\$24,980
RSVA - Power	1588	\$30,691
Sub-Total		\$482,098
RSVA - One-time Wholesale Market Service	1582	\$0
Other Regulatory Assets	1508	\$0
Retail Cost Variance Account - Retail	1518	\$0
Retail Cost Variance Account - STR	1548	\$0
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$0
Deferred Payments in Lieu of Taxes	1562	\$0
PILs Contra Account	1563	\$0
Qualifying Transition Costs	1570	\$384,608
Pre-Market Opening Energy Variances Total	1571	\$0
Pre-Market Opening Energy Variances - 2001		\$0
Pre-Market Opening Energy Variances - 2002		\$0
Extra-Ordinary Event Losses	1572	\$0
Deferred Rate Impact Amounts	1574	\$0
Other Deferred Credits	2425	\$0
Total Applied-for Regulatory Assets	(a)	\$866,706
(1) Total of 4 RSVA Accounts	(b)	\$482,098 Approved for 2004 Final Recovery
4 RSVA accounts as a percent of total: (b) / (a)		55.6%
(2) 25 % of (a)	(c)	\$216,676
Additional recovery for rate stability - 20%		\$173,341
Total		\$390,017.70
If (b) is greater than (c) go to Section 1		
If (b) is less than (c) go to Section 2		

Section 1: For LDCs with 4 RSVA accounts greater than 25 % of Total:

25% of total applied-for Regulatory Asset Accounts: Amount (c)	\$390,018	Approved for Final 2004 Rate Recovery
Gross Up for Recovery over 11 months: Amount (c) x 12/11	\$425,474	Enter this amount on Sheet 3 (Therefore, entry on Sheet 5 is zero.)
Remaining Final Amount to be recovered in future periods (b) - (c)	\$92,080	Ignore minus sign

Section 2: For LDCs with 4 RSVA accounts less than 25 % of Total:

25% of total applied-for Regulatory Asset Accounts: Amount (c)	\$216,676	Approved for 2004 Rate Recovery
Final 4 RSVA Amount as shown at (b)	\$482,098	
Gross Up for Recovery over 11 months: Amount (b) x 12/11	<input type="text" value="\$525,925"/>	Enter this amount on Sheet 3
Interim Amount to be recovered (c) - (b)	(d)	-\$265,421
Gross Up for Recovery over 11 months: Amount (d) x 12/11	<input type="text" value="-\$289,550"/>	Enter this amount on Sheet 5
Total Final + Interim Amount for Recovery (b) + (d) (no gross up)	\$216,676	

Rate Implementation

Check Box

Yes or No

Our utility is able to pro-rate the bill so that consumption before April 1 is at the old rates and post April 1 consumption is billed at the new rates.

Our utility is not able to pro-rate consumption and therefore our customers will not be charged the new rates until the completion of an entire billing cycle.

SHEET 2 - 2002 Base Rate Schedule

V1.1

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

Enter the values for your 2002 Base Rates as shown in your 2002 RA Model at Sheet 4.
This is the version of the model that was used to determine your current OEB approved rate schedule.
(This removes the impact of the recovery of Q4 2001 PILs, 2002 PILs, and any Z-factors or Interim Transition Cost approvals from Existing Rates).
You may adjust the rate classes if your LDC has non-standard classes.

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.0062
MONTHLY SERVICE CHARGE (Per Customer)	\$11.73

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

GENERAL SERVICE < 50 KW & UNMETERED SCATTERED LOAD

DISTRIBUTION KWH RATE	\$0.0013
MONTHLY SERVICE CHARGE (Per Customer)	\$11.46

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$2.4125
MONTHLY SERVICE CHARGE (Per Customer)	\$461.79

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.1183
MONTHLY SERVICE CHARGE (Per Customer)	\$882.08

GENERAL SERVICE INTERMEDIATE USE

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

LARGE USE

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.6690
MONTHLY SERVICE CHARGE (Per Connection)	\$0.38

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.0668
MONTHLY SERVICE CHARGE (Per Connection)	\$0.02

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE	\$0.0000
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

SPECIFIC SERVICE CHARGES

ADD 2002 OEB APPROVED SPECIFIC SERVICE CHARGES BELOW.

Please enter these charges exactly as they are entered on your current approved rate schedule.
Please add your own specific charges as necessary.

New Account Setup		\$	9.00
Change of Occupancy		\$	-
Account History			
Administration Fee		\$	-
Current Year Data		\$	-
Each Additional Year Data		\$	-
Arrear's Certificate		\$	10.70
Late Payment	Per month		1.50%
Returned Cheque		\$	9.00
Collection of Account Charge		\$	9.00
Disconnect/Reconnect Charges (non payment of account)			
At Meter - During Regular Hours		\$	20.00
At Meter - After Hours		\$	50.00
Temporary Pole Service		\$	-
After Hours High Voltage Station Outage		\$	-
Residential Service 2nd Visit to Connect New Service		\$	-
Residential Service After Hours Visit to Connect New Service		\$	-
Diversity Adjustment Credit (per KW)	Winter	\$	-
(discontinued at Market Opening)	Summer	\$	-
Dispute involvement charge		\$	10.00
Transformer allowance credit, less than 115kV(per kW)		\$	0.60

SHEET 3 - Calculating Rate Increases using 2002 LDC Data and adding the 4 major 2004 RSVA related Approved Regulatory Assets

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This schedule requires LDCs to input the 2002 statistics which will be used to allocate Regulatory Assets related to the 4 major RSVA accounts. The 4 RSVA related accounts will be allocated to the customer classes on the basis of kWh sales.

Enter the Approved Regulatory Asset recovery from Sheet 1 at either cell D57 or D72. \$ 425,473.85
If the total of the 4 major RSVA related Regulatory Assets is less than 25% of the total Regulatory Assets applied for, enter the additional interim approved amount on Sheet 5.

Use the Table below to enter the 2002 statistics for your LDC.
The share of class kWh sold in 2002 is used to allocate the approved final Regulatory Asset amounts related to the 4 major RSVA accounts.

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 kWh Shares	2002 Reg. Asset RSVA Allocations
RESIDENTIAL CLASS	-	91,843,709	9,132	\$2,486,967.32	49.3%	\$ 209,824.57
GENERAL SERVICE <50 KW CLASS	-	27,507,264	1,020	\$63,267.44	14.8%	\$ 62,842.63
GENERAL SERVICE >50 KW NON TIME OF USE	146,975	45,130,640	111	\$1,114,391.15	24.2%	\$ 103,104.69
GENERAL SERVICE >50 KW TIME OF USE	60,487	18,299,163	1	\$24,214.55	9.8%	\$ 41,805.96
INTERMEDIATE USE - N/A	0	0	0	\$0.00	0.0%	\$ -
LARGE USER CLASS - N/A	0	0	0	\$0.00	0.0%	\$ -
SENTINEL LIGHTS	412	165,810	202	\$1,178.88	0.1%	\$ 378.81
STREET LIGHTING CLASS	9,777	3,290,404	2,682	\$13,090.07	1.8%	\$ 7,517.20
TOTALS		186,236,990	13,148	\$3,703,109.41	1.00	\$ 425,473.85
		Allocated Total for 4 major RSVA accounts ==>				\$ 425,473.85

Residential Class

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G22 above)	\$ 209,824.57	\$ -	\$ 209,824.57
(B) RETAIL kWh in 2002	91,843,709		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.002285		

General Service <50kW Class

Regulatory Assets will be recovered only in the distribution kWh charge.

VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
1.000	0.000	100%

(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G23 above)	\$ 62,842.63	\$ -	\$ 62,842.63
(B) RETAIL kWh in 2002	27,507,264		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.002285		

General Service >50kW Class Non TOU

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G24 above)	\$ 103,104.69	\$ -	\$ 103,104.69
(B) RETAIL KW in 2002	146,975		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.701510		

General Service >50kW Class TOU

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G25 above)	\$ 41,805.96	\$ -	\$ 41,805.96
(B) RETAIL KW in 2002	60,487		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.691150		

Intermediate Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G26 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	0		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Large User Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G27 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002		0	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Sentinel Lighting Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G28 above)	\$ 378.81	\$ -	\$ 378.81
(B) RETAIL KW in 2002		412	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.919434		

Streetlighting Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED 4 RSVA Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED 4 Major RSVA Account Recovery (Total in Cell G29 above)	\$ 7,517.20	\$ -	\$ 7,517.20
(B) RETAIL KW in 2002		9,777	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.768838		

SHEET 4 - 2004 Rates including 2004 Recovery of the 4 Major RSVA Accounts

NAME OF UTILITY
NAME OF CONTACT
E- Mail Address
VERSION NUMBER
Date

E.L.K. Energy Inc.
Sandra Slater
sslater@elkenenergyinc.com
1
14-Feb-04

LICENCE NUMBER ED-2003-0015
PHONE NUMBER 519-776-5291

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of the 4 major RSVA accounts.

RESIDENTIAL

DISTRIBUTION KWH RATE \$0.0085
MONTHLY SERVICE CHARGE (Per Customer) \$11.73

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE \$0.0023
MONTHLY SERVICE CHARGE (Per Customer) \$0.00

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE \$0.0036
MONTHLY SERVICE CHARGE (Per Customer) \$11.46

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE \$3.1140
MONTHLY SERVICE CHARGE (Per Customer) \$461.79

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE \$0.8095
MONTHLY SERVICE CHARGE (Per Customer) \$882.08

GENERAL SERVICE INTERMEDIATE USE

DISTRIBUTION KW RATE #DIV/0!
MONTHLY SERVICE CHARGE (Per Customer) \$0.00

LARGE USE

DISTRIBUTION KW RATE #DIV/0!
MONTHLY SERVICE CHARGE (Per Customer) \$0.00

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE \$1.5884
MONTHLY SERVICE CHARGE (Per Connection) \$0.38

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE	\$0.9194
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.8356
MONTHLY SERVICE CHARGE (Per Connection)	\$0.02

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE	\$0.7688
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

SHEET 5 - Calculating Rate Increases using 2002 LDC Data and additional Interim Regulatory Assets

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This schedule replicates the 2002 statistics from Sheet 3 which will be used to allocate interim approved Regulatory Asset amounts required to achieve the 25% threshold. (If the 4 major RSVA accounts do not total to 25% or more of total Regulatory Assets applied for.)

The interim Regulatory Assets will be allocated to the customer classes on the basis of distribution revenue.

Enter the Interim Regulatory Asset recovery from Sheet 1 at cell D76. \$ -

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 Dist. Rev. Shares	2002 Interim Reg. Asset Allocations
RESIDENTIAL CLASS	-	91,843,709	9,132	\$2,486,967.32	67.2%	\$ -
GENERAL SERVICE <50 KW CLASS	-	27,507,264	1,020	\$63,267.44	1.7%	\$ -
GENERAL SERVICE >50 KW NON TIME OF USE	146,975	45,130,640	111	\$1,114,391.15	30.1%	\$ -
GENERAL SERVICE >50 KW TIME OF USE	60,487	18,299,163	1	\$24,214.55	0.7%	\$ -
INTERMEDIATE USE	0	0	0	\$0.00	0.0%	\$ -
LARGE USER CLASS	0	0	0	\$0.00	0.0%	\$ -
SENTINEL LIGHTS	412	165,810	202	\$1,178.88	0.0%	\$ -
STREET LIGHTING CLASS	9,777	3,290,404	2,682	\$13,090.07	0.4%	\$ -
TOTALS		186,236,990	13,148	\$3,703,109.41	1.00	\$ -
Allocated Total for additional interim amounts ==>						\$ -

Residential Class

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G22 above)	\$ -	\$ -	\$ -
(B) RETAIL kWh in 2002	91,843,709		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

General Service <50kW Class

Regulatory Assets will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery	\$ -	\$ -	\$ -

(Total in Cell G23 above)

(B) RETAIL kWh in 2002 27,507,264

(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B)
(this amount is added to the kWh rate shown on Sheet 2 and
the total new rate appears on the Rate Schedule on Sheet 4) \$0.000000

General Service >50kW Class Non TOU

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G24 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	146,975		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

General Service >50kW Class TOU

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G25 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	60,487		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

Intermediate Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G26 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	0		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Large User Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G27 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002		0	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Sentinel Lighting Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G28 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002		412	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

Streetlighting Class

Regulatory Assets will be recovered only in the distribution kW charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2002 ALLOCATED Interim Regulatory Asset Recovery
	1.000	0.000	100%
(A) ALLOCATED Interim Regulatory Asset Recovery (Total in Cell G29 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002		9,777	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.000000		

SHEET 6 - 2004 Rates including 2004 Recovery of Interim Regulatory Asset Amounts

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of interim Regulatory Asset Amounts if required to achieve the 25% Regulatory Asset threshold.

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.0085
MONTHLY SERVICE CHARGE (Per Customer)	\$11.73

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	\$0.0023
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE	\$0.0036
MONTHLY SERVICE CHARGE (Per Customer)	\$11.46

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$3.1140
MONTHLY SERVICE CHARGE (Per Customer)	\$461.79

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.8095
MONTHLY SERVICE CHARGE (Per Customer)	\$882.08

GENERAL SERVICE INTERMEDIATE USE

DISTRIBUTION KW RATE	#DIV/0!
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

LARGE USE

DISTRIBUTION KW RATE	#DIV/0!
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE	\$1.5884
MONTHLY SERVICE CHARGE (Per Connection)	\$0.38

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE	\$0.9194
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.8356
MONTHLY SERVICE CHARGE (Per Connection)	\$0.02

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE	\$0.7688
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

SHEET 7 - Calculating Rate Increases using 2002 LDC Data and the 2004 PILs Proxy

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This schedule replicates the 2002 statistics from Sheet 3 which will be used to allocate the 2004 PILs proxy amount.
The PILs proxy amount is the same amount used for the PILs proxy in 2002.

The 2004 PILs Proxy will be allocated to the customer classes on the basis of distribution revenue.

Enter the 2002 PILs proxy amount as approved by the OEB in 2002 and shown on your 2002 RAM model at Sheet 8.

\$ 410,255.00

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2002 Dist. Rev. Shares	2004 PILs Proxy Allocations
RESIDENTIAL CLASS	-	91,843,709	9,132	\$2,486,967.32	67.2%	\$ 275,522.72
GENERAL SERVICE <50 KW CLASS	-	27,507,264	1,020	\$63,267.44	1.7%	\$ 7,009.19
GENERAL SERVICE >50 KW NON TIME OF USE	146,975	45,130,640	111	\$1,114,391.15	30.1%	\$ 123,459.64
GENERAL SERVICE >50 KW TIME OF USE	60,487	18,299,163	1	\$24,214.55	0.7%	\$ 2,682.65
INTERMEDIATE USE	0	0	0	\$0.00	0.0%	\$ -
LARGE USER CLASS	0	0	0	\$0.00	0.0%	\$ -
SENTINEL LIGHTS	412	165,810	202	\$1,178.88	0.0%	\$ 130.60
STREET LIGHTING CLASS	9,777	3,290,404	2,682	\$13,090.07	0.4%	\$ 1,450.20
TOTALS		186,236,990	13,148	\$3,703,109.41	1.00	\$ 410,255.00
				Allocated Total for additional interim amounts ==>		\$ 410,255.00

Residential Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G22 above)	\$ 275,522.72	\$ -	\$ 275,522.72
(B) RETAIL kWh in 2002	91,843,709		
(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) (this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.003000		

General Service <50kW Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G23 above)	\$ 7,009.19	\$ -	\$ 7,009.19

(B) RETAIL kWh in 2002 27,507,264

(D) ADDITIONAL DISTRIBUTION KWH RATE (\$/KWH) (A)/(B) \$0.000255
(this amount is added to the kWh rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)

General Service >50kW Class Non TOU

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G24 above)	\$ 123,459.64	\$ -	\$ 123,459.64
(B) RETAIL KW in 2002	146,975		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.840002		

General Service >50kW Class TOU

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G25 above)	\$ 2,682.65	\$ -	\$ 2,682.65
(B) RETAIL KW in 2002	60,487		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.044350		

Intermediate Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G26 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002	0		
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Large User Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G27 above)	\$ -	\$ -	\$ -
(B) RETAIL KW in 2002		0	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	#DIV/0!		

Sentinel Lighting Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G28 above)	\$ 130.60	\$ -	\$ 130.60
(B) RETAIL KW in 2002		412	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.317000		

Streetlighting Class

The 2004 PILs proxy will be recovered only in the distribution kWh charge.

	VARIABLE CHARGE RECOVERY Percentage	SERVICE CHARGE RECOVERY Percentage	TOTAL 2004 ALLOCATED PILs Proxy Recovery
	1.000	0.000	100%
(A) ALLOCATED 2004 PILs Proxy Recovery (Total in Cell G29 above)	\$ 1,450.20	\$ -	\$ 1,450.20
(B) RETAIL KW in 2002		9,777	
(D) ADDITIONAL DISTRIBUTION KW RATE (\$/KW) (A)/(B) (this amount is added to the kW rate shown on Sheet 2 and the total new rate appears on the Rate Schedule on Sheet 4)	\$0.148323		

SHEET 8 - 2004 Rates including Recovery of 2004 PILs

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenegyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This schedule includes the 2004 distribution rates which have been adjusted for the recovery of 2004 PILs.

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.0115
MONTHLY SERVICE CHARGE (Per Customer)	\$11.73

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	\$0.0053
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE	\$0.0038
MONTHLY SERVICE CHARGE (Per Customer)	\$11.46

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$3.9540
MONTHLY SERVICE CHARGE (Per Customer)	\$461.79

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.8538
MONTHLY SERVICE CHARGE (Per Customer)	\$882.08

GENERAL SERVICE INTERMEDIATE USE

DISTRIBUTION KW RATE	#DIV/0!
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

LARGE USE

DISTRIBUTION KW RATE	#DIV/0!
MONTHLY SERVICE CHARGE (Per Customer)	\$0.00

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE	\$1.9054
MONTHLY SERVICE CHARGE (Per Connection)	\$0.38

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE	\$1.2364
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE	\$0.9840
MONTHLY SERVICE CHARGE (Per Connection)	\$0.02

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE	\$0.9172
MONTHLY SERVICE CHARGE (Per Connection)	\$0.00

SHEET 9 - Adjustment to Maintain the Current Service Charge Level

NAME OF UTILITY	E.L.K. Energy Inc.	LICENCE NUMBER	ED-2003-0015
NAME OF CONTACT	Sandra Slater	PHONE NUMBER	519-776-5291
E- Mail Address	sslater@elkenenergyinc.com		
VERSION NUMBER	1		
Date	14-Feb-04		

This sheet adjusts the resulting fixed Monthly Service Charge to maintain the charge at current levels.
The kWh distribution rate is then adjusted to maintain revenue neutrality in the class.

Input the current approved Monthly Service Charge in the following table at Column E.

2002 Statistics by Class	kW	kWh	Number of Customers (Connections)	Current Approved Fixed Charge
RESIDENTIAL CLASS	-	91,843,709	9,132	\$14.66
GENERAL SERVICE <50 KW CLASS	-	27,507,264	1,020	\$15.14
GENERAL SERVICE >50 KW NON TIME OF USE	146,975	45,130,640	111	\$554.38
GENERAL SERVICE >50 KW TIME OF USE	60,487	18,299,163	1	\$1,113.07
INTERMEDIATE USE	0	0	0	\$0.00
LARGE USER CLASS	0	0	0	\$0.00
SENTINEL LIGHTS	412	165,810	202	\$0.52
STREET LIGHTING CLASS	9,777	3,290,404	2,682	\$0.08
TOTALS		186,236,990	13,148	

Residential Class

Revenue from Current Monthly Service Charge		\$1,606,501
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$1,285,420
Difference		\$321,081
Variable Rate Adjustment	\$/kWh	\$ 0.0035
Adjusted Variable Rate	\$/kWh	\$ 0.0080

Residential Class (Time of Use)

Revenue from Current Monthly Service Charge		\$1,606,501
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$1,285,420
Difference		\$321,081
Variable Rate Adjustment	\$/kWh	\$ 0.0035
Adjusted Variable Rate	\$/kWh	\$ 0.0018

General Service <50 kW Class

Revenue from Current Monthly Service Charge		\$185,314
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$140,270
Difference		\$45,043
Variable Rate Adjustment	\$/kWh	\$ 0.0016
Adjusted Variable Rate	\$/kWh	\$ 0.0022

General Service >50 kW Class (Non Time of Use)

Revenue from Current Monthly Service Charge		\$738,434
Revenue from Calculated Monthly Service Charge (Sheet 8)		\$615,104
Difference		\$123,330

Variable Rate Adjustment	\$/kW	\$	0.8391
Adjusted Variable Rate	\$/kW		\$ 3.1149

General Service >50 kW Class (Time of Use)

Revenue from Current Monthly Service Charge			\$13,357
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$10,585
Difference			\$2,772
Variable Rate Adjustment	\$/kW	\$	0.0458
Adjusted Variable Rate	\$/kW		\$ 0.8080

General Service Intermediate Use Class

Revenue from Current Monthly Service Charge			\$0
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$0
Variable Rate Adjustment	\$/kW	#DIV/0!	#DIV/0!
Adjusted Variable Rate	\$/kW		#DIV/0!

General Service Large Use Class

Revenue from Current Monthly Service Charge			\$0
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$0
Variable Rate Adjustment	\$/kW	#DIV/0!	#DIV/0!
Adjusted Variable Rate	\$/kW		#DIV/0!

Sentinal Lights (Non Time of Use)

Revenue from Current Monthly Service Charge			\$1,260
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$921
Difference			\$339
Variable Rate Adjustment	\$/kW	0.82368932	
Adjusted Variable Rate	\$/kW		\$ 1.0817

OR

Sentinal Lights (Time of Use)

Revenue from Current Monthly Service Charge			\$1,260
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$1,260
Variable Rate Adjustment	\$/kW	3.059417476	
Adjusted Variable Rate	\$/kW		\$ (1.8230)

Streetlighting (Non Time of Use)

Revenue from Current Monthly Service Charge			\$2,575
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$644
Difference			\$1,931
Variable Rate Adjustment	\$/kW	0.1975	
Adjusted Variable Rate	\$/kW		\$ 0.7865

OR

Streetlighting (Time of Use)

Revenue from Current Monthly Service Charge			\$2,575
Revenue from Calculated Monthly Service Charge (Sheet 8)			\$0
Difference			\$2,575
Variable Rate Adjustment	\$/kW	0.26	
Adjusted Variable Rate	\$/kW		\$ 0.6538

E.L.K. Energy Inc.
Schedule of Distribution Rates and Charges
 Effective April 1, 2004 until February 28, 2005

RP-2004-0040
 EB-2004-0026

LDCs may amend this schedule to reflect the rate classes that apply in their specific service territory.

RESIDENTIAL

Monthly Service Charge	(per month)	\$14.66
Distribution Volumetric Rate	(per kWh)	\$0.0080

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$15.14
Distribution Volumetric Rate	(per kWh)	\$0.0022

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$554.38
Distribution Volumetric Rate	(per kW)	\$3.1149

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$1,113.07
Distribution Volumetric Rate	(per kW)	\$0.8080

Schedule of Distribution Rates and Charges
Effective April 1, 2004 until February 28, 2005
(continued)

EB-2004-0026

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per month)	\$0.52
Distribution Volumetric Rate	(per kW)	\$1.0817

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per month)	\$0.08
Distribution Volumetric Rate	(per kW)	\$0.6538

SPECIFIC SERVICE CHARGES

ADD 2002 OEB APPROVED SPECIFIC SERVICE CHARGES HERE (as on Sheet 2)

New Account Setup	\$	9.00
Arrear's Certificate	\$	10.70
Late Payment Per month		1.50%
Returned Cheque	\$	9.00
Collection of Account Charge	\$	9.00
Disconnect/Reconnect Charges (non payment of account)		
At Meter - During Regular Hours	\$	20.00
At Meter - After Hours	\$	50.00
Dispute involvement charge	\$	10.00
Transformer allowance credit, less than 115kV(per kW)	\$	0.60

Bill Impact Analysis for 2004 Rate Schedule after Regulatory Asset and 2004 PILs Adjustments

(commodity price constant)

NAME OF UTILITY
NAME OF CONTACT
E- Mail Address
VERSION NUMBER
Date

E.L.K. Energy Inc.
Sandra Slater
sslater@elkenenergyinc.com
1
14-Feb-04

LICENCE NUMBER
PHONE NUMBER

ED-2003-0015
519-776-5291

This schedule provides an estimate of bill impacts using the 2004 Rate Schedule which includes the Regulatory Asset Recovery and the 2004 PILs amount. The 2004 bill does not include the new tiered commodity rate that will come into effect on April 1, 2004.

Note: Enter your current kWh rates, not the rates on Sheet 2.

Enter your
Current Distribution
kWh Charge.

RESIDENTIAL CLASS

Monthly Service Charge is
Transferred from Sheet 9

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0107, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0239/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)					
ENTER DESIRED CONSUMPTION LEVEL	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
100 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66		MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	100	0.0078	\$	0.78		DISTRIBUTION kWh	100	0.0080	\$	0.80
OTHER CHARGES kWh	100	0.0239	\$	2.39		OTHER CHARGES kWh	100	0.0239	\$	2.39
COST OF POWER kWh	100	0.0430	\$	4.30		COST OF POWER kWh	100	0.0430	\$	4.30
CURRENT 2003 BILL			\$	22.13	Adjusted 2004 BILL			\$	22.15	\$ 0.02 0.1%
MONTHLY CONSUMPTION OF 250 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66		MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	250	0.0078	\$	1.95		DISTRIBUTION kWh	250	0.0080	\$	2.00
OTHER CHARGES kWh	250	0.0239	\$	5.98		OTHER CHARGES kWh	250	0.0239	\$	5.98
COST OF POWER kWh	250	0.0430	\$	10.75		COST OF POWER kWh	250	0.0430	\$	10.75
CURRENT 2003 BILL			\$	33.34	Adjusted 2004 BILL			\$	33.38	\$ 0.05 0.1%
MONTHLY CONSUMPTION OF 500 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66		MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	500	0.0078	\$	3.90		DISTRIBUTION kWh	500	0.0080	\$	3.99
OTHER CHARGES kWh	500	0.0239	\$	11.95		OTHER CHARGES kWh	500	0.0239	\$	11.95
COST OF POWER kWh	500	0.0430	\$	21.50		COST OF POWER kWh	500	0.0430	\$	21.50
CURRENT 2003 BILL			\$	52.01	Adjusted 2004 BILL			\$	52.10	\$ 0.09 0.2%
MONTHLY CONSUMPTION OF 750 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66		MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	750	0.0078	\$	5.85		DISTRIBUTION kWh	750	0.0080	\$	5.99
OTHER CHARGES kWh	750	0.0239	\$	17.93		OTHER CHARGES kWh	750	0.0239	\$	17.93
COST OF POWER kWh	750	0.0430	\$	32.25		COST OF POWER kWh	750	0.0430	\$	32.25
CURRENT 2003 BILL			\$	70.69	Adjusted 2004 BILL			\$	70.83	\$ 0.14 0.2%
MONTHLY CONSUMPTION OF 1000 kWh										
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66		MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	1000	0.0078	\$	7.80		DISTRIBUTION kWh	1000	0.0080	\$	8.00
OTHER CHARGES kWh	1000	0.0239	\$	23.90		OTHER CHARGES kWh	1000	0.0239	\$	23.90
COST OF POWER kWh	1000	0.0430	\$	43.00		COST OF POWER kWh	1000	0.0430	\$	43.00
CURRENT 2003 BILL			\$	85.56	Adjusted 2004 BILL			\$	86.56	\$ 1.00 1.2%

MONTHLY SERVICE CHARGE DISTRIBUTION					MONTHLY SERVICE CHARGE DISTRIBUTION				
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66	MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	1000	0.0078	\$	7.80	DISTRIBUTION kWh	1000	0.0080	\$	7.99
OTHER CHARGES kWh	1000	0.0239	\$	23.90	OTHER CHARGES kWh	1000	0.02390	\$	23.90
COST OF POWER kWh	1000	0.0430	\$	43.00	COST OF POWER kWh	1000	0.0430	\$	43.00
CURRENT 2003 BILL					Adjusted 2004 BILL				
\$ 89.36					\$ 89.55 \$ 0.19 0.2%				
MONTHLY CONSUMPTION OF 1500 kWh									
MONTHLY SERVICE CHARGE DISTRIBUTION kWh					MONTHLY SERVICE CHARGE DISTRIBUTION kWh				
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66	MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	1500	0.0078	\$	11.70	DISTRIBUTION kWh	1500	0.0080	\$	11.98
OTHER CHARGES kWh	1500	0.0239	\$	35.85	OTHER CHARGES kWh	1500	0.0239	\$	35.85
COST OF POWER kWh	1500	0.0430	\$	64.50	COST OF POWER kWh	1500	0.0430	\$	64.50
CURRENT 2003 BILL					Adjusted 2004 BILL				
\$ 126.71					\$ 126.99 \$ 0.28 0.2%				
MONTHLY CONSUMPTION OF 2000 kWh									
MONTHLY SERVICE CHARGE DISTRIBUTION kWh					MONTHLY SERVICE CHARGE DISTRIBUTION kWh				
MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66	MONTHLY SERVICE CHARGE	n/a	n/a	\$	14.66
DISTRIBUTION kWh	2000	0.0078	\$	15.60	DISTRIBUTION kWh	2000	0.0080	\$	15.98
OTHER CHARGES kWh	2000	0.0239	\$	47.80	OTHER CHARGES kWh	2000	0.0239	\$	47.80
COST OF POWER kWh	2000	0.0430	\$	86.00	COST OF POWER kWh	2000	0.0430	\$	86.00
CURRENT 2003 BILL					Adjusted 2004 BILL				
\$ 164.06					\$ 164.44 \$ 0.38 0.2%				

GENERAL SERVICE < 50 KW

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0097, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0229/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)					
ENTER DESIRED CONSUMPTION LEVEL										
1000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$15.14		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14		
DISTRIBUTION kWh	1000	0.0023	\$ 2.30		DISTRIBUTION kWh	1000	0.0022	\$ 2.20		
OTHER CHARGES kWh	1000	0.0229	\$ 22.90		OTHER CHARGES kWh	1000	0.0229	\$ 22.90		
COST OF POWER kWh	1000	0.0430	\$ 43.00		COST OF POWER kWh	1000	0.0430	\$ 43.00		
CURRENT 2003 BILL			\$ 83.34		Adjusted 2004 BILL			\$ 83.24	\$ (0.10)	-0.1%
MONTHLY CONSUMPTION 2000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14		
DISTRIBUTION kWh	2000	0.0023	\$ 4.60		DISTRIBUTION kWh	2000	0.0022	\$ 4.40		
OTHER CHARGES kWh	2000	0.0229	\$ 45.80		OTHER CHARGES kWh	2000	0.0229	\$ 45.80		
COST OF POWER kWh	2000	0.0430	\$ 86.00		COST OF POWER kWh	2000	0.0430	\$ 86.00		
CURRENT 2003 BILL			\$ 151.54		Adjusted 2004 BILL			\$ 151.34	\$ (0.20)	-0.1%
MONTHLY CONSUMPTION 5000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %

MONTHLY SERVICE CHARGE					MONTHLY SERVICE CHARGE				
	n/a	n/a	\$	15.14		n/a	n/a	\$	15.14
DISTRIBUTION kWh	5000	0.0023	\$	11.50	DISTRIBUTION kWh	5000	0.0022	\$	11.01
OTHER CHARGES kWh	5000	0.0229	\$	114.50	OTHER CHARGES kWh	5000	0.0229	\$	114.50
COST OF POWER kWh	5000	0.0430	\$	215.00	COST OF POWER kWh	5000	0.0430	\$	215.00
CURRENT 2003 BILL			\$	356.14	Adjusted 2004 BILL		\$	355.65	\$ (0.49) -0.1%
MONTHLY CONSUMPTION 10,000 kWh									
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14
DISTRIBUTION kWh	10000	0.0023	\$	23.00	DISTRIBUTION kWh	10000	0.0022	\$	22.02
OTHER CHARGES kWh	10000	0.0229	\$	229.00	OTHER CHARGES kWh	10000	0.0229	\$	229.00
COST OF POWER kWh	10000	0.0430	\$	430.00	COST OF POWER kWh	10000	0.0430	\$	430.00
CURRENT 2003 BILL			\$	697.14	Adjusted 2004 BILL		\$	696.16	\$ (0.98) -0.1%
MONTHLY CONSUMPTION 15,000 kWh									
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14
DISTRIBUTION kWh	15000	0.0023	\$	34.50	DISTRIBUTION kWh	15000	0.0022	\$	33.03
OTHER CHARGES kWh	15000	0.0229	\$	343.50	OTHER CHARGES kWh	15000	0.0229	\$	343.50
COST OF POWER kWh	15000	0.0430	\$	645.00	COST OF POWER kWh	15000	0.0430	\$	645.00
CURRENT 2003 BILL			\$	1,038.14	Adjusted 2004 BILL		\$	1,036.67	\$ (1.47) -0.1%

GENERAL SERVICE > 50 KW NON TIME OF USE

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$3.91/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your utility.
Consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)					
ENTER DESIRED CONSUMPTION LEVEL										
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a		554.38	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 554.38		
DISTRIBUTION kW	60	2.7404	\$	164.42	DISTRIBUTION kW	60	3.1149	\$ 186.89		
OTHER CHARGES kW	60	3.9100	\$	234.60	OTHER CHARGES kW	60	3.9100	\$ 234.60		
OTHER CHARGES kWh	15,000	0.0132	\$	198.00	OTHER CHARGES kWh	15,000	0.0132	\$ 198.00		
COST OF POWER kWh	15,000	0.0550	\$	825.00	COST OF POWER kWh	15,000	0.0550	\$ 825.00		
CURRENT 2003 BILL			\$	1,976.40	Adjusted 2004 BILL			\$ 1,998.87	\$ 22.47	1.1%
MONTHLY CONSUMPTION 100kW, 40,000kWh										
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 554.38		
DISTRIBUTION kW	100	2.7404	\$	274.04	DISTRIBUTION kW	100	3.1149	\$ 311.49		
OTHER CHARGES kW	100	3.9100	\$	391.00	OTHER CHARGES kW	100	3.9100	\$ 391.00		
OTHER CHARGES kWh	40,000	0.0132	\$	528.00	OTHER CHARGES kWh	40,000	0.0132	\$ 528.00		
COST OF POWER kWh	40,000	0.0550	\$	2,200.00	COST OF POWER kWh	40,000	0.0550	\$ 2,200.00		
CURRENT 2003 BILL			\$	3,947.42	Adjusted 2004 BILL			\$ 3,984.87	\$ 37.45	0.9%
MONTHLY CONSUMPTION 500kW, 100,000kWh										
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %

MONTHLY SERVICE CHARGE					MONTHLY SERVICE CHARGE						
	n/a	n/a	\$	554.38		n/a	n/a	\$	554.38		
DISTRIBUTION kW	500	2.7404	\$	1,370.20	DISTRIBUTION kW	500	3.1149	\$	1,557.45		
OTHER CHARGES kW	500	3.9100	\$	1,955.00	OTHER CHARGES kW	500	3.9100	\$	1,955.00		
OTHER CHARGES kWh	100,000	0.0132	\$	1,320.00	OTHER CHARGES kWh	100,000	0.0132	\$	1,320.00		
COST OF POWER kWh	100,000	0.0550	\$	5,500.00	COST OF POWER kWh	100,000	0.0550	\$	5,500.00		
CURRENT 2003 BILL				\$ 10,699.58	Adjusted 2004 BILL				\$ 10,886.83	\$ 187.25	1.8%
MONTHLY CONSUMPTION 1000kW, 400,000kWh											
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38	MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38		
DISTRIBUTION kW	1000	2.7404	\$	2,740.40	DISTRIBUTION kW	1000	3.1149	\$	3,114.89		
OTHER CHARGES kW	1000	3.9100	\$	3,910.00	OTHER CHARGES kW	1000	3.9100	\$	3,910.00		
OTHER CHARGES kWh	400,000	0.0132	\$	5,280.00	OTHER CHARGES kWh	400,000	0.0132	\$	5,280.00		
COST OF POWER kWh	400,000	0.0550	\$	22,000.00	COST OF POWER kWh	400,000	0.0550	\$	22,000.00		
CURRENT 2003 BILL				\$ 34,484.78	Adjusted 2004 BILL				\$ 34,859.27	\$ 374.49	1.1%
MONTHLY CONSUMPTION 3,000kW, 1,000,000kWh											
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38	MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38		
DISTRIBUTION kW	3000	2.7404	\$	8,221.20	DISTRIBUTION kW	3000	3.1149	\$	9,344.68		
OTHER CHARGES kW	3000	3.9100	\$	11,730.00	OTHER CHARGES kW	3000	3.9100	\$	11,730.00		
OTHER CHARGES kWh	1,000,000	0.0132	\$	13,200.00	OTHER CHARGES kWh	1,000,000	0.0132	\$	13,200.00		
COST OF POWER kWh	1,000,000	0.0550	\$	55,000.00	COST OF POWER kWh	1,000,000	0.0550	\$	55,000.00		
CURRENT 2003 BILL				\$ 88,705.58	Adjusted 2004 BILL				\$ 89,829.06	\$ 1,123.48	1.3%
MONTHLY CONSUMPTION 4,000kW, 1,800,000kWh											
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %	
MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38	MONTHLY SERVICE CHARGE	n/a	n/a	\$	554.38		
DISTRIBUTION kW	4000	2.7404	\$	10,961.60	DISTRIBUTION kW	4000	3.11489	\$	12,459.57		
OTHER CHARGES kW	4000	3.9100	\$	15,640.00	OTHER CHARGES kW	4000	3.9100	\$	15,640.00		
OTHER CHARGES kWh	1,800,000	0.0132	\$	23,760.00	OTHER CHARGES kWh	1,800,000	0.0132	\$	23,760.00		
COST OF POWER kWh	1,800,000	0.0550	\$	99,000.00	COST OF POWER kWh	1,800,000	0.0550	\$	99,000.00		
CURRENT 2003 BILL				\$ 149,915.98	Adjusted 2004 BILL				\$ 151,413.95	\$ 1,497.97	1.0%

GENERAL SERVICE >50 KW TIME OF USE

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$4.2138/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your utility.
Consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)					
ENTER DESIRED CONSUMPTION LEVEL										
	kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$			kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a				MONTHLY SERVICE CHARGE DISTRIBUTION	n/a	n/a	\$ 1,113.07	
kW	60	0.1427	\$ 8.56			kW	60	0.8080	\$ 48.48	
OTHER CHARGES kW	60	4.2138	\$ 252.83			OTHER CHARGES kW	60	4.2138	\$ 252.83	
OTHER CHARGES kWh	15,000	0.0132	\$ 198.00			OTHER CHARGES kWh	15,000	0.0132	\$ 198.00	

MONTHLY CONSUMPTION 4,000kW, 1,800,000kWh		kW/kWh	RATE \$kW/kWh	CHARGE \$		kW/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	1,113.07		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 1,113.07	
DISTRIBUTION kW	4000	0.1427	\$	570.80		DISTRIBUTION kW	4000	0.80799	\$ 3,231.95	
OTHER CHARGES kW	4000	4.2138	\$	16,855.20		OTHER CHARGES kW	4000	4.2138	\$ 16,855.20	
OTHER CHARGES kWh	1,800,000	0.0132	\$	23,760.00		OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00	
COST OF POWER kW/h	1,800,000	0.0550	\$	99,000.00		COST OF POWER kW/h	1,800,000	0.0550	\$ 99,000.00	
CURRENT 2003 BILL				\$ 141,299.07	Adjusted 2004 BILL			\$ 143,960.22	\$ 2,661.15	1.9%

GENERAL SERVICE INTERMEDIATE CLASS

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$4.2138/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your utility.
Consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)					
ENTER DESIRED CONSUMPTION LEVEL										
MONTHLY CONSUMPTION		kW/kWh (enter)	RATE \$/kW/kWh	CHARGE \$		kW/kWh	RATE \$/kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
3000kW, 800,000 kWh	MONTHLY SERVICE CHARGE	n/a	n/a			MONTHLY SERVICE CHARGE	n/a	n/a	#REF!	
	DISTRIBUTION kW	3000	0.0000	\$ -		DISTRIBUTION kW	3000	#REF!	#REF!	
	OTHER CHARGES kW	3000	4.2138	\$ 12,641.40		OTHER CHARGES kW	3000	4.2138	\$ 12,641.40	
	OTHER CHARGES kWh	800,000	0.0132	\$ 10,560.00		OTHER CHARGES kWh	800,000	0.0132	\$ 10,560.00	
	COST OF POWER kWh	800,000	0.0550	\$ 44,000.00		COST OF POWER kWh	800,000	0.0550	\$ 44,000.00	
	CURRENT 2003 BILL			\$ 67,201.40	Adjusted 2004 BILL			#REF!	#REF!	#REF!
MONTHLY CONSUMPTION 3000kW, 1,000,000kWh	MONTHLY SERVICE CHARGE	n/a	n/a	\$ -		MONTHLY SERVICE CHARGE	n/a	n/a	#REF!	
	DISTRIBUTION kW	3000	0.0000	\$ -		DISTRIBUTION kW	3000	#REF!	#REF!	
	OTHER CHARGES kW	3000	4.2138	\$ 12,641.40		OTHER CHARGES kW	3000	4.2138	\$ 12,641.40	
	OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00		OTHER CHARGES kWh	1,000,000	0.0132	\$ 13,200.00	
	COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00		COST OF POWER kWh	1,000,000	0.0550	\$ 55,000.00	
	CURRENT 2003 BILL			\$ 80,841.40	Adjusted 2004 BILL			#REF!	#REF!	#REF!
MONTHLY CONSUMPTION 4000kW, 1,200,000kWh	MONTHLY SERVICE CHARGE	n/a	n/a	\$ -		MONTHLY SERVICE CHARGE	n/a	n/a	#REF!	
	DISTRIBUTION kW	4000	0.0000	\$ -		DISTRIBUTION kW	4000	#REF!	#REF!	
	OTHER CHARGES kW	4000	4.2138	\$ 16,855.20		OTHER CHARGES kW	4000	4.2138	\$ 16,855.20	
	OTHER CHARGES kWh	1,200,000	0.0132	\$ 15,840.00		OTHER CHARGES kWh	1,200,000	0.0132	\$ 15,840.00	
	COST OF POWER kWh	1,200,000	0.0550	\$ 66,000.00		COST OF POWER kWh	1,200,000	0.0550	\$ 66,000.00	
	CURRENT 2003 BILL			\$ 98,695.20	Adjusted 2004 BILL			#REF!	#REF!	#REF!
MONTHLY CONSUMPTION 4000kW, 1,800,000kWh	MONTHLY SERVICE CHARGE	n/a	n/a	\$ -		MONTHLY SERVICE CHARGE	n/a	n/a	#REF!	
	DISTRIBUTION kW	4000	0.0000	\$ -		DISTRIBUTION kW	4000	#REF!	#REF!	
	OTHER CHARGES kW	4000	4.2138	\$ 16,855.20		OTHER CHARGES kW	4000	4.2138	\$ 16,855.20	
	OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00		OTHER CHARGES kWh	1,800,000	0.0132	\$ 23,760.00	
	COST OF POWER kWh	1,800,000	0.0550	\$ 99,000.00		COST OF POWER kWh	1,800,000	0.0550	\$ 99,000.00	
	CURRENT 2003 BILL			\$ 139,615.20	Adjusted 2004 BILL			#REF!	#REF!	#REF!

LARGE USE CLASS

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$4.7369/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.

Cost of Power is estimated to be 5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003. You may have more accurate estimates for your utility.
Consumption has not been adjusted for line losses.

CURRENT 2003 BILL					2004 BILL (25% of Regulatory Assets, 2004 PILs & Constant Commodity Price)							
ENTER DESIRED CONSUMPTION LEVEL												
MONTHLY CONSUMPTION		kw/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kw/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %		
MONTHLY SERVICE CHARGE		n/a	n/a			MONTHLY SERVICE CHARGE	n/a	n/a	#REF!			
6000kW, 2,800,000 kWh	DISTRIBUTION kW	6000	0.0000	\$	-	DISTRIBUTION kW	6000	#REF!	#REF!			
	OTHER CHARGES kW	6000	4.7369	\$	28,421.40	OTHER CHARGES kW	6000	4.7369	\$	28,421.40		
	OTHER CHARGES kWh	2,800,000	0.0132	\$	36,960.00	OTHER CHARGES kWh	2,800,000	0.0132	\$	36,960.00		
	COST OF POWER kWh	2,800,000	0.0500	\$	140,000.00	COST OF POWER kWh	2,800,000	0.0500	\$	140,000.00		
CURRENT 2003 BILL				\$	205,381.40	Adjusted 2004 BILL				#REF!	#REF!	#REF!
MONTHLY CONSUMPTION		kw/kWh (enter)	RATE \$kW/kWh	CHARGE \$		kw/kWh	RATE \$kW/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %		
15000kW, 10,000,000kWh												
MONTHLY SERVICE CHARGE		n/a	n/a	\$	-	MONTHLY SERVICE CHARGE	n/a	n/a	#REF!			
	DISTRIBUTION kW	15000	0.0000	\$	-	DISTRIBUTION kW	15000	#REF!	#REF!			
	OTHER CHARGES kW	15000	4.7369	\$	71,053.50	OTHER CHARGES kW	15000	4.7369	\$	71,053.50		
	OTHER CHARGES kWh	10,000,000	0.0132	\$	132,000.00	OTHER CHARGES kWh	10,000,000	0.0132	\$	132,000.00		
	COST OF POWER kWh	10,000,000	0.0500	\$	500,000.00	COST OF POWER kWh	#####	0.0500	\$	500,000.00		
CURRENT 2003 BILL				\$	703,053.50	Adjusted 2004 BILL				#REF!	#REF!	#REF!

(commodity price increase on April 1, 2004)

LICENCE NUMBER ED-2003-0015
PHONE NUMBER 519-776-5291

Note: All Rates are transferred from Sheets 10 and 11.

For the purpose of this estimate, **Other Charges** include Retail Transmission Rate of \$0.0107, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0239/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

NON-TIME OF USE		CURRENT 2003 BILL			2004 BILL (25% of Regulatory Assets, 2004 PILs & Tiered Commodity Price)									
ENTER DESIRED CONSUMPTION LEVEL		kWh	RATE	CHARGE	kWh	RATE	CHARGE	IMPACT	IMPACT					
100 kWh		(enter)	\$/kWh	\$		\$/kWh	\$	DOLLARS	%					
MONTHLY SERVICE CHARGE		n/a	n/a	\$	MONTHLY SERVICE CHARGE	n/a	\$	14.66						
DISTRIBUTION kWh		100	0.0078	\$	DISTRIBUTION kWh	100	0.0080	\$	0.80					
OTHER CHARGES kWh		100	0.0239	\$	OTHER CHARGES kWh	100	0.0239	\$	2.39					
COST OF POWER kWh		100	0.0430	\$	COST OF POWER kWh	100	0.0470	\$	4.70					
CURRENT 2003 BILL				\$	22.13	Adjusted 2004 BILL				\$	22.55	\$	0.42	1.9%
MONTHLY CONSUMPTION OF 250 kWh		kWh	RATE	CHARGE	kWh	RATE	CHARGE	IMPACT	IMPACT					
		(enter)	\$/kWh	\$		\$/kWh	\$	DOLLARS	%					
MONTHLY SERVICE CHARGE		n/a	n/a	\$	MONTHLY SERVICE CHARGE	n/a	\$	14.66						
DISTRIBUTION kWh		250	0.0078	\$	DISTRIBUTION kWh	250	0.0080	\$	2.00					
OTHER CHARGES kWh		250	0.0239	\$	OTHER CHARGES kWh	250	0.0239	\$	5.98					
COST OF POWER kWh		250	0.0430	\$	COST OF POWER kWh	250	0.0470	\$	11.75					
CURRENT 2003 BILL				\$	33.34	Adjusted 2004 BILL				\$	34.38	\$	1.05	3.1%
MONTHLY CONSUMPTION OF 500 kWh		kWh	RATE	CHARGE	kWh	RATE	CHARGE	IMPACT	IMPACT					
		(enter)	\$/kWh	\$		\$/kWh	\$	DOLLARS	%					
MONTHLY SERVICE CHARGE		n/a	n/a	\$	MONTHLY SERVICE CHARGE	n/a	\$	14.66						
DISTRIBUTION kWh		500	0.0078	\$	DISTRIBUTION kWh	500	0.0080	\$	3.99					
OTHER CHARGES kWh		500	0.0239	\$	OTHER CHARGES kWh	500	0.0239	\$	11.95					
COST OF POWER kWh		500	0.0430	\$	COST OF POWER kWh	500	0.0470	\$	23.50					
CURRENT 2003 BILL				\$	52.01	Adjusted 2004 BILL				\$	54.10	\$	2.09	4.0%
MONTHLY CONSUMPTION OF 750 kWh		kWh	RATE	CHARGE	kWh	RATE	CHARGE	IMPACT	IMPACT					
		(enter)	\$/kWh	\$		\$/kWh	\$	DOLLARS	%					
MONTHLY SERVICE CHARGE		n/a	n/a	\$	MONTHLY SERVICE CHARGE	n/a	\$	14.66						
DISTRIBUTION kWh		750	0.0078	\$	DISTRIBUTION kWh	750	0.0080	\$	5.99					
OTHER CHARGES kWh		750	0.0239	\$	OTHER CHARGES kWh	750	0.0239	\$	17.93					
COST OF POWER kWh		750	0.0430	\$	COST OF POWER kWh	750	0.0470	\$	35.25					
CURRENT 2003 BILL				\$	70.69	Adjusted 2004 BILL				\$	73.83	\$	3.14	4.4%
MONTHLY CONSUMPTION OF 1000 kWh		kWh	RATE	CHARGE	kWh	RATE	CHARGE	IMPACT	IMPACT					
		(enter)	\$/kWh	\$		\$/kWh	\$	DOLLARS	%					
MONTHLY SERVICE CHARGE		n/a	n/a	\$	MONTHLY SERVICE CHARGE	n/a	\$	14.66						
DISTRIBUTION kWh		1000	0.0078	\$	DISTRIBUTION kWh	1000	0.0080	\$	8.00					
OTHER CHARGES kWh		1000	0.0239	\$	OTHER CHARGES kWh	1000	0.0239	\$	23.89					
COST OF POWER kWh		1000	0.0430	\$	COST OF POWER kWh	1000	0.0470	\$	47.00					
CURRENT 2003 BILL				\$	88.35	Adjusted 2004 BILL				\$	92.34	\$	3.99	4.5%

GENERAL SERVICE < 50 KW

In addition, consumption has not been adjusted for line losses

		CURRENT 2003 BILL			2004 BILL (25% of Regulatory Assets, 2004 PILs & Tiered Commodity Price)					
MONTHLY CONSUMPTION OF 1000 kWh		kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14	
	DISTRIBUTION kWh	1000	0.0023	\$ 2.30		DISTRIBUTION kWh	1000	0.00220	\$ 2.20	
	OTHER CHARGES kWh	1000	0.0229	\$ 22.90		OTHER CHARGES kWh	1000	0.0229	\$ 22.90	
	COST OF POWER kWh	1000	0.0430	\$ 43.00		COST OF POWER kWh	750	0.0470	\$ 35.25	
						COST OF POWER kWh	250	0.0550	\$ 13.75	
	CURRENT 2003 BILL			\$ 83.34		Adjusted 2004 BILL		\$ 89.24	\$ 5.90	7.1%
MONTHLY CONSUMPTION OF 2000 kWh		kWh (enter)	RATE \$/kWh	CHARGE \$		kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
	MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14		MONTHLY SERVICE CHARGE	n/a	n/a	\$ 15.14	
	DISTRIBUTION kWh	2000	0.0023	\$ 4.60		DISTRIBUTION kWh	2000	0.0022	\$ 4.40	
	OTHER CHARGES kWh	2000	0.0229	\$ 45.80		OTHER CHARGES kWh	2000	0.0229	\$ 45.80	
	COST OF POWER kWh	2000	0.0430	\$ 86.00		COST OF POWER kWh	750	0.0470	\$ 35.25	
						COST OF POWER kWh	1250	0.0550	\$ 68.75	
	CURRENT 2003 BILL			\$ 151.54		Adjusted 2004 BILL		\$ 169.34	\$ 17.80	11.7%

MONTHLY CONSUMPTION OF 5000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	
DISTRIBUTION kWh	5000	0.0023	\$	11.50	DISTRIBUTION kWh	5000	0.0022	\$	11.01	
OTHER CHARGES kWh	5000	0.0229	\$	114.50	OTHER CHARGES kWh	5000	0.0229	\$	114.50	
COST OF POWER kWh	5000	0.0430	\$	215.00	COST OF POWER kWh	750	0.0470	\$	35.25	
					COST OF POWER kWh	4250	0.0550	\$	233.75	
CURRENT 2003 BILL			\$	356.14	Adjusted 2004 BILL			\$	409.65	\$ 53.51 15.0%

MONTHLY CONSUMPTION OF 10000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	
DISTRIBUTION kWh	10000	0.0023	\$	23.00	DISTRIBUTION kWh	10000	0.0022	\$	22.02	
OTHER CHARGES kWh	10000	0.0229	\$	229.00	OTHER CHARGES kWh	10000	0.0229	\$	229.00	
COST OF POWER kWh	10000	0.0430	\$	430.00	COST OF POWER kWh	750	0.0470	\$	35.25	
					COST OF POWER kWh	9250	0.0550	\$	508.75	
CURRENT 2003 BILL			\$	697.14	Adjusted 2004 BILL			\$	810.16	\$ 113.02 16.2%

MONTHLY CONSUMPTION OF 15000 kWh										
	kWh (enter)	RATE \$/kWh	CHARGE \$			kWh	RATE \$/kWh	CHARGE \$	IMPACT DOLLARS	IMPACT %
MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	MONTHLY SERVICE CHARGE	n/a	n/a	\$	15.14	
DISTRIBUTION kWh	15000	0.0023	\$	34.50	DISTRIBUTION kWh	15000	0.0022	\$	33.03	
OTHER CHARGES kWh	15000	0.0229	\$	343.50	OTHER CHARGES kWh	15000	0.0229	\$	343.50	
COST OF POWER kWh	15000	0.0430	\$	645.00	COST OF POWER kWh	750	0.0470	\$	35.25	
					COST OF POWER kWh	14250	0.0550	\$	783.75	
CURRENT 2003 BILL			\$	1,038.14	Adjusted 2004 BILL			\$	1,210.67	\$ 172.53 16.6%

APPENDIX 9-M
2005 Rate Adjustment Model
2005 Rate Adjustment Model

Name of Utility: E.L.K. Energy Inc.

License Number: ED-2003-0015

File Number: RP-2005-0013

EB-2005-0021

Name of Contact: Sandra Slater

E- Mail Address: sslater@elkenenergy.com

Phone Number: 519-776-5291 Extension: 13

Date: February 18, 2005 (FINAL STAFF ADJUSTED)

Version Number: **2005.V1.3**

SHEET 1 - 2002 Base Rate Schedule

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

Enter the values for your 2002 Base Rates as shown on sheet 4 of the 2002 RAM or sheet 2 of the 2004 f
Using the 2002 base rates removes the impact of 2004 interim Regulatory Assets and the 2004 PILs Prox
added in the approved rates on April 1, 2004.

Adjustments to rate classes may be made if your LDC has non-standard classes.

RESIDENTIAL

Distribution kWh Rate	\$0.0062
Monthly Service Charge (Per Customer)	\$11.73

RESIDENTIAL (TIME OF USE)

Distribution kWh Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

GENERAL SERVICE < 50 KW

Distribution kWh Rate	\$0.0013
Monthly Service Charge (Per Customer)	\$11.46

GENERAL SERVICE > 50 KW (NON TIME OF USE)

Distribution KW Rate	\$2.4125
Monthly Service Charge (Per Customer)	\$461.79

GENERAL SERVICE > 50 KW (TIME OF USE)

Distribution KW Rate	\$0.1183
Monthly Service Charge (Per Customer)	\$882.08

SHEET 1 - 2002 Base Rate Schedule

INTERMEDIATE USE

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

LARGE USE

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

SENTINEL LIGHTS (NON TIME OF USE)

Distribution KW Rate	\$0.6690
Monthly Service Charge (Per Connection)	\$0.38

OR

SENTINEL LIGHTS (TIME OF USE)

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Connection)	\$0.00

STREET LIGHTING (NON TIME OF USE)

Distribution KW Rate	\$0.0668
Monthly Service Charge (Per Connection)	\$0.02

OR

STREET LIGHTING (TIME OF USE)

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Connection)	\$0.00

SHEET 2 - Calculating The Rate Increase Due To The Addition of 1/3 MARR

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

Enter the final MARR installment calculated in the 2001 RUD Model	\$ 230,939.00
Have you applied for approval of your C&DM plan?	yes
Enter the amount applied for your C&DM plan	\$230,939.00
Has the C&DM application been approved?	no
Enter the final MARR installment (based on Board-Approved C&DM plan or applied-for amount)	\$ 230,939.00

Grossed-up MARR based on 14 months recovery over 13 months. \$ 248,703.54

Use the Table below to enter the 1999 data for your LDC from your approved 2001 RUD Model.
1999 Distribution Revenue Shares will be used to allocate the Board-Approved MARR Value to rate classes.
You may adjust the rate classes if your LDC has non-standard classes.

1999 Data by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	1999 Distribution Shares	Allocation of Board-Approved MARR Value
Residential Class	0	84,071,523	8,652	\$1,417,531	62.66%	\$155,838
General Service < 50 KW Class	0	52,112,696	1,189	\$190,382	8.42%	\$20,930
General Service > 50 KW Non-Time of Use	96,472		98	\$631,908	27.93%	\$69,469
General Service > 50 KW Time of Use	38,330		1	\$12,316	0.54%	\$1,354
Intermediate Use			0	\$0	0.00%	\$0
Large Class User	582		0	\$0	0.00%	\$0
Sentinel Lights			202	\$1,057	0.05%	\$116
Street Lighting	6,912		2,626	\$9,062	0.40%	\$996
TOTALS	142,296	136,184,219	12,768	\$2,262,257	100.00%	\$248,704
Grossed-up MARR Value =====>						\$248,704

Note: LDCs must enter the fixed-variable split used on Sheet 13 (Sensitivity Analysis 2) of their 2001 Approved RUD Model.

Residential Class

	Variable Charge Recovery	Service Charge Recovery	Total Board-Approved MARR Recovery
(A) Allocated MARR			\$155,838
(B) Fixed-Variable Split (%)	30.0%	70.0%	100%
(C) Re-Allocated MARR (\$)	\$46,751	\$109,086	\$155,838
(D) Number of kWh	84,071,523		
(E) Number of Customers		8,652	
(F) Incremental Distribution kWh Rate (\$/kWh)	\$0.0006		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$1.0507	

SHEET 2 - Calculating The Rate Increase Due To The Addition of 1/3 MARR

General Service < 50 kW Class

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$20,930
(B) Fixed-Variable Split (%)	30.0%	70.0%	100%
(C) Re-Allocated MARR (\$)	\$6,279	\$14,651	\$20,930
(D) Number of kWh	52,112,696		
(E) Number of Customers		1,189	
(F) Incremental Distribution kWh Rate (\$/kWh)	\$0.0001		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$1.0268	

General Service > 50 kW Class (Non-Time of Use)

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$69,469
(B) Fixed-Variable Split (%)	30.0%	70.0%	100%
(C) Re-Allocated MARR (\$)	\$20,841	\$48,629	\$69,469
(D) Number of kW	96,472		
(E) Number of Customers		98	
(F) Incremental Distribution kWh Rate (\$/kW)	\$0.2160		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$41.3509	

General Service > 50 kW Class (Time of Use)

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$1,354
(B) Fixed-Variable Split (%)	30.0%	70.0%	100%
(C) Re-Allocated MARR (\$)	\$406	\$948	\$1,354
(D) Number of kW	38,330		
(E) Number of Customers		1	
(F) Incremental Distribution kW Rate (\$/kW)	\$0.0106		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$78.9845	

Intermediate Class

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$0
(B) Fixed-Variable Split (%)	0.0%	0.0%	0%
(C) Re-Allocated MARR (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Number of Customers		0	
(F) Incremental Distribution kW Rate (\$/kW)	\$0.0000		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$0.0000	

SHEET 2 - Calculating The Rate Increase Due To The Addition of 1/3 MARR

Large User Class

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$0
(B) Fixed-Variable Split (%)	0.0%	0.0%	0%
(C) Re-Allocated MARR (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Number of Customers		0	
(F) Incremental Distribution kW Rate (\$/kW)	\$0.0000		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$0.0000	

Sentinel Lighting Class

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$116
(B) Fixed-Variable Split (%)	30.0%	70.0%	100%
(C) Re-Allocated MARR (\$)	\$35	\$81	\$116
(D) Number of kW	582		
(E) Number of Customers		202	
(F) Incremental Distribution kW Rate (\$/kW)	\$0.0599		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$0.0336	

Street Lighting Class

	Variable Charge Recovery	Service Charge Recovery	Total Board- Approved MARR Recovery
(A) Allocated MARR			\$996
(B) Fixed-Variable Split (%)	37.0%	63.0%	100%
(C) Re-Allocated MARR (\$)	\$369	\$628	\$996
(D) Number of kW	6,912		
(E) Number of Customers		2,626	
(F) Incremental Distribution kW Rate (\$/kW)	\$0.0533		
(G) Incremental Monthly Service Charge (C)/(E)/12		\$0.0199	

SHEET 3 - 2005 Base Rates (2002 Base Rates + Final MARR)

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

Residential Class

DISTRIBUTION KWH RATE	\$0.0068
MONTHLY SERVICE CHARGE (Per Customer)	\$12.78

Residential Class (Time-of-Use)

DISTRIBUTION KWH RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

General Service < 50 KW

DISTRIBUTION KWH RATE	\$0.0014
MONTHLY SERVICE CHARGE (Per Customer)	\$12.49

General Service > 50 KW (Non-Time of Use)

DISTRIBUTION KW RATE	\$2.6285
MONTHLY SERVICE CHARGE (Per Customer)	\$503.14

General Service > 50 KW (Time of Use)

DISTRIBUTION KW RATE	\$0.1289
MONTHLY SERVICE CHARGE (Per Customer)	\$961.06

Intermediate Use

DISTRIBUTION KW RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

SHEET 3 - 2005 Base Rates (2002 Base Rates + Final MARR)

Large Use

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Customer)

Sentinel Lights (Non-Time of Use)

DISTRIBUTION KW RATE \$0.7289

MONTHLY SERVICE CHARGE (Per Connection) \$0.41

OR

Sentinel Lights (Time of Use)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

Street Lighting (Non-Time of Use)

DISTRIBUTION KW RATE \$0.1201

MONTHLY SERVICE CHARGE (Per Connection) \$0.04

OR

Street Lighting (Time of Use)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

SHEET 4 - Calculating Incremental Rate Increase Due To 2005 PILs

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

This schedule requires LDCs to input the 2003 data which will be used to allocate 2005 PILs to the rate classes.
The 2005 PILs Proxy is calculated in the 2005 PILs model, TAXCALC Worksheet, Cell C95

Enter the 2005 PILs Proxy Amount \$ 289,134.00

Distribution Revenue is used to allocate the 2005 PILs Proxy Amount to the rate classes.

2003 Data by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2003 Distribution Shares	2005 PILs Proxy Allocation
Residential Class	0	80,918,509	9,132	\$2,141,755	63.0%	\$182,186
General Service < 50 KW Class	0	24,407,097	1,019	\$233,437	6.9%	\$19,857
General Service > 50 KW Non-Time of Use	129,453	38,068,150	111	\$986,671	29.0%	\$83,930
General Service > 50 KW Time of Use	52,259	16,328,220	1	\$20,814	0.6%	\$1,771
Intermediate Use	0	0	0	\$0	0.0%	\$0
Large Class User	0	0	0	\$0	0.0%	\$0
Sentinel Lights	0	165,810	202	\$1,179	0.0%	\$100
Street Lighting	6,301	2,069,337	2,682	\$15,163	0.4%	\$1,290
TOTALS		161,957,123	13,147	\$3,399,019	1.00	\$289,134
				2005 PILs Proxy Amount =====>		\$289,134

2005 PILs Proxy amount will be recovered only in the distribution kWh charge (Variable Charge).

Residential Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$182,186
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$182,186	\$0	\$182,186
(D) Number of kWh	80,918,509		
(E) Incremental Distribution kWh Rate (\$/kWh)	\$0.0023		

General Service < 50 kW Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$19,857
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$19,857	\$0	\$19,857
(D) Number of kWh	24,407,097		
(E) Incremental Distribution kWh Rate (\$/kWh)	\$0.0008		

SHEET 4 - Calculating Incremental Rate Increase Due To 2005 PILs

General Service > 50 kW Class (Non-Time of Use)

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$83,930
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$83,930	\$0	\$83,930
(D) Number of kW	129,453		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.6483		

General Service > 50 kW Class (Time of Use)

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$1,771
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$1,771	\$0	\$1,771
(D) Number of kW	52,259		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0339		

Intermediate Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$0
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

Large User Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$0
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

SHEET 4 - Calculating Incremental Rate Increase Due To 2005 PILs

Sentinel Lighting Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$100
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$100	\$0	\$100
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

Street Lighting Class

	Variable Charge Recovery	Service Charge Recovery	2005 PILs Proxy Allocation
(A) Allocated PILs			\$1,290
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated PILs (\$)	\$1,290	\$0	\$1,290
(D) Number of kW	6,301		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.2047		

SHEET 5 - Rate Schedule including 2005 PILs

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.0090
MONTHLY SERVICE CHARGE (Per Customer)	\$12.78

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE	\$0.0022
MONTHLY SERVICE CHARGE (Per Customer)	\$12.49

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$3.2769
MONTHLY SERVICE CHARGE (Per Customer)	\$503.14

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.1628
MONTHLY SERVICE CHARGE (Per Customer)	\$961.06

INTERMEDIATE USE

DISTRIBUTION KW RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

SHEET 5 - Rate Schedule including 2005 PILs

LARGE USE

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Customer)

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE \$0.7289

MONTHLY SERVICE CHARGE (Per Connection) \$0.41

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE \$0.3248

MONTHLY SERVICE CHARGE (Per Connection) \$0.04

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

SHEET 6 - December 31, 2003 Regulatory Assets

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

LDCs should enter their December 3, 2003 balances for each regulatory asset account.
In the case of distributors that have approved Regulatory Asset recovery rate riders, the distributor should not enter any balances on Sheet 6 and should go directly to Sheet 10.
In this instance, the rate schedule on Sheet 5 is identical to Sheet 9.

Description	Account Number	Amount Applied- for Balance as at Dec. 31, 2003
RSVA - Wholesale Market Service Charge	1580	\$400,506
RSVA - One-time Wholesale Market Service	1582	\$0
RSVA - Retail Transmission Network Charge	1584	-\$188,715
RSVA - Retail Transmission Connection Charge	1586	\$243,187
RSVA - Power	1588	\$27,424
Sub-Total for RSVA Accounts		\$482,401
Current Recovery: Amount Entered on Sheet 3, cell G13, of 2004 RAM		\$425,474
Adjusted 2005 Recovery Amount (RSVA Accounts)		\$56,927
Other Regulatory Assets	1508	\$0
Retail Cost Variance Account - Retail	1518	
Retail Cost Variance Account - STR	1548	
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$15,428
Deferred Payments in Lieu of Taxes	1562	
<i>PILs Contra Account</i>	1563	
Qualifying Transition Costs	1570	\$425,235
Pre-Market Opening Energy Variances Total	1571	
Extra-Ordinary Event Losses	1572	
Deferred Rate Impact Amounts	1574	
Other Deferred Credits	2425	
Sub-Total for Non-RSVA Regulatory Asset Accounts		\$440,663
Current Recovery: Amount Entered on Sheet 5, cell G14, of 2004 RAM		\$0
Adjusted 2005 Recovery Amount (Non-RSVA Accounts)		\$440,663
Total Adjusted Regulatory Assets		\$497,590
33% of Total Adjusted Regulatory Assets		\$165,863.37

SHEET 6 - December 31, 2003 Regulatory Assets

----- Please go to Section 2 -----

<u>Section 1: For LDCs with Total RSVA adjusted balances greater than 33 % of Total:</u>		
Total Adjusted Balance for RSVA Accounts	(a)	N/A
33% of Total Adjusted Regulatory Assets	(b)	N/A
Remaining Final Amount to be recovered in future periods (a) - (b)		N/A

<u>Section 2: For LDCs with Total RSVA adjusted balances less than 33 % of Total:</u>	
33% OF Total Adjusted Regulatory Assets	\$165,863
Total Adjusted Balance for RSVA Accounts	\$56,927
Amount to be collected from RSVA Accounts	\$56,927
Amount to be collected from Non-RSVA accounts	\$108,936

Rate Implementation

Check Box
YES or NO

Our utility is able to pro-rate the bill so that consumption before April 1 is at the old rates and post April 1 consumption is billed at the new rates.

☒ YES ☐ NO

Our utility is not able to pro-rate consumption and therefore our customers will not be charged the new rates until the completion of an entire billing cycle.

☐ YES ☒ NO

SHEET 7 - Calculating Rate Increases due to interim RSVA Regulatory Assets

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E-Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

Approved Regulatory Asset Recovery from Sheet 4 (either from Section 1 or Section 2)

\$ 56,927.25

The share of class kWh sold in 2003 is used to allocate the approved interim RSVA Regulatory Asset amounts.

2003 Data by Class	kW	kWh	Number of Customers (Connections)	Distribution Revenues	2003 kWh Shares	2003 RSVA Allocations
Residential Class	0	80,918,509	9,132	\$2,141,755	50.0%	\$28,443
General Service < 50 kW Class	0	24,407,097	1,019	\$233,437	15.1%	\$8,579
General Service > 50 kW Non-Time of Use	129,453	38,068,150	111	\$986,671	23.5%	\$13,381
General Service > 50 kW Time of Use	52,259	16,328,220	1	\$20,814	10.1%	\$5,739
Intermediate Use	0	0	0	\$0	0.0%	\$0
Large Class User	0	0	0	\$0	0.0%	\$0
Sentinel Lights	0	165,810	202	\$1,179	0.1%	\$58
Street Lighting	6,301	2,069,337	2,682	\$15,163	1.3%	\$727
TOTALS		161,957,123	13,147	\$3,399,019.02	1.00	\$56,927
				Allocated Total for RSVA accounts =====>		\$56,927

Regulatory Assets will be recovered only in the distribution variable charge (\$/kWh or \$/kW).

Residential Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$28,443
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$28,443	\$0	\$28,443
(D) Number of kWh	80,918,509		
(E) Incremental Distribution kWh Rate (\$/kWh)	\$0.0004		

General Service < 50 kW Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$8,579
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$8,579	\$0	\$8,579
(D) Number of kWh	24,407,097		
(E) Incremental Distribution kWh Rate (\$/kWh)	\$0.0004		

SHEET 7 - Calculating Rate Increases due to interim RSVA Regulatory Assets

General Service > 50 kW Class (Non-Time of Use)

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$13,381
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$13,381	\$0	\$13,381
(D) Number of kW	129,453		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.1034		

General Service > 50 kW Class (Time of Use)

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$5,739
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$5,739	\$0	\$5,739
(D) Number of kW	52,259		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.1098		

Intermediate Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$0
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

Large User Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$0
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$0	\$0	\$0
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

SHEET 7 - Calculating Rate Increases due to interim RSVA Regulatory Assets

Sentinel Lighting Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$58
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$58	\$0	\$58
(D) Number of kW	0		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.0000		

Street Lighting Class

	Variable Charge Recovery	Service Charge Recovery	2003 RSVA Allocation
(A) Allocated RSVA			\$727
(B) Fixed-Variable Split (%)	100%	0%	100%
(C) Re-Allocated RSVA (\$)	\$727	\$0	\$727
(D) Number of kW	6,301		
(E) Incremental Distribution kW Rate (\$/kW)	\$0.1154		

SHEET 9 - Rate Schedule for 2005 Base Rates + PILs + Interim 2005 Regulatory Assets

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

RESIDENTIAL

DISTRIBUTION KWH RATE	\$0.0102
MONTHLY SERVICE CHARGE (Per Customer)	\$12.78

RESIDENTIAL (TIME OF USE)

DISTRIBUTION KWH RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

GENERAL SERVICE < 50 KW

DISTRIBUTION KWH RATE	\$0.0029
MONTHLY SERVICE CHARGE (Per Customer)	\$12.49

GENERAL SERVICE > 50 KW (NON TIME OF USE)

DISTRIBUTION KW RATE	\$3.6245
MONTHLY SERVICE CHARGE (Per Customer)	\$503.14

GENERAL SERVICE > 50 KW (TIME OF USE)

DISTRIBUTION KW RATE	\$0.2854
MONTHLY SERVICE CHARGE (Per Customer)	\$961.06

INTERMEDIATE USE

DISTRIBUTION KW RATE	
MONTHLY SERVICE CHARGE (Per Customer)	

SHEET 9 - Rate Schedule for 2005 Base Rates + PILs + Interim 2005 Regulatory Assets

LARGE USE

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Customer)

SENTINEL LIGHTS (NON TIME OF USE)

DISTRIBUTION KW RATE \$0.7289

MONTHLY SERVICE CHARGE (Per Connection) \$0.41

OR

SENTINEL LIGHTS (TIME OF USE)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

STREET LIGHTING (NON TIME OF USE)

DISTRIBUTION KW RATE \$0.5174

MONTHLY SERVICE CHARGE (Per Connection) \$0.04

OR

STREET LIGHTING (TIME OF USE)

DISTRIBUTION KW RATE

MONTHLY SERVICE CHARGE (Per Connection)

SHEET 10 - Phase 2 Final Rate Riders

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

This sheet is to be used by those distributors that have final approval of their Regulatory Asset Recovery
- Phase 2 rate riders.

Class	Rate Rider per kWh (or kW)
Residential Class	
General Service < 50 KW Class	
General Service > 50 KW Non-Time of Use	
General Service > 50 KW Time of Use	
Intermediate Use	
Large Class User	
Sentinel Lights	
Street Lighting	

E.L.K. Energy Inc.
 RP-2005-0013 EB-2005-0021
 Schedule of Changed Distribution Rates and Charges
 Effective April 1, 2005 until April 30, 2006

LDCs may amend this schedule to reflect the rate classes that apply in their specific service territory.

RESIDENTIAL

Monthly Service Charge	(per month)	\$12.78
Distribution Volumetric Rate	(per kWh)	\$0.0102

RESIDENTIAL (Time of Use)

Monthly Service Charge	(per month)
Distribution Volumetric Rate	(per kWh)

GENERAL SERVICE < 50 KW

Monthly Service Charge	(per month)	\$12.49
Distribution Volumetric Rate	(per kWh)	\$0.0029

GENERAL SERVICE > 50 KW (Non Time of Use)

Monthly Service Charge	(per month)	\$503.14
Distribution Volumetric Rate	(per kW)	\$3.6245

GENERAL SERVICE > 50 KW (Time of Use)

Monthly Service Charge	(per month)	\$961.06
Distribution Volumetric Rate	(per kW)	\$0.2854

INTERMEDIATE USE (copied GS>50KW TOU for bill impact comparison)

Monthly Service Charge	(per month)	\$961.06
Distribution Volumetric Rate	(per kW)	\$0.2854

LARGE USE

Monthly Service Charge	(per month)
Distribution Volumetric Rate	(per kW)

SENTINEL LIGHTS (Non Time of Use)

Monthly Service Charge	(per month)	\$0.41
Distribution Volumetric Rate	(per kW)	\$0.7289

E.L.K. Energy Inc.
 RP-2005-0013 EB-2005-0021
 Schedule of Changed Distribution Rates and Charges
 Effective April 1, 2005 until April 30, 2006

SENTINEL LIGHTS (Time of Use)

Monthly Service Charge	(per month)
Distribution Volumetric Rate	(per kW)

STREET LIGHTING (Non Time of Use)

Monthly Service Charge	(per month)	\$0.04
Distribution Volumetric Rate	(per kW)	\$0.5174

STREET LIGHTING (Time of Use)

Monthly Service Charge	(per month)
Distribution Volumetric Rate	(per kW)

SHEET 12 - Current Rates as of April 1, 2004

Name of Utility:	E.L.K. Energy Inc.	2005.V1.3
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E- Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF ADJUSTED)	

In order to calculate bill impacts on Sheet 13, enter your current rates as approved in your 2004 Rate Order.

You may adjust the rate classes if your LDC has non-standard classes.

RESIDENTIAL

Distribution kWh Rate	\$0.0080
Monthly Service Charge (Per Customer)	\$14.66

RESIDENTIAL (TIME OF USE)

Distribution kWh Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

GENERAL SERVICE < 50 KW

Distribution kWh Rate	\$0.0022
Monthly Service Charge (Per Customer)	\$15.14

GENERAL SERVICE > 50 KW (NON TIME OF USE)

Distribution KW Rate	\$3.1149
Monthly Service Charge (Per Customer)	\$554.38

GENERAL SERVICE > 50 KW (TIME OF USE)

Distribution KW Rate	\$0.8080
Monthly Service Charge (Per Customer)	\$1,113.07

INTERMEDIATE USE (copied GS>50KW TOU for bill impact comparison)

Distribution KW Rate	\$0.8080
Monthly Service Charge (Per Customer)	\$1,113.07

SHEET 12 - Current Rates as of April 1, 2004

LARGE USE

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

SENTINEL LIGHTS (NON TIME OF USE)

Distribution KW Rate	\$1.0817
Monthly Service Charge (Per Customer)	\$0.52

OR

SENTINEL LIGHTS (TIME OF USE)

Distribution KW Rate	\$0.0000
Monthly Service Charge (Per Customer)	\$0.00

STREET LIGHTING (NON TIME OF USE)

Distribution KW Rate	
Monthly Service Charge (Per Customer)	

OR

STREET LIGHTING (TIME OF USE)

Distribution KW Rate	
Monthly Service Charge (Per Customer)	

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

Name of Utility:	E.L.K. Energy Inc.	2005.V1.0
License Number:	ED-2003-0015	RP-2005-0013
Name of Contact:	Sandra Slater	EB-2005-0021
E-Mail Address:	sslater@elkenenergy.com	
Phone Number:	519-776-5291	Extension: 13
Date:	February 18, 2005 (FINAL STAFF AD)	

Monthly Consumption

RESIDENTIAL CLASS

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$0.0107, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0239/kWh. These charges may differ slightly for your utility. In addition, consumption has not been adjusted for line losses.

CURRENT 2004 BILL					FUTURE 2005 BILL						
ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)	
	100										
	Monthly Service Charge	N/A	N/A	\$ 14.66	Monthly Service Charge	N/A	N/A	\$ 12.78			
	Distribution (kWh)	100	\$ 0.0080	\$ 0.80	Distribution (kWh)	100	\$ 0.0102	\$ 1.02			
			Sub-Total	\$ 15.46			Sub Total	\$ 13.80	\$ (1.66)	-10.73%	
	Other Charges (kWh)	100	\$ 0.0239	\$ 2.39	Other Charges (kWh)	100	\$ 0.0239	\$ 2.39			
	Cost of Power (kWh)	100	\$ 0.0470	\$ 4.70	Cost of Power (kWh)	100	\$ 0.0470	\$ 4.70			
Current 2004 Bill				\$ 22.55	Adjusted 2005 Bill				\$ 20.89	\$ (1.66)	-7.36%

ENTER DESIRED CONSUMPTION LEVEL (kWh)	kWh	RATE \$/kWh	CHARGE (\$)			kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
250										
Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	N/A	\$ 12.78		
Distribution (kWh)	250	\$ 0.0080	\$ 2.00		Distribution (kWh)	250	\$ 0.0102	\$ 2.55		
			Sub-Total	\$ 16.66				Sub Total	\$ 15.33	\$ (1.33) -7.97%
Other Charges (kWh)	250	\$ 0.0239	\$ 5.98		Other Charges (kWh)	250	\$ 0.0239	\$ 5.98		
Cost of Power (kWh)	250	\$ 0.0470	\$ 11.75		Cost of Power (kWh)	250	\$ 0.0470	\$ 11.75		
Current 2004 Bill			\$ 34.39		Adjusted 2005 Bill			\$ 33.06	\$ (1.33) -3.86%	

ENTER DESIRED CONSUMPTION LEVEL (kWh)	kWh	RATE \$/kWh	CHARGE (\$)			kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
500										
Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	N/A	\$ 12.78		
Distribution (kWh)	500	\$ 0.0080	\$ 4.00		Distribution (kWh)	500	\$ 0.0102	\$ 5.10		
			Sub-Total	\$ 18.66				Sub Total	\$ 17.88	\$ (0.78) -4.16%
Other Charges (kWh)	500	\$ 0.0239	\$ 11.95		Other Charges (kWh)	500	\$ 0.0239	\$ 11.95		
Cost of Power (kWh)	500	\$ 0.0470	\$ 23.50		Cost of Power (kWh)	500	\$ 0.0470	\$ 23.50		
Current 2004 Bill			\$ 54.11		Adjusted 2005 Bill			\$ 53.33	\$ (0.78) -1.43%	

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
750										
	Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	\$ 12.78		
	Distribution (kWh)	750	\$0.0080	\$ 6.00		Distribution (kWh)	750	\$ 0.0102	\$ 7.66	
				Sub-Total	\$ 20.66			Sub Total	\$ 20.44	\$ (0.22) -1.08%
	Other Charges (kWh)	750	0.0239	\$ 17.93		Other Charges (kWh)	750	0.0239	\$ 17.93	
	Cost of Power (kWh)	750	0.0470	\$ 35.25		Cost of Power (kWh)	750	0.0470	\$ 35.25	
	Current 2004 Bill			\$ 73.84		Adjusted 2005 Bill		\$ 73.61	\$ (0.22)	-0.30%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
1,000										
	Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	\$ 12.78		
	Distribution (kWh)	1000	\$0.0080	\$ 8.00		Distribution (kWh)	1000	\$ 0.0102	\$ 10.21	
				Sub-Total	\$ 22.66			Sub Total	\$ 22.99	\$ 0.33 1.45%
	Other Charges (kWh)	1000	0.0239	\$ 23.90		Other Charges (kWh)	1000	0.0239	\$ 23.90	
	Cost of Power (kWh)	750	0.0470	\$ 35.25		Cost of Power (kWh)	750	0.0470	\$ 35.25	
	Cost of Power (kWh)	250	0.0550	\$ 13.75		Cost of Power (kWh)	250	0.0550	\$ 13.75	
	Current 2004 Bill			\$ 95.56		Adjusted 2005 Bill		\$ 95.89	\$ 0.33	0.34%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
1,500										
	Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	\$ 12.78		
	Distribution (kWh)	1500	\$0.0080	\$ 12.00		Distribution (kWh)	1500	\$ 0.0102	\$ 15.31	
				Sub-Total	\$ 26.66			Sub Total	\$ 28.09	\$ 1.43 5.37%
	Other Charges (kWh)	1500	0.0239	\$ 35.85		Other Charges (kWh)	1500	0.0239	\$ 35.85	
	Cost of Power (kWh)	750	0.0470	\$ 35.25		Cost of Power (kWh)	750	0.0470	\$ 35.25	
	Cost of Power (kWh)	750	0.0550	\$ 41.25		Cost of Power (kWh)	750	0.0550	\$ 41.25	
	Current 2004 Bill			\$ 139.01		Adjusted 2005 Bill		\$ 140.44	\$ 1.43	1.03%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
2,000										
	Monthly Service Charge	N/A	N/A	\$ 14.66		Monthly Service Charge	N/A	\$ 12.78		
	Distribution (kWh)	2000	\$0.0080	\$ 16.00		Distribution (kWh)	2000	\$ 0.0102	\$ 20.41	
				Sub-Total	\$ 30.66			Sub Total	\$ 33.20	\$ 2.54 8.27%
	Other Charges (kWh)	2000	0.0239	\$ 47.80		Other Charges (kWh)	2000	0.0239	\$ 47.80	
	Cost of Power (kWh)	750	0.0470	\$ 35.25		Cost of Power (kWh)	750	0.0470	\$ 35.25	
	Cost of Power (kWh)	1,250	0.0550	\$ 68.75		Cost of Power (kWh)	1,250	0.0550	\$ 68.75	
	Current 2004 Bill			\$ 182.46		Adjusted 2005 Bill		\$ 185.00	\$ 2.54	1.39%

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

GENERAL SERVICE < 50 KW

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$0.0097, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0229/kWh. These charges may differ slightly for your utility.
In addition, consumption has not been adjusted for line losses.

CURRENT 2004 BILL					FUTURE 2005 BILL					
ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
	1,000									
	Monthly Service Charge	N/A	N/A	\$ 15.14	Monthly Service Charge	N/A	N/A	\$ 12.49		
	Distribution (kWh)	1000	\$ 0.0022	\$ 2.20	Distribution (kWh)	1000	\$ 0.0029	\$ 2.89		
		Sub-Total		\$ 17.34		Sub Total		\$ 15.38	\$ (1.96)	-11.31%
	Other Charges (kWh)	1000	\$ 0.0229	\$ 22.90	Other Charges (kWh)	1000	\$ 0.0229	\$ 22.90		
	Cost of Power (kWh)	1000	\$ 0.0470	\$ 47.00	Cost of Power (kWh)	1000	\$ 0.0470	\$ 47.00		
Current 2004 Bill				\$ 87.24	Adjusted 2005 Bill			\$ 85.28	\$ (1.96)	-2.25%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
2,000										
	Monthly Service Charge	N/A	N/A	\$ 15.14		Monthly Service Charge	N/A	\$ 12.49		
	Distribution (kWh)	2000	\$ 0.0022	\$ 4.40		Distribution (kWh)	2000	\$ 0.0029	\$ 5.78	
			Sub-Total	\$ 19.54				Sub Total	\$ 18.27	\$ (1.27) -6.49%
	Other Charges (kWh)	2000	\$ 0.0229	\$ 45.80		Other Charges (kWh)	2,000	\$ 0.0229	\$ 45.80	
	Cost of Power (kWh)	750	\$ 0.0470	\$ 35.25		Cost of Power (kWh)	750	\$ 0.0470	\$ 35.25	
	Cost of Power (kWh)	1,250	\$ 0.0550	\$ 68.75		Cost of Power (kWh)	1,250	\$ 0.0550	\$ 68.75	
	Current 2004 Bill			\$ 169.34		Adjusted 2005 Bill		\$ 168.07	\$ (1.27)	-0.75%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
5,000										
	Monthly Service Charge	N/A	N/A	\$ 15.14		Monthly Service Charge	N/A	\$ 12.49		
	Distribution (kWh)	5000	\$ 0.0022	\$ 11.00		Distribution (kWh)	5000	\$ 0.0029	\$ 14.46	
			Sub-Total	\$ 26.14				Sub Total	\$ 26.95	\$ 0.81 3.09%
	Other Charges (kWh)	5000	\$ 0.0229	\$ 114.50		Other Charges (kWh)	5,000	\$ 0.0229	\$ 114.50	
	Cost of Power (kWh)	750	\$ 0.0470	\$ 35.25		Cost of Power (kWh)	750	\$ 0.0470	\$ 35.25	
	Cost of Power (kWh)	4,250	\$ 0.0550	\$ 233.75		Cost of Power (kWh)	4,250	\$ 0.0550	\$ 233.75	
	Current 2004 Bill			\$ 409.64		Adjusted 2005 Bill		\$ 410.45	\$ 0.81	0.20%

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
10,000										
	Monthly Service Charge	N/A	N/A	\$ 15.14		Monthly Service Charge	N/A	\$ 12.49		
	Distribution (kWh)	10000	\$0.0022	\$ 22.00		Distribution (kWh)	10000	\$0.0029	\$ 28.92	
				Sub-Total	\$ 37.14			Sub Total	\$ 41.41	\$ 4.27 11.49%
	Other Charges (kWh)	10000	\$0.0229	\$ 229.00		Other Charges (kWh)	10,000	\$0.0229	\$ 229.00	
	Cost of Power (kWh)	750	\$0.0470	\$ 35.25		Cost of Power (kWh)	750	\$0.0470	\$ 35.25	
	Cost of Power (kWh)	9,250	\$0.0550	\$ 508.75		Cost of Power (kWh)	9,250	\$0.0550	\$ 508.75	
	Current 2004 Bill			\$ 810.14		Adjusted 2005 Bill		\$ 814.41	\$ 4.27	0.53%

ENTER DESIRED CONSUMPTION LEVEL (kWh)		kWh	RATE \$/kWh	CHARGE (\$)		kWh	RATE \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
15,000										
	Monthly Service Charge	N/A	N/A	\$ 15.14		Monthly Service Charge	N/A	\$ 12.49		
	Distribution (kWh)	15000	\$0.0022	\$ 33.00		Distribution (kWh)	15000	\$0.0029	\$ 43.38	
				Sub-Total	\$ 48.14			Sub Total	\$ 55.87	\$ 7.73 16.05%
	Other Charges (kWh)	15000	\$0.0229	\$ 343.50		Other Charges (kWh)	15,000	\$0.0229	\$ 343.50	
	Cost of Power (kWh)	750	\$0.0470	\$ 35.25		Cost of Power (kWh)	750	\$0.0470	\$ 35.25	
	Cost of Power (kWh)	14,250	\$0.0550	\$ 783.75		Cost of Power (kWh)	14,250	\$0.0550	\$ 783.75	
	Current 2004 Bill			\$ 1,210.64		Adjusted 2005 Bill		\$ 1,218.37	\$ 7.73	0.64%

GENERAL SERVICE > 50 KW to 3000 KW

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$3.91/kW, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003.
You may have more accurate estimates for your utility. Consumption has not been adjusted for line losses.

	CURRENT 2004 BILL				FUTURE 2005 BILL					
ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
60										
	Monthly Service Charge	N/A	N/A	\$ 554.38		Monthly Service Charge	N/A	\$ 503.14		
	Distribution (kW)	60	\$3.1149	\$ 186.89		Distribution (kW)	60	\$3.6245	\$ 217.47	
				Sub-Total	\$ 741.27			Sub Total	\$ 720.61	\$ (20.66) -2.79%
15,000										
	Other Charges (kW)	60	\$3.9100	\$ 234.60		Other Charges (kW)	60.00	\$3.9100	\$ 234.60	
	Other Charges (kWh)	15,000	\$0.0132	\$ 198.00		Other Charges (kWh)	15,000	\$0.0132	\$ 198.00	
	Cost of Power (kWh)	15000	\$0.0550	\$ 825.00		Cost of Power (kWh)	15,000	\$0.0550	\$ 825.00	
	Current 2004 Bill			\$ 1,968.87		Adjusted 2005 Bill		\$ 1,978.21	\$ (20.66)	-1.03%

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
100	Monthly Service Charge	N/A	N/A	\$ 554.38		Monthly Service Charge	N/A	\$ 503.14		
kWh 40,000	Distribution (kW)	100	\$3.1149	\$ 311.49		Distribution (kW)	100	\$3.6245	\$ 362.45	
			Sub-Total	\$ 865.87			Sub Total	\$ 865.59	\$ (0.28)	-0.03%
	Other Charges (kW)	100	\$3.9100	\$ 391.00		Other Charges (kW)	100.00	\$3.9100	\$ 391.00	
	Other Charges (kWh)	40,000	\$0.0132	\$ 528.00		Other Charges (kWh)	40,000	\$0.0132	\$ 528.00	
	Cost of Power (kWh)	40,000	\$0.0550	\$ 2,200.00		Cost of Power (kWh)	40,000	\$0.0550	\$ 2,200.00	
Current 2004 Bill				\$ 3,984.87		Adjusted 2005 Bill				\$ (0.28) -0.01%

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
500	Monthly Service Charge	N/A	N/A	\$ 554.38		Monthly Service Charge	N/A	\$ 503.14		
kWh 100,000	Distribution (kW)	500	\$3.1149	\$ 1,557.45		Distribution (kW)	500	\$3.6245	\$ 1,812.26	
			Sub-Total	\$ 2,111.83			Sub Total	\$ 2,315.40	\$ 203.57	9.64%
	Other Charges (kW)	500	\$3.9100	\$ 1,955.00		Other Charges (kW)	500.00	\$3.9100	\$ 1,955.00	
	Other Charges (kWh)	100,000	\$0.0132	\$ 1,320.00		Other Charges (kWh)	100,000	\$0.0132	\$ 1,320.00	
	Cost of Power (kWh)	100,000	\$0.0550	\$ 5,500.00		Cost of Power (kWh)	100,000	\$0.0550	\$ 5,500.00	
Current 2004 Bill				\$ 10,886.83		Adjusted 2005 Bill				\$ 203.57 1.87%

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
1,000	Monthly Service Charge	N/A	N/A	\$ 554.38		Monthly Service Charge	N/A	\$ 503.14		
kWh 400,000	Distribution (kW)	1,000	\$3.1149	\$ 3,114.90		Distribution (kW)	1000	\$3.6245	\$ 3,624.52	
			Sub-Total	\$ 3,669.28			Sub Total	\$ 4,127.66	\$ 458.38	12.49%
	Other Charges (kW)	1,000	\$3.9100	\$ 3,910.00		Other Charges (kW)	1,000.00	\$3.9100	\$ 3,910.00	
	Other Charges (kWh)	400,000	\$0.0132	\$ 5,280.00		Other Charges (kWh)	400,000	\$0.0132	\$ 5,280.00	
	Cost of Power (kWh)	400,000	\$0.0550	\$ 22,000.00		Cost of Power (kWh)	400,000	\$0.0550	\$ 22,000.00	
Current 2004 Bill				\$ 34,859.28		Adjusted 2005 Bill				\$ 458.38 1.31%

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
3,000		Monthly Service Charge	N/A	N/A	\$ 554.38	Monthly Service Charge	N/A	N/A	\$ 503.14	
kWh		Distribution (kW)	3,000	\$3.1149	\$ 9,344.70	Distribution (kW)	3000	\$ 3.6245	\$ 10,873.55	
1,000,000				Sub-Total	\$ 9,899.08			Sub Total	\$ 11,376.69	\$ 1,477.61 14.93%
		Other Charges (kW)	3,000	3.9100	\$ 11,730.00	Other Charges (kW)	3,000.00	3.9100	\$ 11,730.00	
		Other Charges (kWh)	1,000,000	0.0132	\$ 13,200.00	Other Charges (kWh)	1,000,000	0.0132	\$ 13,200.00	
		Cost of Power (kWh)	1,000,000	0.0550	\$ 55,000.00	Cost of Power (kWh)	1,000,000	0.0550	\$ 55,000.00	
		Current 2004 Bill			\$ 88,829.08	Adjusted 2005 Bill			\$ 91,306.69	\$ 1,477.61 1.64%

INTERMEDIATE USE (copied GS>50KW TOU for bill impact comparison)

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$4.2138/kWh, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003.
You may have more accurate estimates for your utility. Consumption has not been adjusted for line losses.

CURRENT 2004 BILL					FUTURE 2005 BILL				
ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)
kW									IMPACT (%)
3,000		Monthly Service Charge	N/A	N/A	\$ 1,113.07	Monthly Service Charge	N/A	N/A	\$ 961.06
kWh		Distribution (kW)	3,000	\$0.8080	\$ 2,424.00	Distribution (kW)	3000	\$0.29	\$ 856.10
800,000				Sub-Total	\$ 3,537.07			Sub Total	\$ 1,817.16
		Other Charges (kW)	3,000	4.2138	\$ 12,641.40	Other Charges (kW)	3,000.00	4.2138	\$ 12,641.40
		Other Charges (kWh)	800,000	0.0132	\$ 10,560.00	Other Charges (kWh)	800,000	0.0132	\$ 10,560.00
		Cost of Power (kWh)	800,000	0.0550	\$ 44,000.00	Cost of Power (kWh)	800,000	0.0550	\$ 44,000.00
		Current 2004 Bill			\$ 70,738.47	Adjusted 2005 Bill			\$ 69,018.56
									\$ (1,719.91) -2.431%

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
3,000		Monthly Service Charge	N/A	N/A	\$ 1,113.07	Monthly Service Charge	N/A	N/A	\$ 961.06	
kWh		Distribution (kW)	3,000	\$0.8080	\$ 2,424.00	Distribution (kW)	3000	\$0.29	\$ 856.10	
1,000,000				Sub-Total	\$ 3,537.07			Sub Total	\$ 1,817.16	\$ (1,719.91) -48.63%
		Other Charges (kW)	3,000	4.2138	\$ 12,641.40	Other Charges (kW)	3,000.00	4.2138	\$ 12,641.40	
		Other Charges (kWh)	1,000,000	0.0132	\$ 13,200.00	Other Charges (kWh)	1,000,000	0.0132	\$ 13,200.00	
		Cost of Power (kWh)	1,000,000	0.0550	\$ 55,000.00	Cost of Power (kWh)	1,000,000	0.0550	\$ 55,000.00	
		Current 2004 Bill			\$ 84,378.47	Adjusted 2005 Bill			\$ 82,658.56	\$ (1,719.91) -2.038%

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW										
4,000		Monthly Service Charge	N/A	N/A	\$ 1,113.07	Monthly Service Charge	N/A	N/A	\$ 961.06	
kWh		Distribution (kW)	4,000	\$0.8080	\$ 3,232.00	Distribution (kW)	4000	\$0.29	\$ 1,141.47	
1,200,000				Sub-Total	\$ 4,345.07			Sub Total	\$ 2,102.53	\$ (2,242.54) -51.61%
		Other Charges (kW)	4,000	4.2138	\$ 16,855.20	Other Charges (kW)	4,000.00	4.2138	\$ 16,855.20	
		Other Charges (kWh)	1,200,000	0.0132	\$ 15,840.00	Other Charges (kWh)	1,200,000	0.0132	\$ 15,840.00	
		Cost of Power (kWh)	1,200,000	0.0550	\$ 66,000.00	Cost of Power (kWh)	1,200,000	0.0550	\$ 66,000.00	
		Current 2004 Bill			\$ 103,040.27	Adjusted 2005 Bill			\$ 100,797.73	\$ (2,242.54) -2.18%

Sheet 13 - Estimated Bill Impact Analysis for 2005 Rate Schedule

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW	4,000	Monthly Service Charge	N/A	N/A	\$ 1,113.07	Monthly Service Charge	N/A	N/A	\$ 961.06	
	kWh	Distribution (kW)	4,000	\$0.8080	\$ 3,232.00	Distribution (kW)	4000	\$0.2854	\$ 1,141.47	
	1,800,000			Sub-Total	\$ 4,345.07			Sub Total	\$ 2,102.53	\$ (2,242.54) -51.61%
		Other Charges (kW)	4,000	4.2138	\$ 16,855.20	Other Charges (kW)	4,000.00	4.2138	\$ 16,855.20	
		Other Charges (kWh)	1,800,000	0.0132	\$ 23,760.00	Other Charges (kWh)	1,800,000	0.0132	\$ 23,760.00	
		Cost of Power (kWh)	1,800,000	0.0550	\$ 99,000.00	Cost of Power (kWh)	1,800,000	0.0550	\$ 99,000.00	
		Current 2004 Bill			\$ 143,960.27	Adjusted 2005 Bill		\$ 141,717.73	\$ (2,242.54) -1.558%	

LARGE USE CLASS (> 5000 KW)

For the purpose of this estimate, Other Charges include Retail Transmission Rate of \$0.047369/kWh, Wholesale Market Service Rate of \$0.0062 and Debt Reduction Charge of \$0.007 for a total of \$0.0132/kWh. These charges may differ slightly for your utility.
Cost of Power is estimated to be 5.5 cents/kWh based on the estimate included in the Market Surveillance Panel Market Report of December 17, 2003.
You may have more accurate estimates for your utility. Consumption has not been adjusted for line losses.

CURRENT 2004 BILL					FUTURE 2005 BILL						
ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)			kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW	6,000	Monthly Service Charge	N/A	N/A	\$ -	Monthly Service Charge		N/A	N/A		
	kWh	Distribution (kW)	6,000	\$0.0000	\$ -	Distribution (kW)		6000	\$ -	\$ -	
2,800,000			Sub-Total	\$ -		Sub Total		\$ -	\$ -	\$ -	#DIV/0!
		Other Charges (kW)	6,000	0.0474	\$ 284.21	Other Charges (kW)		6,000.00	0.0474	\$ 284.21	
		Other Charges (kWh)	2,800,000	0.0132	\$ 36,960.00	Other Charges (kWh)		2,800,000	0.0132	\$ 36,960.00	
		Cost of Power (kWh)	2,800,000	0.0550	\$ 154,000.00	Cost of Power (kWh)		2,800,000	0.0550	\$ 154,000.00	
	Current 2004 Bill				\$ 191,244.21	Adjusted 2005 Bill				\$ 191,244.21	\$ -	0.00%

ENTER DESIRED CONSUMPTION LEVEL		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)		kW/ kWh	RATE \$/kW or \$/kWh	CHARGE (\$)	IMPACT (\$)	IMPACT (%)
kW	15,000	Monthly Service Charge	N/A	N/A	\$ -	Monthly Service Charge	N/A	N/A		
	kWh	Distribution (kW)	15,000	\$0.0000	\$ -	Distribution (kW)	15000	\$ -	\$ -	
	10,000,000			Sub-Total	\$ -			Sub Total	\$ -	\$ - #DIV/0!
		Other Charges (kW)	15,000	0.0474	\$ 710.54	Other Charges (kW)	15,000.00	0.0474	\$ 710.54	
		Other Charges (kWh)	10,000,000	0.0132	\$ 132,000.00	Other Charges (kWh)	10,000,000	0.0132	\$ 132,000.00	
		Cost of Power (kWh)	10,000,000	0.0550	\$ 550,000.00	Cost of Power (kWh)	10,000,000	0.0550	\$ 550,000.00	
		Current 2004 Bill			\$ 682,710.54	Adjusted 2005 Bill		\$ 682,710.54	\$ -	0.00%

APPENDIX 9-N
2001 Audited Financial Statements, Tax Returns and Assessment

Financial Statements of

E.L.K. ENERGY INC.

Year ended December 31, 2001



**KPMG LLP
Chartered Accountants**

618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

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AUDITORS' REPORT

To the Shareholders of E.L.K. Energy Inc.

We have audited the balance sheet of E.L.K. Energy Inc. as at December 31, 2001 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of E.L.K. Energy Inc. as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Windsor, Canada

March 22, 2002

*- clean audit opinion
- not materially misstated*



E.L.K. ENERGY INC.

Balance Sheet

December 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	\$ 4,327,931	\$ 3,862,362
Accounts receivable	734,426	911,525
Payment in lieu of income taxes recoverable - <i>instalments made for cap tax</i>	33,743	-
Prepaid expenses	24,232	49,008
Unbilled revenue	1,716,919	1,649,755
Inventories	305,048	329,846
	<i>↑ kWh & rate</i>	
	7,142,299	6,802,496
Capital assets, at cost (note 3) <i>\$600,000 additions</i>	17,609,020	17,136,965
Less accumulated amortization <i>\$750,000 depⁿ</i>	8,537,837	7,809,467
	9,071,183	9,327,498
Future income taxes <i>- one time only - relates to tax value of cap assets and goodwill</i>	865,000	-
	<i>- each yr it gets ↓</i>	
	\$ 17,078,482	\$ 16,129,994
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,977,943	\$ 2,702,398
Current portion of customer deposits <i>2000 had large payable for sewage & water</i>	238,696	6,535
	<i>contractor deposits at y/e</i>	
	2,216,639	2,708,933
Long-term liabilities:		
Customer deposits	257,814	299,657
Employee future benefits (note 4) <i>\$88,000 ↑ for cement expense</i>	1,635,029	1,546,232
	1,892,843	1,845,889
Shareholders' equity:		
Share capital (note 5)	100	100
Retained earnings	8,566,527	7,172,699
Contributed surplus	4,402,373	4,402,373
	12,969,000	11,575,172
Contingencies (note 6)		
	\$ 17,078,482	\$ 16,129,994

See accompanying notes to financial statements.

- \$ 154,000 comp soft
- \$ 171,000 overhead conductors
- \$ 45,000 poles
- \$ 53,000 underground conductors

E.L.K. ENERGY INC.

Statement of Earnings

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Service revenue:		
Residential <i>↑ rates in June</i>	\$ 8,167,774	\$ 6,915,024
General service	6,722,537	6,734,453
Street lighting	132,676	148,642
	15,022,987	13,798,119
Service revenue adjustment	67,164	60,244
	15,090,151	13,858,363
Power purchased <i>COP ↑ 6% rate ↑</i>	12,981,990	12,264,776
Gross margin on service revenue	2,108,161	1,593,587
Other operating revenue:		
Interest and other <i>- int 154000</i>	826,626	757,121
Late payment charges <i>- gain on sale 26297</i>	142,786	144,810
	969,412	901,931
	3,077,573	2,495,518
Expenditures:		
Administration <i>↑ 26k (legal, valuation)</i>	733,784	713,611
Billing and collecting	359,885	321,614
Amortization	622,691	577,835
Interest	11,157	14,210
Operations and maintenance <i>fewer cap projects ∴ more time on op & mce</i>	790,028	618,508
	2,517,545	2,245,778
Income before payments in lieu of income taxes	560,028	249,740
Income taxes (note 11):		
Current <i>- capital tax</i>	6,200	-
Future <i>- good will 322</i>	(865,000)	-
	(858,800)	-
	865	-
Net earnings	\$ 1,418,828	\$ 249,740

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Statement of Retained Earnings

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Balance, beginning of year	\$ 7,172,699	\$ —
Recognition of net assets transferred	—	6,922,959
Net earnings	1,418,828	249,740
Dividend paid	(25,000)	—
Balance, end of year	\$ 8,566,527	\$ 7,172,699

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Statement of Cash Flows

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Net earnings	\$ 1,418,828	\$ 249,740
Items not involving cash:		
Amortization of capital assets	622,691	670,338
Future income taxes	(865,000)	—
Changes in non-cash operating working capital	(366,528)	156,674
	809,991	1,076,752
Financing:		
Issuance of share capital	—	100
Change in long-term customer deposits	(41,843)	70,176
Change in post employment benefits	88,797	55,463
Dividends paid	(25,000)	—
	21,954	125,739
Investing:		
Capital assets additions	(392,673)	(565,434)
Proceeds on disposal of capital assets	26,297	—
	(366,376)	(565,434)
Increase in cash	465,569	637,057
Cash, beginning of year	3,862,362	3,225,305
Cash, end of year	\$ 4,327,931	\$ 3,862,362

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Notes to Financial Statements

Year ended December 31, 2001

1. Incorporation:

The Ontario Government enacted the Energy Competition Act, 1998 to introduce competition to the Ontario electricity market. Under the terms of this legislation, the Ontario Energy Board ("OEB") will regulate industry participants by issuing licenses for the right to generate, transmit, distribute or retail electricity. These licenses will require compliance with established market rules and codes.

E.L.K. Energy Inc. supplies and distributes electric power and maintains electrical distribution systems in the following communities: Essex, Harrow, Belle River, Comber, Kingsville, and Cottam.

E.L.K. Energy Inc. also performs the billing function for the Municipality of the Town of Essex Water Department and the Municipality of the Town of Lakeshore Water Department.

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with the OEB Accounting Procedures Handbook which is generally consistent with Canadian generally accepted accounting principles.

(b) Capital assets:

Capital assets are stated at cost. Buildings and equipment are amortized on the straight-line basis at rates suggested by the Ontario Energy Board. These rates of amortization range from 2% to 25%.

(c) Inventories:

Inventories are valued at the lower of cost and market.

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

2. Significant accounting policies: (continued)

(d) Revenue recognition:

Revenue from the sale of electrical energy is recognized when power is delivered to customers. Billings from the last meter reading date are adjusted based on a number of factors to reflect estimated usage to the year end date. These estimates are reflected on the balance sheet as unbilled revenue. Unbilled revenue is the amount of electricity that has been shipped to customers but not billed by the end of the year.

(e) Employee future benefits:

The Company provides post retirement benefits for employees who retire from active employment.

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro rated on service and the actuary's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

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.

(f) Payments in lieu of taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Commencing October 1, 2001 and pursuant to the Electricity Act, the Company is required to compute taxes under the ITA and OCTA and remit such amounts thereunder computed to the Ministry of Finance (Ontario). These amounts, referred to as PILs under the Electricity Act, are applied to reduce certain debt obligations of the former Ontario Hydro continuing as Ontario Electricity Financial Corporation.

The Company has accounted for all significant timing and permanent differences between amounts computed for accounting and tax purposes. Timing differences are recorded in future PILs on the balance sheet at current enacted statutory tax rates (under the ITA and OCTA). Permanent differences are recorded as an adjustment to the provision for PILs which has been included on the statement of earnings at the current enacted statutory tax rates.

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

2. Significant accounting policies: (continued)

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Due to these uncertainties, actual results reported in future periods might differ from those estimates.

3. Capital assets:

			2001	2000
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 156,387	\$ —	\$ 156,387	\$ 156,387
Building, plant and equipment	3,038,439	1,875,190	1,163,249	1,185,666
Transmission and distribution system	14,414,194	6,662,647	7,751,547	7,985,445
	\$ 17,609,020	\$ 8,537,837	\$ 9,071,183	\$ 9,327,498

4. Employee future benefits:

E.L.K. Energy Inc. pays certain benefits on behalf of its retired employees. Information about E.L.K. Energy Inc.'s defined benefit plans is as follows:

	2001	2000
Accrued benefit obligation, beginning of year	\$ 1,546,232	\$ 1,457,434
Expense	123,643	123,644
Benefits paid for the period	(34,846)	(34,846)
Projected accrued benefit obligation, end of year, as determined by actuarial valuation using a 6.0% discount rate	\$ 1,635,029	\$ 1,546,232

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

4. Employee future benefits (continued):

The main actuarial assumptions employed for the valuations are as follows:

Discount rate	6%
Expected return on plan assets	n/a
Rate of compensation increase	2%
Medical trend rate:	
Initial	11.5%
Ultimate	6.5%
Year of ultimate level	2009

5. Share capital:

The authorized and issued share capital is as follows:

Authorized:	
Unlimited common shares	
Issued:	
10,000 common shares	\$ 100

The common shares were issued as follows:

	# of Common shares	Amount paid
Town of Essex	3,800	\$ 38
Town of Lakeshore	2,400	24
Town of Kingsville	3,800	38
	10,000	\$ 100

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

6. Contingencies:

(a) The Company belongs to the Municipal Electrical Association Reciprocal Insurance Exchange. This is a pooling of the public liability insurance risks of many of Ontario electrical distribution utilities. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. To December 31, 2001, no assessments have been made since joining.

(b) A class action claiming \$500 million in restitutionary payments plus interest has been initiated against a 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 Electricity Distributors Association is undertaking the defense of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the Company.

7. Pension costs:

The Company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2001 was \$nil for current service and would otherwise be included as an expense on the statement of earnings.

8. Supplemental cash flow information:

	2001	2000
Cash paid during the year for:		
Interest	\$ 11,157	\$ 14,210
Cash received during the year for:		
Interest	154,142	181,056

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

9. Related party transactions:

The amounts due to/from shareholders are as follows:

	2001	2000
Due to shareholders, included in accounts payable	\$ 271,801	\$ 1,123,984
Due from shareholders, included in accounts receivable	33,751	208,738

These amounts are measured at the exchange amount.

10. Fair value of financial assets and liabilities:

The fair value of the Company's cash, accounts receivable, accounts payable and accrued liabilities and customer deposits approximate their carrying values.

11. Income taxes:

The Company's effective income tax rates differed from the statutory combined federal and provincial rates primarily due to the following:

Earnings before income taxes	\$ 560,028
Income tax expense based on combined federal and provincial statutory income tax rate of 40.62%	\$ 227,483
Federal large corporations tax	6,200
Tax reduction related to income earned prior to October 1, 2001	(227,483)
Other items:	
Capital assets – differences in net book value and undepreciated capital cost	(543,000)
Goodwill deductible for tax purposes	(322,000)
	\$ (858,800)

E.L.K. ENERGY INC.

Notes to Financial Statements (continued)

Year ended December 31, 2001

11. Income taxes (continued):

The tax effects of temporary differences that give rise to significant portions of the future tax asset at December 31, 2001 are as follows:

Capital assets – differences in net book value and undepreciated capital cost	\$ 543,000
Goodwill deductible for tax purposes	322,000
Future tax asset	\$ 865,000

T2 CORPORATION INCOME TAX RETURN

200



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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2000 T2 Corporation Income Tax Guide*.

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

055 Do not use this area

Identification

Business Number (BN) 001 866567787RC0001

002 Corporation's name

E.L.K. ENERGY INC.

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

If yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐

Address of head office

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

011 172 FOREST AVE

012

City Province, territory, or state

015 ESSEX **016** ON

Country (other than Canada) Postal Code/ZIP code

017 N8M-3E4 **018** N8M-3E4

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City Province, territory, or state

025 ESSEX **026** ON

Country (other than Canada) Postal code/ZIP code

027 N8M-3E4 **028** N8M-3E4

Location of books and records

031 172 FOREST AVE

032

City Province, territory, or state

035 ESSEX **036** ON

Country (other than Canada) Postal Code/ZIP code

037 N8M-3E4 **038** N8M-3E4

040 Type of corporation at the end of the taxation year

1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation

2 ☐ Other private corporation 5 ☐ Other corporation (please specify, below)

3 ☐ Public corporation

If not private (3, 4 or 5), is the corporation subject to Part IV tax? Yes ☐ No ☐

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

To which taxation year does this return apply?

Taxation year start

Taxation year end

060 2001-10-01
YYYY/MM/DD

061 2001-12-31
YYYY/MM/DD

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

If yes, provide the date control was acquired **065** YYYY/MM/DD

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

Is this the first year of filing after:

Incorporation? **070** 1 Yes ☐ 2 No ☒

Amalgamation? **071** 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year? **072** 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

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

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

Is the corporation a resident of Canada?

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

081

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

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

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

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

Do not use this area

091	092	093	094	095	096
097					

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

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	150	9
28	Does the corporation have any non-resident shareholders?	151	19
29	Is the corporation an associated Canadian-controlled private corporation?	160	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents	162	11
33	If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168	22
41	Did the corporation have any foreign affiliates during the year?	169	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170	29
43	Has the corporation had any non-arm's-length transactions with a non-resident?	171	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172	—
	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	50
53	Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	1
76-79	Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	202	2
80,102	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	3
67-74	Is the corporation claiming any type of losses?	204	4
128	Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	5
54	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206	6
100	i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207	7
55	Does the corporation have any property that is eligible for capital cost allowance?	208	8
56	Does the corporation have any property that is eligible capital property?	210	10
57	Does the corporation have any resource-related deductions?	212	12
58	Is the corporation claiming reserves of any kind?	213	13
59	Is the corporation claiming a patronage dividend deduction?	216	16
60	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217	17
	Is the corporation an investment corporation or a mutual fund corporation?	218	18
121	Was the corporation carrying on business in Canada while not a Canadian corporation?	220	20 *
115	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221	21
151	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226	26 *
108	Does the corporation have any Canadian manufacturing and processing profits?	227	27
118	Is the corporation claiming an investment tax credit?	231	31
61	Is the corporation claiming any scientific research and experimental development expenditures?	232	T661
121	Is the corporation subject to gross Part I.3 tax?	233	33/34/35
121	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	36
121	Is the corporation claiming a surtax credit?	237	37
125	Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	38
125	Is the corporation claiming a Part I tax credit?	242	42
126	Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	43
126	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	45
122	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	46
125	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	39
125	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251	40
125	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252	41
148	Is the corporation claiming a Canadian film or video production tax credit refund?	253	T1131

Corporation's name
E.L.K. ENERGY INC.

Business Number
866567787RC0001

Taxation year-end
2001-12-31

Attachments - continued from page 2

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

Additional information

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

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

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

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

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

284	ELECTRICITY	285	100 %
286		287	0 %
288		289	0 %

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL 300 -293,048 A

Deduct:

Charitable donations from Schedule 2	311	0
Gifts to Canada or a province from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		0

Subtotal (amount A minus amount B) 0 C

Add:

Section 110.5 additions	355	0
Taxable income (amount C plus amount D)	360	0
Income exempt under paragraph 149(1)(t)	370	0
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		0 Z

Small business deduction

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

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

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

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

Reduction to business limit:

Amount C 50,411 x 415** 0 D = 0 E

Reduced business limit (amount C minus amount E) (if negative, enter "0") 425 50,411 F

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

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

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

Accelerated tax reduction

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

Reduced business limit (amount from line 425) 50,411 x 3/2 = 75,617 A

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

Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of line 636 on page 7 0 C

Deduct:

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

Amount C minus amount D (if negative, enter "0") 0 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 Number of days in the taxation year after December 31, 2000 92 = 0 N
Number of days in the taxation year 92

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

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3	.....	0	A
Amount Z from Part 9 of Schedule 27	..... $0 \times 100/7$	0	B
Amount QQ from Part 13 of Schedule 27	.....	0	C
Resource allowance (amount from line 346 of Schedule 1)	..... $0 \times 3 =$	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	$0 \times \frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	$\frac{92}{92} \times 1\% =$	0 K
Amount J	$0 \times \frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 3\% =$	0 L
Amount J	$0 \times \frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 5\% =$	0 M
Amount J	$0 \times \frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 7\% =$	0 N
General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N (enter amount O on line 638 of page 7)			0 O

General tax reduction

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

Taxable income from line 360 or amount Z of page 3	.....	0	A
Amount Z from Part 9 of Schedule 27	..... $0 \times 100/7$	0	B
Amount QQ from Part 13 of Schedule 27	.....	0	C
Resource allowance (amount from line 346 of Schedule 1)	..... $0 \times 3 =$	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	$0 \times \frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	$\frac{92}{92} \times 1\% =$	0 H
Amount G	$0 \times \frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 3\% =$	0 I
Amount G	$0 \times \frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 5\% =$	0 J
Amount G	$0 \times \frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{92} \times 7\% =$	0 K
General tax reduction - Total of amounts H, I, J and K (enter amount L on line 639 of page 7)			0 L

Corporation's name
E.L.K. ENERGY INC.

Business Number
866567787RC0001

Taxation year-end
2001-12-31

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

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

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

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

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

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

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

0 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 E

Net amount 0

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

Refundable dividend tax on hand

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

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	<u>0</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>0</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:		
28.00 % of taxable income from line 360 of page 3	<u>0</u> a	
28.00 % of taxed capital gains	<u>0</u> b	6
Part I tax otherwise payable	<u>0</u> c	
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	<u>0</u>	7
Net amount (line 1 minus line 7)	<u>0</u>	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	<u>0</u>	i
Taxable income from line 360 on page 3	<u>0</u>	
Deduct:		
The least of amounts on lines 400, 405, 410, and 425 of page 4	<u>0</u>	
Net amount	<u>0</u>	ii

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

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

Deduct:

Small business deduction from line 430 of page 4	<u>0</u>	9
Federal tax abatement	608	<u>0</u>
Manufacturing and processing profits deduction from amount BB or amount VV of Schedule 27	616	<u>0</u>
Investment corporation deduction	620	<u>0</u>
(taxed capital gains 624 <u>0</u>)		
Additional deduction - credit unions from Schedule 17	628	<u>0</u>
Federal foreign non-business income tax credit from Schedule 21	632	<u>0</u>
Federal foreign business income tax credit from Schedule 21	636	<u>0</u>
Accelerated tax reduction from amount O of page 4	637	<u>0</u>
General tax reduction for CCPCs from amount O of page 5	638	<u>0</u>
General tax reduction from amount L of page 5	639	<u>0</u>
Federal logging tax credit from Schedule 21	640	<u>0</u>
Federal political contribution tax credit	644	<u>0</u>
Federal political contributions 646 <u>0</u>		
Federal qualifying environmental trust tax credit	648	<u>0</u>
Investment tax credit from Schedule 31	652	<u>0</u>
Part VI tax credit from Schedule 42	656	<u>0</u>
Part I.3 tax credit from Schedule 37	660	<u>0</u>
Subtotal	<u>0</u>	F

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

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	2,402
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		2,402

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750	ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760	0	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	0	
		0	
Total tax payable	770		2,402 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	2,402	
Total credits	890	2,402	2,402 B
Refund code	894	0	
Overpayment		0	
Balance (line A minus line B)			0

Direct deposit request

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

<input type="checkbox"/> Start	<input type="checkbox"/> Change information	910	Branch number
914	918	Institution number Account number	

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

Balance unpaid 0
Enclosed payment 898 0

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

896 1 Yes ☐ 2 No ☒

Certification

I, 950 CORRADO 951 SANDRA 954 DIRECTOR OF FINANCE
Last name in block letters First name in block letters Position, office or rank

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

955 _____ 956 519-776-5291
Date (yyyy/mm/dd) Signature of an authorized signing officer of the corporation Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below 957 1 Yes ☒ 2 No ☐

958 _____ 959 _____
Name in block letters Telephone number

Language of correspondence - Langue de correspondance

990 Please indicate the language of your choice.
Indiquer la langue de correspondance de votre choix. 1 English/Anglais ☒ 2 Français/French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and

extraordinary items per financial statements 487,200 A

Additions:

Provision for income taxes - current	<input type="text" value="101"/>	6,200	
Provision for income taxes - deferred	<input type="text" value="102"/>	-865,000	
Amortization of tangible assets	<input type="text" value="104"/>	140,479	
Charitable donations from Schedule 2	<input type="text" value="112"/>	100	
Non-deductible meals and entertainment expenses	<input type="text" value="121"/>	453	
Reserves from financial statements - balance at the end of the year	<input type="text" value="126"/>	1,635,029	
		<hr/>	
Subtotal of additions		917,261	917,261

Other Additions:

Subtotal of Other Additions	<input type="text" value="199"/>	0	0
		<hr/>	<hr/>
Total Additions	<input type="text" value="500"/>	917,261	917,261

Deductions:

Capital cost allowance from Schedule 8	<input type="text" value="403"/>	136,815	
Cumulative eligible capital deduction from Schedule 10	<input type="text" value="405"/>	14,462	
		<hr/>	
Subtotal of Deductions		151,277	151,277

Other Deductions:**Miscellaneous Other Deductions:**

<input type="text" value="700"/> EMPLOYEE FUTURE BENEFITS	<input type="text" value="390"/>	1,546,232	
<input type="text" value="701"/>	<input type="text" value="391"/>	0	
<input type="text" value="702"/>	<input type="text" value="392"/>	0	
<input type="text" value="703"/>	<input type="text" value="393"/>	0	
<input type="text" value="704"/>	<input type="text" value="394"/>	0	
		<hr/>	
Subtotal of Other Deductions	<input type="text" value="499"/>	1,546,232	1,546,232
		<hr/>	<hr/>
Total Deductions	<input type="text" value="510"/>	1,697,509	1,697,509

Net income (loss) for income tax purposes -293,048
 (enter on line 300 on the T2 return) =====

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

CHARITABLE DONATIONS AND GIFTS
(1998 and later taxation years)

- For use by corporations to claim any of the following:
 - Charitable donations;
 - Gifts to Canada or a province;
 - Gifts of certified cultural property; or
 - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsections 87(1) and 88(1) of the federal "Income Tax Act".
- File one completed copy of this schedule with your "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)	0
	-----	0
	Subtotal	0
	Add: Total donations of less than \$100 each	100
	-----	100
	Total donations in current taxation year	100
	=====	

	Federal	Ontario	Québec	Alberta
Charitable donations at end of preceding taxation year	0 A	0	0	0
Deduct:				
Donations expired after 5 taxation years	239 0	0	0	0
	-----	-----	-----	-----
Charitable donations at beginning of taxation year	240 0	0	0	0
Add:				
Donations transferred on amalgamation or wind-up of subsidiary	250 0 B			
Total current year charitable donations made	210 100 C			

Subtotal:				
Amount B plus amount C	100	100 D	100	100
	=====	-----	-----	-----

	Federal	Ontario	Québec	Alberta
Total donations available	100 E	100	100	100
Deduct: Amount applied against taxable income: (enter amount from line S)	260 0 F	0	0	0
Charitable donations closing balance	280 100 G	100	100	100

AMOUNTS CARRIED FORWARD

Year of origin:	Federal	Ontario	Québec	Alberta
1st prior year - 2001	0	0	0	0
2nd prior year - 2000	0	0	0	0
3rd prior year - 1999	0	0	0	0
4th prior year - 1998	0	0	0	0
5th prior year - 1997	0	0	0	0
6th prior year * - 1996	0	0	0	0
Total (to line A)	0	0	0	0

* use donations expired in the prior year.

Part 2 - Maximum deduction calculation for donations

Net income for tax purposes * multiplied by 75%	-219,786 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)	-219,786 R

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

amount R and net income for tax purposes)

(Enter amount S on line 311 of the T2 return)

0 S

* For credit unions this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Part 3 - Gifts to Canada or a province

Gifts to Canada or a province at the end of the preceding taxation year		0
Deduct: Gifts to Canada or a province expired after 5 taxation years	339	0
Gifts to Canada or a province at the beginning of the taxation year	340	0
Add: Gifts to Canada or a province transferred on amalgamation or wind-up of a subsidiary	350	0
Total current year gifts made to Canada or a province *	310	0

Subtotal		0
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return)	360	0
Gifts to Canada or a province closing balance	380	0
		=====

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount at line 210 and complete part 2.

Part 4 - Gifts of certified cultural property

Gifts of certified cultural property at the end of the preceding taxation year		0
Deduct: Gifts of certified cultural property expired after 5 taxation years	439	0
Gifts of certified cultural property at the beginning of the taxation year	440	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	450	0
Total current year gifts of certified cultural property	410	0

Subtotal		0
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	460	0
Gifts of certified cultural property closing balance	480	0
		=====

Part 5 - Gifts of certified ecologically sensitive land

Gifts of certified ecologically sensitive land at the end of the preceding taxation year		0
Deduct: Gifts of certified ecologically sensitive land expired after 5 taxation years	539	0
Gifts of certified ecologically sensitive land at the beginning of the taxation year	540	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	550	0
Total current year gifts of certified ecologically sensitive land	510	0

Subtotal		0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560	0
Gifts of certified ecologically sensitive land closing balance	580	0
		=====

Part 7 - Ontario DFILE purposes only

Ontario net income for tax purposes multiplied by 75%	-219,786
Ontario maximum deduction available	0

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		-293,048
Deduct: (increase a loss)		
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
		<hr/>
Subtotal (if positive, enter "0")	-293,048	
Deduct: (increase a loss)		
Section 110.5 - Addition for foreign tax deductions	0	
		<hr/>
Subtotal	-293,048	
Add: (decrease a loss)		
Current-year farm loss	0	
		<hr/>
Current-year non-capital loss (if positive, enter "0")	-293,048	<hr/>
		=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		0	
Deduct: Non-capital loss expired after seven taxation years	100	0	
Non-capital losses at beginning of taxation year	102	0	
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105	0	
Current-year non-capital loss (from calculation above)	110	293,048	293,048

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

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

		Subtotal	293,048

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		293,048
			=====

Election under paragraph 88(1.1)(f)

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

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

Part 2 - Capital losses**Continuity of capital losses and request for a carryback**

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

		Subtotal	0

Deduct:

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

		Subtotal	0

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

	Capital gain (100%)	Inclusion Rate		Amount carried back (100%)
First preceding taxation year	0	0.00	951	0
Second preceding taxation year	0	0.00	952	0
Third preceding taxation year	0	0.00	953	0

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

Part 2 - Capital losses**Continuity of capital losses and request for a carryback (cont'd)**

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

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

Note 2

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

Part 3 - Farm losses**Continuity of farm losses and request for a carryback**

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

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

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

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

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

Part 4 - Restricted farm losses**Current-year restricted farm loss**

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 = 0	B		
	6,250	C	0 2,500
Current-year restricted farm loss (enter this amount on line 410)			0

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
on 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 Taxable Income	Part IV Tax	Balance at End of Year
Current	N/A	293,048	0	0	N/A	0	293,048
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0 *
Total	0	293,048	0	0	0	0	293,048

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 Taxable Income	Part IV Tax	Balance at End of Year
Current	N/A	0	0	0	N/A	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0
1992	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

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

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

Summary of Capital Cost Allowance

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

Class No. [200]	UCC at Beginning of Year [201]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203]-[207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	0	9,579,084	0	0	4,789,542	4	0	0	48,289	9,530,795
8	0	472,825	0	0	236,412	20	0	0	11,918	460,907
10	0	385,000	0	0	192,500	30	0	0	14,556	370,444
12	0	254,047	0	0	127,023	100	0	0	32,017	222,030
Total	0	10,690,956	0	0	5,345,477		0	0	106,780	10,584,176

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide".
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at end of preceding taxation year**(if negative, enter "0") **200** 0 A**Add:**Cost of eligible capital property acquired during
the taxation year **222** 1,092,863 BAmount transferred on amalgamation or wind-up
of subsidiary **224** 0 COther adjustments **226** 0 D

(add amounts B, C, and D) 1,092,863 x 0.75 = 819,647 E

Subtotal (amount A plus amount E) **230** 819,647 F**Deduct:**Proceeds of sale (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year **242** 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) **244** 0 HOther adjustments **246** 0 I(add amounts G, H, and I) 0 x 0.75 = **248** 0 J**Cumulative eligible capital balance (amount F minus amount J)** 819,647 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)**Current year deduction** amount K 819,647 x 7.00% = **250** 14,462 L
(enter amount L at line 405 of Schedule 1)**Cumulative eligible capital - Closing balance** **300** 805,185 M
Amount K minus amount L (if negative, enter "0")**Note**

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

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

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

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

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988. 400 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7). 401 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988. 402 0 3Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988. 408 0 4

Line 3 minus line 4. 0 0 5

Total of lines 1, 2, and 5. 0 6

Line 6 from Schedule 10 of previous taxation years ending
before February 27, 2000. 409 0 7

Line 6 minus line 7. 0 0 O

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

Amount on line 5 0 x 1/2. 0 Q

Line P minus line Q. 0 R

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

Lesser of line N or line O. 0 T

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

For taxation years ending before February 28, 2000,

line N - line Q. 410 0

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

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

CONTINUITY OF RESERVES
(1998 and later taxation years)

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

Part 1 - Capital gains reserves

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

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
EMPLOYEE FUTURE BENEFITS	0	0	1,635,029	0	1,635,029
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Reserves From Section 3 below	0	0	0	0	0
Totals	0	0	1,635,029	0	1,635,029

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.

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

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

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

Filing date (for departmental use only) 100 Year Month Day

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

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	2,131,539
Capital stock (or members' contributions if incorporated without share capital)	103	100
Retained earnings	104	8,566,527
Contributed surplus	105	4,402,373
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	0
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

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

112 0

Subtotal 15,100,539 15,100,539 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year
Any deficit deducted in computing the shareholders' equity
Any amount deducted under subsection 135(1) in computing income under
Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above
The amount of deferred unrealized foreign exchange losses

121 865,000

122 0

123 0

124 0

Subtotal 865,000 865,000 B

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

190 14,235,539

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

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

Part 2 - Investment allowance**Add** the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation 401 0
A loan or advance to another corporation (other than a financial institution) 402 0
A bond, debenture, note, mortgage, or similar obligation of another corporation
(other than a financial institution) 403 0
Long-term debt of a financial institution 404 0
A dividend receivable on a share of the capital stock of another corporation 405 0
A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,
a partnership all of the members of which, throughout the year, were other corporations
other than financial institutions) that were not exempt from tax under Part I.3
(other than by reason of paragraph 181.1(3)(d)) 406 0
An interest in a partnership 407 0

Investment allowance for the year 490 0

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

Part 3 - Taxable capital

Capital for the year (line 190) 14,235,539 C

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

Taxable capital for the taxation year

(amount C minus amount D) (if negative, enter "0") 500 14,235,539

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)	14,235,539	X	Taxable income earned in Canada	610	1,000	Taxable capital employed in Canada	690	14,235,539
			Taxable income		1,000			

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

Part 5 - Taxable capital employed in Canada - Non-resident corporation

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

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

701 0

Deduct the following amounts:

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

711 0

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

712 0

Total amount of carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year in Canada

713 0

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

Taxable capital employed in Canada

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

Part 6 - Calculation of gross Part I.3 tax

Taxable capital employed in Canada for the year (line 690 or 790, whichever applies) 14,235,539

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 4,235,539

Gross Part I.3 tax: Line 811 4,235,539 x .2250% = 9,530 F

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

Amount F 9,530 x Number of days in the year 92 = 2,402 G

365

Gross Part I.3 tax (amount F or G, whichever applies) 820 2,402

Part 7 - Calculation of current year surtax credits

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

Current year surtax credit equals current year Canadian surtax payable.

Canadian surtax payable

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

- a) line 600 from the T2 return 0
- b) line 700 plus line 660 from the T2 return 0 H

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 14,235,539 = 0
- d) line 700 plus line 660 from the T2 return 0 I
- Current year surtax credit (amount H or I, whichever applies) 830 0

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

- Amount on line 830 0
- Less: Part I.3 tax before deducting surtax credits (line 820) 2,402 J
- Net amount -2,402 K

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

Note: The portion of amount K carried forward should be entered at line 660 of the T2 return.

- If the amount on line K is "negative," it represents the amount of unused surtax credit of years that may be applied to reduce Part I.3 tax payable in the current year 2,402 M

Part 9 - Calculation of current year unused surtax credit

- Amount K (if positive) 0
- Less: Part I.3 tax credits claimed (carried forward from taxation years prior to 1992 - see amount L above) 0
- Current year unused surtax credit (enter this amount on Schedule 37) 850 0

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

Gross Part I.3 tax (line 820)		2,402	N
Deduct the following amounts:			
Current year surtax credit applied			
(the lesser of lines 820 and 830)	861	0	
Unused surtax credit from prior years applied	862	0	

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

Net Part I.3 tax payable (amount N minus amount O)			
Enter this amount at line 704 of the T2 return	870	2,402	
		=====	

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)		
	100	200	400	500
THE CORPORATION OF THE TOWN OF ESSEX			38.00	0.00
THE CORPORATION OF THE TOWN OF LAKESHORE			38.00	0.00
THE CORPORATION OF THE TOWN OF KINGSVILLE			24.00	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.

Telephone Number:

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

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Identification of the corporation (Imported Data)

Name of the corporation..... E.L.K. ENERGY INC.

Business Number..... 866567787RC0001

Address..... 172 FOREST AVENUE

Province, Territory..... ON

Taxation year end..... 2001-12-31

City..... ESSEX

Postal code..... N8M-3E4

Balance Sheet

GIFI	Account	Description	Amount	Prior Year
Assets				
1599		Total current assets	+ 8,007,299	0
2008		Total tangible capital assets	+ 17,609,020	0
2009		Total accumulated amortization of tangible capital assets	- 8,537,837	0
2178		Total intangible capital assets	+ 0	0
2179		Total accumulated amortization of intangible capital assets	- 0	0
		Total long term assets	+ 0	0
		Assets held in trust	+ 0	0
			-----	-----
2599		Total Assets (mandatory field)	= 17,078,482	0
			=====	=====

Liabilities				
3139		Total current liabilities	2,216,639	0
3450		Total long term liabilities	1,892,843	0
3480		Subordinated debt	0	0
3470		Amounts held in trust	0	0
			-----	-----
3499		Total liabilities (mandatory field)	4,109,482	0
			=====	=====

Shareholder equity				
		Total shareholder equity (mandatory field)	12,969,000	0
			=====	=====

3840		Total Liabilities and Shareholder Equity	17,078,482	0
			=====	=====

3849		Retained Earnings/Deficit - End (mandatory field)	8,566,527	0
			=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Assets

GIFI	Account	Description	Amount	Prior year
Cash and deposits				
1000	*	Cash and deposits	4,327,931	0
1001		Cash	0	0
		Deposits in Canadian banks and institutions		
1002		- Canadian currency	0	0
		Deposits in Canadian banks and institutions		
1003		- Foreign currency	0	0
1004		Deposits in foreign banks - Canadian currency	0	0
1005		Deposits in foreign banks - foreign currency	0	0
1006		Credit union central deposits	0	0
1007		Other cash like instruments	0	0
		Cash and deposits	+ 4,327,931	0

Accounts receivable				
1060	*	Accounts receivable	734,426	0
1062		Trade accounts receivable	1,716,919	0
1064		Trade accounts receivable from related parties	0	0
1066		Taxes receivable	0	0
1067		Interest receivable	0	0
1068		Holdbacks receivable	0	0
1069		Leases receivable	0	0
1071		Accounts receivable from employees	0	0
1073		Amounts receivable from members of NPOs	0	0
		Accounts receivable	+ 2,451,345	0

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

Inventories

1120	*	Inventories	305,048	0
1121		Inventory of goods for sale	0	0
1122		Inventory parts and supplies	0	0
1123		Inventory properties	0	0
1124		Inventory of aggregates	0	0
1125		Work in progress	0	0
1126		Raw materials	0	0
1127		Inventory of securities	0	0
			-----	-----
Inventories			+ 305,048	0
			=====	=====

Short term investments

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

Loans and notes receivable

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

Due from shareholder(s)/director(s)

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

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

Due from/investment in related parties

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

1460	Customers' liability under acceptances	+	0	0
------	--	---	---	---

Other current assets

1480	* Other current assets	0	0
1481	Deferred income taxes	865,000	0
1482	Accrued investment income	0	0
1483	Taxes recoverable/refundable	33,743	0
1484	Prepaid expenses	24,232	0
1485	Drilling advances	0	0
1486	Security/tender deposits	0	0
		-----	-----
	Other current assets	+ 922,975	0
		=====	=====

1599	Total Current Assets	= 8,007,299	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Tangible Capital Assets

GIFI	Account	Description	Amount	Prior year
1600		Land	+ 156,387	0
1601		Land improvements	+ 0	0

Depletable assets

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

Buildings

1680	*	Buildings	3,038,439	0
1682		Manufacturing and processing plant	0	0
1684		Buildings under construction	0	0
Buildings			+ 3,038,439	0

Machinery, equipment, furniture and fixtures

1740	*	Machinery, equipment, furniture and fixtures	14,414,194	0
1742		Motor vehicles	0	0
1744		Tools and dies	0	0
1746		Construction and excavating equipment	0	0
1748		Forestry and logging equipment	0	0
		Fishing gear and nets	0	0
1752		Mining equipment	0	0
1754		Oil and gas systems	0	0
1756		Production equipment for resource industries	0	0
1758		Production equipment for other than resource industries	0	0
1760		Exploration equipment	0	0
1762		Shipping equipment	0	0
1764		Ships and boats	0	0
1766		Aircraft	0	0
1768		Signs	0	0

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

1770	Small tools	0	0
1772	Radio and communication equipment	0	0
1774	Computer equipment/software	0	0
1776	Musical instruments	0	0
1778	Satellites	0	0
1780	Earth stations	0	0
1782	Machinery and equipment under construction	0	0
1783	Transportation equipment	0	0
1785	Other machinery and equipment	0	0
1787	Furniture and fixtures	0	0
		-----	-----
	Machinery, equipment, furniture and fixtures	+ 14,414,194	0
		=====	=====

Other tangible capital assets

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

2008	Total Tangible Capital Assets	= 17,609,020	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Accumulated Amortization of Tangible Capital Assets

GIFI	Account	Description	Amount	Prior year	
1602		Land improvements	+	0	0
Accumulated amortization of depletable assets					
1621	*	Depletable assets		0	0
1623		Petroleum and natural gas properties		0	0
1625		Mining properties		0	0
1627		Deferred exploration and development charges		0	0
1629		Quarries		0	0
1631		Gravel pits		0	0
1633		Timber limits		0	0
			-----	-----	
Accumulated amortization of depletable assets			+	0	0
			=====	=====	
Accumulated amortization of buildings					
	*	Buildings		1,875,190	0
1683		Manufacturing and processing plant		0	0
			-----	-----	
Accumulated amortization of buildings			+	1,875,190	0
			=====	=====	
Accumulated amortization of machinery, equipment, furniture and fixtures					
1741	*	Machinery, equipment, furniture and fixtures		6,662,647	0
1743		Motor vehicles		0	0
1745		Tools and dies		0	0
1747		Construction and excavating equipment		0	0
1749		Forestry and logging equipment		0	0
1751		Fishing gear and nets		0	0
1753		Mining equipment		0	0
1755		Oil and gas systems		0	0
1757		Production equipment for resource industries		0	0
1759		Production equipment for other than resource industries		0	0
		Exploration equipment		0	0
1763		Shipping equipment		0	0
1765		Ships and boats		0	0
1767		Aircraft		0	0
1769		Signs		0	0
1771		Small tools		0	0
1773		Radio and communication equipment		0	0
1775		Computer equipment/software		0	0
1777		Musical instruments		0	0
1779		Satellites		0	0
1781		Earth stations		0	0
1784		Transportation equipment		0	0
1786		Other machinery and equipment		0	0
1788		Furniture and fixtures		0	0
			-----	-----	
Accumulated amortization of machinery, equipment, furniture and fixtures			+	6,662,647	0
			=====	=====	

Accumulated amortization of other tangible capital assets

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

2009

Total Accumulated Amortization of Tangible Capital Assets = 8,537,837 0

=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Current Liabilities

GIFI	Account	Description	Amount	Prior year
2600		Bank overdraft	+	0 0
Amounts payable and accrued liabilities				
2620	*	Amounts payable and accrued liabilities	1,977,943	0
2621		Trade payables	0	0
2622		Trade payables to related parties	0	0
2623		Holdbacks payable	0	0
2624		Wages payable	0	0
2625		Management fees payable	0	0
2626		Bonuses payable	0	0
2627		Employee deductions payable	0	0
2628		Withholding taxes payable	0	0
2629		Interest payable	0	0
		Amounts payable to members of NPOs	0	0
		Amounts payable and accrued liabilities	+ 1,977,943	0
2680		Taxes payable	+	0 0
Short term debt				
2700	*	Short term debt	0	0
2701		Loans from Canadian banks	0	0
2702		Liability for securities sold short	0	0
2703		Liability for securities sold under repurchase agreements	0	0
2704		Gold and silver certificates	0	0
2705		Cheques and other items in transit	0	0
2706		Lien notes	0	0
		Short term debt	+ 0	0
2770		Deferred income	+	0 0
Due to shareholder(s)/director(s)				
2780	*	Due to shareholder(s)/director(s)	0	0
2781		Due to individual shareholder(s)	0	0
2782		Due to corporate shareholder(s)	0	0
2783		Due to director(s)	0	0
		Due to shareholder(s)/director(s)	+ 0	0
2840		Due to joint venture(s)/partnership(s)	+	0 0

Due to related parties

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

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

Other current liabilities

2960	* Other current liabilities	0	0
2961	Deposits received	238,696	0
2962	Dividends payable	0	0
2963	Deferred income taxes	0	0
2964	Reserve for guarantees, warranties or indemnities	0	0
2965	General provisions/reserves	0	0
2966	Crew shares	0	0
		-----	-----
	Other current liabilities	+ 238,696	0
		=====	=====

3139	Total Current Liabilities	= 2,216,639	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Long Term Liabilities

GIFI	Account	Description	Amount	Prior year
Long term debt				
3140	*	Long term debt	0	0
3141		Mortgages	0	0
3142		Farm credit corporation loan	0	0
3143		Chartered bank loan	0	0
3144		Credit Union/Caisse Populaire loan	0	0
3145		Provincial government loan	0	0
3146		Supply company loan	0	0
3147		Private loan	0	0
3148		Centrals, leagues, and federation loans	0	0
3149		Line of credit	0	0
3150		Liability for securities sold short	0	0
3151		Liability for securities sold under repurchase agreements	0	0
3152		Lien notes	0	0
			-----	-----
		Long term debt	+ 0	0
			=====	=====
3200		Deposit liabilities of financial institutions	+	0
3210		Bonds and debentures	+	0
3220		Deferred income	+	0
3240		Deferred income taxes	+	0
Due to shareholder(s)/director(s)				
3260	*	Due to shareholder(s)/director(s)	0	0
3261		Due to individual shareholder(s)	0	0
3262		Due to corporate shareholder(s)	0	0
3263		Due to director(s)	0	0
			-----	-----
		Due to shareholder(s)/director(s)	+ 0	0
			=====	=====
3270		Due to members	+	0
3280		Due to joint venture(s)/partnership(s)	+	0
Due to related parties				
3300	*	Due to related parties	0	0
3301		Amounts owing to related Canadian parties	0	0
3302		Amounts owing to related foreign parties	0	0
			-----	-----
		Due to related parties	+ 0	0
			=====	=====

Other long term liabilities

3320	* Other long term liabilities	257,814	0
3321	Long term obligations/commitments/capital leases	0	0
3322	Reserves for guarantees, warranties or indemnities	1,635,029	0
3323	Provision for site restoration	0	0
3324	Contributions to qualifying environmental trust	0	0
3325	General provisions/reserves	0	0
3326	Preference shares restated	0	0
3327	Member allocations	0	0
3328	Deferred revenue from incomplete contracts	0	0
		-----	-----
Other long term liabilities		+ 1,892,843	0
		=====	=====

3450	Total Long Term Liabilities	= 1,892,843	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Shareholder Equity

GIFI	Account	Description	Amount	Prior year
Shareholder equity				
3500		Common shares	+ 100	0
3520		Preferred shares	+ 0	0
Contributed and other surplus				
3540	*	Contributed and other surplus	4,402,373	0
3541		Contributed surplus	0	0
3542		Appraisal surplus	0	0
3543		General reserve	0	0
		Contributed and other surplus	+ 4,402,373	0
			=====	=====
		Head office account	+ 0	0
3600		Retained earnings/deficit	+ 8,566,527	0
3620		Total Shareholder Equity	= 12,969,000	0
			=====	=====

* Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Retained Earning/Deficit

GIFI	Account	Description	Amount	Prior year
3660		Retained earnings/deficit - start	+ 8,079,327	0
3680		Net income/loss	+ 487,200	0
Dividends declared				
3700	*	Dividends declared	0	0
3701		Cash dividends	0	0
3702		Patronage dividends	0	0
		Dividends declared	- 0	0
3720		Prior period adjustments	+ 0	0
Other items affecting retained earnings				
3740	*	Other items affecting retained earnings	0	0
3741		Share redemptions	0	0
3742		Special reserves	0	0
3743		Currency adjustments	0	0
3744		Unusual revenue items	0	0
3745		Interfund transfer	0	0
		Other items affecting retained earnings	+ 0	0
3849		Retained Earnings/Deficit - End	= 8,566,527	0

* Generic Item

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Income Statement

GIFI Description

0001 Operating name..... E.L.K. ENERGY INC.
 0002 Description of the operation..... MUNICIPALLY OWNED ELECTRICAL DISTRIBUTION COMPANY
 0003 Sequence Number.....

GIFI	Account	Description	Amount	Prior year
------	---------	-------------	--------	------------

Income Statement Information

8089	Total sales of goods and services	+	3,434,942	0
8518	Cost of sales	-	3,479,412	0
8519	Gross profit/loss	=	-44,470	0
	Cost of sales	+	3,479,412	0
	Total operating expenses	+	781,816	0
9368	Total expenses (mandatory field)	=	4,261,228	0
8299	Total revenue (mandatory field)	+	3,889,628	0
9368	Total expenses (mandatory field)	-	4,261,228	0
9369	Net non-farming income	=	-371,600	0

Farming Income Statement Information

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

9970	Net Income/Loss before Taxes and Extraordinary Items		-371,600	0
------	---	--	----------	---

9975	Extraordinary item(s).....	0	0
9976	Legal settlements.....	0	0
9980	Unrealized gains/losses.....	0	0
9985	Unusual items.....	0	0
9990	Current income taxes.....	6,200	0
9995	Deferred income tax provision.....	-865,000	0
		-----	-----
	Net Income/Loss after Taxes and		
9999	Extraordinary Items (mandatory field)	487,200	0
		=====	=====

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Revenue

GIFI	Account	Description	Amount	Prior year
8000		Trade sales of goods and services	3,434,942	0
8020		Sales of goods and services to related parties	0	0
8030		Interdivisional sales	0	0

Sales from resource properties

8040	*	Sales from resource properties	0	0
8041		Petroleum and natural gas sales	0	0
8042		Petroleum and natural gas sales to related parties	0	0
8043		Gas marketing	0	0
8044		Processing revenue	0	0
8045		Pipeline revenue	0	0
8046		Seismic sales	0	0
8047		Mining revenue	0	0
		Coal revenue	0	0
		Oil sands revenue	0	0
8050		Royalty income	0	0
8051		Oil and gas partnership/joint venture income/loss	0	0
8052		Mining partnership/joint venture income/loss	0	0
8053		Other production revenue	0	0
			-----	-----
Sales from resource properties			0	0
			=====	=====

8089		Total sales of goods and services	3,434,942	0
------	--	---	-----------	---

Investment revenue

8090	*	Investment revenue	0	0
8091		Interest from foreign sources	0	0
8092		Interest from Canadian bonds and debentures	0	0
		Interest from Canadian mortgage loans	0	0
8094		Interest from other Canadian sources	419,623	0
8095		Dividend income	0	0
8096		Dividends from Canadian sources	0	0
8097		Dividends from foreign sources	0	0
			-----	-----
Investment revenue			419,623	0
			=====	=====

Interest income (financial institutions)

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

Commission revenue

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

Rental revenue

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

8150		Vehicle leasing	0	0
------	--	---------------------------	---	---

Fishing revenue

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

Realized gains/losses on disposal of assets

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

NPO amounts received

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

Other revenue

8230	* Other revenue	0	0
8231	Foreign exchange gains/losses	0	0
8232	Income/loss of subsidiaries/affiliates	0	0
8233	Income/loss of other divisions	0	0
8234	Income/loss of joint ventures	0	0
8235	Income/loss of partnerships	0	0
8236	Realization of deferred revenues	0	0
8237	Royalty income other than resource	0	0
8238	Alberta royalty tax credits	0	0
8239	Management and administration fees	0	0
	Telecommunications revenue	0	0
	Consulting fees	0	0
8242	Subsidies and grants	0	0
8243	Sale of by-products	0	0
8244	Deposit services	0	0
8245	Credit services	35,063	0
8246	Card services	0	0
8247	Patronage dividends	0	0
8248	Insurance recoveries	0	0
8249	Expense recoveries	0	0
8250	Bad debt recoveries	0	0
		-----	-----
	Other revenue	35,063	0
		=====	=====

8299

Total Revenue

3,889,628 0

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Cost of Sales

GIFI	Account	Description	Amount	Prior year
Opening inventory				
8300	*	Opening inventory	0	0
8301		Opening inventory - finished goods	0	0
8302		Opening inventory - raw materials	0	0
8303		Opening inventory - goods in process	0	0
			-----	-----
		Opening inventory	+ 0	0
			=====	=====
8320		Purchases/cost of materials	+ 3,479,412	0
8340		Direct wages	+ 0	0
8350		Benefits on direct wages	+ 0	0
8360		Trades and sub-contracts	+ 0	0
		Production costs other than resource	+ 0	0
Resource production costs				
8400	*	Resource production costs	0	0
8401		Pipeline operations	0	0
8402		Drilling	0	0
8403		Site restoration costs	0	0
8404		Gross overriding royalty	0	0
8405		Freehold royalties	0	0
8406		Other producing properties rental	0	0
8407		Prospect/geological	0	0
8408		Well operating, fuel and equipment	0	0
8409		Well abandonment and dry holes	0	0
8410		Other lease rentals	0	0
8411		Exploration expenses	0	0
8412		Development expenses	0	0
			-----	-----
		Resource production costs	+ 0	0
			=====	=====
Crown charges				
8435	*	Crown charges	0	0
8436		Crown royalties	0	0
8437		Crown lease rentals	0	0
8438		Freehold mineral tax	0	0
8439		Mining taxes	0	0
8440		Oil sand leases	0	0
8441		Saskatchewan resource surcharge	0	0
			-----	-----
		Crown charges	+ 0	0
			=====	=====

Other direct costs

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

Other direct costs

+ 0 0

Closing inventory

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

Closing inventory

- 0 0

8518

Cost of Sales

= 3,479,412 0

GENERAL INDEX OF FINANCIAL INFORMATION (GIFI)

Operating Expenses

GIFI	Account	Description	Amount	Prior year
Advertising and promotion				
8520	*	Advertising and promotion	0	0
8521		Advertising	0	0
8522		Donations	0	0
8523		Meals and entertainment	0	0
8524		Promotion	0	0
			-----	-----
		Advertising and promotion	+ 0	0
			=====	=====
Amortization of intangible assets				
8570		Amortization of intangible assets	+	0
8590		Bad debt expense	+	0
Loan losses				
8610	*	Loan losses	0	0
8611		Provision for loan losses	0	0
			-----	-----
		Loan losses	+ 0	0
			=====	=====
Employee benefits				
8620	*	Employee benefits	0	0
8621		Group insurance benefits	0	0
8622		Employer's portion of employee benefits	0	0
8623		Contributions to deferred income plans	0	0
			-----	-----
		Employee benefits	+ 0	0
			=====	=====
Amortization of tangible assets				
8660		Amortization of natural resource assets	+	0
8670		Amortization of tangible assets	+	140,479
Insurance				
8690	*	Insurance	0	0
8691		Life insurance on executives	0	0
			-----	-----
		Insurance	+ 0	0
			=====	=====

Interest and bank charges

8710	*	Interest and bank charges	381	0
8711		Interest on short term debt	0	0
8712		Interest on bonds and debentures	0	0
8713		Interest on mortgages	0	0
8714		Interest on long term debt	0	0
8715		Bank charges	0	0
8716		Credit card charges	0	0
8717		Collection and credit costs	0	0
			-----	-----
Interest and bank charges			+ 381	0
			=====	=====

Interest paid (financial institutions)

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

Business taxes, licences and memberships

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

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

Office expenses

8810	*	Office expenses	0	0
		Office stationery and supplies	0	0
8812		Office utilities	0	0
8813		Data processing	134,703	0
			-----	-----
Office expenses			+ 134,703	0
			=====	=====

Professional fees

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

Rental

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

Repairs and maintenance

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

Other repairs and maintenance

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

Salaries and wages

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

9110	Sub-contracts.....	+	0	0
------	--------------------	---	---	---

Supplies

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

9180	Property taxes.....	0	0
		-----	-----

Travel expenses

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

Utilities

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

Other expenses

9270	* Other expenses	188,811	0
9271	Cash over/short	0	0
9272	Reimbursement of parent company expense	0	0
9273	Selling expenses	0	0
9274	Shipping and warehouse expense	0	0
9275	Delivery, freight and express	0	0
9276	Warranty expenses	0	0
9277	Royalty expenses - resident	0	0
9278	Royalty expenses - non-resident	0	0
9279	Dumping charges	0	0
9280	Land fill fees	0	0
9281	Vehicle expenses	0	0
9282	Research and development	0	0
9283	Withholding taxes	0	0
9284	General and administrative expenses	317,442	0
9285	Interdivisional	0	0
9286	Interfund transfer	0	0
Other expenses		+ 506,253	0

Total Operating Expenses

= 781,816 0

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

NOTES CHECKLIST**(1998 and later taxation years)**

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

Part 1 - Involvement of accountantWho reported on or prepared the corporation's financial statements? 100

Tick only one of the following:

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

Part 2 - Other information

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

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[001] 86656 7787 RC 0001
[060] 2001 10 01
[061] 2001 12 31
[099] TP04

XXXXXXXXXXXX

[002] E.L.K. ENERGY INC.

[003] 2

[004] _____

XXXXXXXXXXXX

[010]@ 2

[011] _____

[012] _____

[015] _____

[016] _____

[017] _____

[018] _____

[020]@ 2

.1] _____

[022] _____

[023] _____

[025] _____

[026] _____

[027] _____

[028] _____

For agency use
[055]

X

For agency use

[091] _____

[092] _____

[093] _____

For agency use

[094] _____

[095] _____

[096] _____

[097] _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[031]@ 172 FOREST AVE

[032] _____

[035] ESSEX

[036] ON

[037] _____

[038] N8M 3E4

XXXXXXXXXXXX

[040] 1	[166] _____	[220] _____
[043] _____	[167] _____	[221] _____
[063] 2	[168] _____	[226] _____
[065] _____	[169] _____	[227] _____
[067] 2	[170] _____	[231] _____
[070] 2	[171] _____	[232] _____
[071] 2	[172] _____	[233] 1
[072] 2	[173] 1	[236] _____
[076] 2	[201] 1	[237] _____
[078] 2	[202] 1	[238] _____
[080] 1	[203] _____	[242] _____
[081] _____	[204] 1	[243] _____
[082] 2	[205] _____	[244] _____
[085] _____	[206] _____	[249] _____
[150] _____	[207] _____	[250] _____
[151] _____	[208] 1	[251] _____
[160] _____	[210] 1	[252] _____
[161] _____	[212] _____	[253] _____
[162] _____	[213] _____	[370] _____
[163] _____	[216] _____	[624] _____
[164] _____	[217] _____	[646] _____
[165] _____	[218] _____	[750] ON

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[801] _____

[815] _____

[894] _____

[896] 2

[898] _____

[910] _____

[914] _____

[918] _____

[990] 1

XXXXXXXXXXXXX

[280] 2

[281] 2

[282] _____

[283] _____

[284] ELECTRICITY

[286] _____

[288] _____

[285] 100

[287] _____

[289] _____

[950] CORRADO

[951] SANDRA

[954] DIRECTOR OF FINANCE

[955] _____

[956] 519 776 5291

[957] 1

[958] _____

[959] _____

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[300]	# 293 048	[440]		[652]	
[311]		[445]		[700]	
[312]		[450]			XXXXXXXXXXXXX
[313]		[600]			
[314]		[632]		[704]	2 402
[320]		[636]		[708]	
[325]		[780]		[716]	
[331]			XXXXXXXXXXXXX	[720]	
[332]				[724]	
[333]		[460]		[728]	
[334]		[465]		[760]	
[335]		[480]		[765]	
[340]		[485]		[770]	2 402
[350]		[712]			XXXXXXXXXXXXX
[355]			XXXXXXXXXXXXX		
[360]				[784]	
	XXXXXXXXXXXXX	[550]		[788]	
		[602]		[792]	
[400]		[604]		[796]	
[405]		[608]		[797]	
[410]	50 411	[616]		[800]	
[415]	50 411	[620]		[804]	
[430]		[628]		[808]	
	XXXXXXXXXXXXX	[637]		[812]	
		[638]		[816]	
[415]		[639]		[840]	2 402
	XXXXXXXXXXXXX	[640]		[890]	2 402
		[644]			XXXXXXXXXXXXX
		[648]			

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[995]

Certification

I, SANDRA CORRADO am an authorized signing officer of the corporation.

I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

Net income (or loss) for income tax purposes [line 200300] - 293 048

Part I tax payable [line 200700]

Part I.3 tax payable [line 200704] 2 402

Part II surtax payable [line 200708]

Part IV tax payable [line 200712]

Part IV.1 tax payable [line 200716]

Part VI tax payable [line 200720]

Part VI.1 tax payable [line 200724]

Part XIV tax payable [line 200728]

Net provincial and territorial tax payable [line 200760]

Provincial tax on large corporations [line 200765]

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.

DIRECTOR OF FINANCE

Date

Signature of an authorized signing officer of the corporation

Position, office or rank

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[600] _____

[601] _____

[602] _____

[603] _____

[604] _____

[700] EMPLOYEE FUTURE BENEFITS

[701] _____

[702] _____

[703] _____

[704] _____

XXXXXXXXXXXX

[101] 6 200

[102] # 865 000

[103] _____

[104] 140 479

[105] _____

[106] _____

[107] _____

[108] _____

[109] _____

[110] _____

[111] _____

[112] 100

[113] _____

[114] _____

[115] _____

[116] _____

[117] _____

[118] _____

[119] _____

[120] _____

[121] 453

[122] _____

[123] _____

[124] _____

[125] _____

[126] 1 635 029

[127] _____

[199] _____

[500] 917 261

XXXXXXXXXXXX

[201] _____

[202] _____

[203] _____

[204] _____

[205] _____

[206] _____

[207] _____

[208] _____

[209] _____

[210] _____

[211] _____

[212] _____

[213] _____

[214] _____

[215] _____

[216] _____

[217] _____

[218] _____

[219] _____

[220] _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[221]		[300]		[401]	
[222]		[301]		[402]	
[223]		[302]		[403]	136 815
[224]		[303]		[404]	
[225]		[304]		[405]	14 462
[226]		[305]		[406]	
[227]		[306]		[407]	
[228]		[307]		[408]	
[229]		[308]		[409]	
[230]		[309]		[410]	
[231]		[310]		[411]	
[232]		[311]		[413]	
[233]		[312]		[414]	
[234]		[313]		[416]	
[235]		[314]		[417]	
[236]		[315]		[499]	1 546 232
[237]		[316]		[510]	1 697 509
[238]		[340]			XXXXXXXXXXXX
[290]		[341]			
[291]		[342]			
[292]		[343]			
[293]		[344]			
[294]		[345]			
	XXXXXXXXXXXX	[346]			
		[390]	1 546 232		
		[391]			
		[392]			
		[393]			
		[394]			

XXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[225]	_____	[410]	_____
[227]	_____	[440]	_____
[230]	_____	[450]	_____
[235]	_____	[460]	_____
[239]	_____	[480]	_____
[339]	_____		XXXXXXXXXXXXX
[439]	_____		
[539]	_____	[510]	_____
	XXXXXXXXXXXXX	[540]	_____
		[550]	_____
[210]	100	[560]	_____
[40]	_____	[580]	_____
[250]	_____		XXXXXXXXXXXXX
[260]	_____		
[280]	100		
	XXXXXXXXXXXXX		
[310]	_____		
[340]	_____		
[350]	_____		
[360]	_____		
[30]	_____		
	XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[100]	_____	[200]	_____	[402]	_____
[190]	_____	[205]	_____	[405]	_____
[300]	_____	[210]	_____	[410]	_____
[400]	_____	[220]	_____	[430]	_____
[485]	_____	[225]	_____	[440]	_____
[500]	_____	[240]	_____	[450]	_____
	XXXXXXXXXXXX	[250]	_____	[480]	_____
		[280]	_____	[941]	_____
[102]	_____	[951]	_____	[942]	_____
[105]	_____	[952]	_____	[943]	_____
[110]	293 048	[953]	_____		XXXXXXXXXXXX
[120]	_____		XXXXXXXXXXXX		
[135]	_____			[502]	_____
[140]	_____	[302]	_____	[510]	_____
[150]	_____	[305]	_____	[530]	_____
[180]	293 048	[310]	_____	[550]	_____
[901]	_____	[330]	_____	[580]	_____
[902]	_____	[335]	_____	[961]	_____
[903]	_____	[340]	_____	[962]	_____
[911]	_____	[350]	_____	[963]	_____
[912]	_____	[380]	_____		XXXXXXXXXXXX
[930]	_____	[921]	_____		
	XXXXXXXXXXXX	[922]	_____		
		[923]	_____		
		[931]	_____		
		[932]	_____		
		[933]	_____		
			XXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[602] 1. _____ *

[632] 1. _____ *

XXXXXXXXXXXXX

[600] 1. _____ *

[630] 1. _____ *

[660] 1. _____ *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[604] 1. _____ *

[606] 1. _____ *

[608] 1. _____ *

[620] 1. _____ *

XXXXXXXXXXXX

[634] 1. _____ *

[636] 1. _____ *

[638] 1. _____ *

[650] 1. _____ *

XXXXXXXXXXXX

[662] 1. _____ *

[664] 1. _____ *

[670] 1. _____ *

[675] 1. _____ *

[680] 1. _____ *

XXXXXXXXXXXX

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[200]	_____
[222]	1 092 863
[224]	_____
[226]	_____
[230]	819 647
	XXXXXXXXXXXXX
[242]	_____
[244]	_____
[246]	_____
[248]	_____
	XXXXXXXXXXXXX
[250]	14 462
[300]	805 185
	XXXXXXXXXXXXX
[400]	_____
[401]	_____
[402]	_____
[408]	_____
9]	_____
[410]	_____
	XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[100]	_____	[401]	_____	[820]	2 402
[610]	1 000	[402]	_____	[861]	_____
[830]	_____	[403]	_____	[862]	_____
[850]	_____	[404]	_____	[870]	2 402
	XXXXXXXXXXXXX	[405]	_____		XXXXXXXXXXXXX
		[406]	_____		
[101]	2 131 539	[407]	_____		
[103]	100	[490]	_____		
[104]	8 566 527		XXXXXXXXXXXXX		
[105]	4 402 373				
[106]	_____	[500]	14 235 539		
[107]	_____		XXXXXXXXXXXXX		
[108]	_____				
[109]	_____	[701]	_____		
[110]	_____	[711]	_____		
[111]	_____	[712]	_____		
[112]	_____	[713]	_____		
[121]	865 000	[790]	_____		
[122]	_____		XXXXXXXXXXXXX		
[123]	_____				
[124]	_____	[690]	14 235 539		
[0]	14 235 539	[801]	10 000 000		
	XXXXXXXXXXXXX	[811]	4 235 539		
			XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

- [100] 1. THE CORPORATION OF THE TOWN OF ESSEX
 2. THE CORPORATION OF THE TOWN OF LAKESHORE
 3. THE CORPORATION OF THE TOWN OF KINGSVILLE *

- [200] 1. NR
 2. NR
 3. NR *

- [300] 1. _____
 2. _____
 3. _____ *

- [400] 1. 38
 2. 38
 3. 24 *

- [500] 1. _____
 2. _____
 3. _____ *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[3640]	17 078 482	[3500]	100
	XXXXXXXXXXXXX	[3540]	4 402 373
		[3600]	8 566 527
[1000]	4 327 931	[3620]	12 969 000
[1060]	734 426		XXXXXXXXXXXXX
[1062]	1 716 919		
[1120]	305 048	[3660]	8 079 327
[1481]	865 000	[3680]	487 200
[1483]	33 743	[3849]	8 566 527
[1484]	24 232		XXXXXXXXXXXXX
[1599]	8 007 299		
[600]	156 387		
[1680]	3 038 439		
[1681]	# 1 875 190		
[1740]	14 414 194		
[1741]	# 6 662 647		
[2008]	17 609 020		
[2009]	# 8 537 837		
[2599]	17 078 482		
	XXXXXXXXXXXXX		
[600]	<hr/>		
[2620]	1 977 943		
[2961]	238 696		
[3139]	2 216 639		
[3320]	257 814		
[3322]	1 635 029		
[3450]	1 892 843		
[3499]	4 109 482		
	XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31

[0001] E.L.K. ENERGY INC.

[0002] MUNICIPALLY OWNED ELECTRICAL DISTRIBUTION COMPANY

XXXXXXXXXXXXX

[0003] _____

XXXXXXXXXXXXX

[8519] # 44 470

[8710] 381

[9369] # 371 600

[8813] 134 703

[9899] _____

[9270] 188 811

[9970] # 371 600

[9284] 317 442

[9975] _____

[9367] 781 816

[9976] _____

[9368] 4 261 228

[9980] _____

XXXXXXXXXXXXX

[9985] _____

[9990] 6 200

[9370] _____

[9995] # 865 000

[9659] 0

[9999] 487 200

XXXXXXXXXXXXX**XXXXXXXXXXXXX**

[9660] _____

[8000] 3 434 942

[9898] 0

[8089] 3 434 942

XXXXXXXXXXXXX

[8094] 419 623

[8245] 35 063

[8299] 3 889 628

XXXXXXXXXXXXX

[8300] _____

[8320] 3 479 412

[8518] 3 479 412

[8670] 140 479

Name: E.L.K. ENERGY INC.**BN: 86656 7787 RC 0001 Taxation Year End: 2001-12-31****[100] 6****[101] 2****[108] 2****XXXXXXXXXXXX**



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

2001 CT23 Corporations Tax and Annual Return

For taxation years
commencing after May 4, 1999

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

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

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

MCBS Annual Return Required? (Refer to Guide) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		Page 1 of 24		Ministry Use													
Corporation's Legal Name (including punctuation) and Mailing Address E.L.K. ENERGY INC. 172 FOREST AVE ESSEX ON CA N8M-3E4				Ontario Corporations Tax Account No. (MOF) 1800085													
				This CT23 Return covers the Taxation Year Start <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2001</td><td>10</td><td>01</td></tr></table> End <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2001</td><td>12</td><td>31</td></tr></table>		year	month	day	2001	10	01	year	month	day	2001	12	31
year	month	day															
2001	10	01															
year	month	day															
2001	12	31															
Has address changed since last filed CT23 Return? Yes <input type="checkbox"/> No <input type="checkbox"/> Date of Change <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td></td><td></td><td></td></tr></table>				year	month	day				Date of Incorporation or Amalgamation <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2000</td><td>01</td><td>06</td></tr></table>		year	month	day	2000	01	06
year	month	day															
year	month	day															
2000	01	06															
Head Office Address 172 FOREST AVE ESSEX ON CA N8M-3E4				Ontario Corporation No. (MCBS) 1395434													
Location of Books and Records 172 FOREST AVE ESSEX ON CA N8M-3E4				Canada Customs and Revenue Agency (formerly Revenue Canada) Business No. If applicable, enter 866567787RC0001													
Name of person to contact regarding this CT23 Return SANDRA CORRADO		Telephone No. 519-776-5291	Fax No.	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 <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td></td><td></td><td></td></tr></table> Ceased <table border="1"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td></td><td></td><td></td></tr></table> (Not Applicable) <input checked="" type="checkbox"/>		year	month	day				year	month	day			
year	month	day															
year	month	day															
Former Corporation Name (Extra-Provincial Corporations only) (Not Applicable) <input checked="" type="checkbox"/> (MCBS)				Preferred Language/Langue de préférence English <input checked="" type="checkbox"/> French <input type="checkbox"/> anglais français													
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS). No. of Schedule(s) <table border="1"><tr><td>0</td></tr></table> If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS). <input checked="" type="checkbox"/> No change				0	Ministry use												
0																	

Certification (MCBS)

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

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

SANDRA CORRADO

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.

E.L.K. ENERGY INC.

1800085

2001-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify)

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

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

if applicable, enter

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

if applicable, enter

Specify major business activity

2 1 ☐ Family Farm Corporation s.1 (2)

2 ☐ Family Fishing Corporation s.1 (2)

3 ☐ Mortgage Investment Corporation s.47

4 ☐ Credit Union s.51

5 ☐ Bank Mortgage Subsidiary s.61 (4)

6 ☐ Bank s.1 (2)

7 ☐ Loan and Trust Corporation s.61 (4)

8 ☐ Non-resident Corporation
s.2(2)(a) or (b)

9 ☐ Non-resident Corporation s.2(2)(c)

10 ☐ Mutual Fund Corporation s.48

11 ☐ Non-resident owned investment
Corporation s.49

12 ☐ Non-resident ship or aircraft under reciprocal
agreement with Canada s.28(b)

14 ☐ Bare Trustee Corporation

15 ☐ Branch of Non-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

Please "X" box(es) if applicable:

First Year of Filing

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

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

☐ Amended Return

☐ Final Taxation Year before Amalgamation

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

☐ Floating Fiscal Year End

☐ 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?

☐ ☒

E.L.K. ENERGY INC.

1800085

2001-12-31

DOLLARS ONLY

Income Tax

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

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 16)	±	From	690	-293,048.
Subtract: Charitable donations	-		1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)	-		2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-		3	0.
Subtract: Ontario political contributions (Attach schedule)	-		4	0.
Subtract: Federal Part VI.1 tax	-		5	0.
Subtract: Prior years' losses applied – Non-capital losses	-	From	704	0.
Net capital losses	-	From	715	0.
Farm losses	-	From	724	0.
Restricted farm losses	-	From	734	0.
Limited partnership losses	-	From	754	0.
Taxable Income (Non-capital loss)	=		10	-293,048.
Addition to taxable income for unused foreign tax deduction for federal purposes	+		11	0.
Adjusted Taxable Income	=		20	0.

Taxable Income

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

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

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

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

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

(X) ☐ Yes ☒ No

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

Number of Days in Taxation Year	
40,000 x	Days after Dec 31, 2000 and before Oct 1, 2001: 557 0 ÷ 73 92
X From	55 50,411 ÷ 200,000 = 42 0.
80,000 x	Days after Sept 30, 2001 and before Jan 1, 2003: 69 92 ÷ 73 92
X From	55 50,411 ÷ 200,000 = 43 20,164.
Ontario enhancement of federal business limit	42 + 43 = 20,164. + 44 20,164.
Business Limit for Ontario purposes	55 + 44 = 70,575. 45 70,575.
Income eligible for the IDSBC	From 30 100.0000% x 56 0. = 60 0.

* 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

E.L.K. ENERGY INC.

1800085

2001-12-31

DOLLARS ONLY

Income Tax *continued from Page 4*

Calculation of IDSBC Rate

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

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

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

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

Short Taxation Years - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.
Associated Corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

** Taxable Income of the corporation		From 10 (or 20 if applicable)		+ 80 0.	
If you are a member of an associated group (X) 81 (Yes)					
Name of associated corporation (Canadian & foreign)		Ontario Corporations Tax Account No. (MOF)		Taxation Year End	
(if insufficient space, attach schedule)		(if applicable)			
				+ 82 0.	
				+ 83 .	
				+ 84 .	
Aggregate Taxable Income		80 + 82 + 83 + 84, etc.		= 85 0.	

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract: 200,000	X	558	0 ÷ 73	92	= + 111 0.
240,000	X	557	0 ÷ 73	92	= + 112 0.
280,000	X	556	92 ÷ 73	92	= + 113 280,000.
					111 + 112 + 113 = 280,000.
(If negative, enter nil)					- 114 280,000.
					= 86 0.

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
4.67 %	X	74	0 ÷ 73	92	= + 92 .0000
5.00 %	X	76	0 ÷ 73	92	= + 93 .0000
4.3330 %	X	69	92 ÷ 73	92	= + 95 4.3330
Specified rate of surtax for Taxation Year					92 + 93 + 95 = 94 4.3330
From 86 0. X From 94 4.3330 %					= 87 0.
From 87 0. X From 60 0. ÷ From 114 280,000.					= 88 0.
Surtax Lesser of 70 or 88					= 100 0

Continued on Page 6

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

Claim

		Number of Days in Taxation Year		
143 <u>0.</u> X From 30 <u>.0000</u> % X <u>2.0000</u> % X		Days before Oct 1, 2001	Total Days	<u>0</u> ÷ 73 <u>92</u> = + <u>0.</u>
Lesser of 130 or 142	.....	* Ontario Allocation		
143 <u>0.</u> X From 30 <u>.0000</u> % X <u>1.5000</u> % X		Days after Sept 30, 2001 and before Jan 1, 2003	Total Days	<u>69</u> ÷ 73 <u>92</u> = + <u>0.</u>
Lesser of 130 or 142	.....	* Ontario Allocation		<u>160</u> <u>0.</u>

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 0.

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

162 0.

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

Credit for Foreign Taxes Paid (s.40)

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

170 0.

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit **175** 0. Credit Claimed **180** 0.

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

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Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to research and development in Ontario.Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.) + **193** 0.**Graduate Transitions Tax Credit (GTTTC) (s.43.6)***Applies* to employment of eligible unemployed graduate students.No. of Graduates From **6596**
Eligible Credit From **6598** Summary Schedule G + **195** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies* to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.Eligible Credit From **6900** OBPTC Claim Form (Attach **only** the original Claim Form. Retain the Certification Form) + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)***Applies* to labour relating to computer animation and special effects on an eligible production.Eligible Credit From **6700** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.) + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)***Applies* to qualifying R&D expenditures under an eligible research institute contract.Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form) + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)***Applies* to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.) + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)***Applies* to qualifying labour expenditures of eligible products for the taxation year.Eligible Credit From **7400** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do **not** submit the Claim Form with the CT23 Tax Return.) + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From **7500** OSRTC Claim Form (Attach **only** the original Claim Form. Retain the Certification Form) + **201** 0.

Other (specify) + 201.1 0.

Total Specified Tax Credits **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss = **230** 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 18**.

OR

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

Corporate Minimum Tax (CMT)

Determination of Applicability

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

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

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

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

* Total Assets of the corporation + **[240]** **16,179,739.**
 * Total Revenue of the corporation + **[241]** **15,431,676.**

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

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
.....	+ [243]	+ [244]
.....	+ [245]	+ [246]
.....	+ [247]	+ [248]
Aggregate Total Assets [240] + [243] + [245] + [247] , etc.			= [249] 16,179,739.	
Aggregate Total Revenue [241] + [244] + [246] + [248] , etc.				= [250] 15,431,676.

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

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

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

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) = **[277]** **0.**
 Subtract: Income Tax - From **[190]** **0.**
Net CMT Payable (If negative, enter Nil on Page 18.) = **[280]** **0.**

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

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

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

CMT Credit Carryover available From **[2307]** **0.**

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **[190]** **0.**
 Gross CMT Payable + From **[276]** **0.**
 Subtract: Foreign Tax Credit for CMT purposes - From **[277]** **0.**
 If **[276]** - **[277]** is negative, enter NIL in **[290]** = **[290]** **0.**
Income Tax eligible for CMT Credit = **[300]** **0.**

B. Income tax (after deduction of specified credits) + From **[230]** **0.**
 Subtract: CMT credit used to reduce income taxes - **[310]** **0.**
Income Tax = **[320]** **0.**

Transfer to page 18

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

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

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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]	100.
F. d earnings (if deficit, deduct)	±	[351]	8,566,527.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+	[352]	4,402,373.
Loans and advances (Attach schedule)	+	[353]	0.
Bank loans	+	[354]	0.
Bankers acceptances	+	[355]	0.
Bonds and debentures payable	+	[356]	0.
Mortgages payable	+	[357]	0.
Lien notes payable	+	[358]	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	+	[359]	-865,000.
Contingent, investment, inventory and similar reserves	+	[360]	4,606,104.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+	[361]	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+	[362]	0.
Subtotal	=	[370]	16,710,104.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	-	[371]	0.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	-	[372]	0.
Tr. Paid-up Capital	=	[380]	16,710,104.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	-	[381]	0.
Net Paid-up Capital	=	[390]	16,710,104.

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)

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

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

Total Assets per balance sheet	+	420	16,179,739.
Mortgages or other liabilities deducted from assets	.....	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	.....	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	.....	-	423	0.
Total Assets as adjusted	.....	=	430	16,179,739.
Amounts in 360 and 361 (if deducted from assets)	.....	+	440	0.
Subtract: Amounts in 371, 372 and 381	.....	-	441	0.
Subtract: Appraisal surplus if booked	.....	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	.....	±	443	0.
Total Assets	.....	=	450	16,179,739.

Investment Allowance	(410 ÷ 450) × 390	.....	Not to exceed 410	=	460	0.
Taxable Capital	390 - 460	.....		=	470	16,710,104.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	.....	480	3,889,628.
Total Assets (as adjusted)	.....	From 430	16,179,739.

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

- Important:** If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.
- OR** If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B on pages 10 to 11 and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** if the corporation is a member of a connected partnership, please refer to the guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

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

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Capital Tax Calculation *continued from page 10*

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

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365
(366 if leap year)

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

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

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365
(366 if leap year)

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

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

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

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

Deduct:

From 470

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

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

Ontario Allocation ** 365
(366 if leap year)

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

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

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

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

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

Days in taxation year before Oct 1, 2001 555

From 470 16,710,104. X From 30 100.0000% X .3000% X 0. = 502.1 0.

Ontario Allocation ** 365
(366 if leap year)

Days in taxation year after Sept 30, 2001

From 470 Exemption 5,000,000. X From 30 100.0000% X .3000% X 92. = 502.2 8,855.

Ontario Allocation ** 365
(366 if leap year)

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

Total Capital Tax for the taxation year 502.1 + 502.2 = 502 8,855.

** If floating taxation year, refer to Guide.

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Capital Tax Calculation *continued from page 11***SECTION C****If the corporation is a member of an associated group and/or partnership, complete the following, and**(x) ☐ 510 ☐ (Yes)Taxable Capital + From ☐ 470 0.

Name of associated corporations or related partners (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
_____	_____	_____	+ <input type="checkbox"/> 511 0.
_____	_____	_____	+ <input type="checkbox"/> 512
_____	_____	_____	+ <input type="checkbox"/> 513
Aggregate Taxable Capital	<input type="checkbox"/> 470 + <input type="checkbox"/> 511 + <input type="checkbox"/> 512 + <input type="checkbox"/> 513, etc.	=	<input type="checkbox"/> 520 0.

If ☐ 520 is greater than \$2,000,000If ☐ 520 is greater than \$2,000,000 and the taxation year ends,

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

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

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

From ☐ 470 0. ÷ From ☐ 520 0. = ☐ 5210000**Note:** ☐ 521 cannot exceed 1.00000**SECTION D****This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, ☐ 520 on this page, is \$2,000,000 or less.**Enter NIL in ☐ 550 on page 13 and complete the return from that point.

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

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital, **520** on page 12, exceeds \$2,000,000.

E1. If aggregate taxable capital **520** exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From **508** to **543** and complete the return from that point.

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

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

Deduct:

From **520** 0. x 1.5% x **521** .0000 = - **492** 0.

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

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

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

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

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

Deduct:

From **520** 0. x 0.75% x **521** .0000 = - **493** 0.

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

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

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

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

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

Deduct:

From **520** 0. x 0.5% x **521** .0000 = - **495** 0.

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

Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 **557**

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

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

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

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

(a) From **470** 0. x From **30** **100.0000**% x .3000% x 0 = 502.1 0.

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

(b) Exemption is the lesser of:

i) 5,000,000

Taxable Paid up Capital of all Corporations in Associated Group (if any) from **520** + 16,710.104.

Minus portion attributable to corporations without a permanent establishment in Canada - 0.

ii) TPUC of all corporations post September 30, 2001 = 16,710.104.

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

TPUC from **470** x 16,710.104.

TPUC of all corporations post September 30, 2001 ÷ 16,710.104.

Exemption for this corporation = 5,000,000.

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

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

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

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

** If floating taxation year, refer to Guide.

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

Capital Tax before application of specified credits = **543** 8,855.

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

Capital Tax **543** - **546** = **550** 8,855.

Transfer to Page 18

continued on Page 14

Capital Tax *continued from page 13*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

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

I.2. Other than Credit Unions

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

565	0.	x	0.00%	X From	30	%	X	555	0	÷	0	(366 if leap year)	=	+	569	0.
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1</div> <div style="width: 30%; text-align: center;">Ontario Allocation</div> <div style="width: 30%; text-align: center;">Days in taxation year</div> </div>																

570	0.	x	571	0.00%	X From	30	%	X	555	0	÷	0	(366 if leap year)	=	+	574	0.
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount</div> <div style="width: 30%; text-align: center;">Ontario Allocation</div> <div style="width: 30%; text-align: center;">Days in taxation year</div> </div>																	

Capital Tax for Financial Institutions – other than Credit Unions (before Sections II)	569	+	574	=	575	0.
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**** If floating taxation year, refer to Guide.**

II. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments	585	0.
---	-----	----

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

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

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

(1) Uninsured Benefits Arrangements	587	0.	x 2%	=	588	0.
Applies to Ontario-related uninsured benefits arrangements.						

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

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

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)	589	0.
--	-----	----

Premium Tax	588	–	589	=	590	0.
Transfer to page 18						

E.L.K. ENERGY INC.

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DOLLARS ONLY

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

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

 ± **600** -293,048.
Transfer to page 16
Add:

Federal capital cost allowance	+	601	<u>136,815.</u>
Federal cumulative eligible capital deduction	+	602	<u>14,462.</u>
Ontario taxable capital gain	+	603	<u>0.</u>
Federal non allowable reserves. Balance beginning of year	+	604	<u>0.</u>
Federal allowable reserves. Balance end of year	+	605	<u>0.</u>
Ontario non-allowable reserves. Balance end of year	+	606	<u>1,635,029.</u>
Ontario allowable reserves. Balance beginning of year	+	607	<u>0.</u>
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+	608	<u>0.</u>
Federal resource allowance	+	609	<u>0.</u>
Federal depletion allowance	+	610	<u>0.</u>
Federal foreign exploration and development expenses	+	611	<u>0.</u>
Management fees, rents, royalties and similar payments to non-arm's length non-residents			

Number of Days in Taxation Year

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

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

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

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

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

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

 Total of other items not allowed by Ontario but allowed federally (Attach schedule) + **614** 0.
Subtotal of Additions **601** to **611** + **613** + **620** + **614** = 1,786,306. **640** 1,786,306.
Transfer to page 16

E.L.K. ENERGY INC.

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DOLLARS ONLY

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

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From \pm **600** -293,048.

Subtotal of Additions From $=$ **640** 1,786,306.

Deduct:

Ontario capital cost allowance	.....	+	650	<u>136,815.</u>
Ontario cumulative eligible capital deduction	.....	+	651	<u>14,462.</u>
Federal taxable capital gain	.....	+	652	<u>0.</u>
Ontario non-allowable reserves. Balance beginning of year	.....	+	653	<u>0.</u>
Ontario allowable reserves. Balance end of year	.....	+	654	<u>0.</u>
Federal non-allowable reserves. Balance end of year	.....	+	655	<u>1,635,029.</u>
Federal allowable reserves. Balance beginning of year	.....	+	656	<u>0.</u>
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	.....	+	657	<u>0.</u>
Ontario depletion allowance	.....	+	658	<u>0.</u>
Ontario resource allowance	.....	+	659	<u>0.</u>
Ontario research and development super allowance (Attach schedule)	.....	+	660	<u>0.</u>
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of Federal 2000 Budget	.....	+	674	<u>0.</u>
Ontario current cost adjustment (Attach schedule)	.....	+	661	<u>0.</u>

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying
intellectual property deducted in the current taxation year **662** 0.

ONTTI Gross-up deduction calculation:

From 662 <u>0.</u> x $\frac{100}{\text{From } 30 \text{ } 100.0000}$	- From 662 <u>0.</u>	= 663 <u>0.</u>
Gross-up of CCA Ontario Allocation		

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

Qualifying expenditures: 665 <u>0.</u> x $30.00\% \times \frac{100}{\text{From } 30 \text{ } 100.0000}$	= 666 <u>0.</u>
Ontario Allocation	

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

Qualifying expenditures: 667 <u>0.</u> x $100.00\% \times \frac{100}{\text{From } 30 \text{ } 100.0000}$	= 668 <u>0.</u>
Ontario Allocation	

Number of Employees accommodated **669** 0

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

Qualifying expenditures: 670 <u>0.</u> x $30.00\% \times \frac{100}{\text{From } 30 \text{ } 100.0000}$	= 671 <u>0.</u>
Ontario Allocation	

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

Qualifying expenditures: 672 <u>0.</u> x $15.00\% \times \frac{100}{\text{From } 30 \text{ } 100.0000}$	= 673 <u>0.</u>
Ontario Allocation	

Ontario allowable business investment loss + **678** 0.

Total of other deductions allowed by Ontario (Attach schedule) + **684** 0.

Subtotal of Deductions **650** to **660** + **674** + **661** + **663** + **666** + **668** + **671** + **673** + **678** + **684** = 1,786,306. **680** 1,786,306.

Net income (loss) for Ontario Purposes **600** + **640** - **680** = **690** -293,048.

Transfer to Page 4

E.L.K. ENERGY INC.

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DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 0	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses	701 293,048	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
Subtotal	703 293,048	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 0	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	
Subtotal	707 0	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 293,048	719 0	729 0	739 0	749 0	759 0

- (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 adjustments required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1993-09-30				850 0	870 0
801 1994-09-30				851 0	871 0
802 1995-09-30				852 0	872 0
803 1996-09-30	820 0	830 0	840 0	853 0	873 0
804 1997-09-30	821 0	831 0	841 0	854 0	874 0
805 1998-09-30	822 0	832 0	842 0	855 0	875 0
806 1999-09-30	823 0	833 0	843 0	856 0	876 0
807 2000-09-30	824 0	834 0	844 0	857 0	877 0
808 2001-09-30	825 0	835 0	845 0	858 0	878 0
809 2001-12-31	826 293,048	836 0	846 0	859 0	879 0
Total	829 293,048	839 0	849 0	869 0	889 0

E.L.K. ENERGY INC.

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DOLLARS ONLY

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

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

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

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

Application of Losses

		Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss		910 293,048	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income					
Predecessor Ontario Corporation's Tax Account No. (MOF)		911	921	931	941
Taxation Year Ending year month day					
i) 3rd preceding	901	0	0	0	0
ii) 2nd preceding	902	0	0	0	0
iii) 1st preceding	903	0	0	0	0
Total loss to be carried back		From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward		919 293,048	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	0.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	8,855.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	8,855.
Subtract: Payments	- 960	37,541.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
Balance	= 970	-28,686.
If payment due	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	= 975	28,686.
year month day	980	0.
Apply to		

(Includes credit interest)

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

Certification

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

Name (please print)

SANDRA CORRADO

Title

DIRECTOR OF
FINANCE

Full Residence Address

Signature

Date

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

E.L.K. ENERGY INC.

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Corporate Minimum Tax - Schedule A: Calculation of CMT Base

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

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



± [2100] 487,200.

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

Provision for recovery of income taxes	+	[2101]	0.
Provision for deferred income taxes (credits)	+	[2102]	865,000.
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.
			0. X 9/4
Subtotal	=		865,000. [2109] 865,000.

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

Provision for current taxes	+	[2110]	6,200.
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	=		6,200. [2115] 6,200.

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] -371,600.

** 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] -371,600.

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

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

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

CMT Base = [2135] 0.

Transfer to CMT Base on Page 8

E.L.K. ENERGY INC.

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DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule B: Continuity of CMT Losses Carried Forward



Balance at Beginning of year (1), (2)	.....	+	2201	.....	0.	
Add: Current year's losses	.....	+	2202	.....	371,600.	
Losses from predecessor corporations on amalgamation (3)	.....	+	2203	.....	0.	
Losses from predecessor corporations on wind-up (3)	.....	+	2204	.....	0.	
Amalgamation (x) 2205 <input type="checkbox"/> Yes	Wind-up (x) 2206 <input type="checkbox"/> Yes							
Subtotal	=		371,600.	+	2207	371,600.
Adjustments (attach schedule)	.....	±	2208	.....	0.	
CMT losses available	2201 + 2207 ± 2208	=	2209	371,600.		
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	.....	0.	
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	2211	.....	0.	
Losses expired during the year	.....	+	2212	.....	0.	
Final	=		0.	-	2213	0.
Balances at End of Year (5)	2209 - 2213	=	2214	371,600.		

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
2241	2001-12-31	2260 371,600	2280 0
2242		2261 0	2281 0
2243		2262 0	2282 0
2244		2263 0	2283 0
2245		2264 0	2284 0
2246		2265 0	2285 0
2247		2266 0	2286 0
2248		2267 0	2287 0
2249		2268 0	2288 0
Totals		2270 371,600	2290 0

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

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



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

Notes:

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

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

	Year of Origin (oldest year first) <small>year month day</small>	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
	2001-12-31	2360	2380
		0	0
2341		2361	2381
		0	0
2342		2362	2382
		0	0
2343		2363	2383
		0	0
2344		2364	2384
		0	0
2345		2365	2385
		0	0
2346		2366	2386
		0	0
2347		2367	2387
		0	0
2348		2368	2388
		0	0
2349		2369	2389
		0	0
Totals		2370	2390
		0	0

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

Summary of Capital Cost Allowance

Class No. [200]	UCC at Beginning of Year [201]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203]-[207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	0	9,579,084	0	0	4,789,542	4	0	0	48,289	9,530,795
8	0	472,825	0	0	236,412	20	0	0	11,918	460,907
10	0	385,000	0	0	192,500	30	0	0	14,556	370,444
12	0	254,047	0	0	127,023	100	0	0	32,017	222,030
Total	0	10,690,956	0	0	5,345,477		0	0	106,780	10,584,176

Ontario Cumulative Eligible Capital Deduction
Schedule 10

(For taxation years 2000 and later)

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital - balance at end of preceding taxation year (if negative, enter zero)					0	A
Add: Cost of eligible capital property acquired during the taxation year	+	1,092,863				B
Amount transferred on amalgamation or wind-up of subsidiary	+	0				C
Other adjustments	+	0				D
Total of B + C + D	=	1,092,863	x	0.75	=	819,647 E
		=====				=====
Subtotal A + E					=	819,647 F
						=====
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+	0				G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the "Income Tax Act" (Canada)	+	0				H
Other adjustments	+	0				I
Total of G + H + I	=	0	x	0.75	=	0 J
		=====				=====
Ontario cumulative eligible capital balance F - J	=					819,647 K
						=====
"If K is negative, enter zero at line M and proceed to Part 2"						
Current year deduction 819,647 K x 7.00%*					=	14,462 L
* The maximum current year deduction is 7%.						Enter amount in
However, you can claim any amount up to the maximum.						box 651 of the CT23
Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero)	=					805,185 M
						=====

Note: * Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may **not** exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

"Only complete this part only if the amount at line K is negative"

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

Total cumulative eligible capital deductions from income for
taxation years commencing before July 1, 1988 0 1

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

Total of cumulative eligible capital deductions claimed for
taxation years commencing after June 30, 1988 0 3

Negative balances in the cumulative eligible capital account
that were included in income for taxation years commencing
after June 30, 1988 0 4

Line 3 deduct line 4 0 5

Lines 1 + 2 + 5 0 6

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

Deduct line 7 from line 6 0 O

N - O (cannot be negative) 0 P

Amount on line 5 0 x 1/2 0 Q

P - Q 0 R

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

Lesser of line N or line O 0 T

Amount to be included in income S + T

For taxation years ending before February 28, 2000, line N - line Q 0

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

ONTARIO TAX INSTALMENTS

For The Taxation Year Ended: 2002-12-31

The following is a list of Ontario instalments payable for the current taxation year. The last column indicates the instalments payable to the Ontario Ministry of Revenue. The instalments are due no later than on the dates indicated otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Minister of Finance. Payment may be made either to a chartered bank in Ontario or filed with an instalment form and addressed to:

Ministry of Revenue (Ontario)
 Corporation Tax Branch
 P.O. Box 620
 33 King Street West
 Oshawa, Ontario
 L1H 8E9

Quarterly Instalment

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2002-03-31	0	0	0	0
2002-06-30	0	0	0	0
2002-09-30	0	0	0	0
2002-12-31	0	0	0	0
	-----	-----	-----	-----
	0	0		0
	=====	=====		=====

Date	Instalments Required	Instalments Paid	Cumulative Difference	Instalments Payable
2002-01-31	3,723	0	3,723	0
2002-02-28	3,723	0	7,446	0
2002-03-31	3,723	0	11,169	0
2002-04-30	3,723	0	14,892	0
2002-05-31	3,723	0	18,615	0
2002-06-30	3,723	0	0	22,338
2002-07-31	3,723	0	0	3,723
2002-08-31	3,723	0	0	3,723
2002-09-30	3,723	0	0	3,723
2002-10-31	3,723	0	0	3,723
2002-11-30	3,723	0	0	3,723
2002-12-31	3,723	0	0	3,723
	-----	-----		-----
Total	44,676	0		44,676
	=====	=====		=====

SUMMARY OF FEDERAL INFORMATION

Taxation Year: 2001-10-01 to 2001-12-31

Jurisdiction: Ontario

Corporation is Associated []

Corporation is Related []

BALANCE DUE/REFUND (-) 0

NET INCOME -293,048 TAXABLE INCOME

ACTIVE BUSINESS INCOME

DIVIDENDS PAID

0

0

CREDITS AGAINST PART I TAX

FEDERAL TAXES

REFUNDS/CREDITS

Small Bus Ded'n

0

Part I

0

ITC Refund

0

M & P Deduction

0

Surtax

0

Div Refund

0

Foreign Tax Cr.

0

Part I.3

2,402

Instalments

2,402

Political Cont.

0

Part IV

0

Surtax Cr.

0

Invest. Tax Cr.

0

Other

0

Other

0

Part I.3 credit

0

Payment/Other

0

SUMMARY OF FEDERAL CARRYFORWARD/CARRYBACK INFORMATION

CARRYBACK AMOUNTS

CARRYFORWARD BALANCES

Investment Tax Credits

0

RDTOH

0

Non-Capital Loss

0

Donations

100

Capital Loss

0

Investment Tax Credits

0

Farm Loss

0

Non-Capital Losses

293,048

Restricted Farm Loss

0

Capital/L.P.P. Losses

0

Surtax credit

0

Farm Losses

0

Restricted Farm Losses

0

Foreign Business Tax Cr

0

Part I.3 Tax credit

0

Unused surtax credit

0

Capital dividend amount

0

SUMMARY OF PROVINCIAL INFORMATION - PROVINCIAL INCOME TAX PAYABLE

PROVINCE	% ALLOC.	TAXABLE INCOME	TAX PAYABLE BEFORE DED.	DEDUCTIONS/ CREDITS	NET TAX PAYABLE
Newfoundland	0	0	0	0	0
Prince Edward Is.	0	0	0	0	0
Nova Scotia	0	0	0	0	0
New Brunswick	0	0	0	0	0
Manitoba	0	0	0	0	0
Saskatchewan	0	0	0	0	0
British Columbia	0	0	0	0	0
Yukon Territory	0	0	0	0	0
N.W.T.	0	0	0	0	0
Nunavut	0	0	0	0	0
Totals per Federal T2 and Schedule 5			0	0	0
Alberta (AT1)	0	0	0	0	0
Ontario (CT23)	100	0	0	0	0
Quebec (CO-17)	0	0	0	0	0

SUMMARY OF TAXES PAYABLE TO PROVINCES AND PROVINCIAL CARRYFORWARD AMOUNTS

PROVINCE	TAXABLE CAPITAL	CAPITAL TAX PAYABLE*	INCOME TAX PAYABLE	TOTAL TAX PAYABLE	BALANCE DUE/ REFUND (-)
B.C. (General)	0	0	-	0	0
B.C. (Special)	0	0	-	0	0
Sask. (SCT-1)	0	0	-	0	0
Manitoba (MCT-1)	0	0	-	0	0
Alberta (AT1)	-	-	0	0	0
Alberta (AT2100)	0	0	-	-	0
Schedule 361	0	0	-	0	-
Schedule 342	0	0	-	0	-
Ontario (CT23)	16,710,104	8,855	0	8,855	-28,686
Quebec (CO-17)	0	0	0	0	0

* For Quebec, this includes compensation tax and special taxes

PROVINCIAL CARRYFORWARDS:	ONTARIO	QUEBEC	ALBERTA
Non-Capital Losses	293,048	0	0
Net Capital/L.P.P Losses	0	0	0
Farm Losses	0	0	0
Restricted Farm Losses	0	0	0
Donations	100	0	0

CONSENT FORM FOR ONTARIO

This form authorizes the Minister of Ontario to release confidential client information to a designated third-party representative in matters pertaining to applicable legislation.

Note: This authorization is valid until the client or authorized signing person cancels it in writing. Please complete a separate form for each representative.

The purpose of this form is:

to authorize ☒ a third party representative or
to cancel ☐ a third party representative

1. Client identification

Name and address of the corporation

E.L.K. ENERGY INC.
172 FOREST AVE

ESSEX
ON
N8M-3E4

Corporation account number 1800085

2. Authorized third party identification

Authorized individual or firm name

KPMG LLP
618-3200 Deziel Dr., Wdsr, ON N8W 5K8

Telephone number: 519-251-3522

3. Details of authorization

Indicate period for which authorization or cancellation applies:

All taxation years ☒
or
Specific year(s) [] []
or
All years prior to []

4. Authorized signature (client or authorized signing officer)

DIRECTOR OF FINANCE

519-776-5291

Signature of client
or authorized signing
officer

Title

Telephone
number

Date

We will not accept this form unless it is signed.

 Ontario

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

Account No.
1800085

35
PX5003

E.L.K. ENERGY INC.
SANDRA CORRADO, DIR OF FINANCE
172 FOREST AVE

ESSEX
N8M 3E4

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

GS-3
3103
[] [] [] [] [] [] [] [] [] []

Payment Amount: \$

[] [] [] [] [] [] [] [] [] []

Taxation Year End: (YYYYMMDD)

2 0 0 1 1 2 3 1

Payment Amount: \$

[] [] [] [] [] [] [] [] [] []

Total Payment
Enclosed: \$

[] [] [] [] [] [] [] [] [] []

 Ontario

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

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/10/01 to 2001/12/31

E.L.K. ENERGY INC.

ASSESSMENT NO. 14

Account No.

1800085

Assessment Date
(year, month, day)

2002/09/27

Page

1 of 1

Tax: Federal and Provincial PIL
Assessment Interest

Total Assessment Liability

11,257.00

698.36CR

10,558.64

SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

39,942.99CR

Sub-Total

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

39,942.99CR

29,384.35CR

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 11257
Credit (39943)

Refund (28686) GS-0

RECEIVED OCT - 4 2002

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APPENDIX 9-O

3

2002 Audited Financial Statements, Tax Returns and Assessment

Non-Consolidated Financial Statements of

E.L.K. ENERGY INC.

Year ended December 31, 2002



KPMG LLP
Chartered Accountants

618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

Telephone (519) 251-3500
Telefax (519) 251-3530
(519) 251-3540
www.kpmg.ca

AUDITORS' REPORT

To the Shareholders of E.L.K. Energy Inc.

We have audited the non-consolidated balance sheet of E.L.K. Energy Inc. as at December 31, 2002 and the non-consolidated statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of E.L.K. Energy Inc. 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.

Chartered Accountants

Windsor, Canada

March 27, 2003



E.L.K. ENERGY INC.

Non-Consolidated Balance Sheet

December 31, 2002, with comparative figures for 2001

	2002	2001
Assets		
Current assets:		
Cash	\$ 4,442,269	\$ 4,327,931
Accounts receivable (note 11)	1,521,709	734,426
Payment in lieu of income taxes recoverable	64,281	33,743
Prepaid expenses	63,954	24,232
Unbilled revenue	2,946,625	1,716,919
Inventories	274,960	305,048
	9,313,798	7,142,299
Capital assets, at cost (note 3)	17,465,456	17,609,020
Less accumulated amortization	9,163,777	8,537,837
	8,301,679	9,071,183
Regulatory assets (note 4)	866,706	—
Future payments in lieu of income taxes	572,000	865,000
Investment in subsidiary – E.L.K. Solutions Inc.	100	—
	\$ 19,054,283	\$ 17,078,482
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 3,305,484	\$ 1,977,943
Current portion of customer deposits	331,067	238,696
Shareholders' promissory notes (note 5)	6,500,000	—
	10,136,551	2,216,639
Long-term liabilities:		
Customer deposits	252,328	257,814
Employee future benefits (note 6)	1,723,826	1,635,029
	1,976,154	1,892,843
Shareholders' equity:		
Share capital (note 7)	100	100
Retained earnings	2,539,105	8,566,527
Contributed surplus	4,402,373	4,402,373
	6,941,578	12,969,000
Contingencies (note 8)		
	\$ 19,054,283	\$ 17,078,482

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Earnings

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Service revenue	\$ 15,785,098	\$ 15,022,987
Service revenue adjustment	1,229,706	67,164
	17,014,804	15,090,151
Cost of electricity	14,177,688	12,981,990
Gross margin on service revenue	2,837,116	2,108,161
Other operating revenue:		
Interest and other	503,781	826,626
Late payment charges	46,475	142,786
	550,256	969,412
	3,387,372	3,077,573
Expenditures:		
Administration	680,194	733,784
Billing and collecting	437,968	359,885
Amortization	694,112	622,691
Interest	92,890	11,157
Operations and maintenance	703,630	790,028
	2,608,794	2,517,545
Income before payments in lieu of income taxes	778,578	560,028
Payments in lieu of income taxes (note 13):		
Current	13,000	6,200
Future	293,000	(865,000)
	306,000	(858,800)
Net earnings	\$ 472,578	\$ 1,418,828

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Retained Earnings

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Balance, beginning of year	\$ 8,566,527	\$ 7,172,699
Net earnings	472,578	1,418,828
Dividends paid	(6,500,000)	(25,000)
Balance, end of year	\$ 2,539,105	\$ 8,566,527

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Net earnings	\$ 472,578	\$ 1,418,828
Items not involving cash:		
Amortization of capital assets	694,112	622,691
Future payments in lieu of income taxes	293,000	(865,000)
Increase in employee future benefits	88,797	88,797
Changes in non-cash operating working capital	(637,249)	(366,528)
	911,238	898,788
Financing:		
Increase in shareholders' promissory notes	6,500,000	—
Decrease in long-term customer deposits	(5,486)	(41,843)
Dividends paid	(6,500,000)	(25,000)
	(5,486)	(66,843)
Investing:		
Capital assets additions, net	(164,967)	(392,673)
Proceeds on disposal of capital assets	26,001	26,297
Transfer of capital assets to regulatory assets	214,358	—
Investment in regulatory assets	(866,706)	—
Investment in subsidiary - E.L.K. Solutions Inc.	(100)	—
	(791,414)	(366,376)
Increase in cash	114,338	465,569
Cash, beginning of year	4,327,931	3,862,362
Cash, end of year	\$ 4,442,269	\$ 4,327,931

See accompanying notes to financial statements.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2002

1. Incorporation:

The Ontario Government enacted the Energy Competition Act, 1998 to introduce competition to the Ontario electricity market. Under the terms of this legislation, the Ontario Energy Board ("OEB") will regulate industry participants by issuing licenses for the right to generate, transmit, distribute or retail electricity. These licenses will require compliance with established market rules and codes.

E.L.K. Energy Inc. supplies and distributes electric power and maintains electrical distribution systems in the following communities: Essex, Harrow, Belle River, Comber, Kingsville, and Cottam.

E.L.K. Energy Inc. also performs the billing function for the Municipality of the Town of Essex Water Department.

2. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with the OEB Accounting Procedures Handbook which is generally consistent with Canadian generally accepted accounting principles.

(b) Capital assets:

Capital assets are stated at cost. Buildings and equipment are amortized on the straight-line basis at rates suggested by the Ontario Energy Board. These rates of amortization range from 2% to 25%.

(c) Inventories:

Inventories are valued at the lower of cost and market.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

2. Significant accounting policies: (continued)

(d) Revenue recognition:

Revenue from the sale of electrical energy is recognized when power is delivered to customers. Billings from the last meter reading date are adjusted based on a number of factors to reflect estimated usage to the year end date. These estimates are reflected on the balance sheet as unbilled revenue. Unbilled revenue is the amount of electricity that has been shipped to customers but not billed by the end of the year.

(e) Employee future benefits:

The Company provides post retirement benefits for employees who retire from active employment.

The cost of retirement benefits earned by employees is actuarially determined using the projected cost method pro rated on service and the actuary's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

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.

(f) Payments in lieu of taxes ("PILs"):

The Company is currently exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Commencing October 1, 2001 and pursuant to the Electricity Act, the Company is required to compute taxes under the ITA and OCTA and remit such amounts thereunder computed to the Ministry of Finance (Ontario). These amounts, referred to as PILs under the Electricity Act, are applied to reduce certain debt obligations of the former Ontario Hydro continuing as Ontario Electricity Financial Corporation.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

2. Significant accounting policies: (continued)

The Company provides for amounts in lieu of corporate income taxes using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Certain estimates are also required as regulations, which will ultimately determine the actual results, have yet to be finalized and are dependent on the completion of regulatory proceedings or decisions. Due to these uncertainties, actual results reported in future periods might differ from those estimates.

(h) Investment in subsidiary:

The Company's investment in its subsidiary company is accounted for by the cost method, under which the investment is carried at the cost thereof and the net earnings of the subsidiary company is reflected in the determination of the net earnings of the Company only to the extent of dividends received from the subsidiary.

3. Capital assets:

			2002	2001
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 156,387	\$ —	\$ 156,387	\$ 156,387
Building, plant and equipment	2,815,401	1,956,345	859,056	1,163,249
Transmission and distribution system	14,493,668	7,207,432	7,286,236	7,751,547
	\$ 17,465,456	\$ 9,163,777	\$ 8,301,679	\$ 9,071,183

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

4. Regulatory assets:

Regulatory assets comprise:

	2002	2001
Transition costs	\$ 384,608	\$ —
Post-market opening retail settlement variances	482,098	—
	<u>\$ 866,706</u>	<u>\$ —</u>

Regulatory assets represent costs incurred by the Corporation for the purpose of supporting the deregulation of the electricity industry in Ontario. These amounts have been accumulated pursuant to regulation underlying the Electricity Act ("EA") and deferred in anticipation of their future recovery in electricity distribution charges.

Transition costs represent specific and incremental costs to the Corporation for systems and process changes to support the opening of the competitive electricity market in Ontario on May 1, 2002 ("Market Opening"). These costs have been deferred pursuant to regulation underlying the Electricity Act and are subject to review and approval for recovery by the Ontario Energy Board ("OEB"). Expenditures determined to be ineligible for recovery will be expensed in the period of such determination.

Post-market opening retail settlement variances represent amounts that have accumulated since Market Opening and comprise:

- a) variances between amounts charged by the Independent Electricity Market Operator ("IMO") for the operation of the wholesale electricity market and grid, various wholesale market settlement charges and transmission charges, and the amounts billed to customers by the Corporation based on the OEB approved market service rate; and,
- b) variances between the amounts charged by the IMO to allow for purchases of imported electricity and the amounts billed to customers by the Corporation based on the OEB approved rates.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

5. Shareholders' promissory notes:

The shareholders' promissory notes are payable on demand, accrue interest at 7.25% payable annually and are secured by a general security agreement.

6. Employee future benefits:

E.L.K. Energy Inc. pays certain benefits on behalf of its retired employees. Information about E.L.K. Energy Inc.'s defined benefit plans is as follows:

	2002	2001
Accrued benefit obligation, beginning of year	\$ 1,635,029	\$ 1,546,232
Expense	123,643	123,643
Benefits paid	(34,846)	(34,846)
Projected accrued benefit obligation, end of year, as determined by actuarial valuation using a 6.0% discount rate	\$ 1,723,826	\$ 1,635,029

The main actuarial assumptions employed for the valuations are as follows:

Discount rate	6%
Expected return on plan assets	n/a
Rate of compensation increase	2%
Medical trend rate:	
Initial	11.5%
Ultimate	6.5%
Year of ultimate level	2009

7. Share capital:

The authorized and issued share capital is as follows:

Authorized:	
Unlimited common shares	
Issued:	
10,000 common shares	\$ 100

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

7. Share capital (continued):

The common shares were issued as follows:

	# of Common shares	Amount paid
Town of Essex	3,800	\$ 38
Town of Lakeshore	2,400	24
Town of Kingsville	3,800	38
	10,000	\$ 100

8. Contingencies:

- (a) The Company belongs to the Municipal Electrical Association Reciprocal Insurance Exchange. This is a pooling of the public liability insurance risks of many of Ontario electrical distribution utilities. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. To December 31, 2002, no assessments have been made since joining.
- (b) A class action claiming \$500 million in restitutionary payments plus interest has been initiated against a 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 Electricity Distributors Association is undertaking the defense of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the Company.

9. Pension costs:

The Company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2002 was \$nil for current service and would otherwise be included as an expense on the statement of earnings.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

9. Pension costs (continued):

Contributions by the Corporation will commence effective January 1, 2003. In 2003 the contribution rates will be 2.1% for employees earnings below the year's maximum pensionable earnings and 2.6% thereafter. In 2004 the contribution rates rise to 6.0% and 8.8% respectively.

10. Supplemental cash flow information:

	2002	2001
Cash paid during the year for:		
Interest	\$ 92,890	\$ 11,157
Payments in lieu of income taxes	102,224	—
Cash received during the year for:		
Interest	106,269	154,142
Payments in lieu of income taxes	28,686	—

11. Related party transactions:

The amounts due to/from shareholders and subsidiary are as follows:

	2002	2001
Due to shareholders, included in accounts payable	\$ 2,838,889	\$ 271,801
Due from shareholders, included in accounts receivable	101,662	33,751
Due from subsidiary, included in accounts receivable	316,006	—

These amounts are measured at the exchange amount.

12. Fair value of financial assets and liabilities:

The fair value of the Company's cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities, customer deposits and shareholders' promissory notes approximate their carrying values.

It is not practical to determine the fair value of the investment in subsidiary as it is not publicly traded.

E.L.K. ENERGY INC.

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2002

13. Payments in lieu of income taxes:

As at December 31, 2002, the Company had non-capital loss carryforwards of approximately \$89,000 (2001 - \$293,000) which expire in 2009. The benefit of these losses has not been recorded in these financial statements. In addition, the Company had deductible temporary differences of approximately \$1,724,000 (2001 - \$1,635,000) for which no future income tax asset was recorded.

T2 CORPORATION INCOME TAX RETURN

200

Code 0101

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

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

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

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

055 Do not use this area

Identification

Business Number (BN) 001 866567787RC0001

Corporation's name

002 E.L.K. ENERGY INC.

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

Address of head office

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

011 172 FOREST AVE

012

City Province, territory, or state

016 ON

Country (other than Canada) Postal Code/ZIP code

017 018 N8M-3E4

Mailing address (if different from head office address)

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

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City Province, territory, or state

025 026

Country (other than Canada) Postal code/ZIP code

027 028

Location of books and records

031 172 FOREST AVE

032

City Province, territory, or state

035 036 ON

Country (other than Canada) Postal Code/ZIP code

037 038 N8M-3E4

040 Type of corporation at the end of the taxation year

1 ☐ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation2 ☐ Other private corporation 5 ☒ Other corporation (please specify, below)3 ☐ Public corporation UTILITY MEU

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

YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start

Taxation year end

060 2002-01-01
YYYY/MM/DD061 2002-12-31
YYYY/MM/DDHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If yes, provide the date control was acquired 065

YYYY/MM/DD

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

Is this the first year of filing after:

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

If yes, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

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

081

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

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

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

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

Do not use this area

091 092 093 094 095 096

097

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

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation?	160 <input type="checkbox"/>	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
32	Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's-length transactions with non-residents	162 <input type="checkbox"/>	11
33	If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
40	Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
41	Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
43	Has the corporation had any non-arm's-length transactions with a non-resident?	171 <input type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 <input type="checkbox"/>	—
46	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
	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 checked="" type="checkbox"/>	3
69-76	Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
131	Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	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
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
	Was the corporation carrying on business in Canada while not a Canadian corporation?	220 <input type="checkbox"/>	20 *
111	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
127	For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	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 E.L.K. ENERGY INC.	Business Number 866567787RC0001	Taxation year-end 2002-12-31
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Attachments - continued from page 2

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

Additional information

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

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

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

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

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

284	ELECTRICITY	285	100%
286		287	0%
288		289	0%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	152,796	A
Deduct: Charitable donations from Schedule 2	311	125	
Gifts to Canada or a province from Schedule 2	312	0	
Cultural gifts from Schedule 2	313	0	
Ecological gifts from Schedule 2	314	0	
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	826	
Part VI.1 tax deduction from Schedule 43	325	0	
Non-capital losses of preceding taxation years from Schedule 4	331	151,845	
Net-capital losses of preceding taxation years from Schedule 4	332	0	
Restricted farm losses of preceding taxation years from Schedule 4	333	0	
Farm losses of preceding taxation years from Schedule 4	334	0	
Limited partnership losses of preceding taxation years from Schedule 4	335	0	
Taxable capital gains or taxable dividends allocated from a central credit union	340	0	
Prospector's and grubstaker's shares	350	0	
Subtotal		152,796	B
Subtotal (amount A minus amount B)		0	C
Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355	0	D
Taxable income (amount C plus amount D)	360	0	
Income exempt under paragraph 149(1)(t)	370	0	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		0	Z

Small business deduction

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

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

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

Business limit (for associated corporations, enter business limit from Schedule 23) 410 0 C

Reduction to business limit:

Amount C 0 x 415 *** 0 D = 169,422 E

11,250

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

Small business deduction - 16.00% of the least of amounts A, B, C, and F 430 0 G

(enter amount G on line 9 of page 7)

- * Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.
- ** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.
- *** **Large corporation tax for preceding year** - Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

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

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

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

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

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

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

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

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

Amount QQ from Part 13 of Schedule 27 0 H

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

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

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

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

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

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

Number of days in the taxation year 365

Accelerated tax reduction - 7% of amount N 0 O

(enter amount O on line 637 of page 7)

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3	.....	0	A
Amount Z from Part 9 of Schedule 27	..... <u>0</u> x 100/7	0	B
Amount QQ from Part 13 of Schedule 27	.....	0	C
Resource allowance (amount from line 346 of Schedule 1)	..... <u>0</u> x 3 =	0	D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....	0	E
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4	.....	0	F
Aggregate investment income from line 440 of page 6	.....	0	G
Amount used to calculate the accelerated tax reduction (amount M of page 4)	.....	0	H
Total of amounts B, C, D, E, F, G, and H	.....	0	I
Amount A minus amount I (if negative, enter "0")	.....	0	J
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	<u>0</u> x 1% =	0 K
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	<u>365</u> x 3% =	0 L
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 5% =	0 M
		365	
Amount J	<u>0</u> x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	<u>0</u> x 7% =	0 N
		365	
General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N			0 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	
General tax reduction - Total of amounts H, I, J and K			0 L
(enter amount L on line 639 of page 7)			

Corporation's name E.L.K. ENERGY INC.	Business Number 866567787RC0001	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 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 6,500,000 x 1/3 2,166,667 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 E.L.K. ENERGY INC.	Business Number 866567787RC0001	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	<u>0</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>0</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5
For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:		
28.00 % of taxable income from line 360 of page 3	<u>0</u> a	
28.00 % of taxed capital gains	<u>0</u> b	6
Part I tax otherwise payable	<u>0</u> c	
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	<u>0</u>	7
Net amount (line 1 minus line 7)	<u>0</u>	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	<u>0</u>	i
Taxable income from line 360 on page 3	<u>0</u>	
Deduct:		
The least of amounts on lines 400, 405, 410, and 425 of page 4	<u>0</u>	
Net amount	<u>0</u>	ii

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

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

Deduct:

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

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

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	0
Part I.3 tax payable from Schedule 33, 34, or 35	704	11,648
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		11,648

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	11,648 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	11,648
Total credits	890	11,648
Refund code	894	0
Overpayment		0
Balance (line A minus line B)		0

Direct deposit request

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

<input type="checkbox"/> Start	<input type="checkbox"/> Change information	910
		Branch number
914	918	
Institution number	Account number	

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

Balance unpaid 0
Enclosed payment 898 0

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

896 1 Yes ☐ 2 No ☒

Certification

I, 950 SLATER	951 SANDRA	954 DIRECTOR OF FINANCE
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	Signature of an authorized signing officer of the corporation	956 519-776-5291
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If no, complete the information below		
957	1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>	
958	Name in block letters	959 Telephone number

Language of correspondence - Langue de correspondance

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

1 English/Anglais ☒ 2 Français/French ☐

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

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

Net income (loss) after taxes and
extraordinary items per financial statements 472,578 A

Additions:

Provision for income taxes - current	<input type="checkbox"/> 101	13,000	
Provision for income taxes - deferred	<input type="checkbox"/> 102	293,000	
Amortization of tangible assets	<input type="checkbox"/> 104	694,112 ✓	
Charitable donations from Schedule 2	<input type="checkbox"/> 112	25 ✓	
Non-deductible meals and entertainment expenses	<input type="checkbox"/> 121	657 ✓	
Reserves from financial statements - balance at the end of the year	<input type="checkbox"/> 126	1,723,826 ✓	

Total of additions		2,724,620	2,724,620

Other Additions:**Miscellaneous Other Additions:**

<input type="checkbox"/> 600 ENERCONNECT LIMITED PARTNERSHIP INCOME	<input type="checkbox"/> 290	725	

Subtotal of Other Additions	<input type="checkbox"/> 199	725	725

Total Additions	<input type="checkbox"/> 500	2,725,345	2,725,345

Deductions:

Gain on disposal of assets per financial statements	<input type="checkbox"/> 401	24,625 ✓	
Capital cost allowance from Schedule 8	<input type="checkbox"/> 403	825,120	
Cumulative eligible capital deduction from Schedule 10	<input type="checkbox"/> 405	56,363 ✓	
Reserves from financial statements - balance at the beginning of the year	<input type="checkbox"/> 414	1,635,029 ✓	

Total of Deductions		2,541,137	2,541,137

Other Deductions:**Miscellaneous Other Deductions:**

<input type="checkbox"/> 700 DEDUCTION OF EXPENSES CAPITALIZED FOR ACCOUNTING	<input type="checkbox"/> 390	503,990	

Subtotal of Other Deductions	<input type="checkbox"/> 499	503,990	503,990

Total Deductions	<input type="checkbox"/> 510	3,045,127	3,045,127

Net income (loss) for income tax purposes

(enter on line 300 on the T2 return)

152,796
=====

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)
	0

Subtotal	0
Add: Total donations of less than \$100 each	25

Total donations in current taxation year	25
	=====

	Federal	Quebec	Alberta
Charitable donations at end of preceding taxation year	100 A	100	100
Deduct:			
Donations expired after 5 taxation years 239	0	0	0
	-----	-----	-----
Charitable donations at beginning of taxation year 240	100	100	100
Add:			
Donations transferred on amalgamation or wind-up of subsidiary 250 0 B			
Total current year charitable donations made 210 25 C			
	-----	-----	-----
Total:			
Amount B plus amount C 25	25 D	25	25
	-----	-----	-----
	=====	=====	=====

	Federal	Quebec	Alberta
Total donations available	125 E	125	125
Deduct: Amount applied against taxable income: (enter amount from line S)	125 F	125	125
	-----	-----	-----
Charitable donations closing balance	0 G	0	0
	=====	=====	=====

Amounts carried forward - Charitable donations

Year of origin:		Federal	Quebec	Alberta
1st prior year	-	2001 100	100	100
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 (to line A)		100	100	100
		=====	=====	=====

* These donations expired in the prior year.

Part 2 - Maximum deduction calculation for donations

Net income for tax purposes * multiplied by 75%		114,597 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	0 P
		=====	=====
Amount P multiplied by 25%			0 Q
		=====	=====
Maximum deduction allowable: (amount H plus amount Q)			114,597 R
			=====

Claim for charitable donations: (not exceeding the lesser of amount E from Part 1, amount R and net income for tax purposes)

125 S

(Enter amount S on line 311 of the T2 return)

* For credit unions this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Part 3 - Gifts to Canada or a province

Gifts to Canada or a province at the end of the preceding taxation year		0
Deduct: Gifts to Canada or a province expired after 5 taxation years	339	0
Gifts to Canada or a province at the beginning of the taxation year	340	0
Add: Gifts to Canada or a province transferred on amalgamation or wind-up of a subsidiary	350	0
Total current year gifts made to Canada or a province *	310	0

	Subtotal	0
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return)	360	0

Gifts to Canada or a province closing balance	380	0
		=====

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount at line 210 and complete part 2.

Part 4 - Gifts of certified cultural property

	Federal	Quebec	Alberta
Gifts of certified cultural property at the end of the preceding taxation year	0	0	0
Deduct: Gifts of certified cultural property expired after 5 taxation years	439	0	0
	-----	-----	-----
Gifts of certified cultural property at the beginning of the taxation year	440	0	0
Add: Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	450	0	0
Total current year gifts of certified cultural property	410	0	0
	-----	-----	-----
	Subtotal	0	0
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 the preceding taxation year	0	0	0
Deduct: Gifts of certified ecologically sensitive land expired after 5 taxation years 539	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year 540	0	0	0
Add: Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary 550	0		
Total current year gifts of certified ecologically sensitive land 510	0		
	-----	-----	-----
Subtotal	0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return) 560	0	0	0
	-----	-----	-----
Gifts of certified ecologically sensitive land - Closing balance 580	0	0	0
	=====	=====	=====

Amounts carried forward - Gifts of certified ecologically sensitive lands

Year of origin:		Federal	Quebec	Alberta
1st prior year	2001	0	0	0
2nd prior year	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.

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

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND**PART IV TAX CALCULATION (1998 and later taxation years)**

- This schedule is for use by any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation;
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation, at any time in the taxation year.
- If you need more space, continue on a separate schedule.
- For more information, see the sections about Schedule 3 in the "T2 Corporation Income Tax Guide."
- "X" under column A if dividend received from a foreign source. (Connected corporation only.)
- "X" under column B if the payer corporation is connected.

Part 1 - Dividends received during the taxation year

Complete if payer corporation is connected

A	B	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
<div data-bbox="142 1045 181 1071">200</div> SUN LIFE CANADA	<div data-bbox="535 1045 574 1071">205</div>	<div data-bbox="711 1045 750 1071">210</div>	YYYY/MM/DD <div data-bbox="997 1045 1036 1071">220</div>

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

Name of payer corporation	E Non-taxable dividend under section 83	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
SUN LIFE CANADA	0	826	0	0	0
	-----	-----	-----	-----	-----
Total (enter on line 320 of the T2 return)	0	826	0	0	0
	=====	=====	=====	=====	=====

For dividends received from non-connected corporation:

Part IV tax equals: Column F x Column H / Column G

* .e insurers are not subject of Part IV tax on subsection 138(6) dividends.

Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 4 - Taxable dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above), is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of

a dividend refund (From above) **460** 6,500,000

Other dividends paid in the taxation year

(Total of 510 to 550) 0

Total dividends paid in the taxation year **500** 6,500,000

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

Taxable dividends paid in the taxation year for purposes of a dividend refund 6,500,000

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

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

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

Part 1 - Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes		152,796
Deduct: (increase a loss)		
capital losses deducted in the year		
(enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	826	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares		
- Paragraph 110(1)(d.2)	0	826
		<hr/>
	Subtotal (if positive, enter "0")	0
Deduct: (increase a loss)		
Section 110.5 - Addition for foreign tax deductions		0
		<hr/>
	Subtotal	0
Add: (decrease a loss)		
Current-year farm loss		0
		<hr/>
Current-year non-capital loss (if positive, enter "0")		0
		<hr/>

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		293,048
Deduct: Non-capital loss expired after seven taxation years	<input type="checkbox"/> 100	0
Non-capital losses at beginning of		
taxation year	<input type="checkbox"/> 102	293,048
Add: Non-capital losses transferred on amalgamation or		
wind-up of subsidiary corporation	<input type="checkbox"/> 105	0
Current-year non-capital loss (from calculation above)	<input type="checkbox"/> 110	0
		293,048

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	151,845	
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	151,845
			<hr/>
		Subtotal	141,203

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
			<hr/>
Non-capital losses - Closing balance	180		141,203
			<hr/>

Election under paragraph 88(1.1)(f)

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

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

Part 2 - Capital losses**Continuity of capital losses and request for a carryback**

Capital losses at end of preceding taxation year	200	0	
Capital losses transferred on amalgamation or wind-up of subsidiary corporation	205	0	
Current-year capital loss (from Schedule 6 calculation)	210	0	0
Add:			
Allowable business investment loss expired as non-capital loss	0 x 4/3 220		0
		Subtotal	0
Deduct:			
Amount applied against current-year capital gain (see note 1)	225	0	
Section 80 - Adjustments for forgiven amounts	240	0	
Other adjustments	250	0	0
		Subtotal	0
Deduct - Request to carry back capital loss to: (see note 2)			
	Capital gain (100%)	Amount carried back (100%)	
First preceding taxation year	0 951	0	
Second preceding taxation year	0 952	0	
Third preceding taxation year	0 953	0	0
			<hr/>
Capital losses - Closing balance	280		0
			<hr/>

Part 2 - Capital losses**Continuity of capital losses and request for a carryback (cont'd)**

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

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

Note 2

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

Part 3 - Farm losses**Continuity of farm losses and request for a carryback**

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

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

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

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

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

Part 4 - Restricted farm losses**Current-year restricted farm loss**

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 =	0	B	
	6,250	C	0
			2,500
Current-year restricted farm loss (enter this amount on line 410)			0

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year	0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0
Restricted farm losses at beginning of taxation year	402	0
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation	405	0
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0
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
Listed personal property losses at beginning of taxation year	502
Add: Current-year listed personal property loss (from Schedule 6)	510
	Subtotal
	0
Deduct:	
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530
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
Second preceding taxation year to reduce listed personal property gains	962
Third preceding taxation year to reduce listed personal property gains	963
	0
	0
	0
Listed personal property losses - Closing balance	580

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	293,048	N/A	0	N/A	151,845	0	141,203
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 *
Total	293,048	0	0	0	151,845	0	141,203

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
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0
1993	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
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
1993	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

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

Summary of Capital Cost Allowance

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

Class	UCC at Beginning No. [200]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203]-[207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	9,530,795	365,600	-12,624	0	182,800	4	0	0	388,039	9,495,732
8	460,907	4,608	0	0	2,304	20	0	0	92,642	372,873
10	370,444	95,618	0	24,625	35,496	30	0	0	121,782	319,655
12	222,030	1,253	0	0	626	100	0	0	222,657	626
Total	10,584,176	467,079	-12,624	24,625	221,226		0	0	825,120	10,188,886

E.L.K. ENERGY INC.**Sch. 009****Account/Business No.: 866567787RC0001 Year Ended:****2002-12-31****RELATED AND ASSOCIATED CORPORATIONS**

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

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

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
E.L.K. SOLUTIONS INC.		864877519RC0001	2	10,000	50.00	0	0.00	100

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

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

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

Schedule 9

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide".
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at end of preceding taxation year**(if negative, enter "0") 200 805,185 A**Add:**Cost of eligible capital property acquired during
the taxation year 222 0 BAmount transferred on amalgamation or wind-up
of subsidiary 224 0 COther adjustments 226 0 D

(add amounts B, C, and D) 0 x 0.75 = 0 E

Subtotal (amount A plus amount E) 230 805,185 F**Deduct:**Proceeds of sale (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during
the taxation year 242 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) 244 0 HOther adjustments 246 0 I(add amounts G, H, and I) 0 x 0.75 = 248 0 J**Cumulative eligible capital balance (amount F minus amount J)** 805,185 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)**Current year deduction** amount K 805,185 x 7.00% = 250 56,363 L
(amount L at line 405 of Schedule 1)**Cumulative eligible capital - Closing balance** 300 748,822 M
Amount K minus amount L (if negative, enter "0")**Note**

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

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

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

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

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 400 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7) 401 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 402 0 3Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 0 0 5

Total of lines 1, 2, and 5 0 6

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

Line 6 minus line 7 0 0 O

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

Amount on line 5 0 x 1/2 0 Q

Line P minus line Q 0 R

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

Lesser of line N or line O 0 T

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

line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q 410 0

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

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

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

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

Filing date (for departmental use only) 100 Year Month Day

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

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	2,307,221
Capital stock (or members' contributions if incorporated without share capital)	103	100
Retained earnings	104	2,539,105
Contributed surplus	105	4,402,373
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	6,500,000
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

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

112 0

Subtotal 15,748,799 15,748,799 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year

121 572,000

Any deficit deducted in computing the shareholders' equity

122 0

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

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

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

123 0

The amount of deferred unrealized foreign exchange losses

124 0

Subtotal 572,000 572,000 B

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

190 15,176,799

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

401 100

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

402 0

A bond, debenture, note, mortgage, or similar obligation of another corporation

(other than a financial institution)

403 0

Long-term debt of a financial institution

404 0

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

405 0

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

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

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

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

406 0

An interest in a partnership

407 0

Investment allowance for the year

490 100

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) 15,176,799 C

Deduct: Investment allowance for the year (line 490) 100 D

Taxable capital for the taxation year

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

500 15,176,699

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)	15,176,699	X	Taxable income earned in Canada	610	1,000	Taxable capital employed in Canada	690	15,176,699
								=====
			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 incurred in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711 0

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

712 0

Total amount of carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year in Canada

713 0

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

Taxable capital employed in Canada

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

Part 6 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada for the year (line 690 or 790, whichever applies) 15,176,699

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 5,176,699

Gross Part 1.3 tax: Line 811 5,176,699 x .2250% = 11,648 F

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

Amount F 11,648 x Number of days in the year 365 = 0 G

Gross Part 1.3 tax (amount F or G, whichever applies) 820 11,648

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
- line 690 of this schedule
- 15,176,699 = 0
-
- 15,176,699
- line 500 of this schedule
- d) line 700 from the T2 return 0 I
- Current year surtax credit (amount H or I, whichever applies) 830 0
- =====

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

- Amount on line 830 0
- Less: Part I.3 tax before deducting surtax credits (line 820) 11,648 J
-
- Net amount -11,648 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 11,648 M
- c) years that may be applied to reduce Part I.3 tax payable in the current year
- =====

Part 9 - Calculation of current year unused surtax credit

- Amount K (if positive) 0
- Less: Part I.3 tax credits claimed 0
- (carried forward from taxation years prior to 1992 - see amount L above)
-
- Current year unused surtax credit (enter this amount on Schedule 37) 850 0
- =====

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

Gross Part I.3 tax (line 820)		11,648	N
Deduct the following amounts:			
Current year surtax credit applied			
(the lesser of lines 820 and 830)	861	0	
Unused surtax credit from prior years applied	862	0	

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

Net Part I.3 tax payable (amount N minus amount O)			
Enter this amount at line 704 of the T2 return	870	11,648	
		=====	

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

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

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.

Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

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

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

Agreement

Year Month Day

Date filed (for departmental use only) [010]

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

Enter the calendar year to which the agreement applies [030] Year 2002

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

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
[200] E.L.K. ENERGY INC. See attached	[300] 866567787RC0001	[400] 10,000,000 0	[500] 11
Total (not to exceed \$10,000,000)		10,000,000 =====	

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

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

E.L.K. ENERGY INC.
Account/Business No.: 866567787RC0001 Year Ended:
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp.
2002-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 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]
<hr/>			
E.L.K. SOLUTIONS INC.	864877519RC0001	0	2002-12-31
TOTAL		0	

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

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

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)		
	100	200	300	400
THE CORPORATION OF THE TOWN OF ESSEX			38.00	0.00
THE CORPORATION OF THE TOWN OF LAKESHORE			24.00	0.00
THE CORPORATION OF THE TOWN OF KINGSVILLE			38.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

Telephone Number:

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

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

For agency use
[055]

[001] 86656 7787 RC 0001

[060] 2002 01 01

[061] 2002 12 31

[099] TP06

XXXXXXXXXXXXX

X

[002] E.L.K. ENERGY INC.

[003] 2

[004] _____

XXXXXXXXXXXXX

[010]@ 2

[011] _____

[012] _____

[015] _____

[016] _____

[017] _____

[018] _____

[020]@ 2

[021] _____

[022] _____

[023] _____

[025] _____

[026] _____

[027] _____

[028] _____

For agency use

[091] _____

[092] _____

[093] _____

For agency use

[094] _____

[095] _____

[096] _____

[097] _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[031]@ 172 FOREST AVE

[032] _____

[035] ESSEX

[036] ON

[037] _____

[038] N8M 3E4

XXXXXXXXXXXX

[040] 5	[166] _____	[220] _____
[043] _____	[167] _____	[221] _____
[046] 2	[168] _____	[226] _____
[065] _____	[169] _____	[227] _____
[067] 2	[170] _____	[231] _____
[070] 2	[171] _____	[232] _____
[071] 2	[172] _____	[233] 1
[072] 2	[173] 1	[236] 1
[076] 2	[201] 1	[237] _____
[078] 2	[202] 1	[238] _____
[080] 1	[203] 1	[242] _____
[081] _____	[204] 1	[243] _____
[082] 2	[205] _____	[244] _____
[085] _____	[206] _____	[249] _____
[150] 1	[207] _____	[250] _____
[151] _____	[208] 1	[251] _____
[160] _____	[210] 1	[252] _____
[161] _____	[212] _____	[253] _____
[162] _____	[213] _____	[291] 2
[163] _____	[216] _____	[292] 2
[164] _____	[217] _____	[370] _____
[165] _____	[218] _____	[624] _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[646]	_____	[959]	_____
[750]	ON		XXXXXXXXXXXXX
[801]	_____		
[815]	_____		
[894]	_____		
[896]	2		
[898]	_____		
[910]	_____		
[914]	_____		
[918]	_____		
[950]	1		
	XXXXXXXXXXXXX		
[280]	2		
[281]	2		
[282]	_____		
[283]	_____		
[284]	ELECTRICITY		
[286]	_____		
[288]	_____		
[285]	100		
[287]	_____		
[289]	_____		
[950]	SLATER		
[951]	SANDRA		
[954]	DIRECTOR OF FINANCE		
[955]	_____		
[956]	519 776 5291		
[957]	1		
[958]	_____		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[300]	152 796	[440]	_____	[652]	_____
[311]	125	[445]	_____	[700]	_____
[312]	_____	[450]	_____		XXXXXXXXXXXXX
[313]	_____	[600]	_____		
[314]	_____	[632]	_____	[704]	11 648
[320]	826	[636]	_____	[708]	_____
[325]	_____	[780]	_____	[716]	_____
[331]	151 845		XXXXXXXXXXXXX	[720]	_____
[332]	_____			[724]	_____
[333]	_____	[460]	_____	[727]	_____
[334]	_____	[465]	_____	[728]	_____
[335]	_____	[480]	_____	[760]	_____
[340]	_____	[485]	_____	[765]	_____
[350]	_____	[712]	_____	[770]	11 648
[355]	_____		XXXXXXXXXXXXX		XXXXXXXXXXXXX
[360]	_____				
	XXXXXXXXXXXXX	[550]	_____	[784]	_____
		[602]	_____	[788]	_____
[400]	_____	[604]	_____	[792]	_____
[405]	_____	[608]	_____	[796]	_____
[409]	_____	[616]	_____	[797]	_____
[425]	_____	[620]	_____	[800]	_____
[430]	_____	[628]	_____	[804]	_____
	XXXXXXXXXXXXX	[637]	_____	[808]	_____
		[638]	_____	[812]	_____
[415]	_____	[639]	_____	[816]	_____
	XXXXXXXXXXXXX	[640]	_____	[840]	11 648
		[644]	_____	[890]	11 648
		[648]	_____		XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[995]

Certification

I, SANDRA SLATER am an authorized signing officer of the corporation.

I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

Net income (or loss) for income tax purposes [line 200300]	152 796
Part I tax payable [line 200700]	
Part I.3 tax payable [line 200704]	11 648
Part II surtax payable [line 200708]	
Part IV tax payable [line 200712]	
Part IV.1 tax payable [line 200716]	
Part VI tax payable [line 200720]	
Part VI.1 tax payable [line 200724]	
Part XIV tax payable [line 200728]	
Net provincial and territorial tax payable [line 200760]	
Provincial tax on large corporations [line 200765]	

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.

DIRECTOR OF FINANCE

Date

Signature of an authorized signing officer of the corporation

Position, office or rank

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[117]

[203]

[220]

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[221]	_____	[300]	_____	[401]	24 625
[222]	_____	[301]	_____	[402]	_____
[223]	_____	[302]	_____	[403]	825 120
[224]	_____	[303]	_____	[404]	_____
[225]	_____	[304]	_____	[405]	56 363
[226]	_____	[305]	_____	[406]	_____
[227]	_____	[306]	_____	[407]	_____
[228]	_____	[307]	_____	[408]	_____
[229]	_____	[308]	_____	[409]	_____
[230]	_____	[309]	_____	[410]	_____
[231]	_____	[310]	_____	[411]	_____
[232]	_____	[311]	_____	[413]	_____
[233]	_____	[312]	_____	[414]	1 635 029
[234]	_____	[313]	_____	[416]	_____
[235]	_____	[314]	_____	[417]	_____
[236]	_____	[315]	_____	[499]	503 990
[237]	_____	[316]	_____	[510]	3 045 127
[238]	_____	[340]	_____		XXXXXXXXXXXXX
[290]	725	[341]	_____		
[291]	_____	[342]	_____		
[2]	_____	[343]	_____		
[293]	_____	[344]	_____		
[294]	_____	[345]	_____		
	XXXXXXXXXXXXX	[346]	_____		
		[390]	503 990		
		[391]	_____		
		[392]	_____		
		[393]	_____		
		[394]	_____		
			XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[225]	_____	[410]	_____
[227]	_____	[440]	_____
[230]	_____	[450]	_____
[235]	_____	[460]	_____
[239]	_____	[480]	_____
[339]	_____		XXXXXXXXXXXXX
[439]	_____		
[539]	_____	[510]	_____
	XXXXXXXXXXXXX	[540]	_____
		[550]	_____
[0]	25	[560]	_____
[240]	100	[580]	_____
[250]	_____		XXXXXXXXXXXXX
[260]	125		
[280]	_____		
	XXXXXXXXXXXXX		
[310]	_____		
[340]	_____		
[350]	_____		
[0]	_____		
[380]	_____		
	XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[210] 1. _____ *

[360] _____

XXXXXXXXXXXXX

[220] 1. _____ *

[430] 1. 2 470 000

[230] 1. _____ *

2. 1 560 000

3. 2 470 000 *

[410] 1. NR

2. NR

3. NR *

[450] _____

[460] 6 500 000

XXXXXXXXXXXXX

[0] 1. 2002 12 31

2. 2002 12 31

3. 2002 12 31 *

[500] 6 500 000

[510] _____

[520] _____

[530] _____

[540] _____

[550] _____

XXXXXXXXXXXXX

[205] 1. 2 *

XXXXXXXXXXXXX

[240] 1. 826 *

[250] 1. _____ *

[260] 1. _____ *

[270] 1. _____ *

XXXXXXXXXXXXX

[320] _____

[330] _____

[335] _____

[340] _____

[345] _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[200] 1. SUN LIFE CANADA *

[400] 1. TOWN OF ESSEX
 2. TOWN OF LAKESHORE
 3. TOWN OF KINGSVILLE *

XXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[100]	_____	[200]	_____	[402]	_____
[190]	_____	[205]	_____	[405]	_____
[300]	_____	[210]	_____	[410]	_____
[400]	_____	[220]	_____	[430]	_____
[485]	_____	[225]	_____	[440]	_____
[500]	_____	[240]	_____	[450]	_____
	XXXXXXXXXXXXX	[250]	_____	[480]	_____
		[280]	_____	[941]	_____
[102]	293 048	[951]	_____	[942]	_____
[105]	_____	[952]	_____	[943]	_____
0]	_____	[953]	_____		XXXXXXXXXXXXX
[130]	151 845		XXXXXXXXXXXXX		
[135]	_____			[502]	_____
[140]	_____	[302]	_____	[510]	_____
[150]	_____	[305]	_____	[530]	_____
[180]	141 203	[310]	_____	[550]	_____
[901]	_____	[330]	_____	[580]	_____
[902]	_____	[335]	_____	[961]	_____
[903]	_____	[340]	_____	[962]	_____
[911]	_____	[350]	_____	[963]	_____
2]	_____	[380]	_____		XXXXXXXXXXXXX
[913]	_____	[921]	_____		
	XXXXXXXXXXXXX	[922]	_____		
		[923]	_____		
		[931]	_____		
		[932]	_____		
		[933]	_____		
			XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[602] 1. _____ *

[632] 1. _____ *

XXXXXXXXXXXXX

[600] 1. _____ *

[630] 1. _____ *

[660] 1. _____ *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[604] 1. _____ *

[606] 1. _____ *

[608] 1. _____ *

[620] 1. _____ *

XXXXXXXXXXXX

[634] 1. _____ *

[636] 1. _____ *

[638] 1. _____ *

[650] 1. _____ *

XXXXXXXXXXXX

[662] 1. _____ *

54] 1. _____ *

[670] 1. _____ *

[675] 1. _____ *

[680] 1. _____ *

XXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[101] 2

4. _____ *

[200] 1. 1

2. 8

3. 10

4. 12 *

[207]

1. _____

2. _____

3. 24 625

4. _____ *

[211] 1. 182 800

2. 2 304

3. 35 496

4. 626 *

[213]

1. _____

2. _____

3. _____

4. _____ *

[212] 1. 4

2. 20

3. 30

4. 100 *

[215]

1. _____

2. _____

3. _____

4. _____ *

XXXXXXXXXXXX

[201] 1. 9 530 795

2. 460 907

3. 370 444

4. 222 030 *

[217]

1. 388 039

2. 92 642

3. 121 782

4. 222 657 *

[203] 1. 365 600

2. 4 608

3. 95 618

4. 1 253 *

[220]

1. 9 495 732

2. 372 873

3. 319 655

4. 626 *

XXXXXXXXXXXX

[205] 1. # 12 624

2. _____

3. _____

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[300] 1. 86487 7519 RC 0001 *

[400] 1. 2 *

XXXXXXXXXXXXX

[100] 1. E.L.K. SOLUTIONS INC. *

[200] 1. _____ *

[500] 1. 10 000 *

[550] 1. 50 *

[600] 1. _____ *

[650] 1. _____ *

[700] 1. 100 *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[200] 805 185

[222] _____

[224] _____

[226] _____

[230] 805 185

XXXXXXXXXXXXX

[242] _____

[244] _____

[246] _____

['8] _____

XXXXXXXXXXXXX

[250] 56 363

[300] 748 822

XXXXXXXXXXXXX

[400] _____

[401] _____

[402] _____

['98] _____

[409] _____

[410] _____

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[100]	_____	[401]	100	[820]	11 648
[610]	1 000	[402]	_____	[861]	_____
[830]	_____	[403]	_____	[862]	_____
[850]	_____	[404]	_____	[870]	11 648
	XXXXXXXXXXXXX	[405]	_____		XXXXXXXXXXXXX
		[406]	_____		
[101]	2 307 221	[407]	_____		
[103]	100	[490]	100		
[104]	2 539 105		XXXXXXXXXXXXX		
[105]	4 402 373				
06]	_____	[500]	15 176 699		
[107]	_____		XXXXXXXXXXXXX		
[108]	6 500 000				
[109]	_____	[701]	_____		
[110]	_____	[711]	_____		
[111]	_____	[712]	_____		
[112]	_____	[713]	_____		
[121]	572 000	[790]	_____		
[122]	_____		XXXXXXXXXXXXX		
[123]	_____				
[124]	_____	[690]	15 176 699		
[150]	15 176 799	[801]	10 000 000		
	XXXXXXXXXXXXX	[811]	5 176 699		
			XXXXXXXXXXXXX		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[010] _____

[020] 2

[030] 2002

[300] 1. 86656 7787 RC 0001
 2. 86487 7519 RC 0001 *

[500] 1. _____
 2. 2002 12 31 *

XXXXXXXXXXXXX

[400] 1. 10 000 000
 2. _____ *

XXXXXXXXXXXXX

[200] 1. E.L.K. ENERGY INC.
 2. E.L.K. SOLUTIONS INC. *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

- [100] 1. THE CORPORATION OF THE TOWN OF ESSEX
 2. THE CORPORATION OF THE TOWN OF LAKESHORE
 3. THE CORPORATION OF THE TOWN OF KINGSVILLE *

- [200] 1. NR
 2. NR
 3. NR *

- [300] 1. _____
 2. _____
 3. _____ *

- [400] 1. 38
 2. 24
 3. 38 *

- [500] 1. _____
 2. _____
 3. _____ *

XXXXXXXXXXXXX

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[3640]	19 054 283	[3450]	1 976 154
	XXXXXXXXXXXXX	[3499]	12 112 705
			XXXXXXXXXXXXX
[1000]	4 442 269		
[1060]	1 521 709	[3500]	100
[1062]	2 946 625	[3540]	4 402 373
[1120]	274 960	[3600]	2 539 105
[1481]	572 000	[3620]	6 941 578
[1483]	64 281		XXXXXXXXXXXXX
[1484]	63 954		
[1599]	9 885 798	[3660]	8 566 527
[1600]	156 387	[3680]	472 578
[1680]	2 815 401	[3701]	# 6 500 000
[1681]	# 1 956 345	[3849]	2 539 105
[1740]	14 493 668		XXXXXXXXXXXXX
[1741]	# 7 207 432		
[2008]	17 465 456		
[2009]	# 9 163 777		
[2242]	100		
[2420]	866 706		
[2589]	866 806		
[2599]	19 054 283		
	XXXXXXXXXXXXX		
[2600]	<hr/>		
[2620]	3 305 484		
[2861]	6 500 000		
[2961]	331 067		
[3139]	10 136 551		
[3320]	252 328		
[3322]	1 723 826		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[0001]	_____		
[0002]	MUNICIPALLY OWNED ELECTRICAL DISTRIBUTION COMPANY		
	XXXXXXXXXXXXX		
[0003]	_____		
	XXXXXXXXXXXXX		
[8519]	2 837 116	[8670]	694 112
[9369]	778 578	[8710]	92 890
[9899]	_____	[8813]	437 968
970]	778 578	[9270]	703 630
[9975]	_____	[9284]	680 194
[9976]	_____	[9367]	2 608 794
[9980]	_____	[9368]	16 786 482
[9985]	_____		XXXXXXXXXXXXX
[9990]	13 000		
[9995]	293 000	[9370]	_____
[9999]	472 578	[9659]	0
	XXXXXXXXXXXXX		XXXXXXXXXXXXX
[8000]	17 014 804	[9660]	_____
[8089]	17 014 804	[9898]	0
[8094]	479 156		XXXXXXXXXXXXX
[8210]	24 625		
[8245]	46 475		
[8299]	17 565 060		
	XXXXXXXXXXXXX		
[8300]	_____		
[8320]	14 177 688		
[8518]	14 177 688		

Name: E.L.K. ENERGY INC.

BN: 86656 7787 RC 0001 Taxation Year End: 2002-12-31

[100] 1

[101] 1

[102] 2

[103] 2

[104] 2

[105] 2

[106] 1

[107] 2

[108] 2

XXXXXXXXXXXXX



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

2002 CT23 Corporations Tax and Annual Return

For taxation years
commencing after May 4, 1999

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

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

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

MCBS Annual Return Required? (Refer to Guide)

Yes ☒ No ☐

Page 1 of 24

Ministry Use

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

E.L.K. ENERGY INC.

172 FOREST AVE

ESSEX

ON CA N8M-3E4

Has address changed since last filed CT23 Return? Yes ☐

Date of Change year month day

Registered/Head Office Address

172 FOREST AVE

ESSEX

ON CA N8M-3E4

Location of Books and Records

172 FOREST AVE

ESSEX

ON CA N8M-3E4

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

SANDRA SLATER

519-776-5291

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

(MCBS)

ON CA -

Former Corporation Name (Extra-Provincial Corporations only)

(Not Applicable) ☒

(MCBS)

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

No. of Schedule(s)

0

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

☒ No change

Preferred Language/Langue de préférence

English ☒ French ☐
anglais français

Ministry use



Certification (MCBS)

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

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

SANDRA SLATER

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.

E.L.K. ENERGY INC.

1800085

2002-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

1 ☐ 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)
UTILITY

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

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

if applicable, enter

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

if applicable, enter

Specify major business activity

2 1 ☐ Family Farm Corporation s.1 (2)

2 ☐ Family Fishing Corporation s.1 (2)

3 ☐ Mortgage Investment Corporation s.47

4 ☐ Credit Union s.51

5 ☐ Bank Mortgage Subsidiary s.61 (4)

6 ☐ Bank s.1 (2)

7 ☐ Loan and Trust Corporation s.61 (4)

8 ☐ Non-resident Corporation
s.2(2)(a) or (b)

9 ☐ Non-resident Corporation s.2(2)(c)

10 ☐ Mutual Fund Corporation s.48

11 ☐ Non-resident owned investment
Corporation s.49

12 ☐ Non-resident ship or aircraft under reciprocal
agreement with Canada s.28(b)

14 ☐ Bare Trustee Corporation

15 ☐ Branch of Non-residents s.63(1)

16 ☐ Financial institution prescribed by
Regulation only

17 ☐ Investment Dealer

18 ☐ Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale

19 ☐ Hydro successor, Municipal Electrical Utility
or subsidiary of either

20 ☐ Producer and seller of steam for uses other
than for the generation of electricity

21 ☐ Insurance Exchange s.74.4

22 ☐ Farm Feeder Finance Co-operative Corporation

23 ☐ Professional Corporation
(incorporated professionals only)

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

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

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

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

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

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

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.

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 16)

Subtract: Charitable donations

Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)

Subtract: Taxable dividends deductible, per federal T2 SCH 3

Subtract: Ontario political contributions (Attach schedule)

Subtract: Federal Part VI.1 tax 0. X 9/4

Subtract: Prior years' losses applied — Non-capital losses

Net capital losses

Farm losses

Restricted farm losses

Limited partnership losses

Taxable Income (Non-capital loss)

Addition to taxable income for unused foreign tax deduction for federal purposes

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11)

Taxable Income

		Number of Days in Taxation Year			
		Days before May 2, 2000	Total Days		
From 10 (or 20 if applicable)	0. x 30 100.0000% X 15.5000% X	22 0	73 365	= +	23 0.
Ontario Allocation					
From 10 (or 20 if applicable)	0. x 30 100.0000% X 14.5000% X	24 0	73 365	= +	25 0.
Ontario Allocation					
From 10 (or 20 if applicable)	0. x 30 100.0000% X 14.0000% X	26 0	73 365	= +	27 0.
Ontario Allocation					
From 10 (or 20 if applicable)	0. x 30 100.0000% X 12.5000% X	28 365	73 365	= +	29 0.
Ontario Allocation					
From 10 (or 20 if applicable)	0. x 30 100.0000% X 12.5000% X	31 0	73 365	= +	32 0.
Ontario Allocation					
Income Tax Payable (before deduction of tax credits)		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))

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))

Losses of other years deducted for federal purposes (fed.s.111)

Subtract: Losses of other years deducted for Ontario purposes (s.34)

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)

Add: Ontario enhancement of federal business limit

		Number of Days in Taxation Year			
		Days after Dec 31, 2000 and before Oct 1, 2001	Total Days		
40,000 x	0 ÷ 73 365				
X From	55 0 ÷ 200,000			= +	42 0.
80,000 x	365 ÷ 73 365				
X From	55 0 ÷ 200,000			= +	43 0.
120,000 x	0 ÷ 73 365				
X From	55 0 ÷ 200,000			= +	46 0.
Ontario enhancement of federal business limit	42 + 43 + 46			=	44 0.
Business Limit for Ontario purposes	55 + 44			=	99 0.
Income eligible for the IDSBC		From 30	100.0000% X	58 0.	60 0.

* Note: Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5

E.L.K. ENERGY INC.

1800085

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.
.....	6.50%	X	28	365	÷	73	365	= +	79	6.5000.
.....	7.00%	X	31	0	÷	73	365	= +	89	.0000.
IDSBC Rate for Taxation Year			75	+	77	+	79	+	89	
								=	78	6.5000.

Claim From 60 0. X From 78 6.5000% = 70 0.

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

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

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

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

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

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

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

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

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

Taxation Year End

Taxable Income
(if loss, enter nil)

See attached

Aggregate Taxable Income 80 + 82 + 83 + 84, etc.

Number of Days in Taxation Year										
Subtract: <u>200,000</u>	X	558	0	÷	73	365	= +	111	0.	
<u>240,000</u>	X	26	0	÷	73	365	= +	112	0.	
<u>280,000</u>	X	28	365	÷	73	365	= +	113	0.	
<u>320,000</u>	X	31	0	÷	73	365	= +	115	0.	
		111	+	112	+	113	+	115	=	0.
(If negative, enter nil)										- <u>114</u> 0.
										= <u>86</u> 0.

Calculation of Specified Rate for Surtax

.....	4.67%	X	74	0	÷	73	365	= +	92	.0000
.....	5.00%	X	76	0	÷	73	365	= +	93	.0000
.....	4.3330%	X	28	365	÷	73	365	= +	95	4.3330
.....	4.6670%	X	31	0	÷	73	365	= +	96	.0000
Specified rate of surtax for Taxation Year			92	+	93	+	95	+	96	
								=	94	4.3330
From <u>86</u> 0. X From <u>94</u> 4.3330%								=	87	0.
From <u>87</u> 0. X From <u>60</u> 0. + From <u>114</u> 0.								=	88	0.
Surtax Lesser of <u>70</u> or <u>88</u>								=	100	0

Continued on Page 6

E.L.K. ENERGY INC.

1800085

2002-12-31

DOLLARS ONLY

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

110 0.

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

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

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

Eligible Canadian Profits	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	Days before Oct 1, 2001	Total Days	
143 0. X From 30 100.0000 % X 2.0000 % X 152 0 ÷ 73 365 = + 153			0.
Lesser of 130 or 142			
143 0. X From 30 100.0000 % X 1.5000 % X 28 0 ÷ 73 365 = + 154			0.
Lesser of 130 or 142			
143 0. X From 30 100.0000 % X 1.5000 % X 31 0 ÷ 73 365 = + 155			0.
Lesser of 130 or 142			
M&P claim for taxation year 153 + 154 + 155			160 0.

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

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

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

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

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

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

Eligible Credit From **5798** Summary Schedule F + **192** 0.

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

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

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

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

Applies to employment of eligible unemployed graduate students.

No. of Graduates From **6596**
194 0
 Eligible Credit From **6598** Summary Schedule G + **195** 0.

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

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

e 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]** 19,054,283.
 * Total Revenue of the corporation + **[241]** 17,565,060.

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]** 421,931. + **[244]**
 + **[245]** + **[246]**
 + **[247]** + **[248]**

Aggregate Total Assets **[240]** + **[243]** + **[245]** + **[247]**, etc. = **[249]** 19,476,214.
 Aggregate Total Revenue **[241]** + **[244]** + **[246]** + **[248]**, etc. = **[250]** 17,565,060.

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]** 406,152. X From **[30]** 100.0000% X 4% = **[276]** 16,246.
 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]** 16,246.

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, Page 21.**

CMT Credit Carryover available From **[2307]** 16,246.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **[190]** 0.
 Gross CMT Payable + From **[276]** 16,246.
 Subtract: Foreign Tax Credit for CMT purposes - From **[277]** 0.
 If **[276]** - **[277]** is negative, enter NIL in **[290]** = 16,246. - **[290]** 16,246.
Income Tax eligible for CMT Credit = **[300]** 0.
 B. Income tax (after deduction of specified credits) + From **[230]** 0.
 Subtract: CMT credit used to reduce income taxes - **[310]** 0.
Income Tax = **[320]** 0.

Transfer to page 18

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

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

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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	100.
Retained earnings (if deficit, deduct)	351	2,539,105.
Reserves and other surpluses, excluding appraisal surplus (Inf.B.30-83)	352	4,402,373.
Loans and advances (Attach schedule)	353	6,500,000.
Bank loans	354	0.
Bankers acceptances	355	0.
Bonds and debentures payable	356	0.
Mortgages payable	357	0.
Lien notes payable	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax)	359	-572,000.
Contingent, investment, inventory and similar reserves	360	2,307,221.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	361	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	362	0.
Subtotal	370	15,176,799.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	371	675,818.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	372	0.
Total Paid-up Capital	380	14,500,981.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	381	0.
Net Paid-up Capital	390	14,500,981.

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	100.
Loans and advances to unrelated corporations	405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407	0.
Total Eligible Investments	410	100.

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

Total Assets per balance sheet	+	420	19,054,283.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	19,054,283.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	675,818.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	18,378,465.

Investment Allowance	(410 ÷ 450) × 390	Not to exceed 410	= 460	79.
Taxable Capital	390 - 460		= 470	14,500,902.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	17,565,060.
Total Assets (as adjusted)	From 430	19,054,283.

Calculation of Capital Tax for all corporations except Financial Institutions*Note: This version (2002) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.**(Financial Institutions use calculations on page 14.)***Important:**

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

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

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

SECTION A

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

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

SECTION B

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

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

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

B3. If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B4. If taxable capital, 470 on page 10 is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

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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.

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 10,004,971. 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 14,500,902.

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

Taxable Capital

See attached

Aggregate Taxable Capital ☐ 470 + ☐ 531 = ☐ 531 49,145.
☐ 540 14,550,047.

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 14,500,902. ÷ From ☐ 540 14,550,047. x 5,000,000 = ☐ 541 4,983,112.
Transfer to Section E2(b)

Calculation 2

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

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

Taxable Capital

..... + ☐ 514 0.
Total Aggregate Taxable Capital ☐ 540 + ☐ 514 = ☐ 520 14,550,047.

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 14,500,902. ÷ 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****520 exceeds \$2,000,000.****E1.** If the total aggregate taxable capital **520** exceeds \$2,000,000 but is \$3,200,000 or less, complete the following calculations and transfer the total From **508** to **543** and complete the return from that point.**Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000**

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

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

\$2,400,000 - 0. (**504** = **490** - **492**) = **504** 0. X From **30** 100.0000% X **552** 0. = + **505** 0.

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

If 2,400,000 - 520 is negative, enter NIL in 492

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

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

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

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

\$2,800,000 - 0. (**506** = **490** - **493**) = **506** 0. X From **30** 100.0000% X **553** 0. = + **507** 0.

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

If 2,800,000 - 520 is negative, enter NIL in 493

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

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

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

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

\$3,200,000 - 0. (**509** = **490** - **495**) = **509** 0. X From **30** 100.0000% X **557** 0. = + **522** 0.

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

If 3,200,000 - 520 is negative, enter NIL in 495

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

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** 14,500,902. 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

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

(b) From **470** 14,500,902.

From **541** (section C) - 4,983,112.

= **471** 9,517,790. X From **30** 100.0000% X .3000% X 365 = + **523** 28,553.

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

Days in taxation year after Sept 30, 2001

Total Capital Tax for the taxation year **502** + **523** = **508** 28,553.

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

Capital Tax before application of specified credits = **543** 28,644.

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

Capital Tax **543** - **546** = **550** 28,644.

Transfer to Page 18

continued on Page 14

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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.)

$$\boxed{565} \quad 0. \times 0.00\% \times \text{From } \boxed{30} \quad \text{Ontario Allocation} \times \boxed{555} \quad 0 \div \boxed{366} \text{ (if leap year)} = + \boxed{569} \quad 0.$$

Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1

$$\boxed{570} \quad 0. \times \boxed{571} \quad 0.00\% \times \text{From } \boxed{30} \quad \text{Ontario Allocation} \times \boxed{555} \quad 0 \div \boxed{366} \text{ (if leap year)} = + \boxed{574} \quad 0.$$

Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate (Refer to Guide)

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

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

**** If floating taxation year, refer to Guide.****II. Small Business Investment Tax Credit**

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

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

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

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

Transfer to **543** on Page 13

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

$$(1) \text{ Uninsured Benefits Arrangements} \dots \dots \dots \boxed{587} \quad 0. \times 2\% \dots \dots \dots = \boxed{588} \quad 0.$$

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **588**.)**Applies** to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

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

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

Transfer to page 18

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

+ 600 152,796.

Transfer to page 16

Add:

Federal capital cost allowance	+ 601	825,120.
Federal cumulative eligible capital deduction	+ 602	56,363.
Ontario taxable capital gain	+ 603	0.
Federal non allowable reserves. Balance beginning of year	+ 604	1,635,029.
Federal allowable reserves. Balance end of year	+ 605	0.
Ontario non-allowable reserves. Balance end of year	+ 606	1,723,826.
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

612	0.	x	5 ÷	15.5000	x	Days before May 2, 2000	Total Days	= +	630	0.
						22	0 ÷ 73 365			
612	0.	x	5 ÷	14.5000	x	Days after May 1, 2000 and before Jan 1, 2001	Total Days	= +	631	0.
						24	0 ÷ 73 365			
612	0.	x	5 ÷	14.0000	x	Days after Dec 31, 2000 and before Oct 1, 2001	Total Days	= +	632	0.
						26	0 ÷ 73 365			
612	0.	x	5 ÷	12.5000	x	Days after Sept 30, 2001 and before Jan 1, 2003	Total Days	= +	633	0.
						28	365 ÷ 73 365			
612	0.	x	5 ÷	12.5000	x	Days after Dec 31, 2002 and before Jan 1, 2004	Total Days	= +	634	0.
						31	0 ÷ 73 365			

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

Federal allowable business investment loss + 620 0.

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

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

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

= 0. + 615 0.

Subtotal of Additions 601 to 611 + 613 + 620 + 614 + 615 = 4,240,338. 640 4,240,338.

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E.L.K. ENERGY INC.

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DOLLARS ONLY

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

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From \pm 600 152,796.

Subtotal of Additions From $+$ 640 4,240,338.

Deduct:

Ontario capital cost allowance	.....	$+$ <u>650</u>	825,120.
Ontario cumulative eligible capital deduction	.....	$+$ <u>651</u>	56,363.
Federal taxable capital gain	.....	$+$ <u>652</u>	0.
Ontario non-allowable reserves. Balance beginning of year	.....	$+$ <u>653</u>	1,635,029.
Ontario allowable reserves. Balance end of year	.....	$+$ <u>654</u>	0.
Federal non-allowable reserves. Balance end of year	.....	$+$ <u>655</u>	1,723,826.
Federal allowable reserves. Balance beginning of year	.....	$+$ <u>656</u>	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	.....	$+$ <u>657</u>	0.
Ontario depletion allowance	.....	$+$ <u>658</u>	0.
Ontario resource allowance	.....	$+$ <u>659</u>	0.
Ontario research and development super allowance (Attach schedule)	.....	$+$ <u>660</u>	0.
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of Federal 2000 Budget	.....	$+$ <u>674</u>	0.
Ontario current cost adjustment (Attach schedule)	.....	$+$ <u>661</u>	0.

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying
intellectual property deducted in the current taxation year 662 0.

ONTTI Gross-up deduction calculation:

$$\left[\begin{array}{l} \text{From } \underline{662} \quad 0. \times \quad 100 \\ \text{From } \underline{30} \quad 100.0000 \end{array} \right] - \text{From } \underline{662} \quad 0. = \underline{663} \quad 0.$$

Ontario Allocation

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

$$\begin{array}{l} \text{Qualifying expenditures: } \underline{665} \quad 0. \times \quad 30.00\% \times \quad 100 \\ \text{From } \underline{30} \quad 100.0000 \end{array} = \underline{666} \quad 0.$$

Ontario Allocation

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

$$\begin{array}{l} \text{Qualifying expenditures: } \underline{667} \quad 0. \times \quad 100.00\% \times \quad 100 \\ \text{From } \underline{30} \quad 100.0000 \end{array} = \underline{668} \quad 0.$$

Ontario Allocation

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

$$\begin{array}{l} \text{Qualifying expenditures: } \underline{670} \quad 0. \times \quad 30.00\% \times \quad 100 \\ \text{From } \underline{30} \quad 100.0000 \end{array} = \underline{671} \quad 0.$$

Ontario Allocation

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

$$\begin{array}{l} \text{Qualifying expenditures: } \underline{672} \quad 0. \times \quad 15.00\% \times \quad 100 \\ \text{From } \underline{30} \quad 100.0000 \end{array} = \underline{673} \quad 0.$$

Ontario Allocation

Ontario allowable business investment loss $+$ 678 0.

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

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

Subtotal of Deductions

$$\underline{650} \text{ to } \underline{660} + \underline{674} + \underline{661} + \underline{663} + \underline{666} + \underline{668} + \underline{671} + \underline{673} + \underline{678} + \underline{679} + \underline{664} = 4,240,338. \quad \underline{680} \quad 4,240,338.$$

$$\text{Net income (loss) for Ontario Purposes } \underline{600} + \underline{640} - \underline{680} = \underline{690} \quad 152,796.$$

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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) 293,048	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0		752 0
	703 0	713 0	723 0	733 0	743 0	753 0
Subtotal	0	0	0	0	0	0
Subtract:						
Utilized during the year to reduce taxable income	704 151,845	715 (4) 0	724 0	734 (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0		725 0	735 0	745 0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18 0	716 (2) to Page 18 0	726 (2) to Page 18 0	736 (2) to Page 18 0	746 0	
	707 0	717 0	727 0	737 0	747 0	757 0
Subtotal	151,845	0	0	0	0	0
Balance at End of Year	709 (8) 141,203	719 0	729 0	739 0	749 0	759 0

Notes:

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

- (7) Include amount from 111 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	825 141,203	835 0	845 0	858 0	878 0
809 2002-12-31	826 0	836 0	846 0	859 0	879 0
Total	829 141,203	839 0	849 0	869 0	889 0

E.L.K. ENERGY INC.

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DOLLARS ONLY

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)				
Taxation Year Ending year month day				
i) 3rd preceding _____ 901	911 0	921 0	931 0	941 0
ii) 2nd preceding _____ 902	912 0	922 0	932 0	942 0
iii) 1st preceding _____ 903	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	..... + From 230 or 320	0.
Corporate Minimum Tax	..... + From 280	16,246.
Capital Tax	..... + From 550	28,644.
Premium Tax	..... + From 590	0.
Total Tax Payable	..... = 950	44,890.
Subtract: Payments	..... - 960	54,924.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify) _____	-	0.
Balance	..... = 970	-10,034.
If payment due	..... Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	.. = 975	10,034.
year month day	980	0.
(Includes credit interest)		

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

Certification

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

Name (please print)

SANDRA SLATER

Title

DIRECTOR OF FINANCE

Full Residence Address

Signature

Date

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

E.L.K. ENERGY INC.

1800085

2002-12-31

Corporate Minimum Tax - Schedule A: Calculation of CMT Base



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

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

± [2100] 472,578.

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]	826.
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.
			0. x 9/4
Subtotal	=		826. [2109] 826.

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

Provision for current taxes	+	[2110]	13,000.
Provision for deferred income taxes (debits)	+	[2111]	293,000.
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. <i>Applies</i> 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	=		306,000. [2115] 306,000.

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] 777,752.

** 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] 777,752.

Deduct: * CMT losses: pre-1994 Loss	+	From [2210]	0.
* CMT losses: other eligible losses	+	From [2211]	371,600.
	=		371,600. [2134] 371,600.

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

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

CMT Base = [2135] 406,152.

Transfer to CMT Base on Page 8

DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule B: Continuity of CMT Losses Carried Forward



Balance at Beginning of year (1), (2)	+ [2201]	371,600.
Add:		
Current year's losses	+ [2202]	0.
Losses from predecessor corporations on amalgamation (3)	+ [2203]	0.
Losses from predecessor corporations on wind-up (3)	+ [2204]	0.
Amalgamation (x) [2205] <input type="checkbox"/> Yes Wind-up (x) [2206] <input type="checkbox"/> Yes		
Subtotal	= 0. + [2207]	0.
Adjustments (attach schedule)	± [2208]	0.
CMT losses available	[2201] + [2207] ± [2208] = [2209]	371,600.
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]	371,600.
Losses expired during the year	+ [2212]	0.
Subtotal	= 371,600. - [2213]	371,600.
Balances at End of Year (5)	[2209] - [2213] = [2214]	0.

Notes:

- | | |
|--|--|
| <p>(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.</p> <p>(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))</p> | <p>(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))</p> <p>(4) CMT losses must be used to the extent of the lesser of the adjusted net income [2133] and CMT losses available [2209].</p> <p>(5) Amount in [2214] must equal sum of [2270] + [2290].</p> |
|--|--|

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) <small>year month day</small>	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
[2240]		[2260]	[2280]
	2001-12-31	0	0
	2002-12-31	0	0
[2242]		[2262]	[2282]
		0	0
[2243]		[2263]	[2283]
		0	0
[2244]		[2264]	[2284]
		0	0
[2245]		[2265]	[2285]
		0	0
[2246]		[2266]	[2286]
		0	0
[2247]		[2267]	[2287]
		0	0
[2248]		[2268]	[2288]
		0	0
[2249]		[2269]	[2289]
		0	0
Totals		[2270] 0	[2290] 0

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

DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



Balance at Beginning of year (1)	.....	+	2301	0.
Add:	Current year's CMT Credit (280 on page 8. If negative, enter NIL)	+	From 280	16,246.
	CMT Credit Carryovers from predecessor corporations (2)	+	2302	0.
	Amalgamation (x) 2303 <input type="checkbox"/> Yes Wind-up (x) 2304 <input type="checkbox"/> Yes	=	16,246.	2305 16,246.
Subtotal	.....		
Adjustments (Attach schedule)	.....	±	2306	0.
CMT credit carryover available	2301 + 2305 ± 2306	=	2307	16,246.
				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	16,246.

Notes:

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

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2001-12-31	2360 0	2380 0
2341	2002-12-31	2361 16,246	2381 0
2342		2362 0	2382 0
2343		2363 0	2383 0
2344		2364 0	2384 0
2345		2365 0	2385 0
2346		2366 0	2386 0
2347		2367 0	2387 0
2348		2368 0	2388 0
2349		2369 0	2389 0
Totals		2370 16,246	2390 0

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

E.L.K. ENERGY INC.

CT23-Supp.

Corp. Tax Acct. No. : 1800085

Year Ended:

2002-12-31

ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS

Name of Associated Corporation	Ontario Corp. Tax Number	Taxation Year end	Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)	No Perm Estab in Canada
E.L.K. SOLUTIONS INC.	1800362		49,145	421,931	0	0	
TOTALS			49,145	421,931	0	0	

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).

Ontario CT23 Supplementary

CCH Canadian Ltd. - Corporate Taxprep, 2002 CT23, ver. 1-2003

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
E.L.K. ENERGY INC.	1800085	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	+	<input type="text" value="100"/>	A
Deduct: Donations expired after 5 taxation years	-	<input type="text" value="0"/>	B
Charitable donations at beginning of taxation year	=	<input type="text" value="100"/>	C
Add: Donations transferred on amalgamation or wind-up of subsidiary	+	<input type="text" value="0"/>	D
Total current year charitable donations made	+	<input type="text" value="25"/>	E
Subtotal D + E	=	<input type="text" value="25"/>	F
Total donations available C + F	=	<input type="text" value="125"/>	G
Deduct: Amount applied against taxable income (amount T)	-	<input type="text" value="125"/>	T
Charitable donations closing balance	=	<input type="text" value="0"/>	H

Part 2 - Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	=	<input type="text" value="114,597"/>	I
Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.				
Ontario taxable capital gains arising in respect of gifts of capital property	+	<input type="text" value="0"/>	J
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	+	<input type="text" value="0"/>	K
Add the lesser of:				
1. The amount of the recapture of capital cost allowance in respect of charitable gifts		<input type="text" value="0"/>	L
2. The lesser of:				
2a. Proceeds of dispositions less outlays and expenses	<input type="text" value="0"/>	M		
2b. The capital cost	<input type="text" value="0"/>	N		
The lesser of M and N	<input type="text" value="0"/>	O		
The lesser of L and O	+	<input type="text" value="0"/>	P
Subtotal J + K + P	=	<input type="text" value="0"/>	Q
25% X <input type="text" value="0"/>	Q			R
Maximum deduction allowable I + R	=	<input type="text" value="114,597"/>	S
Claim for charitable donations (not exceeding the lesser of G from Part 1, S and net income for tax purposes)		<input type="text" value="125"/>	T
				Enter in <input type="text" value="1"/> of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
E.L.K. ENERGY INC.	1800085	2002-12-31

Part 3 - Gifts to Her Majesty in right of Ontario

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Foundation at end of the preceding taxation year	.....	+	0
Deduct: Gifts expired after 5 years	.....	-	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	.....	+	0
Add: Gifts transferred on amalgamation or wind-up of a subsidiary	.....	+	0
Total current year gifts	.....	+	0
Subtotal	.....	=	0
Deduct: Amount applied against taxable income <u>2</u> of the CT23	.....	-	0
Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance	.....	=	0

Foundation Name	Date of Donation	Amount \$
		0
		0
		0
		0
		0
Total gifts to Her Majesty in right of Ontario	= 0

Part 4 - Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario

Deduction is the lesser of:

- Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario 152,671 **U**
 - Lesser of:**
 - Ontario Net Income for the taxation year 152,796 **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
- Maximum deduction allowable the lesser of U and X** 0 **Y**

Transfer to 2 of the CT23

Part 5 - Gifts to Canada or a province other than Ontario

Gifts to Canada or a province other than Ontario at the end of the preceding year	.....	+	0
Deduct: Gifts to Canada or a province other than Ontario expired after five taxation years	.....	-	0
Gifts to Canada or a province other than Ontario at the beginning of the taxation year	.....	=	0
Add: Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	.....	+	0
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	.....	+	0
Subtotal	.....	=	0
Deduct: Amount applied against taxable income	.....	-	0
Gifts to Canada or a province other than Ontario closing balance	.....	=	0

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
E.L.K. ENERGY INC.	1800085	2002-12-31

Part 6 - Gifts of certified cultural property

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

Part 7 - Gifts of certified ecologically sensitive land

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

Part 8 - Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2001-12-31	100	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
Totals	100	0	0	0	0

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101.5(g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario un-depreciated capital cost at the beginning of the year (un-depreciated capital cost at the end of the year prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use)	Net (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario un-depreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)	Reduced un-depreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario un-depreciated capital cost at the end of the year (column 6 minus column 12)
1	9,530,795	365,600	-12,624	0	9,883,771	182,800	9,700,971	4	0	0	388,039	9,495,732
8	460,907	4,608	0	0	465,515	2,304	463,211	20	0	0	92,642	372,873
10	370,444	95,618	0	24,625	441,437	35,496	405,941	30	0	0	121,782	319,655
12	222,030	1,253	0	0	223,283	626	222,657	100	0	0	222,657	626
Total	10,584,176	467,079	-12,624	24,625	11,014,006	221,226	10,792,780	0	0	0	825,120	10,188,886

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 E.L.K. ENERGY INC.	Ontario Corporations Tax Account No. (MOF) 1800085	Taxation Year End 2002-12-31
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- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) **805,185^A**

Add: Cost of eligible capital property acquired during the taxation year + **0^B**
Amount transferred on amalgamation or wind-up of subsidiary + **0^C**
Other adjustments + **0^D**
Total of B + C + D = **0** X 0.75 = **0^E**
Subtotal A + E = **805,185^F**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + **0^G**
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **0^H**
Other adjustments + **0^I**
Total of G + H + I = **0** X 0.75 = **0^J**
Ontario cumulative eligible capital balance F – J = **805,185^K**
If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **805,185^K** X 7.00% * = **56,363^L**
* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.
Enter amount in box **651** of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = **748,822^M**

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

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

Only complete this part if the amount at line K is negative

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

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 **0¹**
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA **0²**
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 **0³**
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 **0⁴**
Line 3 deduct line 4 **0** **0⁵**
Total lines 1 + 2 + 5 **0⁶**
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **0⁷**
Deduct line 7 from line 6 **0**
N – O (cannot be negative) **0^O**
Amount on line 5 **0** X 1/2 **0^P**
P – Q **0^Q**
Amount on line R **0** X 2/3 * **0^R**
Lesser of line N or line O **0^S**
Amount to be included in income S + T **0^T**

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



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E1

Keep this portion for your records.
Notice of Assessment **65-2**
Electricity 1998 • Corporations Tax Act, R.S.O. 1990
from 2001/01 to 2002/12/31

ENERGY INC.

Account No.

1800085

Assessment Date
(year, month, day)

2003/06/09

Page

1 of 1

ASSESSMENT NO. 32

Tax: Federal and Provincial PIL

56,447.00

Assessment Interest

863.66CR

Total Assessment Liability

55,583.34

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

66,571.65CR

Sub-Total

66,571.65CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

10,988.31CR

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

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of Capital Tax.

Tax	56,447
Pmts	66,571.65
Refund	10,124.65 S-1
Interest	/

(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