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	3	1		Operating Revenue Variance Analysis.
	3	2		Transformer Allowance
	3	3		Variance Analysis on Other Distribution Revenue

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OVERVIEW OF OPERATING REVENUE:

- 3 This Exhibit provides the details of Welland Hydro's operating revenue for 2009 Board
- 4 Approved, 2009 Actual, 2010 Actual, 2011 Actual, the 2012 Bridge Year and the 2013 Test
- 5 Year. This Exhibit also provides a detailed variance analysis by rate class of the operating
- 6 revenue components. Distribution revenue excludes revenue from commodity sales.
- 7 Welland Hydro is proposing a total Service Revenue Requirement of \$9,659,680 for the 2013
- 8 Test Year. This amount includes a Base Revenue Requirement of \$ \$9,158,591 plus revenue
- 9 offsets of \$501,089 to be recovered through Other Distribution Revenue.
- 10 A summary of all operating revenue is presented in Table 3A on page 2 of this schedule and
- 11 provides a comparison of total revenues from the 2009 OEB approved year to the 2013 Test
- 12 Year.

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13 Throughput Revenue:

- 14 Information related to Welland Hydro's throughput revenue includes details on the weather
- 15 normalized load forecasting methodology reflecting expected CDM results and a forecast of
- 16 customers by rate class based on the historical number of customers billed throughout the year.
- 17 A detailed variance analysis on the historical throughput revenue is also provided in this
- 18 Exhibit.

19 Other Revenue:

- 20 Other revenues include Standard Service Supply (SSS) Administration Charges, Late Payment
- 21 Charges, Miscellaneous Service Revenues and Merchandise and Jobbing Revenues and are
- 22 shown on pages 2 & 3 of this schedule.
- 23 A detailed variance analysis of other revenue is set out later in this Exhibit.

TABLE 3A WELLAND HYDRO ELECTRIC SYSTEM CORP DETAIL DISTRIBUTION & OTHER REVENUE

	2009 COS (\$)	2009 Actual (\$)	2010 Actual (\$)	2011 Actual (\$)	2012 Bridge (\$)	2013 Test (\$)
Distribution Services Revenue-Monthly		4.75				
Residential	3,536,324	3,302,955	3,477,674	3,400,029	3,986,895	4.057,795
General Service Less Than 50 kw	505,004	469,359	515,981	499,875	584,775	585,120
General Service 50 to 4999 kw	628,199	539,996	698,174	690,941	688,486	688,486
Large Use	153,981	326,776	183,282	153,959	155,834	155,834
Unmetered Scattered Load	33,396	32,227	37,329	36,090	36,720	36,558
Sentinel Lighting	16,612	9,997	19,735	19,153	18,184	18,184
Street Lighting	109,770	67,834	180,943	199,691	203,310	203,310
Total Distribution Revenue Monthly 4080	4,983,286	4,749,144	5,113,118	4,999,738	5,674,204	5,745,287
Distribution Services Revenue-Volumetric						
Residential	2,505,137	2,099,525	2,361,380	2,229,353	2,280,787	2,270,039
General Service Less Than 50 kw	475,010	433,519	490,580	455,542	463,292	461,007
General Service 50 to 4999 kw	566,100	421,804	634,369	561,728	540,549	544,713
Large Use	146,790	152,754	155,509	145,833	145,311	144,265
Unmetered Scattered Load	9,890	9,177	10,562	9,962	9,908	9,823
Sentinel Lighting	11,404	8,023	14,535	14,515	13,615	13,615
Street Lighting	77,854	46,873	126,417	138,603	64,957	37,553
Total Distribution Revenue Volumetric 4080	3,792,185	3,171,675	3,793,352	3,555,536	3,518,419	3,481,015
Transformer Allowance-GS<50kW	*			(11,559)	(11,559)	(11,559)
Transformer Allowance-GS 50 to 4999 kW	(159,306)	(137,311)	(159,161)	(146,959)	(125,617)	(126,584)
Transformer Allowance-Large Use > 5000kW	(118,687)	(139,872)	(119,967)	(119,562)	(118,222)	(117,370)
Total Transformer Allowance 4080	(277,993)	(277,183)	(279,128)	(278,080)	(255,398)	(255,513)
Distribution Revenue Fixed & Variable Rates	8,497,478	7,643,636	8,627,342	8,277,194	8,937,225	8,970,789
Monthly Service Charge-SSA Administration* 4080-2	72,816	74.544	(42,912)	59,382	60,501	61,575
Microfits 4080-3	0	0	0	0	696	1,392
Retail Service Revenue Charge 4082	35,174	39,496	36,881	30,135	20,525	20,515
Service Trans Revenue 4084	2,040	748	1,303	789	789	789
Total Distribution Revenue	8,607,508	7,758,424	8,622,614	8,367.500	9,019,736	9,055,060
Miscellaneous Operating Revenue-Distribution	383,506	466,338	334,869	513,676	387,669	373,068
Interest Earned	87,995	80,239	82,437	148,393	71,390	43,750
Total Other Operating Revenue-Distribution	471,501	546,577	417,306	662,069	459,059	416,818
Net Operating Revenue-Distribution	9,079,009	8,305,001	9,039,920	9,029,569	9,478,795	9,471,878
Miscellaneous Opearling Revenue-Non Distribution	0	85,848	96,065	79,849	23,250	36,250
Total Operating Revenue	9,079,009	8,390,849	9,135,985	9,109,418	9,502,045	9,508,128

^{*2010} Refunded \$119,238 Streetlight Account

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TABLE 3B WELLAND HYDRO ELECTRIC SYSTEM CORP DETAILED OTHER OPERATING REVENUE

	2009 Full Yr COS (\$)	2009 Full Yr Actual (\$)	2010 Full Yr Actual (\$)	2011 Full Yr Actual (\$)	2012 Full Yr Bridge (\$)	2013 Full Yr Test (\$)
Miscellaneous Operations Revenue						
Rent from Electric Property-Poles*	128,535	189,876	132,640	130,085	130,085	130,085
Rent from Electric Property-Service Centre	20,496	20,774	21,631	21,466	21,895	22,552
4210 Rent from Electrical Property	149,031	210,650	154,271	151,551	151,980	152,637
Late Payment Charges**	66,000	71,531	3,072	143,690	68,785	70,849
4225 Late Payment Charges	66,000	71,531	3,072	143,690	68,785	70,849
Misc-Service-Account Status Fee	3,960	2,730	2,565	1,798	1,798	2,181
Misc Service-NSF Charges	6,480	4,335	3,390	4,515	4,515	4,515
Misc Service-Occupancy Related	83,880	97,319	91,610	93,305	93,305	94,238
Misc Service-Disconnect/Reconnect	31,135	23,560	18,609	14,440	14,440	14,440
Misc Service-Mark Up on Work Orders	24,000	28,474	33,205	43,354	35,011	35,011
4235 Miscellaneous Service Charges	149,455	156,418	149,379	157,412	149,069	150,385
Gain on Disposition of Utility and Other Property	0	-69	2,849	14,409	0	0
4355 Gain on Dispostion of Property	0	-69	2,849	14,409	0	0
Scrap Metal Sales	12,000	8,920	18,221	9,812	9,812	10,106
Misc Service-Other Revenue	7,020	18,888	7,077	8,023	8,023	8,023
PILS 1562 Adjustment	0	0	0	28,779	.0	0
4390 Miscellaneous Non Operating Income	19,020	27,808	25,298	46,614	17,835	18,129
4362 Loss from Retirment of Utility Property	0	0	0	0	0	-18,932
Total Other Misc Operations Revenue	383,506	466,338	334,869	513,676	387,669	373,068
Interest Earned						
Interest Income-Bank & Miscellaneous	87,995	59,852	58,093	97,396	62,500	43,750
Interest Variance Accounts	0	20,387	24,344	50,997	8,890	0
4405 Interest and Diviedend Income	87,995	80,239	82,437	148,393	71,390	43,750
Total Other Operating Revenue-Distribution	471,501	546,577	417,306	662,069	459,059	416,818
Mark Up- OPA Programs	0	82,154	90,530	45,537	0	0
Solar Revenue	0	0	0	0	23,250	36,250
Capital Gains	0	0	0	0	0	0
Revenue Final Variance Accounts-Rate Applications	0	0	0	28,822	0	0
Miscellaneous Non Operating	0	3,694	5,535	5,490	0	0
4375 Revenues from Non-Utility Operations	0	85,848	96,065	79,849	23,250	36,250
Miscellaneous Opearting Revenue-Non Distribution	0	85,848	96,065	79,849	23,250	36,250

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WEATHER NORMALIZED LOAD AND CUSTOMER/CONNECTION FORECAST

2 The purpose of this evidence is to present the process used by Welland Hydro to prepare the

3 weather normalized load and customer/connection forecast used to design the proposed 2013

4 electricity distribution rates.

In summary, Welland Hydro has used the same regression analysis methodology used by a number of distributors in previous cost of service rate applications to determine a prediction model. With regard to the overall process of load forecasting, Welland Hydro submits that conducting a regression analysis on historical electricity purchases to produce an equation that will predict purchases is appropriate. Welland Hydro has the data for the amount of electricity (in kWh) purchased from the IESO for use by Welland Hydro's customers. With a regression analysis, these purchases can be related to other monthly explanatory variables such as heating degree days and cooling degree days which occur in the same month. The results of the regression analysis produce an equation that predicts the purchases based on the explanatory variables. This prediction model is then used as the basis to forecast the total level of weather normalized purchases for the Bridge Year and the Test Year which is converted to bill kWh by rate class. A detailed explanation of the process is provided later in this evidence.

During proceedings related to the 2009 and 2010 cost of service applications for a number of other distributors, Intervenors expressed concerns with the load forecasting process that was proposed at the time by those distributors. During the review process of the 2009 cost of service applications, Intervenors suggested the regression analysis should be conducted on an individual rate class basis and the regression analysis would be based on monthly kWh by rate class. Welland Hydro reviewed the data required to conduct the regression analysis on an individual rate class basis and did not have the ability to produce monthly consumed values (i.e. the amount consumed in the month not billed) by rate class.

During the review of 2010 cost of service applications, Board staff and Intervenors expressed concern that the regression analysis assigned coefficients to some variable that were counter intuitive. For example, the customer variable would have a negative coefficient assigned to it which meant as the number of customers increased the energy forecast decreased. 2010 applicants explained that this was related to the recent Conservation and Demand Management ("CDM") savings in the utility but in the view of Board staff and Intervenors this was not a

sufficient explanation. Further, the regression analysis indicated that some of the variables used in the load forecasting formula were not statistically significant and should not have been included in the equation. Welland Hydro has attempted to address these concerns in the load forecast used in this Application. Based on the OEB's approval of this methodology in a number of previous cost of service applications, and based on the discussion that follows, Welland Hydro submits that its load forecasting methodology is reasonable for the purposes of this Application.

The following provides the material to support the weather normalized load forecast used by Welland Hydro in this Application.

			100.00	Customer/		Percent
Year	Billed (GWh)	Growth (GWh)	Percent Change	Connection	Growth	Change (%)
Billed Energy (GWh) and C	ustomer Count /	Connections				
2009 Board Approved	439.8			29,313		
2002 Actual	502.4			27,500		
2003 Actual	477.9	(25)	(4.9%)	27,665	165	0.6%
2004 Actual	484.1	6	1.3%	27,854	190	0.7%
2005 Actual	501.9	18	3.7%	28,151	297	1.1%
2006 Actual	467.8	(34)	(6.8%)	28,317	166	0.6%
2007 Actual	470.4	3	0.5%	28,395	78	0.3%
2008 Actual	467.6	(3)	(0.6%)	28,584	188	0.7%
2009 Actual	401.3	(66)	(14.2%)	28,761	177	0.6%
2010 Actual	424.3	23	5.7%	28,942	182	0.6%
2011 Actual	430.0	6	1.3%	29,215	273	0.9%
2012 Bridge	421.0	(9)	(2.1%)	29,489	274	0.9%
2013 Test	417.8	(3)	(0.8%)	29,847	358	1.2%

The information in the table above provides weather actual data from 2002 to 2011, while 2012 and 2013 are weather normalized. Welland Hydro does not have a process to properly adjust weather actual data to a weather normal basis. However, based on the process outlined in this Exhibit, a process to forecast energy on a weather normalized basis has been developed and used in this Application.

Total Customers and Connections are on an average basis and streetlight, sentinel lights and unmetered loads are measured as connections.

- 1 Actual and forecasted billed amounts and numbers of customers/connections are shown in
- 2 Table 3-2 and customer/connection usage is shown in Table 3-3, on a rate class basis.

Year	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentine! Lights	Unmetered Loads	Total
Billed Energy (GWh)			25.00					
2009 Board Approved	167.0	55.3	160.8	49.8	4.7	1.1	1.1	439.8
2002 Actual	163.8	47.9	220.6	63.9	4.6	0.6	1.0	502.4
2003 Actual	157.6	46.5	148.8	118.1	4.6	1.0	1.2	477.9
2004 Actual	158.2	49.9	145.9	123.3	4.7	1.0	1.2	484.1
2005 Actual	170.9	52.6	147.1	124.4	4.7	1.0	1.2	501.9
2006 Actual	160.7	50.3	147.0	102.9	4.7	1.0	1.2	467.8
2007 Actual	162.9	53.4	163.2	84.0	4.7	1.0	1.1	470.4
2008 Actual	157.9	55.1	145.1	102.6	4.7	0.9	1.2	467.6
2009 Actual	152.4	54.6	135.4	51.9	4.7	1.1	1.2	401.3
2010 Actual	159.7	54.2	144.9	58.7	4.7	0.9	1.1	424.3
2011 Actual	158.6	54.4	150.2	60.0	4.7	0.9	1.1	430.0
2012 Bridge	161.8	54.5	141.0	59.6	2.2	0.8	1.1	421.0
2013 Test	161.0	54.2	140.3	59.1	1.3	8.0	1.1	417.8
Number of Customers/Co								
2009 Board Approved	19,818	1,717	171	1	6,677	721	208	29,313
2002 Actual	18,178	1,680	239	1	6,412	765	225	27,500
2003 Actual	18,298	1,684	236	3	6,458	758	229	27,665
2004 Actual	18,498	1,683	217	3	6,471	750	232	27,854
2005 Actual	18,756	1,691	208	3	6,520	739	234	28,151
2006 Actual	18,915	1,668	209	3	6,558	732	233	28,317
2007 Actual	18,996	1,657	194	2	6,610	704	232	28,395
2008 Actual	19,137	1,676	176	3	6,671	689	232	28,584
2009 Actual	19,277	1,690	171	3	6,709	680	231	28,761
2010 Actual	19,434	1,691	172	1	6,738	679	227	28,942
2011 Actual	19,724	1,694	170	1	6,750	652	226	29,215
2012 Bridge	20,075	1,695	169	1	6,750	574	226	29,489
2013 Test	20,432	1,696	169	1	6,750	574	225	29,847

Year	Residential	General Service < 50 kW	Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads
Energy Usage per Customer/C	onnection (kW	h per custo	mer/connec	ction)			
2009 Board Approved	8,427	32,236	940,246	49,804,199	707	1,523	5,158
2002 Actual	9,009	28,545	921,365	47,962,426	714	796	4,501
2003 Actual	8,614	27,585	630,984	42,958,798	720	1,353	5,349
2004 Actual	8,552	29,672	673,710	41,084,202	722	1,372	5,147
2005 Actual	9,113	31,098	707,333	41,453,722	717	1,353	5,126
2006 Actual	8,496	30,182	704,886	34,311,209	715	1,380	5,188
2007 Actual	8,573	32,247	840,642	42,019,183	710	1,392	4,939
2008 Actual	8,254	32,854	823,340	34,195,985	708	1,378	4,990
2009 Actual	7,907	32,331	792,862	17,303,076	699	1,549	4,997
2010 Actual	8,219	32,049	841,001	58,704,363	698	1,338	4,964
2011 Actual	8,042	32,144	885,983	59,993,492	698	1,373	4,969
2012 Bridge	8,058	32,163	834,605	59,563,454	326	1,450	4,933
2013 Test	7,879	31,983	829,997	59,134,727	187	1,440	4,897
Annual Growth Rate in Usage p							
2009 Board App. Vs. 2009 Actual	6.6%	(0.3%)	18.6%	187.8%	1.1%	(1.7%)	3.2%
2002 Actual					GEO.		
2003 Actual	(4.4%)	(3.4%)	(31.5%)	(10.4%)	0.8%	70.0%	18.8%
2004 Actual	(0.7%)	7.6%	6.8%	(4.4%)	0.3%	1.4%	(3.8%)
2005 Actual	6.6%	4.8%	5.0%	0.9%	(0.7%)	(1.4%)	(0.4%)
2006 Actual	(6.8%)	(2.9%)	(0.3%)	(17.2%)	(0.3%)	2.0%	1.2%
2007 Actual	0.9%	6.8%	19.3%	22.5%	(0.7%)	0.9%	(4.8%)
2008 Actual	(3.7%)	1.9%	(2.1%)	(18.6%)	(0.2%)	(1.0%)	1.0%
2009 Actual	(4.2%)	(1.6%)	(3.7%)	(49.4%)	(1.3%)	12.4%	0.1%
2010 Actual	3.9%	(0.9%)	6.1%	239.3%	(0.2%)	(13.6%)	(0.7%)
2011 Actual	(2.2%)	0.3%	5.3%	2.2%	0.0%	2.6%	0.1%
		- 141	1	1 mmers	(E0 00/)		(D. 70/)
2012 Bridge	0.2%	0.1%	(5.8%)	(0.7%)	(53.2%)	5.6%	(0.7%)

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LOAD FORECAST AND METHODOLOGY

Welland Hydro's weather normalized load forecast is developed in a three-step process. First, a total system weather normalized purchased energy forecast is developed based on a multifactor regression model that incorporates independent variables that impact the monthly historical load pattern for Welland Hydro. Second, the weather normalized purchased energy forecast is adjusted by a historical loss factor to produce a weather normalized billed energy forecast. Next, the forecast of billed energy by rate class is developed based on a forecast of customer numbers and historical usage patterns per customer. For the rate classes that have weather sensitive load, their forecasted billed energy is adjusted to ensure that the total billed energy forecast by rate class is equivalent to the total weather normalized billed energy forecast that has been determined from the regression model. The forecast of customers by rate class is determined using a geometric mean analysis. For those rate classes that use kW for the distribution volumetric billing determinant, an adjustment factor is applied to class energy forecast based on the historical relationship between kW and kWh.

15 A detailed explanation of the load forecasting process follows.

Purchased KWh Load Forecast

An equation to predict total system purchased energy is developed using a multifactor regression model with independent variables that impact the monthly power purchased amount for Welland Hydro. The regression model uses monthly kWh and monthly values of independent variables from January 2002 to December 2011 to determine a prediction formula with coefficients for each independent variable. This provides 120 monthly data points which represent a reasonable data set for use in a regression analysis. Consistent with the approach used by many other distributors in their cost of service applications, Welland Hydro submits that it is appropriate to review the impact of weather over the period January 2002 to December 2011 and then determine the average weather conditions over this period which would be applied in the prediction formula to determine a weather normalized forecast. However, in accordance with the OEB's Filing Requirements, Welland Hydro has also provided a sensitivity analysis showing the impact on the 2013 forecast of purchases assuming weather normal conditions based on a 20-year trend of weather data.

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- 1 Weather impacts on load are apparent in both the winter heating season, and in the summer
- 2 cooling season. For that reason, both Heating Degree Days (i.e. a measure of coldness in
- 3 winter) and Cooling Degree Days (i.e. a measure of summer heat) are modeled.
- 4 The following outlines the prediction model used by Welland Hydro to predict weather normal
- 5 purchases for 2012 and 2013:
- 6 Welland Hydro's Monthly Predicted kWh Purchases
- 7 = Heating Degree Days * 11,365
- 8 + Cooling Degree Days * 84,783
- 9 + Number of Days in the Month * 599,642
- 10 + CDM Activity * (7.9)
- + Number of Peak Hours * 25,379
- 12 + Intercept of 9,544,366
- 13 The monthly data used in the regression model and the resulting monthly prediction for the
- 14 actual and forecasted years are provided in Appendix 3-A.
- 15 The sources of data for the various data points are:
- 16 a) Environment Canada website for monthly heating degree day and cooling degree
- information. From 1992 to 2006, data from the Welland weather stations was used and from
- 18 2007 onward data from the Welland-Pelham weather station was used.
- 19 b) The calendar provided information related to number of days in the month and the number
- 20 of peak hours.
- 21 c) The CDM activity variable is an estimated level of monthly activity in CDM. For each year
- 22 the monthly values grow at constant value over the year. For the years 2006 to 2013, the
- 23 addition of the monthly CDM activity values shown in Appendix 3-A will equal the Net
- 24 Energy Savings from the OPA 2006-2010 Final CDM Results for Welland Hydro. These
- 25 values reflect the net energy savings from 2006 to 2010 programs and how these programs
- 26 have persistent savings from 2007 to 2013. However, for the years 2011 to 2013, the Net
- 27 Energy Savings from the OPA 2006-2010 Final CDM Results are adjusted to include
- 28 preliminary results from 2011 programs that contribute to the four year licensed CDM kWh
- 29 target of 20,600,000 assigned to Welland Hydro. The 2011 draft preliminary results are

based on the Q4 2011 Conservation and Demand Management Status Report provided to Welland Hydro by the OPA. The 2011 preliminary results have been included in the CDM activity variable since these results have impacted the actual 2011 power purchases. The following table outlines the adjustments made to the Net Energy Savings from the OPA 2006-2010 Final CDM Results to include the impact of the preliminary results from 2011 CDM programs and the persistent impact of the 2011 programs into 2012 and 2013. In addition, the table provides the Net Energy Savings from the OPA 2006-2010 Final CDM Results for the years 2006 to 2013. For 2013, the monthly values for the CDM activity variable will total 7,866,927 kWh which includes 5,613,679 kWh from the OPA final results plus 2,253,248 kWh reflecting the persistence of 2011 programs into 2013.

		기업이 그 적임하는 가는 보다	s and Persist nd Persistent	
	Welland Hydro	4 Year 2011 to	2014 kWh targ	et
		20,600,000		
2011	2012	2013	2014	Total
kWl	savings from 2	2011 programs	with presistent in	mpact
2,253,248	2,253,248	2,253,248	2,253,248	9,012,993
	OPA 2010 Fina	al Results - kWi	h	
2006	2007	2008	2009	
1,592,649	2,347,569	4,040,220	5,532,867	
2010	2011	2012	2013	
6,270,557	5,780,516	5,662,590	5,613,679	

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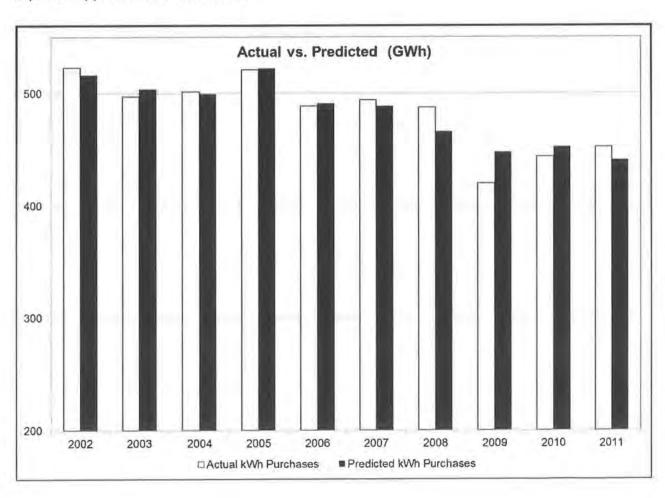
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The impact of 2012 and 2013 CDM programs has not been included in the CDM activity variable since they do not impact the actual purchases used in the regression analysis. A discussion on how the load forecast is adjusted for 2012 and 2013 programs and how LRAM variance account values are determined by rate class is provided later on in this schedule.

1 The prediction formula has the following statistical results:

Table 3-5: Statistcial Results	11.00
Statistic	Value
R Square	84%
Adjusted R Square	83%
F Test	118.5
T-stats by Coefficient	
Heating Degree Days	13.6
Cooling Degree Days	18.2
Number of Days in Month	2.9
CDM Activity	(12.3)
Number of Peak Hours	2.5
Intercept	1.6

- 3 The annual results of the above prediction formula compared to the actual annual purchases
- 4 from 2002 to 2011 are shown in the chart below. The chart indicates the resulting prediction
- 5 equation appears to be reasonable.



- 1 The following table outlines the data that supports the above chart. In addition, the predicted
- 2 total system purchases for Welland Hydro are provided for 2012 and 2013. For 2012 and 2013
- 3 the system purchases reflect a weather normalized forecast for the full year. In addition, values
- 4 for 2013 are provided for a 20 year trend assumption for weather normalization.

Year	Actual	Predicted	% Difference
Purchased Energy (GWh)			
2002	522.7	516.3	(1.2%)
2003	497.1	503.6	1.3%
2004	501.2	499.6	(0.3%)
2005	520.8	522.0	0.2%
2006	488.4	490.7	0.5%
2007	493.9	488.4	(1.1%)
2008	487.1	465.7	(4.4%)
2009	419.6	447.6	6.7%
2010	443.6	452.0	1.9%
2011	452.1	440.6	(2.5%)
2012 Weather Normal		442.3	
2013 Weather Normal		442.1	
2013 Weather Normal - 20 ye	ar trend	440.9	

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- The weather normalized amount for 2013 is determined by using 2013 dependent variables in the prediction formula on a monthly basis together with the average monthly heating degree days and cooling degree days that occurred from January 2002 to December 2011 (i.e. 10 years). The 20 year trend value is based on the trend in monthly heating degree days and cooling degree days that occurred from January 1992 to December 2011.
- The weather normal 10 year average has been used in the power purchased forecast in this
 Application for the purposes of determining a billed kWh load forecast which is used to design
 rates. The 10 year average has been used as this is consistent with the period of time over
 which the regression analysis was conducted.

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Billed KWh Load Forecast

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- 2 To determine the total weather normalized energy billed forecast, the total system weather
- 3 normalized purchases forecast is adjusted by a historical loss factor. This adjustment has been
- 4 made by Welland Hydro using the average loss factor from 2002 to 2011 of 1.0432. With this
- 5 average loss factor the total weather normalized billed energy will be 424.0 GWh for 2012 (i.e.
- 6 442.3/1.0432) and 423.8 GWh for 2013 (i.e. 442.1/1.0432) before adjustments between rate
- 7 classes and for 2012 and 2013 CDM programs.

8 Billed KWh Load Forecast and Customer/Connection Forecast by Rate Class

- 9 Since the total weather normalized billed energy amount is known, this amount needs to be distributed by rate class for rate design purposes taking into consideration the
- 11 customer/connection forecast and expected usage per customer by rate class.
- 12 The next step in the forecasting process is to determine a customer/connection forecast. The
- 13 customer/connection forecast is based on reviewing historical customer/connection data that is
- 14 available as shown in the following table.

Year	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads	Total
Number of Customers/Co	nnections							
2002	18,178	1,680	239	1	6,412	765	225	27,500
2003	18,298	1,684	236	3	6,458	758	229	27,665
2004	18,498	1,683	217	3	6,471	750	232	27,854
2005	18,756	1,691	208	3	6,520	739	234	28,151
2006	18,915	1,668	209	3	6,558	732	233	28,317
2007	18,996	1,657	194	2	6,610	704	232	28,395
2008	19,137	1,676	176	3	6,671	689	232	28,584
2009	19,277	1,690	171	3	6,709	680	231	28,761
2010	19,434	1,691	172	1	6,738	679	227	28,942
2011	19,724	1,694	170	1	6,750	652	226	29,215

From the historical customer/connection data the growth rates in customers/ connections can be evaluated. The growth rates are provided in the following table. The geometric mean growth rate in number of customers is also provided. The geometric mean approach provides the average compounding growth rate from 2002 to 2011.

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Year	Residential	General Service < 50 kW	Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads
Growth Rate in Custome	rs/Connections						
2002		45.79		F	100000	1.7	
2003	0.7%	0.3%	(1.5%)	106.3%	0.7%	(0.9%)	1.5%
2004	1.1%	(0.1%)	(8.2%)	9.1%	0.2%	(1.0%)	1.7%
2005	1.4%	0.5%	(3.9%)	0.0%	0.8%	(1.5%)	0.7%
2006	0.8%	(1.4%)	0.2%	0.0%	0.6%	(0.9%)	(0.6%)
2007	0.4%	(0.7%)	(6.9%)	(33.3%)	0.8%	(3.8%)	(0.4%)
2008	0.7%	1.2%	(9.2%)	50.0%	0.9%	(2.2%)	0.1%
2009	0.7%	0.8%	(3.1%)	0.0%	0.6%	(1.4%)	(0.6%)
2010	0.8%	0.0%	0.9%	(66.7%)	0.4%	(0.1%)	(1.4%)
2011	1.5%	0.2%	(1.6%)	0.0%	0.2%	(4.1%)	(0.6%)
Geometric Mean	0.9%	0.1%	(4.0%)	(11.9%)	0.6%	(1.9%)	(0.1%)

2 For the General Service< 50 kW and Unmetered Loads class, the resulting geometric mean

3 was first applied to the 2011 customer/connection numbers to determine the forecast of

customer/connections in 2012. Then the geometric mean was applied again to the 2012 value

5 to determine the 2013 customer/connection forecast.

Table 3-8: Growth Rate in Customer/Connections

6 For the Residential class, Welland Hydro increased 2011 average customers by 1.8% in both

7 the 2012 Bridge Year and the 2013 Test Year. This is higher than the geometric mean found in

8 Table 3-8 and is based on the growth in customers in the first quarter of 2012.

9 For the General Service > 50 kW class, the count reduces by one in 2012 to 169 and remains at

that level for 2013. The reduction of one in 2012 is significant in that it was a large industrial

customer (4,000 kW) that closed its manufacturing facility in 2011. Welland Hydro removed the

12 actual kW and kWh associated with this customer in 2011 in the 2012 forecast. No growth is

expected in the class in 2013.

14 For the Large User and Streetlights class, the customer/connections were held constant at the

15 2011 level since Welland Hydro does not expect any growth in customer numbers in these

16 classes.

For the Sentinel Lights class, Welland Hydro does not install any new sentinel lights. The

number of connections for 2012 is based on reductions that have already occurred as industrial

and commercial customers who have in the past used sentinel lights for security are looking for

- I ways to reduce electrical costs. Although Welland Hydro expects this number to drop further it
- 2 has left the number of connections constant in 2013.
- 3 The following table outlines the forecast of customers and connections by rate class.

Table 3-9: Custome	r/Connection Forecast							
Year	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads	Total
Forecast Number o	f Customers/Connections							
2012	20,075	1,695	169	1 -	6,750	574	226	29,489
2013	20,432	1,696	169	1	6,750	574	225	29,847

- 5 The next step in the process is to review the historical customer/connection usage and to reflect
- 6 this usage per customer in the forecast. The following table provides the average annual usage
- 7 per customer by rate class from 2002 to 2011.

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Year	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads
Annual kWh Usage	Per Customer/Connection	n					
2002	9,009	28,545	921,365	47,962,426	714	796	4,501
2003	8,614	27,585	630,984	42,958,798	720	1,353	5,349
2004	8,552	29,672	673,710	41,084,202	722	1,372	5,147
2005	9,113	31,098	707,333	41,453,722	717	1,353	5,126
2006	8,496	30,182	704,886	34,311,209	715	1,380	5,188
2007	8,573	32,247	840,642	42,019,183	710	1,392	4,939
2008	8,254	32,854	823,340	34,195,985	708	1,378	4,990
2009	7,907	32,331	792,862	17,303,076	699	1,549	4,997
2010	8,219	32,049	841,001	58,704,363	698	1,338	4,964
2011	8,042	32,144	885,983	59,993,492	698	1,373	4,969

9 From the historical usage per customer/connection data the growth rate in usage per customer/connection can be reviewed. That information is provided in the following table. The

geometric mean growth rate has also been shown.

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Year	Residential	GS<50	GS>50	Large User	Cogeneration	Street Lighting	Sentinels	USL
Growth Rate in Custome	er/Connection							
2000			7 _ 7					
2001	(1.2%)	3.5%	36.2%	0.7%	10.1%	(7.6%)	12.0%	(4.4%)
2002	4.8%	14.9%	9.8%	22.4%	(38.1%)	15.6%	(5.1%)	(6.2%)
2003	(4.8%)	(4.9%)	(4.7%)	(0.0%)	44.6%	(6.5%)	0.7%	(1.9%)
2004	(2.5%)	(2.5%)	(3.2%)	3.9%	(11.7%)	0.2%	(2.2%)	2.9%
2005	6.5%	3.9%	3.3%	4.7%	50.5%	(1.4%)	(0.1%)	0.6%
2006	(5.3%)	(3.4%)	(1.4%)	(1.3%)	15.3%	0.9%	0.2%	(39.0%)
2007	(0,4%)	0.8%	(0.1%)	(9.7%)	21.2%	(0.4%)	0.3%	(5.3%)
2008	(1.3%)	(0.9%)	(2.3%)	(8.8%)	6.9%	0.3%	0.5%	10.8%
2009	(3.8%)	(4.1%)	(7.7%)	(0.1%)	7.2%	(0.5%)	(0.9%)	(1.9%)
2010	2.7%	0.8%	5.6%	4.5%	7.2%	(0.2%)	(0.2%)	1.6%
2011	(1.2%)	1.6%	(0.7%)	(0.8%)	(17.5%)	(0.4%)	0.5%	(2.6%)
Geometric Mean	(0.7%)	0.8%	2.6%	1.1%	5.8%	(0.2%)	0.4%	(5.0%)

- 2 For the Residential and General Service < 50 kW classes, the resulting geometric mean was first
- 3 applied to the 2011 usage per customer to determine the forecast of customer/connections in
- 4 2012. Then the geometric mean was applied again to the 2012 value to determine the 2013
- 5 customer/connection forecast.
- 6 For the General Service > 50 kW class, as indicated in the customer count section the reduction
- 7 from 170 to 169 was a large industrial customer closing its manufacturing facility. Welland
- 8 Hydro removed actual 2011 kWh associated with the customer in forecasting 2012 usage
- 9 volumes which have impacted on the usage per customer.
- 10 For the Large User and Unmetered Load classes, the usage per customer/connections was
- 11 held constant at the 2011 level since Welland Hydro does not expect any change in usage for
- 12 these classes.

- 13 Sentinel Lights forecasts were based on the actual kWh of the 574 lights remaining in 2012.
- 14 Welland Hydro expects that volume for this class will continue to decrease.
- 15 The City of Welland made a decision early in 2012 to change Cobra Head and Decorative Pole
- 16 Top street lighting to LED. Phase 1 in 2012 involves the replacement of 4,300 Cobra Head
- 17 lights expected to reduce kW demand by 577kW/month or 6,924kW/year. Phase 2 in 2013
- 18 involves the replacement of 2,192 Decorative Pole Top lights expected to reduce kW demand
- 19 by 216kW/month or 2,592kW/year. For the purposes of this rate application it was assumed
- 20 that all Cobra Head lights were changed January 1, 2012 and all Pole Top lights were changed

January 1, 2013. The forecast kWh per connection for this class reflects this replacement schedule.

Table 3-12: Forecas	t Annual kWh Usage per (Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads
Forecast Annual kW	h Usage per Customers/0	Connection	Contact Contact				
2012	7,941	32,571	817,672	59,993,492	329	1,461	4,969
2013	7,842	33,003	817,672	59,993,492	190	1,461	4,969

With the preceding information the non-normalized weather billed energy forecast can be determined by applying the forecast numbers of customers/connections from Table 3-9 by the forecast of annual usage per customer/connection from Table 3-12. The resulting non-normalized weather billed energy forecast is shown in the following table.

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Year	Residential	General Service < 50 kW	Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads	Total
NON-normalized Weather I	Billed Energy Fore	cast (GWh)						
2012 (Not Normalized)	159.4	55.2	138.2	60.0	2.2	0.8	1.1	417.0
2013 (Not Normalized)	160.2	56.0	138.2	60.0	1.3	0.8	1.1	417.6

- The non-normalized weather billed energy forecast has been determined but this needs to be adjusted in order to be aligned with the total weather normalized billed energy forecast. As previously determined, the total weather normalized billed energy forecast is 424.0 GWh for 2012 and 423.8 GWh for 2013 before adjustments for 2012 and 2013 CDM programs.
 - The difference between the non-normalized and normalized forecast adjustments is 7.0 GWh in 2012 (i.e. 424.0 417.0) and 6.2 GWh in 2013 (i.e. 423.8 417.6). The difference is assumed to be associated with moving the forecast from a non-normalized to a weather normal basis and this amount will be assigned to those rate classes that are weather sensitive. Based on the weather normalization work completed by Hydro One for Welland Hydro for the cost allocation study, which has been used to support this Application, it was determined that the weather sensitivity by rate classes is as follows:

Table 3-14: V Residential	Veather Sen General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads
Weather Ser	sitivity					
82.0%	82.0%	63.9%	0.0%	0.0%	0.0%	0.0%

For the GS > 50 kW class the weather sensitivity amount of 63.9% was provided in the weather normalization work completed by Hydro One. For the Residential and General Service < 50 kW classes, it is has been assumed in previous cost of service applications that these two classes are 100% weather sensitive. Intervenors expressed concern with this assumption and have suggested that 100% weather sensitivity is not appropriate. Welland Hydro agrees with this position but also submits that the weather sensitivity for the Residential and GS < 50 kW classes should be higher than the GS > 50 kW class. As a result, Welland Hydro has assumed the weather sensitivity for the Residential and General Service < 50 kW classes to be mid-way between 100% and 63.9, or 82.0%.

The difference between the non-normalized and normalized forecast of 7.0 GWh in 2012 and 6.2 GWh in 2013 has been assigned on a *pro rata* basis to each rate class based on the above level of weather sensitivity.

Welland Hydro adjusted the kWh between the General Service < 50 kW and the General Service > 50 kW classes. In 2012, 1.5 GWh was moved from the General Service < 50 kW class to General Service > 50 kW class. In 2013, 2.0 GWh was moved from the General Service < 50 kW class to General Service > 50 kW class. This adjustment was necessary as there is no history which shows the General Service < 50 kW class at the volumes predicted prior to the adjustment. As a result, Welland Hydro believes an adjustment should be made between the General Service < 50 kW and the General Service > 50 kW classes to bring the volumes for the General Service < 50 kW more in line with historical values.

In addition, another adjustment has been made to reflect the impact of 2012 and 2013 CDM programs on the load forecast. This adjustment reflects the "gross" impact of 2012 and 2013 CDM programs on the load forecast. The gross impact includes the net results measured by the OPA plus an estimate of the average net to gross adjustment reflecting gross and net savings information provided in the OPA 2006-2010 Final CDM Results. The net results provide a

measurement of the program effectiveness used to achieve the LDC targets. The gross results include the net results plus the estimated impact of customers participating in a program even if an incentive was not provided to participate. In the past this has been termed the level of "free ridership". In other words, the gross results include the results from those who participated in the program because there was an incentive plus those who participated even if there was not an incentive. In Welland Hydro's view it is the gross level that impacts the load forecast.

The following table outlines the average net to gross factor of 54.8% based on information provided in the OPA 2006-2010 Final CDM Results for Welland Hydro

	OPA 2006- 2010 Final CDM Results (Gross)	OPA 2006- 2010 Final CDM Results (Net)	# Difference	% Difference of Net
2006	1,778,676	1,592,649	186,027	11.7%
2007	2,920,591	2,347,569	573,022	24.4%
2008	6,043,541	4,040,220	2,003,322	49.6%
2009	8,298,829	5,532,867	2,765,962	50.0%
2010	10,017,319	6,270,557	3,746,763	59.8%
2011	9,535,791	5,780,516	3,755,276	65.0%
2012	9,260,629	5,662,590	3,598,039	63.5%
2013	9,163,918	5,613,679	3,550,239	63.2%
Total	57,019,296	36,840,646	20,178,650	54.8%

As previously discussed the 2011 draft verified savings from 2011 CDM programs are known and has been used in the CDM activity variable included in the regression analysis supporting the prediction formula. However, the 2011 preliminary results impacts on the expected savings from 2012 to 2014 programs in order to achieve the licensed 4 year CDM target. Based on the following table the 2011 preliminary results will contribute 43.8% to the four year target. In the following table the 2011 results are consistent with the information provided in table 3-4. The table indicates that assuming persistence, 2012 to 2014 programs will need to achieve 9.4% of the four year target each year in order to achieve the target.

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Table 3-16: Sched	ule to Achieve 4	Year kWh CI	OM Target		
	4 Yea	r 2011 to 2014	kWh target		
		20,600,000)		
	2011	2012	2013	2014	Total
2011 Programs	10.9%	10.9%	10.9%	10.9%	43.8%
2012 Programs		9.4%	9.4%	9.4%	28.1%
2013 Programs			9.4%	9.4%	18.7%
2014 Programs				9.4%	9.4%
	10.9%	20.3%	29.7%	39.1%	100.0%
		kWh			
2011 Programs	2,253,248	2,253,248	2,253,248	2,253,248	9,012,993
2012 Programs		1,931,168	1,931,168	1,931,168	5,793,504
2013 Programs			1,931,168	1,931,168	3,862,336
2014 Programs				1,931,168	1,931,168
	2,253,248	4,184,416	6,115,584	8,046,752	20,600,000

The above table suggests that in 2012, the savings from 2012 will be 1,931,168 kWh on a net basis. However on a gross basis this amount would be 1,931,168 times 1.548 (i.e. the net to gross factor determined in table 3-15) or 2,988,922 kWh. In Welland Hydro's view, the 2012 load forecast should be adjusted by 2,988,922 kWh to reflect CDM savings from 2012 programs. As discussed above in regards to the CDM Activity variable, the persistent savings from 2011 programs in 2012 have been reflected in the prediction formula.

The above table also suggest that in 2013, the savings from 2012 and 2013 programs will be a 1,931,168 kWh times two or 3,862,336 kWh on a net basis. However on a gross basis this amount would be 3,862,336 times 1.548 or 5,977,845 kWh. In Welland Hydro's view, the 2013 load forecast should be adjusted by 5,977,845 kWh to reflect CDM savings from 2012 and 2013 programs.

In accordance with the Guidelines for Electricity Distributor Conservation and Demand Management [EB-2012-0003], issued April 26, 2012, it is Welland Hydro's understanding that as part of this application expected CDM savings in 2013 from 2011, 2012 and 2013 programs will need to be established for LRAM variance accounts purposes. It is also Welland Hydro's understanding that the OPA will measure CDM results attributable to the four year targets on a net basis. Consistent with past practices, it is expected the net level of savings will be used for LRAM calculations. As a result, it is Welland Hydro's view the units used for the 2013 LRAM variance account should also be on a net basis. Based

on the net information in table 3-16, Welland Hydro expects to achieve 6,115,584 net kWh savings in 2013 from 2011 to 2013 CDM programs. For LRAM variance account purposes, the following table outlines how this expected savings has been allocated to rate class using the 2013 information from table 3-13. The expected kW saving has also been provided for those classes billed distribution charges on a kW basis using the average kW/KWh factors from Table 3-20

Table 3-17: 2013 Expe	cted Savings	for LRAM V	ariance Acco	ount				
	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Unmetered Loads	Total
kWh	2,346,360	819,589	2,023,621	878,552	18,789	12,277	16,397	6,115,584
kW where applicable	1		5,718	2,491	52	38		8,299

8 The following table outlines how the classes have been adjusted to align the non-normalized 9 forecast with the normalized forecast and reflect the adjustments discussed above.

Table 3-18: Alignment of Non-normal to Weather Normal Forecast General General Sentinel Unmetered Year Residential Large User Streetlights Total Service Service Lights Loads > 50 kW < 50 kW Non-normalized Weather Billed Energy Forecast (GWh) 2012 Non-Normalized Bridge 417.0 159.4 55.2 138.2 60.0 2.2 0.8 1.1 2013 Non-Normalized Test 160.2 56.0 138.2 60.0 1.3 8.0 1.1 417.6 Weather Adjustment (GWh) 3.5 1.2 2.4 0.0 0.0 0.0 0.0 7.0 2013 3.1 1.1 2.1 0.0 0.0 0.0 0.0 6.2 Rate Class Adjustment (GWh) 2012 Non-Normalized Bridge 0.0 (1.5)1.5 0.0 0.0 0.0 0.0 0.0 2013 Non-Normalized Test 0.0 (2.0)2.0 0.0 0.0 0.0 0.0 0.0 CDM Adjustment (GWh) (0.0)2012 (0.4)(1.0)(0.0)(1.1)(0.4)(0.0)(3.0)2013 (2.3)(8.0)(2.0)(0.9)(0.0)(0.0)(0,0)(6.0)Weather Normalized Billed Energy Forecast (GWh) 2012 Normalized Bridge 161.8 141.0 59.6 2.2 54.5 0.8 1.1 421.0 2013 Normalized Test 161.0 54.2 140,3 59.1 0.8 1.3 1.1 417.8

Billed KW Load Forecast

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There are four rate classes that charge volumetric distribution on per kW basis. These include GS > 50 kW, Large User, Streetlights and Sentinel Lights. As a result, the energy forecast for these classes needs to be converted to a kW basis for rate setting purposes. The forecast of 15 kW for these classes is based on a review of the historical ratio of kW to kWhs.

16 The following table outlines the annual demand units by applicable rate class.

Year	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	Total
Billed Annual kW					
2002	551,946	193,768	11,857	2,536	760,106
2003	449,454	293,338	12,975	2,929	758,696
2004	418,533	287,801	13,024	3,192	722,549
2005	415,116	296,227	13,039	2,844	727,226
2006	414,301	313,394	13,084	2,812	743,591
2007	441,184	248,610	13,086	3,042	705,922
2008	417,425	271,979	13,186	2,690	705,280
2009	390,493	195,437	13,091	3,631	602,652
2010	432,238	168,338	13,119	2,816	616,511
2011	417,210	170,236	13,068	2,462	602,976

- 2 The following table illustrates the historical ratio of kW/kWh as well as the average ratio for 2002
- 3 to 2011.

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Year	General Service > 50 kW	Large User	Streetlights	Sentinel Lights	
Ratio of kW to kWh	***************************************				
2002	0.2502%	0.3030%	0.2589%	0.4167%	
2003	0.3021%	0.2483%	0.2791%	0.2856%	
2004	0.2869%	0.2335%	0.2788%	0.3101%	
2005	0.2822%	0.2382%	0.2790%	0.2844%	
2006	0.2819%	0.3045%	0.2791%	0.2782%	
2007	0.2703%	0.2958%	0.2789%	0.3102%	
2008	0.2877%	0.2651%	0.2791%	0.2833%	
2009	0.2884%	0.3765%	0.2790%	0.3449%	
2010	0.2982%	0.2868%	0.2791%	0.3098%	
2011	0.2778%	0.2838%	0.2775%	0.2753%	
Average 2002 to 2011	0.2826%	0.2835%	0.2768%	0.3098%	

- 5 For the Large User class, the average ratio was applied to the weather normalized billed energy
- 6 forecast in Table 3-18 to provide the forecast of kW for this class.
- 7 For the General Service > 50 kW class an adjustment was made in 2012 to remove the actual
- 8 kW for the loss of the large industrial customer as discussed above regarding Table 3-9. For

- 1 2013, the 2011 kW/kWh ratio was applied to the weather normalized billed energy forecast in
- 2 Table 3-18 to provide the 2013 forecast of kW since Welland Hydro believes the 2011 kW/kWh
- 3 ratio is more appropriate on a going forward basis.
- 4 For the Streetlight class, the kW is based upon the actual reduction in kW with the new LED
- 5 lights being installed in 2012 and 2013 based on the discussion above regarding Table 3-12.
- 6 For the Sentinel Lights class, the kW is based upon the actual kW of the 574 remaining lights
- 7 discussed above regarding Table 3-9.

Table 3-21: kW Forecast by A	General Service > 50 kW	N. France	Streetlights	Sentinel Lights	Total
Predicted Billed kW					
2012 Normalized Bridge	386,714	168,888	6,144	2,297	564,043
2013 Normalized Test	389,693	167,672	3,552	2,297	563,214

9 Table 3-22 provides a summary of the billing determinants by rate class that is used to develop

10 the proposed rates.

	2009 Board Approved	2009 Actual	2010 Actual	2011 Actual	2012 Weather Normalized Bridge	2013 Weather Normalized Test
ACTUAL AND PREDICTED K	WH PURCHASE	S				
Actual kWh Purchases		419,617,213	443,594,623	452,100,623		
Predicted kWh Purchases		447,588,392		440,647,070	442,326,032	442,113,423
% Difference of actual and pred	icted purchases		1.9%	(2.5%)	1 1210201002	
BILLING DETERMINANTS BY	CLASS					
Residential	ULASS					
Customers	19,818	19,277	19,434	19,724	20,075	20,432
kWh	166,999,701	152,428,518	159,733,338	158,621,921	161,757,930	160,995,683
KVVII	100,999,701	102,420,010	109,733,330	150,021,921	161,757,930	100,995,003
General Service 50 kW	12.	7				
Customers	1,717	1,690	1,691	1,694	1,695	1,696
kWh	55,348,528	54,644,526	54,185,000	54,435,719	54,504,980	54,236,152
GS>50				1		
	171	171	172	170	169	100
Customers kWh	160,782,066				141,048,217	169
kW			432,238	150,174,158		140,269,569
KVV	440,796	390,493	432,238	417,210	386,714	389,693
Large User						
Customers	1	3	1	1	1	1
kWh	49,804,199	51,909,228	58,704,363	59,993,492	59,563,454	59,134,727
kW	169,553	195,437	168,338	170,236	168,888	167,672
Sentinels						
Connections	721	680	679	652	574	574
kWh	1,098,311	1,052,725	908,962	894,240	832,323	826,332
kW	2,592	3,631	2.816	2,462	2,297	2,297
NVV	2,392	3,031	2,010	2,402	2,291	2,251
Street Lighting						
Connections	6,677	6,709	6,738	6,750	6,750	6,750
kWh	4,722,781	4,691,957	4,700,576	4,709,765	2,203,348	1,264,642
kW	13,262	13,091	13,119	13,068	6,144	3,552
USL						
Connections	208	231	227	226	226	225
kWh	1,072,774	1,151,826	1,128,127	1,122,904	1,113,272	1,103,690
Total of Above			1	1		
Customer/Connections	29,313	28,761	28,942	29,215	29,489	29,847
kWh	439,828,360	the facilities of the same of	424,292,841	429,952,199	421,023,523	417,830,794
kW from applicable classes	626,203	602,652	616,511	602,976	564,043	563,214

Appendix 3-A Monthly Data Used for Regression Analysis

	Durchasad	Heating	Cooling	Number of Days in Month	CDM Activity	Number of Peak Hours	Predicted Purchases
le= 00	Purchased	Degree Days 559	Degree Days 0.0	31	0	352	43,415,336
Jan-02	46,293,277					320	40,349,794
Feb-02	41,843,002	519	0.0	28 31	0	320	42,074,927
Mar-02	44,412,572	512	0.0	30	0	352	40,388,320
Apr-02	42,581,129	307	5.1				
May-02	40,099,130	220	8.8	31	0	352 320	40,315,443
Jun-02	42,830,520	27	74.7	30	0	352	42,286,974
Jul-02	50,209,650	1	169.2	31	0		51,417,753 48,678,938
Aug-02	49,113,260	1	141.6	31		336	
Sep-02	43,203,390	21	77.3	30	0	320	42,442,629
Oct-02	39,840,800	260	11.6	31	0	352	41,001,762
Nov-02	40,267,910	413	0.0	30	0	336	40,759,770
Dec-02	41,966,900	611	0.0	31	0	320	43,195,537
Jan-03	45,793,920	782	0.0	31	0	352	45,946,368
Feb-03	41,797,690	681	0.0	28	0	320	42,194,367
Mar-03	43,041,020	530	0.0	31	0	336	42,689,223
Apr-03	39,112,340	360	0.0	30	0	336	40,163,096
May-03	37,768,340	149	0.0	31	0	336	38,363,624
Jun-03	38,550,110	33	35.6	30	0	336	39,462,687
Jul-03	45,139,630	1	105.3	31	0	352	46,000,098
Aug-03	44,242,730	4	127.8	31	0	320	47,135,575
Sep-03	39,933,800	51	29.0	30	0	336	39,106,554
Oct-03	39,274,410	264	1.0	31	0	352	40,145,110
Nov-03	39,924,090	352	0.0	30	0	320	39,648,488
Dec-03	42,535,190	531	0.0	31	0	336	42,705,134
Jan-04	46,623,430	805	0.0	31	0	336	45,821,474
Feb-04	42,059,450	617	0.0	29	0	320	42,069,399
Mar-04	44,041,140	479	0.0	31	0	368	42,919,250
Apr-04	39,465,450	303	8.0	30	0	336	39,577,423
May-04	38,649,380	117	17.1	31	0	320	39,035,465
Jun-04	40,366,830	47	42.0	30	0	352	40,564,144
Jul-04	42,442,080	1	93.1	31	0	336	44,571,492
Aug-04	42,940,430	12	61.6	31	0	336	42,023,562
Sep-04	41,663,760	28	46.7	30	0	336	40,341,273
Oct-04	39,406,350	209	0.3	31	0	320	38,653,294
Nov-04	40,213,160	365	0.0	30	0	352	40,615,107
Dec-04	43,313,970	591	0.0	31	0	336	43,382,500
Jan-05	46,807,180	717	0.0	31	0	320	44,397,976
Feb-05	41,117,740	595	0.0	28	0	320	41,211,276
Mar-05	44,324,530	591	0.0	31	0	352	43,785,842
Apr-05	39,294,850	304	0.0	30	0	336	39,516,416
May-05	38,503,630	179	0.0	31	0	336	38,697,761
Jun-05	43,469,730	6	141.2	30	0	352	48,505,268
Jul-05	51,308,440	0	190.7	31	0	320	52,420,713
Aug-05	48,784,110	1	144.1	31	0	352	49,289,692
Sep-05	41,264,120	20	49.8	30	0	336	40,521,135
Oct-05	40,426,860	212	8.7	31	0	320	39,401,843
Nov-05	41,421,880	361	0.0	30	0	352	40,573,056
Dec-05	44,051,790	652	0.0	31	0	320	43,656,964

		Heating	Cooling	Number of Days in		Number of	Predicted
	Purchased	Degree Days	Degree Days	Month	CDM Activity	Peak Hours	Purchases
Jan-06	43,192,750	524	0.0	31	20,419	336	42,465,141
Feb-06	39,863,550	570	0.0	28	40,837	320	40,610,820
Mar-06	42,675,980	515	0.0	31	61,256	368	42,843,679
Apr-06	34,740,070	270	0.0	30	81,674	304	37,667,109
May-06	38,741,980	127	24.3	31	102,093	352	39,763,619
Jun-06	41,837,560	19	69.9	30	122,511	352	41,640,800
Jul-06	47,715,260	1	161.4	31	142,930	320	48,816,917
Aug-06	44,325,550	1	100.1	31	163,349	352	44,274,598
Sep-06	36,564,730	69	17.2	30	183,767	320	36,432,842
Oct-06	38,815,730	270	0.0	31	204,186	336	38,119,677
Nov-06	39,427,080	361	0.0	30	224,604	352	38,795,755
Dec-06	40,481,750	469	0.0	31	245,023	304	39,251,964
Jan-07	43,659,020	626	0.0	31	237,424	352	42,296,924
Feb-07	42,004,080	739	0.0	28	229,825	320	41,036,071
Mar-07	41,099,580	539	0.0	31	222,227	352	41,429,546
Apr-07	37,578,410	376	0.0	30	214,628	320	38,222,897
May-07	37,137,720	144	15.4	31	207,029	352	38,370,757
Jun-07	42,747,830	20	84.3	30	199,430	336	41,858,971
Jul-07	41,879,640	7	77.5	31	191,831	336	41,804,779
	45,846,620	6	106.5	31	184,233	352	44,704,236
Aug-07		52	41.8	30	176,634	304	37,979,747
Sep-07 Oct-07	40,071,090	131	20.2	31	169,035	352	38,928,344
Nov-07	39,182,630 40,415,660	438	0.0	30	161,436	352	40,171,864
	1 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	613	0.0	31	153,837	304	41,603,288
Dec-07	42,304,750			31		352	42,493,633
Jan-08	43,662,060	604	0.0	29	181,968 210,098	320	40,819,928
Feb-08	42,566,180	654	0.0				
Mar-08	42,057,090	602	0.0	31 30	238,229	304 352	40,805,242
Арг-08	37,570,770	273	0.0		266,359		37,459,771
May-08	36,307,140	217	0.0	31	294,489	336	36,793,163
Jun-08	41,100,780	27	61.5	30	322,620	336	39,031,393
Jul-08	44,714,390	5	90.3	31	350,750	352	42,006,228
Aug-08	41,138,100	19	42.4	31	378,881	320	37,067,220
Sep-08	39,609,350	70	25.5	30	407,011	336	35,798,970
Oct-08	37,751,930	293	0.0	31	435,141	352	36,956,819
Nov-08	38,864,960	447	0.0	30	463,272	304	36,667,765
Dec-08	41,720,160	615	0.0	31	491,402	336	39,759,476
Jan-09	42,696,540	829	0.0	31	486,736	336	42,235,373
Feb-09	35,865,870	606	0.0	28	482,070	304	37,116,570
Mar-09	36,893,370	529	0.0	31	477,404	352	39,297,766
Apr-09	32,546,810	317	2.0	30	472,738	320	35,680,787
May-09	30,411,992	157	1.8	31	468,071	320	34,489,918
Jun-09	32,954,969	44	30.0	30	463,405	352	35,848,223
Jul-09	35,112,531	20	33.1	31	458,739	352	36,465,760
Aug-09	38,795,185	14	74.2	31	454,073	320	39,113,777
Sep-09	32,382,923	71	12.0	30	449,407	336	34,326,870
Oct-09	32,302,731	290	0.0	31	444,741	336	36,437,289
Nov-09	32,596,485	336	0.0	30	440,075	320	35,995,851
Dec-09	37,057,808	612	0.0	31	435,408	352	40,580,207

	721 A-53	Heating	Cooling	Number of Days in		Number of	Predicted
3 - 50	Purchased	Degree Days	Degree Days	Month	CDM Activity	Peak Hours	Purchases
Jan-10	38,555,454	711	0.0	31	448,814	320	40,784,879
Feb-10	35,503,923	633	0.0	28	462,220	304	37,580,503
Mar-10	36,616,969	468	0.0	31	475,626	368	39,028,030
Apr-10	31,620,685	243	0.0	30	489,032	320	34,546,941
May-10	34,713,300	125	27.5	31	502,438	320	36,035,495
Jun-10	38,175,215	24	51.3	30	515,843	352	37,002,767
Jul-10	43,449,462	5	124.0	31	529,249	336	43,038,073
Aug-10	42,901,115	8	103.4	31	542,655	336	41,220,688
Sep-10	34,876,669	70	13.9	30	556,061	336	33,630,363
Oct-10	33,323,746	247	0.1	31	569,467	320	34,567,447
Nov-10	35,291,992	240	0.0	30	582,873	336	34,175,208
Dec-10	38,566,092	671	0.0	31	596,278	368	40,383,850
Jan-11	40,978,069	795	0.0	31	607,540	336	40,883,936
Feb-11	37,078,054	645	0.0	28	618,802	304	36,486,939
Mar-11	39,328,992	551	0.0	31	630,064	368	38,744,724
Apr-11	34,149,362	325	0.4	30	641,326	320	34,306,558
May-11	34,490,038	136	12.5	31	652,588	336	34,102,140
Jun-11	38,127,200	23	40.2	30	663,849	352	34,880,268
Jul-11	46,099,946	0	158.6	31	675,111	320	44,361,295
Aug-11	42,828,385	4	88.8	31	686,373	352	39,210,757
Sep-11	34,076,923	54	24.9	30	697,635	336	33,263,131
Oct-11	32,968,069	235	0.0	31	708,897	320	33,310,181
Nov-11	34,436,562	320	0.0	30	720,159	352	34,405,279
Dec-11	37,539,023	512	0.0	31	731,420	336	36,691,861
Jan-12		695	0	31	720,379	336	38,860,995
Feb-12		626	0	29	709,338	320	36,554,610
Mar-12		531	0	31	698,297	352	37,581,426
Apr-12		308	1	30	687,256	320	33,783,973
May-12		157	11	31	676,215	352	34,413,307
Jun-12		27	63	30	665,174	336	36,450,794
Jul-12		4	120	31	654,133	336	41,731,387
Aug-12		7	99	31	643,092	352	40,454,665
Sep-12		51	34	30	632,050	304	33,688,342
Oct-12		241	4	31	621,009	352	35,247,678
Nov-12		363	0	30	609,968	352	35,770,355
Dec-12		588	0	31	598,927	304	37,788,501
Jan-13		695	0	31	607,643	352	40,159,149
Feb-13		626	0	28	616,358	304	36,284,659
Mar-13		531	0	31	625,073	320	37,348,718
Apr-13		308	1	30	633,789	352	35,019,190
May-13		157	11	31	642,504	352	34,680,060
Jun-13		27	63	30	651,220	320	36,155,149
Jul-13		4	120	31	659,935	352	42,091,538
Aug-13		7	99	31	668,650	336	39,846,352
Sep-13		51	34	30	677,366	320	33,735,825
Oct-13		241	4	31	686,081	352	34,732,762
Nov-13		363	0	30	694,797	336	34,693,040
Dec-13		588	0	31	703,512	320	37,366,982

Welland Hydro-Electric System Corp.
EB-2012-0173
Exhibit 3
Tab 3
Schedule 1
Page 1 of 8
Filed: August 31, 2012

OPERATING REVENUE VARIANCE ANALYSIS

THROUGHPUT REVENUE and OTHER OPERATING REVENUE

3 VARIANCE ANALYSIS ON THROUGHPUT REVENUE:

- 4 A summary of historical and forecast throughput revenues is presented in Table 3A of Schedule
- 5 1 of this exhibit.

6 2009 Board Approved:

7

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- 8 Welland Hydro's Board approved operating revenue in fiscal 2009 was \$9,079,009. Throughput
- 9 revenue was \$8,497,478. or 93.6% of total revenues. Other net operating revenues total
- 10 \$581,531.

11 12

2009 Actual:

13

- 14 Welland Hydro's actual operating revenue in fiscal 2009 was \$8,390,849. Throughput revenue
- was \$7,643,636 or 91.1% of total revenues. Other net operating revenue total \$661,365 while
- 16 Non-Distribution revenue totals \$85,848.

- 18 A comparison of 2009 Board Approved versus 2009 Actual is provided in Table 3C on page 2 of
- 19 this schedule. A comparison between the two amounts is composed of two items. The 2009
- 20 COS Decision & Order contained a significant increase in distribution rates. As a result, the
- 21 difference between the calendar year (Jan-Dec) and the fiscal year for rate making (May-Apr)
- 22 would result in 2009 Actual less than 2009 COS. The second is the approved rates were not
- 23 implemented until August 1, 2009 with a rate rider for lost revenue from May 1, 2009 to July 31,
- 24 2009. The rate rider was in place from August 1, 2009 to April 30, 2010. This would result in
- 25 2009 Actual being understated and 2010 Actual being overstated. In addition, volume kWh for
- 26 the Residential class in the 2009 COS was significantly overstated and actual kWh for this class
- 27 was never achieved. Large Use distribution services monthly exceeded the 2009 COS as the
- 28 large use customer removed from rates in 2009 was operational until the end of 2009 at which
- 29 time it closed its manufacturing plant permanently.

TABLE 3C WELLAND HYDRO ELECTRIC SYSTEM CORP 2009 COS vs 2009 ACTUAL

General Service Less Than 50 kw 50 General Service 50 to 4999 kw 62 Large Use 15 Unmetered Scattered Load 3 Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 5 Sentinel Lighting 1 Street Lighting 7	6,324 5,004 8,199 3,981 3,396 6,612 9,770	3,302,955 469,359 539,996 326,776 32,227 9,997	-233,369 -35,645 -88,203 172,795 -1,169	-7.1% -14.0%
General Service Less Than 50 kw 50 General Service 50 to 4999 kw 62 Large Use 15 Unmetered Scattered Load 3 Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 1 Sentinel Lighting 1 Street Lighting 7	5,004 8,199 3,981 3,396 6,612	469,359 539,996 326,776 32,227 9,997	-35,645 -88,203 172,795	
General Service 50 to 4999 kw 62 Large Use 15 Unmetered Scattered Load 3 Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 1 Sentinel Lighting 1 Street Lighting 7	8,199 3,981 3,396 6,612	539,996 326,776 32,227 9,997	-88,203 172,795	-14.0%
Large Use 15 Unmetered Scattered Load 3 Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric 2,50 Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 1 Sentinel Lighting 1 Street Lighting 7	3,981 3,396 6,612	326,776 32,227 9,997	172,795	
Unmetered Scattered Load 3 Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric 2,50 Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 1 Sentinel Lighting 1 Street Lighting 7	3,396 6,612	32,227 9,997		110 -01
Sentinel Lighting 1 Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric 2,50 Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 56 Sentinel Lighting 1 Street Lighting 7	6,612	9,997	-1.169	112.2%
Street Lighting 10 Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric 2,50 Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 56 Sentinel Lighting 1 Street Lighting 7			1,.00	-3.5%
Total Distribution Revenue Monthly 4080 4,98 Distribution Services Revenue-Volumetric Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load Sentinel Lighting 1 Street Lighting 7	9.770		-6,615	-39.8%
Distribution Services Revenue-Volumetric Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load Sentinel Lighting 1 Street Lighting 7		67,834	-41,936	-38.2%
Residential 2,50 General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 56 Sentinel Lighting 1 Street Lighting 7	3,286	4,749,144	-234,142	-4.7%
General Service Less Than 50 kw 47 General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load 56 Sentinel Lighting 1 Street Lighting 7				
General Service 50 to 4999 kw 56 Large Use 14 Unmetered Scattered Load Sentinel Lighting 1 Street Lighting 7	5,137	2,099,525	-405,612	-16.2%
Large Use 14 Unmetered Scattered Load Sentinel Lighting 1 Street Lighting 7	5,010	433,519	-41,491	-8.7%
Unmetered Scattered Load Sentinel Lighting 1 Street Lighting 7	6,100	421,804	-144,296	-25.5%
Sentinel Lighting 1 Street Lighting 7	6,790	152,754	5,964	4.1%
Street Lighting 7	9,890	9,177	-713	-7.2%
	1,404	8,023	-3,381	-29.6%
Total Distribution Revenue Volumetric 4080 3,79	7,854	46,873	-30,981	-39.8%
	2,185	3,171,675	-620,510	-16.4%
Transformer Allowance-GS<50kW	-1		-	· · ·
		-137,311	21,995	-13.8%
	9,306	-139,872	-21,185	17.8%
	9,306 8,687	-277,183	810	-0.3%
Distribution Revenue Fixed & Variable Rates 8,49	9,306 8,687 7,993	277,100		-10.0%

2 2010 Actual:

- 3 Welland Hydro's operating revenue in fiscal 2010 was \$9,135,985. Throughput revenue totaled
- 4 \$8,627,342 or 94.4% of total revenues. Other net operating revenue total \$412,578 while Non-
- 5 Distribution revenue totals \$96,065.
- 6 A comparison of 2010 Actual to 2009 Actual is included in Table 3D on page 3 of this schedule.

TABLE 3D WELLAND HYDRO ELECTRIC SYSTEM CORP 2009 ACTUAL vs 2010 ACTUAL

	2009 Actual (\$)	2010 Actual (\$)	Difference \$	Difference %
Distribution Services Revenue-Monthly				
Residential	3,302,955	3,477,674	174,719	5.3%
General Service Less Than 50 kw	469,359	515,981	46,622	9.9%
General Service 50 to 4999 kw	539,996	698,174	158,178	29.3%
Large Use	326,776	183,282	-143,494	-43.9%
Unmetered Scattered Load	32,227	37,329	5,102	15.8%
Sentinel Lighting	9,997	19,735	9,738	97.4%
Street Lighting	67,834	180,943	113,109	166.7%
Total Distribution Revenue Monthly 4080	4,749,144	5,113,118	363,974	7.7%
Distribution Services Revenue-Volumetric				
Residential	2,099,525	2,361,380	261,855	12.5%
General Service Less Than 50 kw	433,519	490,580	57,061	13.2%
General Service 50 to 4999 kw	421,804	634,369	212,565	50.4%
Large Use	152,754	155,509	2,755	1.8%
Unmetered Scattered Load	9,177	10,562	1,385	15.1%
Sentinel Lighting	8,023	14,535	6,512	81.2%
Street Lighting	46,873	126,417	79,544	169.7%
Total Distribution Revenue Volumetric 4080	3,171,675	3,793,352	621,677	19.6%
Transformer Allowance-GS<50kW	1 .	12.		
Transformer Allowance-GS 50 to 4999 kW	-137,311	(159,161)	-21,850	15.9%
Transformer Allowance-Large Use > 5000kW	-139,872	(119,967)	19,905	-14.2%
Total Transformer Allowance 4080	-277,183	-279,128	(1,945)	0.7%
Distribution Revenue Fixed & Variable Rates	7,643,636	8,627,342	983,706	12.9%

2 When comparing 2010 Actual to 2009 Actual there are three main issues. 2010 contains four

months (4/9) of a lost revenue rate rider from the 2009 COS. In addition, 2010 contains a full

year of increased rates where 2009 were implemented August 1, 2009 and contained 5/9 of the

lost revenue from May 1, 2009 to July 31, 2009. The loss of the large user is reflected in the

6 distribution monthly charge.

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4

1 2011 Actual:

- 2 Welland Hydro's operating revenue in fiscal 2011 was \$9,109,418. Throughput revenue totaled
- 3 \$8,277,194 or 91.9% of total revenues. Other net operating revenue total \$752,375 while Non-
- 4 Distribution revenue totals \$79,849.
- 5 A comparison of 2011 Actual to 2010 Actual is included in Table 3E below.

TABLE 3E WELLAND HYDRO ELECTRIC SYSTEM CORP 2010 ACTUAL vs 2011 ACTUAL

	2010 Actual (\$)	2011 Actual (\$)	Difference \$	
Distribution Services Revenue-Monthly				
Residential	3,477,674	3,400,029	-77,645	
General Service Less Than 50 kw	515,981	499,875	-16,106	
General Service 50 to 4999 kw	698,174	690,941	-7,233	
Large Use	183,282	153,959	-29,323	
Unmetered Scattered Load	37,329	36,090	-1,239	
Sentinel Lighting	19,735	19,153	-582	
Street Lighting	180,943	199,691	18,748	
Total Distribution Revenue Monthly 4080	5,113,118	4,999,738	-113,380	
Distribution Services Revenue-Volumetric				
Residential	2,361,380	2,229,353	-132,027	
General Service Less Than 50 kw	490,580	455,542	-35,038	
General Service 50 to 4999 kw	634,369	561,728	-72,641	
Large Use	155,509	145,833	-9,676	
Unmetered Scattered Load	10,562	9,962	-600	
Sentinel Lighting	14,535	14,515	-20	
Street Lighting	126,417	138,603	12,186	
Total Distribution Revenue Volumetric 4080	3,793,352	3,555,536	-237,816	
Transformer Allowance-GS<50kW	-	(11,559)	(11,559)	
Transformer Allowance-GS 50 to 4999 kW	(159,161)	(146,959)	12,202	
Transformer Allowance-Large Use > 5000kW	(119,967)	(119,562)	405	
Total Transformer Allowance 4080	-279,128	-278,080	1,048	
Distribution Revenue Fixed & Variable Rates	8,627,342	8,277,194	-350,148	

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- 1 When comparing 2011 Actual to 2010 Actual there are two major items to consider. The first is
- 2 the inclusion of the 2009 COS Lost Revenue Rate Rider in 2010 revenues until April 30, 2010.
- 3 This would increase 2010 in comparison to 2011. The second is the fact that the summer of
- 4 2011 was unusually cool. In addition, distribution volume revenue is being impacted by the on
- 5 going efforts of CDM programs. By not filing for an LRAM in the 2012 IRM Rate Application
- 6 Welland Hydro will be ineligible to collect any lost revenues resulting from CDM programs
- 7 through December 31, 2010. The new billing system installed in 2011 allowed for the
- 8 separation of transformer allowance between the GS<50 and GS>50 customer classes.
- 9 There is no LRAM included in this rate application for the impact of CDM on 2011 volumes as
- 10 final results are not currently available. Welland Hydro will file an LRAM for this period in the
- 11 2014 IRM rate application.

12 13 **2012 Bridge Year:**

- 14 Welland Hydro's operating revenue in the 2012 Bridge Year (at current distribution rates) is
- 15 forecast to be \$9,502,045. Throughput revenue is estimated at \$8,937,225 or 94.1% of total
- 16 revenues. Other net operating revenue total \$541,570 while Non-Distribution revenue totals
- 17 \$23,250.
- 18 A comparison of 2012 Bridge Year to 2011 Actual is included in Table 3F on page 6 of this
- 19 schedule.

TABLE 3F WELLAND HYDRO ELECTRIC SYSTEM CORP 2011 ACTUAL vs 2012 BRIDGE

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	2011 Actual (\$)	2012 Bridge (\$)	Difference \$	Difference %
Distribution Services Revenue-Monthly				
Residential	3,400,029	3,986,895	586,866	17.3%
General Service Less Than 50 kw	499,875	584,775	84,900	17.0%
General Service 50 to 4999 kw	690,941	688,486	-2,455	-0.4%
Large Use	153,959	155,834	1,875	1.2%
Unmetered Scattered Load	36,090	36,720	630	1.7%
Sentinel Lighting	19,153	18,184	-969	-5.1%
Street Lighting	199,691	203,310	3,619	1.8%
Total Distribution Revenue Monthly 4080	4,999,738	5,674,204	674,466	13.5%
Distribution Services Revenue-Volumetric				
Residential	2,229,353	2,280,787	51,434	2.3%
General Service Less Than 50 kw	455,542	463,292	7,750	1.7%
General Service 50 to 4999 kw	561,728	540,549	-21,179	-3,8%
Large Use	145,833	145,311	-522	-0.4%
Unmetered Scattered Load	9,962	9,908	-54	-0.5%
Sentinel Lighting	14,515	13,615	-900	-6.2%
Street Lighting	138,603	64,957	-73,646	-53.1%
Total Distribution Revenue Volumetric 4080	3,555,536	3,518,419	-37,117	-1.0%
Transformer Allowance-GS<50kW	(11,559)	(11,559)	1 2	11,559
Transformer Allowance-GS 50 to 4999 kW	(146,959)	(125,617)	21,342	-14.5%
Transformer Allowance-Large Use > 5000kW	(119,562)	(118,222)	1,340	-1.1%
Total Transformer Allowance 4080	-278,080	-255,398	22,682	-8.2%
Distribution Revenue Fixed & Variable Rates	8,277,194	8,937,225	660,031	8.0%

There are three areas which require analysis in comparison between 2011 Actual and 2012 Bridge Year. The first is the implementation of the 2012 Smart Meter Rate Application. For comparison purposes the 2012 Smart Meter Revenue Requirement Rate rider was assumed to be effective January 1, 2012. The Smart Meter Funding Adder Revenue (Jan – Apr) and the Smart Meter Disposition Rate Rider Revenue (May-Dec) are not included in distribution revenues. The result will also provide a more realistic revenue deficiency calculation. As a result, the distribution monthly service charges for both the Residential and GS<50 customer classes have increased significantly.

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- 1 The second area of adjustment is in the distribution volume and transformer allowance for the
- 2 loss of a large industrial customer in the GS>50 class. The impact on distribution monthly
- 3 charges is minimal and the reduction to the distribution volume and distribution transformer
- 4 allowance are offsetting.
- 5 The third area is for Street Lights distribution volume revenue. The City of Welland has initiated
- 6 a conversion of its existing street lights to LED. Phase 1 of the plan (which is well underway
- 7 and will be completed by October, 2012) is to replace Cobra Head fixtures. For the purposes of
- 8 this application, the conversion was assumed to have taken place January 1, 2012.

9 2013 Test Year:

- 10 Welland Hydro's operating revenue in the 2013 Test Year (at current distribution rates) is
- 11 forecast to be \$9,508,128. Throughput revenue is estimated at \$8,970,789 or 94.3% of total
- 12 revenues. Other net operating revenue total \$501,089 while Non-Distribution revenue totals
- 13 \$36,250.
- 14 A comparison of 2013 Test Year to 2012 Bridge Year is included in Table 3G on page 8 of this
- 15 schedule.

TABLE 3G WELLAND HYDRO ELECTRIC SYSTEM CORP 2012 BRIDGE vs 2013 TEST

	2012 Bridge (\$)	2013 Test (\$)	Difference \$	Difference %
Distribution Services Revenue-Monthly				
Residential	3,986,895	4,057,795	70,900	1.8%
General Service Less Than 50 kw	584,775	585,120	345	0.1%
General Service 50 to 4999 kw	688,486	688,486	0	0.0%
Large Use	155,834	155,834	0	0.0%
Unmetered Scattered Load	36,720	36,558	-162	-0.4%
Sentinel Lighting	18,184	18,184	0	0.0%
Street Lighting	203,310	203,310	0	0.0%
Total Distribution Revenue Monthly 4080	5,674,204	5,745,287	71,083	1.3%
Distribution Services Revenue-Volumetric				
Residential	2,280,787	2,270,039	-10,748	-0.5%
General Service Less Than 50 kw	463,292	461,007	-2,285	-0.5%
General Service 50 to 4999 kw	540,549	544,713	4,164	0.8%
Large Use	145,311	144,265	-1,046	-0.7%
Unmetered Scattered Load	9,908	9,823	-85	-0.9%
Sentinel Lighting	13,615	13,615	0	0.0%
Street Lighting	64,957	37,553	-27,404	-42.2%
Total Distribution Revenue Volumetric 4080	3,518,419	3,481,015	-37,404	-1.1%
Transformer Allowance-GS<50kW	(11,559)	(11,559)	-	11,559
Transformer Allowance-GS 50 to 4999 kW	(125,617)	(126,584)	-967	0.8%
Transformer Allowance-Large Use > 5000kW	(118,222)	(117,370)	852	-0.7%
Total Transformer Allowance 4080	-255,398	-255,513	(115)	0.0%
Distribution Revenue Fixed & Variable Rates	8,937,225	8,970,789	33,564	0.4%

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Distribution monthly revenue for the Residential class is based on growth in the number of

customers. Distribution volume revenue continues to be affected by the implementation of CDM

5 programs.

6 Phase 2 of the street light conversion to LED involves the replacement of Pole Top Decorative

7 fixtures. For the purposes of this rate application, the conversion was assumed to have taken

8 place January 1, 2013.

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TRANSFORMER ALLOWANCE

1 2

- 3 Welland Hydro currently provides a Transformer Ownership Allowance Credit of (\$0.70)/kW to
- 4 those customers that own their own transformer facilities. Welland Hydro is proposing to
- 5 maintain this rate for the 2013 Test Year for eligible customers.

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VARIANCE ANALYSIS ON OTHER DISTRIBUTION REVENUE

- 2 The Board has provided Appendix 2-F in Filing Requirements Chapter 2 Appendices Module
- 3 which is presented below:

Appendix 2-F Other Operating Revenue

USoA#	USoA Description	20	09 Actual	20	010 Actual	20	011 Actual ³	Br	idge Year ³	Br	idge Year ^a	7	rest Year
									2012		2012		2013
	Reporting Basis	TE B	CGAAP	10	CGAAP		CGAAP		CGAAP		MIFRS		MIFRS
4235	Specific Service Charges	5	156,418	\$	149,379	\$	157,412	\$	149,069	\$	149,069	S	150,385
4225	Late Payment Charges	\$	71,531	\$	3,072	\$	143,690	\$	68,785	S	68,785	\$	70,849
Specific Se	ervice Charges	1\$	156,418	S	149,379		157.412	6	149,069	\$	149,069	s	150,385
	ent Charges	\$	71,531	\$	3,072	\$	143,690	\$	68,785	\$	68,785	\$	70,849
	rating Revenues	\$	325,438	\$	149,543	5	241,857	\$	234,491	\$	234,491	\$	238,908
Other Inco	me or Deductions	\$	193,826	\$	206,649	\$	289,265	\$	112,475	\$	112,475	\$	79,197
Total Othe	r Operating Revenue	\$	747,213	\$	508,643	\$	832,224	\$	564,820	\$	564,820	\$	537,339
Less 4375	Non Distribution Revenue	\$	85,848	S	96,085	5	79,849	\$	23,250	5	23,250	\$	36,250
Other Ope	rating Revenues-Distribution	\$	661,365	\$	412,578	\$	752,375	\$	541,570	S	541,570	\$	501,089

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- Specific Service Charge totaled \$149,455 in the 2009 COS. Actual Specific Service Charges
- 8 from 2009 to 2011 and forecasts for the 2012 Bridge Year and the 2013 Test Year are in line
- 9 with amounts from the 2009 COS.

10

- 11 Late Payment Charges totaled \$66,000 in the 2009 COS. Actual in 2009 was in line with the
- 12 2009 COS. 2010 and 2011 Actual were impacted by an accounting entry made in 2010 related
- 13 to settlement of the Late Payment litigation. In 2010, Welland Hydro set up a liability of
- 14 \$74,905 for its share of the settlement and offset this amount to Late Payment revenues in 2010
- 15 resulting in reduced revenue. Upon approval of the Late Payment Rate Rider in 2011, Welland
- 16 Hydro reversed the entry resulting in increased Late Payment Revenue in 2011. The average for
- 17 2010 to 2011 is in line with the 2009 COS. Forecast for the 2012 Bridge Year and the 2013 Test
- 18 Year are also in line with the 2009 COS amount.

19

- 20 Other Operating Revenues consists of various accounts which will be analyzed separately in the
- 21 following section.

Other Operating Revenues

Other Operating Revenues

Account 4080 - Monthly Service Charges

	2009 A	ctual	20	10 Actual	20	011 Actual ²	B	ridge Year	В	ridge Year	Test Year
				77.700				2012		2012	2013
Reporting Basis	CGA	AP		CGAAP		CGAAP		CGAAP	-	MIFRS	MIFRS
SSA Administration	\$	74,544	-5	42,912	\$	59,382	S	60,501	\$	60,501	\$ 61,575
Microfits	5		5		\$	- ×	5	696	\$	696	\$ 1,392
Retail Service Revenue	S	39,496	\$	36,881	\$	30,135	\$	20,525	\$	20,525	\$ 20,515
Total	\$ 1	14,040	-\$	6,031	\$	89,517	S	81,722	S	81,722	\$ 83,482

Account 4084 - Service Trans Revenue

	2009	Actual	201	0 Actual	21	011 Actual ²	В	ridge Year	В	ridge Year	T.F	Test Year
								2012		2012		2013
Reporting Basis	CG	AAP	C	GAAP		CGAAP		CGAAP		MIFRS		MIFRS
Service Trans Revenue	S	748	5	1,303	\$	789	\$	789	\$	789	S	789
Total	s	748	\$	1,303	\$	789	\$	789	8	789	\$	789

Account 4210 - Rent from Electrical Property

	2009 Actual	1 2	010 Actual	2	011 Actual ²	E	Bridge Year	E	ridge Year	Test Year
							2012		2012	2013
Reporting Basis	CGAAP		CGAAP		CGAAP		CGAAP		MIFRS	MIFRS
Pole	\$ 189,876	\$	132,640	\$	130,085	\$	130,085	\$	130,085	\$ 130,085
Service Centre	\$ 20,774	\$	21,631	\$	21,468	\$	21,895	\$	21,895	\$ 22,552
Total	\$ 210,650	15	154,271	5	151,551	\$	151,980	\$	151,980	\$ 152,637

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Account 4080 Monthly Service Charges (SSA) totaled \$72,816 in the 2009 COS. 2009 Actual is

in line with this amount. However, in 2010 Welland Hydro was made aware that the monthly

SSA charge of \$.25/month should have been based per invoice as opposed to per connection. As

a result, Welland Hydro began charging SSA based on this method in 2010. Welland Hydro also

made an adjustment to street light SSA charges from 2005 to 2009 of \$119,238. This resulted in

negative revenue in 2010. 2011 Actual, 2012 Bridge Year and 2013 Test Year are all impacted

10 by the change in methodology in 2010 and are below 2009 COS levels.

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Account 4080 Retail Service Revenue totaled \$35,174 in the 2009 COS. This revenue has been

in decline since the 2009 COS as a result of customers opting out of retail contracts when their

contracts expire.

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Account 4084 Service Transaction Revenue totaled \$2,040 in the 2009 COS. This revenue has

17 been below 2009 COS service levels in every year.

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- 1 Account 4210 Rent from Electrical Property totaled \$149,031 in the 2009 COS. The only year
- 2 which requires explaining is 2009 Actual. Previous to 2009 Welland Hydro offset Pole Rental
- 3 charges to Bell against Pole Rental charge from Bell. The charge from Bell was marginally
- 4 greater than the charge to Bell. In 2009 the policy was changed to record pole rental charge from
- 5 Bell as an expense and the pole rental charge to Bell as revenue (no offsetting of charges).
- 6 In addition, invoicing was three years behind schedule in 2009. Invoicing was brought current in
- 7 2009 which resulted in four years of expense (\$79,321) as opposed to one year and four years of
- 8 revenue (\$78,314) as opposed to one year. Revenues from 2010 to 2013 are in line with the
- 9 2009 COS.

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Other Income or Deductions

Other Income or Deductions

Account 4355 - Gain on Disposition of Property

	2009	Actual	201	0 Actual	20	11 Actual ²	Bri	dge Year	Bric	ige Year	Te	st Year
								2012		2012		2013
Reporting Basis	CC	BAAP	0	GAAP	100	CGAAP		CGAAP	N	IIFRS	N	IIFRS
Gain on Disposition of Utility Property	-\$	69	\$	2,849	S	14,409	\$		\$	-	\$	
Total	I-\$	69	\$	2,849	\$	14,409	\$	3-1	\$	14.1	\$	19

Account 4362 - Asset Retirement MIFRS

	2009	Actual	2010	Actual	2011	Actual ²	Brid	ge Year	Bride	ge Year	T	est Year
							2	012	2	012		2013
Reporting Basis	CG	AAP	CG	AAP	CG	AAP	C	SAAP	M	FRS		MIFRS
Asset Retirment MIFRS	\$	-	S		\$	8.	\$	-	\$	9	-\$	18,932
Total	Is	14.	S		\$		\$	-	S	-	-5	18,932

Account 4375 - Revenues from Non-Utility Operations

	200	9 Actual	20	10 Actual	20	11 Actual ²	Br	dge Year	Bri	dge Year	T	est Year
								2012		2012		2013
Reporting Basis		GAAP	0.00	CGAAP		CGAAP			Sc	hedule:		
Mark Up OPA Programs	\$	82,154	\$	90,530	\$	45,537	\$	9	\$	4	\$	-
Solar Revenue	\$	141	\$		\$	-	\$	23,250	\$	23,250	\$	36,250
Revenue Final Variance Accounts	\$	14.11	\$		\$	28,822	\$	- 2	\$	1-	\$	77.5
Miscellaneous Non Operating	\$	3,694	\$	5,535	\$	5,490	\$	-	\$		5	
Total	\$	85,848	5	96,065	\$	79,849	5	23,250	\$	23,250	S	36,250

Account 4390 - Miscellaneous Non Operating Income

	200	9 Actual	20	10 Actual	20	011 Actual ²	E	Bridge Year	E	Bridge Year		Test Year
Reporting Basis		GAAP		CGAAP	1	CGAAP		2012 CGAAP		2012 MIFRS		2013 MIFRS
Scrap Metal Sales	\$	8,920	\$	18,221	\$	9,812	5	9,812	\$	9,812	\$	10,106
Misc Service-Other Revenue	S	18,888	\$	7,077	\$	8,023	\$	8,023	\$	8,023	S	8,023
PILS 1562 Adjustment	\$		\$		\$	28,779	\$		\$	-	\$	
Total	\$	27,808	\$	25,298	\$	46,614	S	17,835	\$	17,835	\$	18,129

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Account 4405 - Interest and Dividend Income

	200	09 Actual	2	010 Actual	20	11 Actual ²	В	ridge Year	В	ridge Year		Test Year
Control of the contro						1000		2012		2012		2013
Reporting Basis	(CGAAP	-5	CGAAP		CGAAP		CGAAP		MIFRS		MIFRS
Bank Deposit & Miscellaneous	\$	59,852	5	58,093	5	97,396	5	62,500	\$	62,500	5	43,750
RSVA & Other Variance Accounts	\$	20,387	5	24,344	\$	50,997	S	8,890	\$	8,890	\$	- 1
Total	1\$	80,239	\$	82,437	\$	148,393	S	71,390	\$	71,390	\$	43,750

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Account 4355 Gain on Disposition of Property was Nil in the 2009 COS. For the most part this

4 account deals with transformers that have been scrapped for the value of the metals. This can be

5 revenue or expense depending on whether or not the transformers are fully depreciated.

6 However, in 2011 there were gains from the sale of property as follows:

7	Back Up Generator	\$3,700
8	1984 GMC Pick Up Truck	\$2,400
9	1990 International Truck	\$5,010

10 No amounts have been included for this account in the 2012 Bridge or 2013 Test Year.

11

12 Account 4362 Asset Retirement MIFRS is a new account set up to record the loss on the early

13 retirement in MIFRS due to elimination of the pooling of assets method. The estimate of

(\$18,932) is based on a road expansion project in 2012. This amount represents the typical

annual loss Welland Hydro will have as a result of conversion to MIFRS.

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Account 4375 Revenues from Non-Utility Operations are excluded from revenues for rate

18 making purposes. The first source of revenue in this account is mark up on OPA programs.

19 Welland Hydro booked revenue on these programs one year behind. With programs starting in

20 2011 there is no mark up, only the potential to generate revenue through meeting reduction

21 targets for both kWh and kW starting in 2015. The second source is LDC owned solar micro fit

projects which were installed in late 2011 and early 2012. The capital investment dollars for

23 these projects were funded by Welland Hydro-Holding Corp. Revenue from Final Variance

Account true ups is related to Welland Hydro's accounting for disposing of RSVA Variances

deemed final by the Board. Rather than remove these on a 1/12 basis Welland Hydro tracks

26 actual and removes the final balance at the end of the disposition period to account 4375.

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1 Welland Hydro prefers to know the impact on net income of the disposition of variances. The 2 final variances disposed of in the 2009 COS were to the benefit of customers. Actual volumes 3 were less than forecast over the two year period resulting in a favorable adjustment of the 2009 4 RSVA 1595 account in 2011. The Miscellaneous Non Operating Revenue from 2009 to 2011 5 was from the sale of a joint venture business to a third party. The sale was finalized in 2011. 6 7 Account 4390 Miscellaneous Non Operating Income totaled \$19,020 in the 2009 COS. This 8 account consists of scrap metal sales and other miscellaneous revenue. Actual for 2009 to 2011 9 were in line with the amount in the 2009 COS with the exception of the 2011 Actual. Welland 10 Hydro was given approval to dispose of balances in account 1562 in the 2012 IRM Rate 11 Application. Welland Hydro made an accounting entry to set up account 1563 in 2011 with the 12 offsetting entry to income. Revenues in the 2012 Bridge Year and 2013 Test Year are in line 13 with the 2009 COS. 14 15 Account 4405 Interest and Dividend Income totaled \$87,995 in the 2009 COS. Reductions in bank balances (capital spending in excess of depreciation) and interest rate reductions have 16 17 impacted Welland Hydro's interest income since the 2009 COS. The forecast for the 2013 Test 18 Year is based on an average cash balance of \$3.5 million in 2013 at an interest rate of 1.25%. 19 Welland Hydro believes that under MIFRS it is not appropriate to forecast interest income based 20 on the 2013 average cash balance alone. Cash balances (and eventually long term debt) will be 21 impacted by the difference between capital spending (only reduced by \$267,000/year by MIFRS) 22 and depreciation which has been reduced by over \$800,000/year under MIFRS. This will impact 23 cash balances significantly in years 2014, 2015, and 2016. Welland Hydro believes that the 24 calculation of interest income should factor in reductions in cash balances in each of the three 25 years following the 2013 Test Year.

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4 - Operating Co	sts			
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		1		Manager's Summary
		2		Summary of Cost Drivers
		3		Variance Analysis on OM&A Costs
		4		Employee Compensation Costs
		5		Shared Service and Corporate Cost Allocation
		6		Purchase of Non-Affiliate Services
		7		Depreciation, Amortization and Depletion
		8		Taxes/PILs
				Appendices
			A	Draft Post-Retirement Benefit Report
			В	Welland Hydro Purchasing Policy
			C	2011 Federal & Ontario Tax Return
			D	OEB Income Tax/PILs Workform
			E	Deloitte Federal Tax Letter

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Overview

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Manger's Summary

- 3 The operating costs presented in this Exhibit represent the annual expenditures required to
- 4 sustain Welland Hydro's distribution operations. Welland Hydro follows the OEB's Accounting
- 5 Procedures Handbook (the "APH") in distinguishing work performed between operations and
- 6 maintenance.
- 7 Welland Hydro is requesting total OM&A costs of \$6,660,567 for the 2013 Test Year for rate
- 8 making purposes. This represents a 38.16% increase over 2009 Actual and a 35.5% increase
- 9 over 2009 COS. Since the 2009 COS Rate Application there are three significant events which
- 10 have impacted Welland Hydro's OM&A costs. The first is Smart Meters and their associated
- 11 maintenance costs and the impact on the operation of the Meter Department. The second is the
- 12 implementation of TOU monthly billings and its impacts on manpower and CIS/Financial
- 13 software system costs. The third is the introduction of MIFRS and the corresponding increase in
- 14 OM&A costs. Welland Hydro will attempt to separate the impact of these events when making
- 15 comparisons to 2009 Actual and 2009 COS OM&A costs.
- 16 Manpower levels approved in the 2009 COS Application were 41 Full Time Equivalent ("FTE")
- 17 employees. In Welland Hydro's 2012 Smart Meter Rate Application EB-2011-0415 one
- 18 additional FTE was added to the billing department as a result of the switch to monthly TOU
- 19 Billing bringing FTE's to a total of 42. Since the 2009 COS Application Welland Hydro has had
- 20 two senior management staff, two customer service representatives, and one clerical engineering
- 21 person retire which is over 12% of Welland Hydro's total work force. In addition, one
- 22 apprentice linesperson left three years into a four year apprenticeship program and has since been
- 23 replaced by a first year apprentice. The 2013 COS Application includes the addition of one
- 24 additional FTE in the form of an apprentice lineperson. Welland Hydro has two Line Foremen
- and additional linepersons eligible to retire in the next two to four years and it is imperative that
- a program be in place to replace retirees with qualified personnel. As a result, the total number
- 27 of FTE's requested in this application is 43.

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Within payroll costs there are three components which drive increases to OM&A expenses. The first is the dramatic increase in OMERS Pension Costs since the 2009 COS application. The

second is the increase in Employee Retiree Benefit costs as a result of five new retirees covered

by benefit cost until they reach the age of 65. The third is contractual union (3.25%) and

5 management wage increases of 2.75% along with changes in job classification increases. The

introduction of IFRS will also require an upgrade of skill sets within the accounting department.

7 The retirement of the accounting assistant in 2013 will be upgraded to deal with the introduction

8 of IFRS and the corresponding workload related to fixed assets. The Administrative Assistant to

the President is also retiring at the end of 2012. Both positions will require a transition period

for training purposes. The overlapping of employee transition costs have not been included in

11 this application, only the resulting base increase to an upgraded accounting position.

12 Inflation for non labor costs are assumed to be 2% with the exception of computer software

13 maintenance costs (5%) and utilities such as hydro, gas, and water which are also forecast to

14 increase by 5%.

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15 The variance used to determine the OM&A accounts requiring analysis is \$50,000 as shown in

16 Exhibit 1, Tab 4, Schedule 1.

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1 Summary of Cost Driver's

- 2 Chapter 2 of the Filing Requirement Appendices model provides various schedules to aid
- 3 in the analysis of OM&A changes from year to year. They are presented in pages 2 to 7 of
- 4 this schedule.
- 5 The OM&A Cost Driver Table is found on page 2 of this schedule. This table attempts to
- 6 capture the main components of the 35.5% increase from the \$4,913,837 amount in the
- 7 2009 COS to a total of \$6,636,967 in the 2013 Test Year.
- 8 Rather than focus on the year over year changes, Welland Hydro has added a column to
- 9 total the changes from the 2009 COS to the 2013 Test Year and will discuss each major
- 10 item below.

11 Smart Meter OM&A Expenses

- 12 During its 2012 Smart Meter Rate Application EB-2011-0415 Welland Hydro took a
- 13 conservative approach to estimating its 2012 Smart Meter OM&A costs until they were
- 14 fully known. Details of Smart Meter OM&A expenses can be found on page 8 of this
- 15 schedule.
- 16 Smart Meter OM&A costs and related savings have increased from \$176,775 included in
- 17 the 2012 Smart Meter Application to \$360,237. This amount is represented by the
- 18 following amounts in the Cost Driver Table:

19 Smart Meters - Add Salaried Wages	\$ 77,711
--------------------------------------	-----------

20 Smart Meters - Add Salaried Benefits \$ 22,146

21 Smart Meter Expenses \$344,419

22 Meter Reading Costs (\$84,039)

\$360,237

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Appendix 2-J OM&A Cost Driver Table

OM&A	477.0	t Rebasing Year 2009 Actuals)		2010 Actuals		2011 Actuals	2	012 Bridge Year	20	013 Test Year
Reporting Basis	-	CGAAP		CGAAP		CGAAP		MIFRS		MIFRS
OM&A Labour (Appendix 2-K)	\$	3,227,443	\$	3,034,601	\$	3,122,804	\$	3,259,864	\$	3,636,477
OM&A Expenses	\$	1,585,394	\$	1,758,734	\$	1,610,522	5	1,967,875	\$	2,434,954
Opening Balance	\$	4,913,837	\$	4,793,335	\$	4,733,326	\$	5,227,739	S	6,071,431
CDM Employee Hired Jun/09	-\$	38,200	S	38,200	5		5		\$	
Adjust Manage Wage vs 2009 COS	S	- 8	8		-\$	90,000	5	- 4	\$	90.000
Adjust Manage Benefits vs 2009 COS	5		5		-\$	25,139	15		5	25,139
Adjust Union Wage vs 2009 COS	\$	- 50	-5	18,694	5	12,463	5	6,231	5	
Adjust Union Benefits vs 2009 COS	\$	- A	-5	4,902	5	3,268	\$	1.634	5	-
Smart Meters-Add Salaried Wage	\$		5		\$	100	S	68,436	5	9,275
Smart Meters-Add Salaried Benefits	8		5		\$		\$	19.520	5	2,626
Upgrade Accounting Assistant Base	\$		S		S		\$	-	\$	30,000
Union Apprentice Lineman-Wages	3		5		\$		S	74.7	\$	56,397
Union Apprentice Lineman-Benefits	\$		\$		\$		S		\$	18,617
Management Overtime	\$	38,703	18	8,599	\$	16,786	S	5,388	-5	26,272
Union Overtime	\$	9,710	-5	21,885	\$	31,326	5	395	·S	514
Nagees Inflation	-\$	674	\$	93,613	\$	54,557	\$	84,296	\$	123,776
Benefits Inflation	-5	35,582	\$	34,215	\$	62,093	5	44,542	5	66,093
Compensation Capitalized	-\$	116,084	-\$	11,919	-\$	31,112	-\$	45,461	-\$	60,040
Compensation Third Party	\$	30,901	-5	44,775	\$	20,491	-5	716	.5	11,882
Compensation Charged to Affiliates	.5	70,666	\$	1,638	\$	26,941	5	49,562	\$	41,981
Retiree Benefits Premium Costs	\$		\$	6,769	\$	33,068	-\$	3,300	S	9,923
Stores Ovhd Charged to Affiliates/3rd	-\$	11,201	-\$	6,599	\$	26,229	5	1,926	\$	2.750
Equipment Charged to Affiliates/3rd	-5	4,661	1-5	1,764	\$	2,252	5	24,464	S	8,434
Bad Debt Expense	5	6,859	S	20,579	3	9,351	5	2.199	\$	1,967
2009 Regulatory Exp Actual vs 4 Year	5	27,270	-5	27,270	S		\$		\$	
2013 Cost of Service Regulatory	8		5		S		\$	40,000	-5	10,000
Legal Fees	\$		5		-5	17,453	5	10,000	2	
Tree Trimming Actual vs 4 Year	-\$	51,439	-5	9,748	\$	95,915	-5	67,359	5	38,817
Transformer PCB Program/Testing	\$	35,335	-5	61,645	\$	20.00	\$		5	10,000
CIS/Financial Expenses	.5	20,259	\$	7,086	\$	132,769	5	88,144	\$	8,181
Smart Meter Expenses	5		S		S	106,144	\$	169,742	\$	68,533
Meter Reading Costs	\$		\$		-\$	36,459	-5	47,580	\$	
Receivable Insurance GS>50 Large Use	8		5	6,800	5	27,256	\$	10,853	\$	900
Bell Pole Rental Charges	\$	61,247	-\$	61,247	\$	1	\$		\$	-
Leap Payments to OMA	\$		\$		S	4	\$	11,000	\$	
FRS-Admin Ovhd Capital Adj	5	28,796	5		\$	- 2	\$	1	\$	
FRS-Indirect Wages Capital Adj	5	- A	\$		S		\$	158,151	\$	
FRS-General Ovhd Capital Adj	5	- 181	\$	-	\$	+	\$	108,490	5	
FRS-Safety Exp Removed Burd Capital		3.	\$	- 1	S		\$	4,911	\$	
All Other & Expense Inflation	-\$	10,557	-\$	7,060	\$		\$		\$	60,835
Closing Balance	S	4,793,335	5	4,733,326	\$	5,227,739	\$	6,071,431	\$	6,636.967
Balance Per Appendix 2-G	15	4,793,335	15	4,733,326	S	5,227,739	15	6.071,431	\$	6,636,967

Total Change 2009 COS 2013 COS

\$ 4,913,837 \$ 77.711 \$ 22.146 \$ 30.000 \$ 56.397 \$ 18,617 \$ 43,204 \$ 19,032 \$ 355.568 \$ 171,361 -\$ 264,616 -\$ 5,981 \$ 49,456 \$ 49,456 \$ 46,460 13,105 28,725 40,955 30,000 7,453 6,186 \$ 16,310 \$ 215,921 \$ 344,419 \$ 84,039 \$ 45,809 \$ 11,000 \$ 28,796 \$ 158,151 \$ 108,490 \$ 4,911 \$ 175,109 \$ 6,636,967

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Appendix 2-I Summary of <u>Recoverable</u> OM&A Expenses

		st Rebasing ar (2009 BA)		ast Rebasing Year (2009 Actuals)	20	10 Actuals	20	11 Actuals	2	012 Bridge Year	2	013 Test Year
Reporting Basis		CGAAP		CGAAP		CGAAP	55	CGAAP	8	MIFRS		MIFRS
Operations	3	1,465,769	S	1,317,883	5	1,297,663	5	1,161,143	S	1,388,019	S	1,508,194
Maintenance	5	1,111,632	3	1,191,970	5	932.588	3	1,232,249	3	1.469,334	5	1,756,582
SubTotal	\$	2,577,401	\$	2,509,853	5	2.230.251	5	2,393,392	8	2,837,353	5	3,264,776
%Change (year over year)	111	11111111	10			-11.1%		7.3%		18.5%		15.1%
%Change (Test Year vs Last Rebasing Year - Actual)				0.4(0.00.44.00								30,1%
Billing and Collecting	8	980,174	5	899,448	5	989,343	\$	1,744,021	5	1,353,692	5	1,423,275
Community Relations	\$	159,667	\$	84,366	5	118,770	\$	121,908	\$	129,198	5	134 249
Administrative and General	5	1,196,595	5	1,327,358	5	1,443,982	5	1,671,263	5	1.774,785	\$	1.835,257
SubTotal	5	2,336,436	\$	2,311,173	\$	2,532,095	\$	2,937,192	S	3,257,678	\$	3,395,791
%Change (year over year)	111	mmm	11	mm		9.6%		18.0%		10.9%	-	4.2%
%Change (Test Year vs Last Rebasing Year - Actual)		CETUTETE!		CCCTTTTT								46.9%
Total	5	4,913,837	\$	4,821,026	5	4,762,346	5	5,330,584	5	6,095,031	\$	6,660,567
%Change (year over year)	111	mm	11	mmm		-1.2%		11.9%		14.3%	-	9.3%

		st Rebasing ar (2009 BA)		st Rebasing Year (2009 Actuals)	26	010 Actuals	20	111 Actuals	2	012 Bridge Year	201	3 Test Year
Operations	2	1,465,769	3	1,317,883	5	1,297,663	S.	1,161,143	5	1,368,019	S	1,508,194
Maintenance		1,111,632	5	1.191,970	\$	932.585	.5	1.232.249	\$	1,469,334	5	1,756,582
Billing and Callecting	1.5	980,174	5	899,448	5	969,343	5	1,144,021	\$	1,353,692	5	1,423,275
Community Relations	2	159,667	5	84,366	3	118,770	2	121,908	\$	129,198	2	134,249
Administrative and General		1.196,595	5	1.327.359	S	1,443,982	\$	1.671,263	\$	1,774,788	5	1,838,267
Total	\$	4,913,837	\$	4,821,026	\$	4,762,346	\$	5,330,584	\$	6,095,031	\$	6,660,567
%Change (year over year)	M	mm	1111	mm		-1.2%	-	11.9%		14.3%		9.3%

	100	ast Rebasing ear (2009 BA)	Y	t Rebasing ear (2009 Actuals)	B	iance 2009 A – 2009 Actuals	21	010 Actuals	13	ariance 2010 Actuals vs. 2009 Actuals	20	011 Actuals		fariance 2011 tuals vs. 2010 Actuals	20	12 Bridge Year		riance 2012 dge vs. 2011 Actuals	201	3 Test Year	201	/ariance 3 Test vs. 12 Bridge
Operations	18	1,465,769	5	1.317,683	5	147,688	2	1.297.683	-5	20,220	5	1,161,143	-5	138,520	\$	1,368,019	2	206,876	5	1,508,194	2	140,175
Maintenance	15	1,111,632	\$	1,191,970	-5	80,338	5	932,588	-3	259,382	5	1,232,249	S	299,661	\$	1,459,334	5	237,085	\$	1,756,582	2	287,248
Billing and Collecting	S	980,174	\$	899,448	5	80,726	5	969,343	3	69,895	5	1,144,021	5	174,678	5	1,353,692	3	209,671	5	1,423,275	S	69,583
Community Relations	15	159,667	\$	84,366	S	75,301	5	118,770	3	34,404	5	121,908	\$	3,138	5	129,198	\$	7,290	5	134,249	5	5.051
Administrative and General	S	1 196 595	\$	1,327,359	+5	130,764	5	1,443,982	15	116.623	S	1,671,263	\$	227,281	\$	1,774,788	8	103,525	\$	1,838,267	5	63,479
Total OM&A Expenses	5	4,913,837	5	4,821,026	3	92,811	\$	4,762,346	1.5	58,680	5	5,330,584	\$	568,238	5	6,095,031	5	764,447	\$	5,660,567	\$	565,536
Variance from previous year Percent change (year over year)							.\$	56,680 -1.2%			3	568,238 11.9%			3	764.447 14.3%			\$	565.536 9.3%		
Percent Change: Test year vs. Most Current Actual												24,95%								7-10		
Simple average of % variance for all years												38,18%										8.58%
Compound Annual Growth Rate for all years																						8.42%
Compound Growth Rate (2011 Actuals vs. 2009 Actuals)												10,57%										

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Appendix 2-G Detailed, Account by Account, OM&A Expense Table (excluding Depreciation and Amortization)

Account Description	Ye	Last ebasing ear (2009 Actuals)	2	010 Actual	201	11 Actual	ŧ	Bridge Year 2012 ³	E	Bridge Year 2012	7	est Year 2013
Reporting Basis	1 6	CGAAP		CGAAP	-	CGAAP		CGAAP		MIFRS		MIFRS
Operations	-	JUNIT	_	GOTON	_	JOSON		GGPPR	-	mir iyo	-	min res
5005 Operation Supervision and Engineering	15	104,436	15	136,631	15	114,232	.5	132,803	\$	127,299	15	145,436
5010 Load Dispatching	5	123,056				115,993	3	132,133		127,528	3	
5012 Station Buildings and Fixtures Expense	5	16,520				22,509	3	23,233				
5014 Transformer Station Equipment - Operation Labour	1	10,020	-	0,000	-	12,000	-	20,200	-	20,200	-	20,000
5015 Transformer Station Equipment - Operation Supplies and Expenses	1		-		-		-		-		-	
	1	6.000	-	0.400		40.000	-	40.004	-	42.004	-	20.442
5016 Distribution Station Equipment - Operation Labour	5	6,008		2,422		16,029		18,521		17,804		20,413
5017 Distribution Station Equipment - Operation Supplies and Expenses	\$	111,782		112,071	S	112,811		119,031			\$	119,696
5020 Overhead Distribution Lines and Feeders - Operation Labour	5	81,357				91,382		105,664		101,575		118,459
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$	55.703		27,244	\$		\$	48,622				48,572
5030 Overhead Sub-transmission Feeders - Operation	5	54 233				61,603	\$	81,936		74,131		83,833
5035 Overhead Distribution Transformers - Operation	\$	195	5		5	4	3	4,750			3	4,845
5040 Underground Distribution Lines and Feeders - Operation Labour	S	137,920	5	179,166	5	128,887	\$	187,197	5	177,967	\$	194,011
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses	5	21,126	\$	15,408	5	5.291	5	12.915	\$	9,386	15	9,879
5050 Underground Sub-transmission Feeders - Operation	1 5			42,351		39,349	\$	51,349			\$	52,984
5055 Underground Distribution Transformers - Operation	\$	1,284				2,720	\$		5	3,156	\$	3,240
5060 Street Lighting and Signal System Expense	1	(LEU-I	-	3.17.009	-	200	43	0,010	-	0,100	-	10,000
5065 Meter Expense	5	328,138	s	325,424	5	244,451	S	296,406	S	278,012	s	311,606
	- 0	320,130	0	020,424	2	244,401	9	290,406	3	2/0,012	3	311,000
5070 Customer Premises - Operation Labour	-		-		-	4.200	-	1100	-	1.400	-	1 1 1 1
5075 Customer Premises - Operation Materials and Expenses	1		_		5	1,100	S	1,122	\$	1,122	\$	1.145
5085 Miscellaneous Distribution Expenses	\$	154 186	S	130,315	8	133,846	\$	189,337	5	185,055	5	202 100
5090 Underground Distribution Lines and Feeders - Rental Paid		-		10000		- 00			-	- 200	-	-
5095 Overhead Distribution Lines and Feeders - Rental Paid	5	83,652	\$	25,470	\$	25,470	\$	25,581	5	25,581	\$	26,093
5096 Other Rent						N				- V		
Total - Operations	13	1.317.883	15	1,297,663	5	1.161.143	\$	1,434,119	5	1,368,019	S	1.508.194
- Operations	-	Last	-	THE STREET	-	1110111110	-	11.35 11.15	-	(1000)010	-	Togo! io
Account Description Maintenance	Ye	ebasing ear (2009 actuals)	2	010 Actual	201	11 Actual?		ridge Year 2012*		3rldge Year 2012 ^s		est Year 2013
5105 Maintenance Supervision and Engineering	15	68,494	9	74,720	10	73.241		95,669	l e	87,148	1.0	98.255
		23,412				34,626		36,596				
5110 Maintenance of Buildings and Fixtures - Distribution Stations	5	23,412	8	16,250	5	34,626	\$	30,530	8	36,054	3	37,274
5112 Maintenance of Transformer Station Equipment	-	72.72	-	- N. W. W. W.		77.77			-	22.12.1	-	
5114 Maintenance of Distribution Station Equipment	8	13,000		31,245			5	62,939	8	55,424		59,644
5120 Maintenance of Poles, Towers and Fixtures	\$	133,968		103,120			5		\$	154,531		209,585
5125 Maintenance of Overhead Conductors and Devices	\$	275,994		207,830			S	391,699	5		5	374,665
5130 Maintenance of Overhead Services	\$		\$	203,536			5	318,284	5			299,490
5135 Overhead Distribution Lines and Feeders - Right of Way	5	115,523	\$	101,407	3	199.793	\$	146,001	\$	140,547	\$	184,638
5145 Maintenance of Underground Conduit	\$	4,363	-5	21,560	-5	7.088	5		5			-
5150 Maintenance of Underground Conductors and Devices											18	191,749
	3	124.719						201.604	-	173.674		
5155 Maintenance of Underground Services	5		\$	98 512	\$	135,874	5	201,604	5		\$	
5155 Maintenance of Underground Services 5160 Maintenance of Line Transformers	\$	84,208	5	98,512 62,992	\$	135,874 91,273	10 03	125,097	5	110,923	\$	120,817
5160 Maintenance of Line Transformers	\$	84.208 122,552	5	98 512	\$ 5	135,874 91,273 57,529	10 00 00		5	110,923	5	120,617
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems	\$	84,208	5	98,512 62,992	\$	135,874 91,273	10 03	125,097	5	110,923	\$	120,817
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebour	\$	84.208 122,552	5	98,512 62,992	\$ 5	135,874 91,273 57,529	10 00 00	125,097	5	110,923	5	120,817
-5150 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses	\$ \$	84,208 122,552 1,378	5 5 5 5	98.512 62,992 51,394	\$ 5	135,874 91,273 57,529	co in so to	125,097 90,138	5 5 5 5	110,923 75,594	5 5	120,617 92,022
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Meters	\$	84.208 122,552	5	98,512 62,992	\$ 5	135,874 91,273 57,529	10 00 00	125,097	5	110,923 75,594	5	120,617 92,022 88,643
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebbur 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Motors 5176 Customer Installations Expenses - Leased Property	\$ \$	84,208 122,552 1,378 3,206	5 5 5 5	98.512 62,992 51,394	\$ 5	135,874 91,273 57,529	co in so to	125,097 90,138	5 5 5 5	110,923 75,594	5 5	120,617 92,022
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5178 Maintenance of Molere 5178 Maintenance of Mole	\$ \$ \$	84,208 122,552 1,378 3,206 554	5 5 5 5	98 512 62,992 51,394 3,142	\$ 5	135,874 91,273 57,529 3,028	co in so to	125,097 90,138	5 5 5 5	110,923 75,594 28,168	5 5	120,617 92,022
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lightis - Lobour 5172 Sentinel Lightis - Materials and Expenses 5175 Maintenance of Motors 5176 Customer Installations Expenses - Leased Property	\$ \$ \$	84,208 122,552 1,378 3,206	5 5 5 5	98.512 62,992 51,394	\$ 5	135,874 91,273 57,529	co in so to	125,097 90,138	5 5 5 5	110,923 75,594 28,168	5 5 5	120,617 92,022
5150 Maintenance of Line Transformers 5165 Maintenance of Street Lighteng and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5178 Maintenance of Motors 5178 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5196 Maintenance of Other Installations on Customer Premises	\$ \$ \$	84,208 122,552 1,378 3,206 554	5 5 5	98 512 62,992 51,394 3,142	\$ 5 5	135,874 91,273 57,529 3,028	10 10 10 10	125,097 90,138 28,168	5 5 5 5	110,923 75,594 28,168	5 5 5	120,617 92,022 88,643
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentlinet Lights - Lebour 5172 Sentlinet Lights - Materials and Expenses 5175 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance	S S S S Re	3,206 554 1,191,970 Last ebasing ar (2009	5 5 5 5	98 512 62,992 51,394 3,142	5 5 5	135,874 91,273 57,529 3,028	10 10 10 10 10 10 10 10 10 10 10 10 10 1	125,097 90,138 28,168	5 5 5 5	110,923 75,594 28,168	5 5 5	120,617 92,022 88,643
5150 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Meters 5176 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description	S S S S Re	3,206 3,206 554 1,191,970 Last ebasing	5 5 5 5	\$8,512 62,992 51,394 3,142 932,588	5 5 5	135,674 91,273 57,529 3,028	10 10 10 10 10 10 10 10 10 10 10 10 10 1	125,097 90,138 28,168 1,669,875 ridge Year	5 5 5 5	110,923 75,594 28,168 1,469,334	5 5 5	120,617 92,022 88,643 1,756,582 est Year
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Meters 5176 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting	S S S S Re	3,206 554 1,191,970 Last ebasing ar (2009	5 5 5 5	\$8,512 62,992 51,394 3,142 932,588	5 5 5	135,674 91,273 57,529 3,028	10 10 10 10 10 10 10 10 10 10 10 10 10 1	125,097 90,138 28,168 1,669,875 ridge Year	5 5 5 5	110,923 75,594 28,168 1,469,334	5 5 5	120,617 92,022 88,643 1,756,582 est Year
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5176 Maintenance of Moters 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5306 Supervision	S S S Re Ye A	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing ar (2009 cctuals)	5 5 5 5	98 512 62,992 51,394 3 142 932,588 010 Actual	\$ 5 5 5 5 5 5 5 5	135,674 91,273 57,529 3,028 3,028 1,232,249	10 10 10 10 10 10 10 10 10 10 10 10 10 1	125,097 90,138 28,168 1,669,875 rldge Year 2012 ^a	5 5 5 5 B	110,923 75,594 28,168 1,469,334 3ridge Year 2012	5 5 5	120,617 92,022 88,643 1,756,582 est Year 2013
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Moters 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5305 Supervision 5310 Meter Reading Expense	S S S S Re Ye A	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing aar (2009 actuals)	5 5 5 5	98 512 62,992 51,394 3,142 932,588 010 Actual	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,674 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501	5 B	125,097 90,138 28,198 1,669,875 ridge Year 2012 ²	5 5 5 5 B	110,923 75,594 28,168 1,469,334 9ridge Year 2012 ³	\$ \$ \$ \$ T	120,817 92,022 88,643 1,756,582 est Year 2013
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Meters 5176 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5306 Supervision 5310 Meter Reading Expense 5315 Customer Billing	S S S S Ri Ye A	84,208 122,552 1,378 3,208 554 1,191,970 Last ebasing iar (2009 cctuals)	5 5 5 5 5 5 5 5 5 5 5 5	98 512 62 992 51 394 3 142 932 588 010 Actual	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,874 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501 608,728	10 to	125,097 90,138 28,188 1,669,875 ridge Year 2012 ² 30,479 862,496	5 5 5 5 B	110,923 75,594 28,168 1,469,334 8ridge Year 2012*	\$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighteng and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5308 Supervision 5310 Meter Reading Expense 5315 Customer Billing 5320 Collecting	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing lar (2009 cituals) 114,896 374,838 317,569	5 5 5 5	98 512 62,992 51,394 3 142 932,588 010 Actual	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,674 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501	5 B	125,097 90,138 28,198 1,669,875 ridge Year 2012 ²	5 5 5 5 B	110,923 75,594 28,168 1,469,334 8ridge Year 2012*	\$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Meters 5176 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5306 Supervision 5310 Meter Reading Expense 5315 Customer Billing	S S S S Ri Ye A	84,208 122,552 1,378 3,208 554 1,191,970 Last ebasing iar (2009 cctuals)	5 5 5 5 5 5 5 5 5 5 5 5	98 512 62 992 51 394 3 142 932 588 010 Actual	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,874 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501 608,728	10 to	125,097 90,138 28,188 1,669,875 ridge Year 2012 ² 30,479 862,496	5 5 5 5 B	110,923 75,594 28,168 1,469,334 8ridge Year 2012*	\$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighteng and Signal Systems 5170 Sentinel Lights - Lebour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5308 Supervision 5310 Meter Reading Expense 5315 Customer Billing 5320 Collecting	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing lar (2009 cituals) 114,896 374,838 317,569	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	98 512 62,992 51,394 3 142 932,588 010 Actual	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,674 91,273 57,529 3,028 1,232,249 1 Actual ² 81,501 608,728 328,891	a se	125,097 90,138 28,188 1,669,875 ridge Year 2012 ² 30,479 862,496	5 5 5 5 B	110,923 75,594 28,168 1,469,334 8ridge Year 2012*	\$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentinel Lights - Labour 5172 Sentinel Lights - Materials and Expenses 5175 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5305 Supervision 5310 Meter Reading Expense 5315 Customer Billing 5320 Collecting - Cash Over and Short 5330 Collecting - Cash Over and Short	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing ar (2009 ctuals) 114,896 374,838 317,569 168	5 5 5 5 5 5	98 512 62 992 51 394 3 142 932 588 010 Actual 113 514 417 628 327 780 77	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	135,874 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501 608,728 328,891 462	a se	125,097 90,138 28,188 1,669,875 ridge Year 2012 ² 30,479 862,496	5 5 5 5 B	110,923 75,594 28,168 1,469,334 1,469,334 10ridge Year 2012 ³ 30,479 862,496 332,976	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187 354,093
5160 Maintenance of Line Transformers 5165 Maintenance of Street Lighting and Signal Systems 5170 Sentlinel Lights - Lebour 5172 Sentlinel Lights - Materials and Expenses 5175 Maintenance of Motors 5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises Total - Maintenance Account Description Billing and Collecting 5305 Supervision 5310 Meter Reading Expense 5315 Customer Billing 5325 Collecting - Cash Over and Short	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	84,208 122,552 1,378 3,206 554 1,191,970 Last ebasing ar (2009 cctuals) 114,896 374,838 317,589 168 66,609	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	98 512 62 992 51,394 3 142 932,588 010 Actual 113,514 417,628 327,780 77	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	135,874 91,273 57,529 3,028 1,232,249 1 Actual ^e 81,501 608,728 328,891 462 96,439	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	125,097 90,138 28,186 1,669,875 ridge Year 2012 ² 30,479 862,496 332,975	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	110,923 75,594 28,168 1,469,334 8ridge Year 2012*	\$ \$ \$ \$ \$ \$ \$ \$	88,643 1,756,582 est Year 2013 31,725 906,187 354,093

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Appendix 2-G Detailed, Account by Account, OM&A Expense Table (excluding Depreciation and Amortization)

Account Description	Y	Last Rebasing ear (2009 Actuals)	2	010 Actual	20	11 Actual ^a	E	Bridge Year 2012		Bridge Year 2012	T	est Year 2013
Community Relations					_		_		_		_	
5405 Supervision	3	35,455			\$	38.716		39,223		39,223		42,200
5410 Community Relations - Sundry	5	3,119			\$	2,938	5	2,949			5	3,008
5415 Energy Conservation	\$	38,051			5	69,157	5		\$		\$	71,375
5420 Community Safety Program	\$	4,873	3	4,873	\$	4,489	5	4,579	\$	4,579	5	4,671
5425 Miscellaneous Customer Service and Informational Expenses	\$		5		S							
5505 Supervision							1					
5510 Demonstrating and Selling Expense							1			1000		
5515 Advertising Expenses	\$	2,868	2	10,987	\$	6,608	5	12,740	1.8	12,740	\$	12,995
5520 Miscellaneous Sales Expense												-
Total - Community Relations	\$	84,366	5	118,770	\$	121,908	3	129,198	\$	129,198	\$	134,249
Account Description	Y	Last Rebasing ear (2009 Actuals)	2	010 Actual	20	11 Actual ²	E	Bridge Year 2012*		Bridge Year 2012 ³	Te	est Year 2013
Administrative and General Expenses		JACKSHIEL	_						_		_	
5605 Executive Salaries and Expenses	15	349,609	5	356,939	15	371,981	5	385,270	15	385,270	5	394,555
5610 Management Salaries and Expenses	\$				5		8	514,036	\$	514,036		556,670
5615 General Administrative Salaries and Expenses	5	256.814			\$		S	374.284	8	374,284	\$	385.614
5620 Office Supplies and Expenses									1		-	
5625 Administrative Expense Transferred - Credit	-5	159,344	-5	146,212	-5	10,691	-5	8,596	-5	8,596	-5	8,930
5630 Outside Services Employed	3	144,689	5	168,531	S	130,437	2	140,770	2	140,770	5	144,719
5635 Property Insurance	120		1		1	244247		139001	-		-	
5640 Injuries and Damages			1									
5645 OMERS Pensions and Benefits	\$	78,207	5	78,422	\$	132,940	5	117,484	5	117,484	5	120.243
5646 Employee Pensions and OPEB					FE.							
5647 Employee Sick Leave						_						
5650 Franchise Requirements												
5655 Regulatory Expenses	15	87,520	5	51,642	\$	58,621	5	100,000	5	100,000	5	91.184
5660 General Advertising Expenses												
5685 Miscellaneous General Expenses	15	95.029	5	124,942	5	99,042	5	107.343	\$	107.343	\$	109,823
5670 Rent												
5672 Lease Payment Charge												
5675 Maintenance of General Plant			150									
5680 Electrical Safety Authority Fees	\$	9,071	\$	9,014	\$	9,409	5	9,597	5	9,597	5	9,789
5681 Special Purpose Charge Expense												
5685 Independent Electricity System Operator Fees and Penalties												
5695 OM&A Contra Account			-		1			4000			1	
6205 Donations	5	27,671	\$	29,020	\$	52.845	5	23,600	\$	23,600	5	23,600
6205 Donations, Sub-account LEAP Funding	5	- 1	\$		\$	-	\$	11,000	\$	11,000	S	11,000
Total - Administrative and General Expenses	\$	1,327,359	\$	1,443,982	5	1,671,263	\$	1,774,788	S	1,774,788	\$ 1	,838,267
Total OM&A	\$	4,821,026	\$	4,762,346	5	5,330,584	5	6.361,672	5	6,095,031	\$ 6	,660,567
Adjustments for non-recoverable Items												
5681 Special Purpose Charge Expense												
6205 Donations	S	27,671	5	29,020	5	52,845	\$	23,600	s	23,600	5	23,600
6215 Penalties	S	20	8	20,020	S	+	5	25,005	S	20,000	3	20,000
			Ť						Ť			
Total Recoverable OM&A	2	4.793.335	\$	4,733,326	\$	5.277.739	\$	6,338,072	S	6,071,431	\$ 6	636 967

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Appendix 2-M Regulatory Cost Schedule On-Going

				On-Time										
Reg	gulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? 2	Ye	Rebasing ear (2009 Board oproved)	1	st Current Actuals Year 2011	201	12 Bridge Year	Annual % Change	2	013 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	1.50	(E)		(F)		(G)	(H) = [(G)-(F)]/(F)		(1)	(J) = [(I)-(G)]/(G
1	OEB Annual Assessment	5855		On-Going	\$	50,057	5	53,298	\$	54,200	1.69%	\$	55,284	2.00%
2	OEB Section 30 Costs (Applicant-originated)													
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	S	4,715	\$	2,293	5	2,500	9.03%	5	2,550	2.00%
4	Expert Witness costs for regulatory matters													
5	Legal costs for regulatory matters	5655												
6	Consultants & Legal Fees 2013 COS	5655		On-Time					5	30,000		5	13,750	-54.17%
7	Operating expenses associated with staff Overtime Costs 2013 COS	5655		On-Time					S	10,000		S	2,500	-75.00%
8	Operating expenses associated with other resources -Board Costs 2013 COS			On-Time								S	2,500	
9	Other regulatory agency fees or assessments	5655		On-Going	5	800	S	800	S	800	0.00%	\$	800	0.00%
10	Any other costs for regulatory matters- Notice of Application-Newspapers Costs	5655		On-Going	5	2,060	S	2,230	5	2,500	12.11%	S	2,550	2.00%
11	Intervenor costs	5655		On-Time	\$	29,886	\$		1			\$	11,250	
12	Sub-total - Ongoing Costs 3	HIHIHIHI	\$ -	HIHIHI	\$ \$	57,632	\$	58,621	5	60,000	2.35%	\$	61,184	1.97%
_	Sub-total - One-time Costs 4	MITHINITY	\$ -	THITTINE	35	29,886	\$		5	40,000		\$	30,000	-25,00%
	Total	THITTIETTE STATE	S -	THITTIE	2.0	87,518	S	58,621	S	100,000	70,59%	\$	91,184	-8,82%

Please identify the resources involved.

Where a category's costs include both one-time and ongoing costs, the applicant should prove a separate breakdown between one-time and ongoing costs.

Sum of all ongoing costs identified in rows 1 to 11 inclusive.

Sum of all one-time costs identified in rows 1 to 11 inclusive.

Please fill out the following table for all one-time costs related to this cost of service application

		Historical Year(s)	201	2 Bridge Year	2013	Test Year	To	tal Costs	Co	st/4 yrs
4	Expert Witness costs for regulatory matters		\$	~~	\$	~	\$	\times	\$	-
6	Consultants & Legals Fees		\$	30,000	\$	25,000	\$	55,000	S	13,750
7	Operating expenses associated with staff resources allocated to regulatory matters		5	10,000	\$	+	5	10,000	\$	2,500
8	Board Costs		\$		S	10,000	\$	10,000	\$	2,500
11	Intervenor costs		S	- R.	\$	45.000	5	45,000	S	11,250
	Total Cost		S	40,000	S	80,000	\$	120,000	S	30,000

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Appendix 2-L Recoverable OM&A Cost per Customer and per FTEE

		st Rebasing Year (2009 Board- Approved)	st Rebasing Year (2009 Actuals)	2	010 Actuals	20	011 Actuals	2	012 Bridge Year	4	2013 Test Year
Reporting Basis	1/1	CGAAP	CGAAP		CGAAP	b	CGAAP		MIFRS		MIFRS
Number of Customers		22,637	22,053		22,205	1	22,466		22,740		23,098
Total Recoverable OM&A from Appendix 2-I	\$	4,913,837	\$ 4,793,555	\$	4,733,326	\$	5,277,739	\$	6,071,431	\$	6,636,967
OM&A cost per customer	\$	217.07	\$ 217.37	\$	213.16	\$	234.92	\$	266.99	\$	287.34
Number of FTEEs		42	41.5		41.7		40.9		42		44
Customers/FTEEs		538.98	531.40		532.49		549.29		541.43		524.95
OM&A Cost per FTEE		116,996.12	115,507.35		113,509.02		129,040.07		144,557.88		150,840.16

Number of Customers is based on Customers/Connects with the exception of Streetlights which has been counted as 1.

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Smart Meter Costs

Description	2012 Approved Amount	OEB Account		2011 Actual Amount	2012 Bridge Amount	2013 Test Amount	OEB Account
AS2 Hosting	2130	531522			2130	2194	531522
Metersense ODS	34152	531522			30492	32322	531522
Metersense Support	0	531522			1200	1260	531522
Sync Operator	34028	531522			33800	34814	531522
Senior Analyst	15120	531522			15372	15679	531522
McCare Service Order	11984	531522			11988	12583	531522
TGB Maintenance	25080	517500			24204	24930	517500
Metro TGB Maintenance	0	517500				22495	517500
Meter Monitoring	0	517500				28068	517500
Meter Sampling Process	0	517580				10000	517580
Security Audits	0	561513		9281	9281	9486	561513
MDMR Maintenance	1500	531522			1500	1575	531522
Web Presentment	9820	531522			9840	10332	531522
Customer Education	6000	551500			6000	6000	551500
	139814			9281	145807	211738	
Subcontract Locates	0			36784	70000	71400	504000
Additional Billing Person 75%	60921	531501	100%	0	87956	99857	531501
Reduction Meter Reading	-84039	531080		-36459	-84039	-84039	531080
Invoice/Envelopes/Toner	8879	531568		8879	8879	9057	531568
Hand Delivered Bills	17438	531500		17438	17438	17787	531500
Mail Delivered Bills	33762	531575		33762	33762	34437	531575
Incremental	36961			60404	133996	148499	
Total Smart Meter	176775			69685	279803	360237	
Summary by OEB Account	0	5040		36784	70000	71400	5040
Service Annahaming	25080	5175		0	24204	85493	5175
	-84039	5310		-36459	-84039	-84039	5310
	229734	5315		60079	254357	271897	5315
	6000	5515		0	6000	6000	5515
	0	5615		9281	9281	9486	5615
	176775			69685	279803	360237	

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1 The major increases in the Smart Meter OM&A include costs related to the addition of a 2 second TGB Metro (\$22,495/yr). The second smaller TGB was required to bring the smart 3 meter readings sent to the AMI up to an acceptable level to bill all Residential and GS<50 4 customers. In addition, as a result of the AMI vendor meeting acceptable levels of smart 5 meter reads, the costs for maintenance of the AMI started in 2012 at a cost of \$28,068/yr. 6 Security audits not included in the Smart Meter Rate Application were started in 2011 and 7 are expected to cost \$9,486/yr. In 2011, Welland Hydro began outsourcing locates from its 8 Meter Department to focus on the balance of Smart Meter installations and managing the 9 network including trouble shooting smart meters no longer communicating with the AMI. 10 Welland Hydro did not include this as part of the Smart Meter Rate Application. The work 11 involved in maintaining smart meters by Meter Department staff will only increase in 2013 12 as a Meter Sampling Program is scheduled to start. As a result, the decision to outsource 13 locates was made permanent in 2012 as Welland Hydro does not have the necessary staff 14 trained to do locates which would only involve the training of a new hire. Outsourcing is 15 less costly than a new hire and also removes the liability connected with performing locates 16 in house. The last remaining increase is related to charging 100% of the additional billing 17 person to smart meters as opposed to 75% contained in the Smart Meter Rate Application. 18 When it prepared the Smart Meter Rate Application, Welland Hydro was conservative in its 19 estimates of the OM&A costs in anticipation of reduced depreciation expense under IFRS 20 in this rate application. Board Staff stated in their submission "Board staff in fact wishes 21 to point out that Welland's smart meter costs are, if anything, understated". VECC stated 22 in their submission "VECC agrees with Board Staff that Welland's smart meter costs are, if 23 anything, understated". In its Decision and Order in this application the Board stated "The 24 Board finds that Welland Hydro has provided adequate documentation of its smart meter 25 costs, and recognizes that the utility has excluded some costs, primarily related to the CIS

Welland Hydro believes that after six months of known costs in 2012, the Smart Meter related expenses included in the 2013 Test Year are accurate. Welland Hydro is aware that

billing and system replacement".

26

- I there are no true ups for Smart Meter OM&A costs it will incur above approved levels
- 2 through April, 2013.

3

New CIS/Financial System Costs

- 4 In the Smart Meter Application Welland Hydro noted that a new CIS System was required
- 5 in order to produce TOU bills as the changes to the existing system were extensive and too
- 6 complex for Welland Hydro's previous system provider. The previous billing system was
- 7 also unique to Welland Hydro and constant modifications would be cost prohibitive.
- 8 Welland Hydro did not include either capital or maintenance costs for the new billing
- 9 system in the Smart Meter Rate Application. Again, this was a decision of Welland
- 10 Hydro's management. In its Decision & Order the Board agreed with Welland Hydro's
- 11 statement in its submission that the appropriate place to evaluate the new system
- 12 cost/benefits is in its 2013 Cost of Service Rate Application as a separate increase to
- 13 OM&A when comparing to 2009 Approved OM&A costs. Welland Hydro replaced the
- 14 financial reporting package shortly after the installation of the new CIS. The new financial
- 15 reporting package has a fixed asset module which will be used for IFRS. The Cost Driver
- 16 Table identifies an increase in CIS/Financial Expenses relating to the new systems as
- 17 \$215,921 when compared to software maintenance costs in the 2009 COS application.

18 MIFRS Increases from Changes to Overhead Capitalization

- 19 The Cost Driver Table identifies 4 items related to OM&A costs when comparing 2013
- 20 Test Year to 2009 COS. They include:

21	Admin /IT Owarhands	0 20 706
21	Admin/IT Overheads	\$ 28,796

22 Indirect Wages \$158,151

23 Indirect Expenses \$108,490

24 Safety Removal from Burdens \$ 4,911

25 \$300,348

- 1 As previously mentioned Welland Hydro did not include Admin/IT Overheads or Safety
- 2 related cost previously capitalized as part of payroll burden in account 1575. The
- 3 remaining two amounts for Indirect Wages and Benefits total \$266,641. These costs were
- 4 detailed in Exhibit 2, Tab 3, Schedule 5, Page 4 as part of the Capitalization Policy section.
- 5 Costs for Smart Meter Expenses of \$360,237, New CIS/Financial System \$215,921, and
- 6 MIFRS \$300,348 account for a total of \$875,506 of the \$1,723,130 increase in OM&A
- 7 from the 2009 COS application to the 2013 Test Year. The balance of \$847,624 represents
- 8 a 17.3% increase over four years (4.3%/yr) compared to the 2009 COS.
- 9 During the period between 2009 and 2011 Welland Hydro had periods where employees
- 10 had retired and there were gaps in replacements and in some cases overlapping for training.
- 11 These adjustments to the original FTE's in 2009 net out in 2013 when Welland Hydro
- 12 returns to the original 41 FTE's in the 2009 COS application.
- 13 The major items representing the balance of the \$847,624 increase in OM&A can be seen
- 14 in the Cost Driver Table and will be discussed below.

15 Payroll - \$694,449

16	Upgrade to Accounting Position Base (IFRS)	\$ 30,000
17	New Apprentice Lineperson Base/Benefits	\$ 75,014
18	Management Overtime	\$ 43,204
19	Union Overtime	\$ 19,302
20	Wages Inflation/Job Class Progression	\$355,568
21	Benefits Inflation	\$171,361
22		\$694,449

- 1 The need for an upgrade to the accounting position (as opposed to new hire) and the new 2 apprentice lineperson have been previously discussed. In fact, Welland Hydro had planned 3 to hire two apprentice linepersons as part of the 2009 COS but deferred one position as part 4 of rate mitigation. No management overtime was included in the 2009 COS application to 5 mitigate costs. Since then Welland Hydro has had significant management overtime 6 related to the installation of new systems and the conversion to TOU billings/MDMR from 7 2009 to 2011 and overtime is continuing in 2012. However, the amount of management 8 overtime was reduced by \$26,272 in the 2013 Test Year to \$43,204. Union overtime was also reduced in the 2009 COS application but actual overtime has increased to original 9 2009 COS forecasts. 10
- The Wage inflation amount of \$355,568 represents an increase of 11.9%
- 12 (\$355,568/\$2,985,765) over 4 years or 2.98%/yr which is in line with increases provided in
- 13 union contracts and class progression within job classifications.
- 14 The Benefits increase of \$171,361 is far more significant and represents an increase of
- 15 23.9% (\$171,361/\$716,114) over four years or 6.0%/yr. Total OMERS expense has
- 16 increased from \$216,308 in the 2009 COS to \$348,887 in the 2013 Test Year. When this
- 17 amount is adjusted for the two new hires OMERS has increased to \$330,496. This
- 18 represents an increase of \$114,118 for the original 41 FTE's or 52.8%. Excluding OMERS
- 19 benefits inflation would be 8.0% over four years or 2.0%/year.

20 Labor & Other Charges to Non OM&A - (\$179,311)

21	Compensation Capitalized	(\$264,616)
22	Compensation Charged to 3 rd Party	(\$ 5,981)
23	Compensation Charged to Affiliates	\$ 49,456
24	Stores Overhead Charged to Affiliates	\$ 13,105
25 26	Equipment Charge to Affiliates	\$ 28,725 (\$179,311)

This section actually represents productivity improvements by increasing the amount of 1 2 capital work performed internally and reducing the amount spent with third party 3 contractors. Charges to Affiliates will be discussed late in this Exhibit. However, as 4 indicated above the amounts charged to affiliates will be decreasing from the 2009 COS to 5 the 2013 Test Year. This is the result of the City of Welland converting the majority of 6 Streetlights to LED lights. Welland Hydro's involvement in the maintenance of the new 7 street lights will be very limited as the manufacturer has provided a 15 year warranty and 8 has taken over maintenance of the street lights.

Employee Retiree Benefit Costs - \$45,943

9

Premiums paid have increased by \$49,083 since the 2009 COS application. Retiree Benefit
Costs are composed of two expenses. The first is the actual premiums paid and the second
is an actuarial evaluation of changes to the total liability account. The composition of the

13 2009 COS and 2013 Test Year expenses are as follows:

14		2009 COS	2013 Test Year
15	Actual Premiums Paid	\$71,160	\$120,243
16	Change in Liability	\$ 3,140	\$ 0
17		\$74,300	\$120,243

- 18 As previously discussed, Welland Hydro has had five employees retire early since the 2009
- 19 COS application and they are covered for benefits until they reach the age of 65. In order
- 20 to control these costs in the future, new hires will no longer be eligible for early retiree
- 21 benefits. For the 2013 Test Year Welland Hydro has not included any expense for the
- 22 Change in the Liability account.
- 23 This leads to the actuarial evaluation of the Employee Retiree Benefits liability account and
- 24 the differences in treatment between CGAAP and IFRS. Exhibit 4 Appendix A provides
- 25 actuarial evaluations for 2012 CGAAP CICA-3461 and 2012/2013 for IFRS IAS-19. Also

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- 1 included is the accounting entries required to adjust the 2012 year end liability from
- 2 CGAAP to IFRS and the 2013 IFRS adjustment in the liability account. The difficulty
- 3 Welland Hydro is having is the uncertainty of when it will be forced to transition to IFRS
- 4 given the recent deferrals of the Accounting Standards Board for Rate Regulated Entities.
- 5 Appendix A shows that Welland Hydro will be facing a net charge to retained earnings of
- 6 \$132,076 (\$1,699,730 IFRS less \$1,567,654 CGAAP) on the transition to IFRS. Welland
- 7 Hydro is not aware of any Deferral & Variance account set up by the Board to cover the
- 8 impact of this adjustment. Welland Hydro considers this to be a material adjustment and as
- 9 a result, is requesting a Deferral & Variance account from the Board to cover this amount
- 10 for future recovery. Appendix A also shows that under IFRS the 2013 Test Year Employee
- 11 Retiree Costs would be reduced by \$13,987 (\$1,685,743 less \$1,699,730). As noted above,
- 12 Welland Hydro has not included this reduction in the 2013 Test Year Employee Benefits
- 13 Costs. Welland Hydro submits that this reduction could also be charged to the Deferral &
- 14 Variance account requested by Welland Hydro above.

15 Bad Debt Expense - \$40,685

- Bad Debt expense has increased from \$59,650 included in the 2009 COS to \$100,335 in the
- 17 2013 Test Year which is a 68% increase. The actual amount of bad debt expense in 2011
- 18 was \$96,439. There are two main reasons for this with the first being the price of
- 19 electricity which has increased by 37% from the 2009 COS to the 2013 Test Year. The
- 20 second is the difficult economic times which have hit the City of Welland. In the 2009
- 21 COS Welland Hydro identified the loss of one large use account and the downsizing of a
- 22 second large industrial account. That second large industrial account closed its
- 23 manufacturing facility in 2011. The last remaining large use customer has also recently
- 24 announced the layoff of over one hundred manufacturing jobs. In addition, Welland Hydro
- 25 is unsure what impact rules and regulation changes for low income customers are having on
- 26 bad debt expense. Welland Hydro is concerned that bad debt expenses could be kept
- 27 artificially low by one time Late Payment Settlement Fund payouts in 2011 and 2012. The
- 28 change to monthly billing in 2011 should offer some relief to future bad debt expense.

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Regulatory Costs - \$30,934

- 2 The 2009 COS had \$60,250 for account 5655 Regulatory Expense. The Regulatory Cost
- 3 Schedule on page 6 of this exhibit shows actual costs in 2009 at \$87,518 of which \$29,886
- 4 was related to costs for the 2009 COS application. Total expenses in 2011 were \$58,621
- 5 and included no amounts for one-time costs. The 2012 Test Year includes \$40,000 in one-
- 6 time costs related to this application which are expected to total \$120,000. Welland Hydro
- 7 has amortized this amount over four years and has included \$30,000 in one-time costs in
- 8 the 2013 Test Year.

9 Tree Trimming - \$6,186

- 10 Although the amount is not material, costs related to tree trimming vary significantly from
- 11 year to year. Welland Hydro currently has a three year tree trimming cycle. Table 4.1
- 12 below contains an analysis of tree timing cost and the amount included in the 2013 Test
- 13 Year. This table shows an increase from the three year 2009 COS average of \$128,000 to
- 14 the 2013 Test Year three year average of \$134,186. Welland Hydro was able to take
- 15 advantage of competitive pricing in 2010 which significantly lowered the actual three year
- 16 average from 2009 to 2011 when compared to the amount in the 2009 COS. The three year
- 17 average from 2012 to 2014 is based on two years of actual purchase order commitments
- and a forecast for 2014. The tree trimming company responsible for the low costs in 2010
- 19 has not quoted on Welland Hydro's tree trimming RFQ for the past two years.

Table 4.1 Tree Trimming Costs

Tree Cutting

2

3

Year	Area	Cost		Year	Area	Cost			
cos	3Yr Avg	\$128,000							
2009	7	\$31,429		2012	7	\$32,258	PO		
2009	1	\$24,762		2012	1	\$38,917	PO		
2009	2	\$20,370		2012	2	\$24,194	PO		
		\$76,561	Actual			\$95,369			
2010	9	\$22,663		2013	9	\$55,891	PO		
2010	9	\$18,200		2013	8	\$31,861	PO		
2010	3	\$25,950	Actual	2013	3	\$46,946	PO		
		\$66,813				\$134,698	1,5		
2011	4	\$47,662		2014	4	\$50,522		6%	
2011	5	\$43,282		2014	5	\$45,879		6%	
2011	6	\$71,784		2014	6	\$76,091		6%	
		\$162,728	Actual			\$172,492			
	3Yr Avg	\$102,034	Actual			\$134,186			

Low-Income Energy Assistance Programs ("LEAP") - \$11,000

- 4 In 2011, an actual payment related to this program of \$12,000 was included in account
- 5 6205 donations. For both the 2012 Bridge Year and the 2013 Test Year a total of
- 6 \$11,000/yr have been included in OM&A. Based on 0.12% of Board approved distribution
- 7 revenue requirement this amount should be \$11,600 for the 2013 Test Year.

8 Receivables Insurance GS>50 and Large Use Customers - \$45,809

- 9 There were no costs for this insurance in the 2009 COS application. In 2010, Welland
- 10 Hydro was concerned about the financial position of its three largest customers. The Large
- 11 Use Customer was previously paying weekly but was approaching seven years of good
- 12 payment history and would be extended normal payment arrangements. As indicated
- 13 earlier one other large use customer was downsizing significantly and was exposed to the

- 1 difficult automotive supply chain. The third large industrial company (part of a large
- 2 corporation) was sold as part of a management buyout but kept the same legal name
- 3 making collecting a deposit difficult.
- 4 The monthly billing for the two remaining large industrial customers is approximately
- 5 \$700,000 per month. This represents a significant exposure for Welland Hydro as the
- 6 outstanding liability covers over two months which is approximately \$1.5 to \$2.0 million
- 7 dollars. In 2010 a decision was made to take out receivables insurance to cover all
- 8 customers greater than 50kW. Welland Hydro has been absorbing these costs since 2010
- 9 but has included them as part of the 2012 Bridge Year and 2013 Test Year.

10 Expense Inflation/Other - \$175,109

- 11 This amount represents the balance not specifically identified. It represents a 10.4%
- 12 (\$175,109/\$1,686,394) increase of OM&A Expenses (non wages) included in the 2009
- 13 COS as seen in column one of the Cost Driver Table. This represents an annual inflation of
- 14 2.6% per year. This amount would be \$26,634 higher when the impact of the HST Input
- 15 Tax Credit on OM&A identified on page 7 of Exhibit 2, Tab 3, Schedule 7 is taken into
- 16 consideration.

17 Charitable Donations

- 18 Account 6205 Donations are not allowed for rate setting purposes.
- 19 Actual donations made by Welland Hydro are as follow:
 - 20 2009 Actual \$27,671
 - 21 2010 Actual \$29,020
 - 22 2011 Actual \$52,845
 - 23 2012 Bridge \$23,600
 - 24 2013 Test \$23,600

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- 1 Both the 2012 Bridge Year and the 2013 Test year contain \$20,000/yr in scholarship
 - 2 commitments to a college located in Welland related to energy conservation and demand
 - 3 management. Welland Hydro is not requesting these expenditures in rates. The balance of
 - 4 \$3,600/yr is made up of miscellaneous and one time requests which require the approval of
- 5 Welland Hydro's Board of Directors as they are not in rates.

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VARIANCE ANALYSIS ON OM&A COSTS:

- 2 Chapter 2 of the Filings Requirements Appendices Module provides Appendix 2-H for which a
- 3 variance analysis is required. This Appendix is presented on pages 2 and 3 of this Schedule.
- 4 Comparing years from CGAAP to MIFRS is difficult as the affect on each OEB account depends
- 5 on the amount of labor, stores material, and equipment expended. Welland Hydro has charged
- 6 the resulting increase to OM&A from non-capitalized indirect costs to Operating and
- 7 Maintenance Accounts based on 2011 actual. Table 4.2 on page 4 of this Schedule contains the
- 8 effect of MIFRS by OEB account. As previously discussed increased OM&A due to MIFRS is
- 9 \$266,641/yr.

1

14

- 10 In addition to the difficulty comparing accounts from CGAAP to MIFRS, Smart Meter related
- 11 costs were introduced by account in the 2012 Bridge Year. On page 8 of Exhibit 4 Tab 1
- 12 Schedule 2 Welland Hydro presented details of Smart Meter Related OM&A costs by OEB
- 13 account. The summary of these amounts are as follows:

Summary by OEB Account

	2011 Actual Amount	2012 Bridge Amount	2013 Test Amount	OEB Account
	36784	70000	71400	5040
	0	24204	85493	5175
	-36459	-84039	-84039	5310
	60079	254357	271897	5315
	0	6000	6000	5515
į	9281	9281	9486	5615
	69685	279803	360237	

- 15 Welland Hydro will attempt to combine these two items along with the cost related to the new
- 16 CIS/Financial Software and other changes starting on page 5 of this Schedule.

Appendix 2-H OM&A Detailed Variance Analysis (excluding Depreciation and Amerization)

	Last Board- approved Rebasing Year (2009	oved Most Current Test Year Test Year Versus Last Rebasing				Test Year Versus Most Current Actuals	
Account Description	Year)	Department of		Variance (\$)	Percentage	Variance (\$)	Percentage
Reporting Basis	CGAAP	CGAAP	MIFRS				
Operations 5005 Operation Supervision and Engineering	\$ 81,046	\$ 114,232	\$ 145,438	\$ 64,390	79.45%	\$ 31,204	27.329
5010 Load Dispatching	\$ 79,101		\$ 144,184	\$ 65,083	82.28%	\$ 20,191	24.301
5012 Station Buildings and Fixtures Expense	\$ 12.268	\$ 22,509	\$ 23,698	\$ 11,430	93.17%	\$ 1,189	5.285
5014 Transformer Station Equipment - Operation Labour	3 .	\$	5 .	1		5	
5015 Transformer Station Equipment - Operation Supplies and Expenses	5 -	5	5 .	1 .		\$.	
5016 Distribution Stallon Equipment - Operation Labour	\$ 17,280		\$ 20,413	\$ 3,133	18.13%	\$ 4,384	27.35
5017 Distribution Station Equipment - Operation Supplies and Expenses	\$ 115,650		\$ 119,696	\$ 4,046	3.50%	\$ 6,885	6.10
5020 Overhead Distribution Lines and Feeders - Operation Labour	\$ 91,528			\$ 24,931	27.24%	\$ 25,077	27.44
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses 5030 Overhead Sub-transmission Feeders - Operation	\$ 180,955 \$ 81,780		\$ 48,572	\$ 132,383 \$ 2,053	-73.16% 2.51%	\$ 22,030	7.53° 35.65°
5035 Overhead Distribution Transformers - Operation	5 14,131	5 -	\$ 4,845	-5 9,286	-85.71%	5 4,845	30.00
5040 Underground Distribution Lines and Feeders - Operation Labour	\$ 149,845		5 194,011	\$ 44,166	29,47%	\$ 65,124	50.531
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$ 27,295		\$ 9,679	-\$ 17,416	-83.81%	\$ 4,588	86.71
5050 Underground Sub-transmission Feeders - Operation	\$ 45,687	\$ 39,349	\$ 52,984	\$ 7,297	15,97%	\$ 13,635	34.65
5055 Underground Distribution Transformers - Operation	\$ 13,444	5 2,720	\$ 3,240	-\$ 1D,204	-75.90%	5 520	19.12
5060 Street Lighting and Signal System Expense		\$.	\$	\$ +	-5-760	5	
5065 Meter Expense	\$ 339,284	\$ 244,451	\$ 311,606	-\$ 27,678	-8.16%	\$ 67,155	27.47
5070 Customer Premises - Operation Labour	\$ 8,366	\$ +	5 +	\$ 8,366	-100,00%	8 7	4.095
5075 Customer Premises - Operation Materials and Expenses 5085 Miscellaneous Distribution Expenses	3 185,704		\$ 1,145	\$ 1,145 \$ 16,396	8.83%	\$ 65,154	50 88
5090 Underground Distribution Lines and Feeders - Rental Paid	\$ 100,704	\$ 130,040	\$ 502,100	\$ 10,350	0,0078	\$ 00,104	20.00
5095 Overhead Distribution Lines and Feeders - Rental Paid	3 22,408	\$ 25,470	\$ 26,093	\$ 3,688	16:46%	5 623	2.45
5096 Other Rent	-		\$	\$.	3000	\$ 4	
Total - Operations	\$ 1,465,769	\$ 1,161,143	CHARLES OF THE OWNER,	3 42,425	2.89%	THE RESERVE AND INCOME.	29.895
Account Description						7.1.	
Maintenance	T. L	7.5 NA /	Landows	CT III II A sect		and the same	
5105 Maintenance Supervision and Engineering	\$ 88,868	\$ 73,241	\$ 98,255	5 9,387	10.56%		34,159
5110 Maintenance of Buildings and Fixtures - Distribution Stations	\$ 18,905		\$ 37,274	5 18,369	97.16%	\$ 2,648	7.65
5112 Maintenance of Transformer Station Equipment	- IM-484		\$	\$,	**********	5	20.00
5114 Maintenance of Distribution Stallon Equipment	5 17,736		\$ 59,644 \$ 209,585	\$ 41,908	236.29%	\$ 14,178	31,181
5120 Maintenance of Poles, Towers and Fixtures	\$ 60,710			\$ 148,875 \$ 134,696	245.22% 56.11%	\$ 81,989 \$ 113,597	64.261 43.519
5125 Maintenance of Oyerhead Conductors and Devices 5130 Maintenance of Oyerhead Services	\$ 189,462		\$ 374,665	\$ 134,666	58.07%	\$ 113,597 \$ 89,647	42.72
5135 Overhead Distribution Lines and Feeders - Right of Way	\$ 169,166		\$ 184,638	\$ 15,472	9.15%	-\$ 15,155	17.591
5145 Maintenance of Underground Conduit	3 23,054			-\$ 23,054	-100.00%	\$ 7,088	+100.009
5150 Maintenance of Underground Conductors and Devices	\$ 172,332	1 135,874		5 19,417	11,27%	\$ 55,875	41.125
5155 Maintenance of Underground Services	\$ 59,882	\$ 91,273		\$ 60,735	101.42%	\$ 29,344	32 151
5160 Maintenance of Line Transformers	\$ 62,609	\$ 57,529	\$ 92,022	\$ 29,413	46,98%	\$ 34,493	59.969
5165 Maintenance of Street Lighting and Signal Systems	\$ 4		5 4	\$ 1		\$ -	
5170 Sentinel Lights - Labour	\$		\$	5		5 -	
5172 Sentinel Lights - Materials and Expenses	5		5 4	\$.	0001 700	\$	200AT 224
5175 Maintenance of Maters	\$ 3,813		\$ 88,543	\$ 84,830	2224 76%	\$ 85,615	2827.449
5178 Customer Installations Expenses - Leased Property 5195 Maintenance of Other Installations on Customer Premises	\$ 5,096		5	\$ 5,096	+100.00%	5	_
Total - Maintenance	THE RESERVE THE PERSON NAMED IN	\$ 1,232,249	SALES OF THE PARTY	\$ 644,950	-	\$ 524,333	42.55%
Account Description	4 10111008	# 1 KUZ Z40	# 1,750,50E	9 044,000	50.5270	9 059,000	42.00
Billing and Collecting							
5305 Supervision	1 .	5	5	\$.		5 -	-
5310 Meter Reading Expense	\$ 132,554		1 31,725	\$ 100,829	×76.07%	\$ 49,776	-61.079
5315 Customer Billing	\$ 409,365		\$ 906,187	5 496,822	121.36%	\$ 297,459	48.87
5320 Gollecting	5 345,711		\$ 354,093	\$ 8,382	2.42%	\$ 25,202	7.665
5325 Collecting - Cash Over and Short	\$ 50		1 .	\$ 50	-100.00%	\$ 462	-100,009
5330 Collection Charges	\$ -	3 -	5 - INC 50F	5 -	no new	5 - 0.005	
5335 Bad Debt Expense 5340 Miscellaneous Customer Accounts Expenses	\$ 59,660 1 32,844		\$ 100,335	\$ 40,685 -\$ 1,909	68.21% -5.81%	\$ 3,896	6.959
		\$ 1,144,021					24.419
Total - Billing and Collecting Account Description	2 900,174	2 1,144,021	\$ 1,420,210	\$ 445,101	45.21%	5 279,254	24.415
Community Relations							
5405 Supervision	40,800	\$ 38,716	\$ 42,200	\$ 1,400	3.43%	\$ 3,484	9,009
5410 Community Relations - Sundry	\$ 5,535		\$ 3,008		-45.66%		2.389
5415 Energy Conservation	\$ 95,274				-25.08%		3.219
5420 Community Safety Program	\$ 6,500	\$ 4,489	5 4,671	-\$ 1,829	-28.14%	\$ 182	4.05%
5425 Miscellaneous Customer Service and Informational Expenses	\$ 100	\$.	\$ -	\$ 100	-100.00%	\$ -	
5505 Supervision		\$ -	5	5 -		5	
5510 Demonstrating and Selling Expense	A 1111EW	4 6200	10.00-	\$ 1530	45 450	3 220	00.000
5515 Advertising Expenses 5520 Miscellaneous Salus Expense	\$ 11,457		\$ 12,995	\$ 1,538	13.42%	\$ 6,387	99,669
otal - Community Relations	\$ 159.667		A CONTRACTOR OF THE PARTY OF TH		-15.92%	\$ 12,341	10.129
Account Description	100,007	121,000	104,245	20,418	-10.0278	4 16,091	10.127
Administrative and General Expenses							
5605 Executive Salaries and Expenses	\$ 327,398	\$ 371,981	\$ 394,555	\$ 67,157	20.51%	\$ 22,574	5.079
5610 Management Salaries and Expenses	\$ 403,669		\$ 556,670	\$ 153,001	37.90%		13.085
5615 General Administrative Salaries and Expenses	\$ 283,123			\$ 102,491	36 20%		14.461
5620 Office Supplies and Expenses	5		\$	\$ -		5 -	
5825 Administrative Expense Transferred - Credit	-5 215,178	4 10,691	\$ 8.930	\$ 206,248	-95,85%	\$ 1,761	-16.479
5630 Oulside Services Employed	\$ 146,700	1 130,437	\$ 144,719	-5 1,981	-1.35%	\$ 14,282	10.959
5635 Property Insurance	5 +		\$	\$ -		5 -	
5840 Injuries and Damages	5		\$	5 +		5	
5645 OMERS Pensions and Benefitz	\$ 74,300	\$ 132,940	1 120,243	\$ 45,943	61.83%	-5 12,697	-9,55%

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Appendix 2-H OM&A Detailed Variance Analysis (excluding Depreciation and Amortization)

	Last Board- approved Rebasing Year (2009	Most Current Actuals Year 2011	Test Year 2013	A	/ersus Last using		ersus Most Actuals
Account Description	Year)	- S		Variance (\$)	Percentage	Variance (\$)	Percentage
Reporting Basis	CGAAP	CGAAP	MIFRS				
5846 Employee Pensions and OPEB	\$	5	\$ -	\$.		5	
5647 Employee Sick Leave	\$ 11	\$.	\$ 1	\$:		1 -	
5650 Franchise Requirements	\$ -	5 -	\$	\$ -		\$ -	
5655 Regulatory Expenses	\$ 60,250	\$ 58,621	\$ 91,184	\$ 30,934	51,34%	\$ 32,563	55,557
6880 General Advertising Expenses	3 .	\$.	\$	\$ 4		\$	
5665 Miscellaneous General Expenses	\$ 108,070	\$ 99,042	\$ 109,823	\$ 1,753	1.62%	\$ 10,781	10.89%
5670 Rent	\$	5	5 -	\$		\$	-
5672 Lease Payment Charge	\$ 1+	\$	\$.	5 -	- 0	\$ -	
5675 Maintenance of General Plant	\$	\$ -	3 -	\$ -		\$ -	
5680 Electrical Safety Authority Fees	\$ 8,263	\$ 9,400	\$ 9,789	\$ 1,526	18.47%	\$ 350	4.049
5681 Special Purpose Charge Expense	5 4	5 .	\$	\$.		\$ -	
5585 Independent Electricity System Operator Fees and Penalties	\$	\$	\$ -	\$ 1		\$ =	
5695 OM&A Contra Account	\$	5 -	\$ -	\$		\$ -	
6205 Donations	8	\$ 52,845	\$ 23,000	\$ 23,600		\$ 29,245	-55.34%
6205 Donations, Sub-account LEAP Funding	3	5 .	\$ 11,000	\$ 11,000		\$ 11,000	
Total - Administrative and General Expenses	\$ 1,196,595	5 1,671,263	\$ 1,838,267	\$ 641,672	53.62%	\$ 157,004	9.99%
Total OM&A	\$ 4,913,837	\$ 5,330,584	\$ 6,660,567	\$ 1,746,730	35,55%	\$ 1,329,983	24.95%
Adjustments for non-recoverable items					-		
5681 Special Purpose Charge Expense				5		\$ -	
6205 Donallons	\$ 4	\$ 52,845	\$ 23,600	\$ 23,600		\$ 29.245	-55.34%
The street of th		- 010010	20,000	5 -		\$ -	000.00
				5		\$.	
				\$.		\$ -	
Total Recoverable OM&A	E 4.913.837	\$ 5,277,739	\$ 8 636 967	\$ 1723 130	35.07%	\$ 1,359,228	25,75%

Table 4.2 Effects of MIFRS By OEB Account

	Engineer Overhead	Stores Overhead	Equipment Charges	Total
5005	4943		561	5504
5010	4484		121	4605
5012	5-65-6			0
5014				0
5015				0
5016	717			717
5017			1848	1848
5020	4089		1,5,14	4089
5025	18		1144	1162
5030	2462	388	4955	7805
5035	- 10-		1000	0
5040	3813		5417	9230
5045	0010	569	2960	3529
5050	1590	000	2982	4572
5055	1000	363	2002	363
5060		505		0
5065	8591	581	9222	18394
5070	0091	301	0222	0
5075				0
5075	4126		156	4282
	4120		150	
5090				0
5095				0
5096	34833	1901	29366	66100
	34033	1901	29300	66 100
5105	2812		5709	8521
5110	147		395	542
5112				0
5114	827	3076	3612	7515
5120	3400	5156	10593	19149
5125	9032	21908	24762	55702
5130	6294	21997	18719	47010
5135	1268		4186	5454
5145				0
5150	4006	5714	18210	27930
5155	2058	3240	8876	14174
5160	1277	9443	3824	14544
5165	350	96	5.65	0
5170				0
5172				0
5175				a
5178				ō
5195				Ö
0100	31121	70534	98886	200541
	65954	72435	128252	266641

Operations & Maintenance

1

- 2 Amounts charged to Operating & Maintenance accounts vary from year to year based on the type
- 3 of work being performed. As a result, Welland Hydro will analyze the total increase in these
- 4 costs with reference to Schedule 2 Cost Driver discussions and the Cost Driver Table.

5		Increase	Increase
6		Test Year Vs	Test Year Vs
7		2009 COS	2011 Actual
8	Operations	\$ 42,425	\$ 347,051
9	Maintenance	\$ 644,950	\$ 524,333
10	Total Operations & Maintenance	\$ 687,375	\$ 871,384
11	Less MIFRS	(\$ 266,641)	(\$ 266,641)
12	Less Smart Meters	(\$ 156,893)	(\$ 120,109)
13	Less Apprentice Linesperson	(\$ 75,014)	(\$ 75,014)
14	Engineering Not Replaced to 2013		(\$ 115,139)
15	Admn/IT Ovhd Allocation	\$ 178,672	
16		\$ 367,499	\$ 294,481

- 17 Welland Hydro stopped allocating Administration and IT Overheads to Operating and
 - 18 Maintenance as a percentage of direct labor charges in 2011 which has resulted in a reduced
 - 19 credit in account 5615. Welland Hydro believes that this allocation really did not serve any
 - 20 purpose and only charges Admin/OT overheads on billings to third party invoices.
 - 21 The \$367,499 increase over the 2009 COS represents an increase of 14.2% over a four year
 - 22 period or 3.6%/yr. Welland Hydro has previously shown wage increases in the 3%/yr and
 - 23 benefit increase of 6%/yr which accounts for the majority of the total increase.

- 1 The \$294,481 increase over the 2011 Actual represents an increase of 12.3% over a two year
- 2 period or 6.1%/yr. However, this amount has been affected by the change in treatment of safety
- 3 related training and expenses under IFRS. In 2011, total safety related expenses of \$74,523 were
- 4 allocated as a percentage of labor across all OEB expense and capital accounts. For the 2012
- 5 Test Year and the 2013 Bridge Year they have been included in Operations and Maintenance
- 6 accounts as a percentage of 2011 Actual.
- As a result, Welland Hydro believes that the analysis of the increase from the 2009 COS to the
- 8 2013 Test Year is more appropriate than a comparison to 2011 Actual.

9 Billing and Collecting

- 10 Analysis of billing and collecting costs are somewhat easier as the impact of IFRS is not related
- 11 to these accounts. However, they have been impacted by Smart Meters which must be accounted
- 12 for in the analysis. Welland Hydro has previously identified Bad Debt Expense and Receivables
- 13 Insurance as increasing OM&A costs and they also have been included in the analysis.

14		Increase	Increase
15		Test Year Vs	Test Year Vs
16		2009 COS	2011 Actual
17	Total Billing & Collecting	\$ 433,101	\$ 279,254
18	Smart Meters 5310	\$ 84,039	\$ 47,580
19	Smart Meters 5315	(\$ 271,897)	(\$ 211,818)
20	Bad Debt Expense 5335	(\$ 43,685)	(\$ 3,896)
21	Receivables Insurance 5315	(\$ 45,900)	(\$ 11,753)
22		\$ 155,658	\$ 99,367

- 23 The \$155,658 increase in Billing and Collecting Costs compared to the 2009 COS represents an
- 24 increase of 15.9% over four years or 3.9%/year. Welland Hydro has previously shown wage

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- 1 increases of 3%/yr and benefit increase of 6%/yr which accounts for the majority of the total
- 2 increase.
- 3 The \$99,367 increase in Billing and Collecting Costs compared to the 2011 Actual represents an
- 4 increase of 8.7% over a two year period or 4.3%/yr. This amount is being impacted by the fact
- 5 that three of the four customer representatives and the billing clerk have all been hired since
- 6 2011 and are moving up in pay scale within job classifications.
- As a result, Welland Hydro believes that the analysis of the increase from the 2009 COS to the
- 8 2013 Test Year is more appropriate than a comparison to 2011 Actual.

9 Community Relations

- 10 There are no items in this section which exceed the materiality threshold. In fact, these costs
- 11 have gone down from the 2009 COS by \$25,418 or 15.9% over four years (4.0%/yr).

12 Administrative & General Expenses

13 5605 Executive Salaries and Expenses

- 14 The \$67,157 increase from the 2009 COS to the 2013 Test Year is wage and benefits related
- only. As previously stated Welland Hydro did not include any management overtime in the 2009
- 16 COS. Overtime and vacation payout account for \$11,821 of the increase. The balance of
- 17 \$55,336 represents a 16.9% increase over a four year period or 4.2%/yr. Welland Hydro has
- previously shown wage increases of 3%/yr and benefit increase of 6%/yr which accounts for the
- 19 majority of the total increase.

20 5610 Management Salaries and Expenses

- 21 As previously indicated \$30,000 has been allowed for an upgrade to the Accounting Assistant
- 22 position in 2013. As was the case in 5605 the 2009 COS did not include any amounts for
- 23 management overtime/vacation pay out which amounts to \$10,577 for this account. Removing
- 24 these two items reduces the increase from the 2009 COS from \$153,001 to \$112,424 which is a

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- 1 27.8% increase over four years or 7.0%/yr. The analysis for account 5615 will help clarify the
- 2 extent of this increase. For the most part, account 5610 is used to track Accounting and
- 3 Personnel Management Costs.

5615 General Administrative and General Expenses

- 5 Welland Hydro has used 5615 to capture the cost related to IT personnel and maintenance costs
- 6 for software and computer related items.
- With the retirement of the Director of Information Systems in 2011, the makeup of amounts in
- 8 this account changed. Prior to 2011 two positions were charged to account 5615. The Director
- 9 of Information Services was replaced by a Billing Supervisor/MDMR Administrator whose costs
- 10 are not charged to 5615. In addition, Welland Hydro installed a new CIS/Billing System in order
- 11 to prepare for TOU Billing. These costs are included in account 5615. As previously mentioned
- 12 a portion of these costs could have been charged to the Smart Meter Rate Application but were
- 13 left to the 2013 COS as a separate cost for comparison to the 2009 COS application. When the
- 14 incremental costs to the new CIS/Financial software are separated out this account would look as
- 15 follows:

4

16		Increase	Increase
17		Test Year Vs	Test Year Vs
18		2009 COS	2011 Actual
19	5615 Gen & Admin Sal & Exp	\$ 102,491	\$ 48,709
20	New CIS/Financial System Costs	(\$ 215,921)	(\$ 96,325)
21		(\$ 113,430)	(\$ 47,616)

- 22 For the most part, the decrease in 5615 payroll costs is now included in 5315 Customer Billing
- 23 and 5610 Accounting Department.

5625 Administrative Expense Transfer - Credit

2 The makeup of this account is as follows:

I

3		2009 COS	2013 Test Year
4	Operations & Maintenance	(\$ 178,672)	
5	Third Party Billings	(\$ 7,710)	(\$ 8,930)
6	Capital	(\$ 28,796)	
7		(\$ 215,178)	(\$ 8,930)

- 8 As previously mentioned the change to MIFRS does not allow for the capitalization of
- 9 administrative expenses. Welland Hydro stopped capitalizing these expenses in 2010. Welland
- 10 Hydro has stopped the reallocation of Administrative costs to Operations and Maintenance in
- 11 2011. The decrease in the credit in this account of \$178,672 has been reflected in the analysis of
- 12 Operating and Maintenance accounts above as a reduction in total costs.

13 5645 Employee Retiree Benefit Costs

- 14 Welland Hydro uses this account to record premiums paid for retiree benefits and changes in the
- 15 liability account. Welland Hydro has already identified the cost increase in this account as being
- 16 related to the early retirement of five employees since the 2009 COS.

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1 Employee Compensation Costs

- 2 Chapter 2 of the Filings Requirements Appendices Module provides Appendix 2-K for which
- 3 Employee Costs are detailed. This Appendix is presented on pages 2 and 3 of this Schedule.
- 4 Welland Hydro's union personnel are covered by a four year collective agreement effective April
- 5 1, 2011. The agreement calls for wage increases as follows:
- 6 April 1, 2011 2.75%
- 7 April 1, 2012 2.75%
- 8 April 1, 2013 3.25%
- 9 April 1, 2014 3.25%
- 10 Both management and union personnel are covered by similar benefit packages and OMERS
- 11 pension plans. Management wages are expected to increase 2.75% but Welland Hydro is
- 12 currently in the process of evaluating its management salary levels through a third party study.
- 13 There are no bonuses included as part of the salary pay structure.
- 14 Page 2 of this schedule indentifies an increase of 2 FTE's when comparing the 2009 COS to the
- 15 2013 Test Year. One was an additional billing person approved as part of the Smart Meter Rate
- Application which started in December, 2011. The addition brings Welland Hydro back to 41
- 17 FTE's in 2012 but this number should be 42 FTE's as Welland Hydro has yet to replace the
- 18 retired Engineering Manager's position which it plans to do in 2013. The second additional FTE
- 19 is the hire of an apprentice lineperson position. Welland Hydro is facing the retirement of two
- 20 line foremen and one lineperson within the term of this rate application. One possible option for
- 21 the replacement of the line foremen is to promote from within which will require hiring
- 22 additional linepersons. Given the difficulty in attracting linepersons from other LDC's or
- 23 contractors, Welland Hydro has instead relied on training linepersons through apprenticeship
- 24 programs which take four years to complete.

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Appendix 2-K Employee Costs

	Yea	ast Rebasing or (2009 Board Approved)	Year (2009 Actuals)	N	2010 Actuals	2011	Actuals	201	2 Bridge Year	20	13 Test Year
Reporting Basis		CGAAP	CGAAP		CGAAP	CG	AAP		MIFRS		MIFRS
Number of Employees (FTEs inc	cludino Part-Ti	me) [†]									
Executive		0		0	0		0		Ö		0
Management		14	13	.5	14		13		14		15
Non-Union		0		0	0	V.	0		0		0
Union		27		27	26.7		26.9	1	27		28
Total		41	40	.5	40.7		39.9		41		43
Number of Part-Time Employees	9	-	-				_		700		
Executive		0		0	0	2	0		0		0
Management		0		0	0		0		0		.0
Non-Union		1		1	1		1		1	-	1
Union		0		0	0		0		0		0
Total		1		1	1		1		1		1
Total Salary and Wages											
Executive								-			
Management-Base	\$	1,237,378	\$ 1,206,88	_	1,282,448		,200,600	\$	1,290,310	_	1,462,700
Management-Overtime	\$		\$ 38,70		47,302	\$	64,088	\$	69,476	\$	43,204
Non-Union	\$	36,802	\$ 37,23	_	39,244	\$	41,841	\$	42,992		43,852
Union-Base	\$	1,637,056	\$ 1,628,24		1,663,789		,720,060	\$	1,788,162	_	1,924,361
Union-Overtime	\$	74,529	\$ 84,23		62,354	\$	93,680	\$	94,075	\$	93,561
Total	\$	2,985,765	\$ 2,995,30	4 \$	3,095,137	\$ 3	,120,269	\$	3,285,015	\$	3,567,678
Current Benefits	- 10			-							and the second
Executive											
Management	\$	273,498	\$ 250,86		269,743	\$	276,916	\$	310,030	\$	361,664
Non-Union	\$	3,574	\$ 3,66		3,801	\$	4,283	\$	3,826	\$	3,947
Union	\$	439,042			436,301	\$	468,868	\$	501,907	\$	562,627
Total	\$	716,114	\$ 680,53	2 \$	709,845	\$	750,067	\$	815,763	\$	928,238
Accrued Pension and Post-Retir Executive	rement Benefit	8		T						n	
Management											
Non-Union											
Union				7							
Total	\$	3	\$	\$		\$		\$	(1)	\$	*
Total Benefits (Current + Accrue	ed)							-			
Executive	\$	9	\$ -	\$		\$		\$	1,411	\$	
Management	5	273,498	\$ 250,86	_	269,743	\$	276,916	\$	310,030	\$	361,664
Non-Union	\$	3,574			3,801	\$	4,283	\$	3,826	\$	3,947
Union	\$	439,042	\$ 426,00	_	436,301	\$	468,868	\$	501,907	\$	562,627
Total	\$	716,114	\$ 680,53	2 \$	709,845	\$	750,067	\$	815,763	\$	928,238
Total Compensation (Salary, Wa		s)		-						_	
Executive	\$	-	\$ -	\$	1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	5	W-11 W-1	\$	*	S	
Management	\$	1,510,876		_	1,599,493		.541,604	\$	1,669,816	\$	1,867,568
Non-Union	S	40,376			43,045	\$	46,124	\$	46,818	\$	47,799
Union	\$	2,150,627			2,162,444		,282,608	\$	2,384,144	\$	2,580,549
Total	\$	3,701,879	\$ 3,675,83	6 \$	3,804,982	\$ 3	,870,336	\$	4,100,778	\$	4,495,916
Compensation - Average Yearly Executive				1							
Management	5	88,384			91,603		92,354		92,165		97,513
Non-Union	\$	36,802			39.244		41,841		42,992		43,852
Union	\$	60,632			62,314		63,943		66,228		68,727
Total	\$	69,315	\$ 69,21	4 \$	71,594	\$	72,433	\$	74,321	\$	77,975
Compensation - Average Yearly	Overtime										
Executive											
Management	\$	~	\$ 2,86	7 \$	3,379	\$	4,930	\$	4,963	\$	2,880
Non-Union							A 155				2.25
Union	\$	2,760			2,335		3,483		3,484	\$	3,341
Total	\$	1,775	\$ 2,963	2 5	2,630	2	3,857	5	3,894	\$	3,108

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Appendix 2-K Employee Costs

		ast Rebasing ar (2009 Board- Approved)		ast Rebasing Year (2009 Actuals)	3	2010 Actuals	3	2011 Actuals	20	12 Bridge Year	20	13 Test Year
Reporting Basis	5	CGAAP	10	CGAAP		CGAAP		CGAAP		MIFRS		MIFRS
Compensation - Average Yearly Incentive	Pay											
Executive												
Management									1			
Non-Union												
Union												
Total												
Compensation - Average Yearly Benefits											-	
Executive												
Management	\$	19,536	\$	18,583	\$	19,267	\$	21,301	\$	22,145	\$	24,111
Non-Union	\$	3,574	\$	3,661	\$	3,801	\$	4,283	\$	3,826	\$	3,947
Union	\$	16,261	\$	15,778	\$	16,341	\$	17,430	\$	18,589	\$	20,094
Total	\$	17,050	\$	16,398	\$	17,023	\$	18,339	\$	19,423	\$	21,096
Total Compensation Before Retiree	Is	3,701,879	\$	3,675,836	5	3,804,982	\$	3,870,336	\$	4,100,778	\$	4,495,916
Retiree Benefits Premiums	\$	71,160	-		\$	80,552	\$	113,620	\$	110,320	S	120,243
Retiree Benefits Accrual	\$		\$		-\$	2,130	\$	19,320	\$	7,164	\$	-
Total Compensation	\$	3,776,179	\$	3,754,043	\$	3,883,404	\$	4,003,276	\$	4,218,262	\$	4,616,159
Total Compensation Capitalized (CGAAP)	\$	322,122	\$	438,206	s	450,125	\$	462,460	\$	526,698	\$	586,738
Total Compensation Capitalized Smart Meter 1555	s	_	\$	255	\$	-	\$	18,777				
Total Compensation Charged to Third Party	\$	139,982	5	109,081	\$	153,856	\$	133,365	5	134,081	\$	145,963
Total Compensation Charged to Smart Meter 1556	\$		s	14,602	\$	959	\$	-				
Total Compensation Charged to Associate Companies	s	86,632	5	157,298	\$	155,660	5	128,719	5	79,157	\$	37,176
Total Compensation Charged to OM&A (CGAAP)	5	3,227,443.00	s	3,034,601.00	\$	3,122,804.00	\$	3,259,955.00	\$	3,478,326.00	\$	3,846,282.00
Total Compensation Capitalized (MIFRS)							\$	323,086	\$	368,547	5	428,587
Total Compensation Charged to OM&A (MIFRS)							\$	3,418,106,00	\$	3,636,477.00	\$	4,004,433.00

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- 1 On Page 3 of this schedule, Welland Hydro has separated out retiree benefit costs between
- 2 premiums and accruals (changes in the liability account). This was discussed under the Cost
- 3 Driver section of this Exhibit. However, actual premiums paid have increased significantly as
- 4 the result of the early retirement of five employees since the 2009 COS.
- 5 In 2012, the City of Welland began installing LED Street Lights and will complete the
- 6 conversion of the majority of Street Lights in 2013. The manufacturer has provided a 15 year
- 7 warranty and is taking over maintenance of these lights. As a result, Welland Hydro's charges to
- 8 affiliates will be significantly reduced in both the 2012 Bridge Year and the 2013 Test Year.
- 9 Rather than increasing OM&A costs, Welland Hydro has budgeted significant increases in
- 10 charges to capital projects and will reduce its dependency on outside contractors to perform
- 11 capital work.
- 12 Welland Hydro has presented compensation in OM&A costs in both CGAAP and MIFRS on
- 13 page three of this Schedule.

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Shared Service and Corporate Cost Allocation

2 Introduction:

1

- 3 A summary of charges to affiliates for services provided are detailed on pages 2 through 6
- 4 of this schedule and cover 2009 Actual to 2013 Test Year. For the purposes of these
- 5 schedules Shared Services are considered linespersons used in the connection of Street
- 6 Light and Sentinel Light maintenance and any materials and equipment associated with the
- 7 labor. Corporate Cost Allocation is the amount of Executive and Accounting labor charged
- 8 to affiliates. There are no charges from affiliates to the wires company.
- 9 Welland Hydro Energy Services currently performs streetlight maintenance for the City of
- 10 Welland. In addition, Welland Hydro Energy Services is also involved in Sentinel Light
- 11 rentals to third party customers. Welland Hydro provides certain services to Welland
- 12 Hydro Energy Services in respect of these activities. Actual cost including labor and
- 13 burden, stores material and burden, along with vehicle costs are charged to Welland Hydro
- 14 Energy Services. In addition, billings to the City of Welland include a 10% profit mark up.
- 15 The mark up is split 7% to Welland Hydro and 3% to Welland Hydro Energy Services.
- 16 However, as detailed earlier Shared Services will be decreasing dramatically as a result of
- 17 the City of Welland converting Street Lights to LED lights. Welland Hydro has also seen a
- 18 reduction in Sentinel Lights (new installations are not performed by Welland Hydro and
- 19 would not be considered Sentinel Lights) and this trend is expected to continue as
- 20 industrial and commercial customers look for ways of cutting their electrical bills.
- 21 Welland Hydro Electric Systems Corp will see a reduction in Other Revenues due to the
- 22 loss of the mark up on street light maintenance.

Date: Aug 31, 2012

Appendix 2-N Shared Services and Corporate Cost Allocation

Year:

2009

Shared Services

Nan	ne of Company		D. J. J.	Price for the	Cost for the	
		Service Offered	Pricing Methdology	Service	Service	
From	То	meanacies)	5	\$		
Systems Corp	Energy Services	Street Lights Labour	Time Card	72,897	68,128	
Systems Corp	Energy Services	Street Ligths Burden	% Labour	36,448	34,064	
Systems Corp	Energy Services	Material Burden	% Material Issue	13,315	12,444	
Systems Corp	Energy Services	Truck Charges	Time Card	40,110	37,486	
		Total Street Light		162,771	152,122	
Systems Corp	Energy Services	Sentinel Lights Labour	Time Card	6,236	5,828	
Systems Corp	Energy Services	Sentinel Lights Burden	% Labour	2,619	2,448	
Systems Corp	Energy Services	Material Burden	% Material Issue	1,009	943	
Systems Corp	Energy Services	Truck Charges	Time Card	3,206	2,996	
		Total Sentinel Light		13,070	12,215	
			Totals	175,841	164,337	

Corporate Cost Allocation

Name of Company			Detains	% of Corporate	Amount
		Service Offered	Pricing Methdology	Costs Allocated	Allocated
From	То			%	\$
Systems Corp	Holding Corp	Administrative	Estimated	16,468	16,468
Systems Corp	Energy Services	Administrative	Estimated	8,489	8,489
			Totals	24,957	24,957

Note:

This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years.

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Appendix 2-N Shared Services and Corporate Cost Allocation

Year: 2010

Shared Services

Nan	ne of Company		Defetor	Price for the	Cost for the	
		Service Offered	Pricing Methdology	Service	Service	
From	To		moundariogy	\$	\$	
Systems Corp	Energy Services	Street Lights Labour	Time Card	75,982	71,011	
Systems Corp	Energy Services	Street Ligths Burden	% Labour	37,991	35,506	
Systems Corp	Energy Services	Material Burden	% Material Issue	13,098	12,241	
Systems Corp	Energy Services	Truck Charges	Time Card	35,830	33,486	
		Total Street Light		162,901	152,244	
Systems Corp	Energy Services	Sentinel Lights Labour	Time Card	6,493	6,068	
Systems Corp	Energy Services	Sentinel Lights Burden	% Labour	3,246	3,034	
Systems Corp	Energy Services	Material Burden	% Material Issue	907	848	
Systems Corp	Energy Services	Truck Charges	Time Card	2,684	2,508	
		Total Sentinel Light		13,330	12,458	
			Totals	176,231	164,702	

Corporate Cost Allocation

Name of Company			Delates	% of Corporate	Amount	
		Service Offered	vice Offered Pricing Methdology		Allocated	
From	То		1 2 20	%	\$	
Systems Corp	Holding Corp	Administrative	Estimated	10,991	10,991	
Systems Corp	Energy Services	Administrative	Estimated	6,792	6,792	
			Totals	17,783	17,783	

Note:

1 This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years.

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Appendix 2-N Shared Services and Corporate Cost Allocation

Year:

2011

Shared Services

Nan	ne of Company		Betefan	Price for the	Cost for the	
		Service Offered	Pricing Methdology	Service	Service	
From	To			\$	\$	
Systems Corp	Energy Services	Street Lights Labour	Time Card	62,440	58,355	
Systems Corp	Energy Services	Street Ligths Burden	% Labour	31,220	29,178	
Systems Corp	Energy Services	Material Burden	% Material Issue	6,385	5,967	
Systems Corp	Energy Services	Truck Charges	Time Card	26,178	24,465	
		Total Street Light		126,223	117,965	
Systems Corp	Energy Services	Sentinel Lights Labour	Time Card	3,245	3,033	
Systems Corp	Energy Services	Sentinel Lights Burden	% Labour	1,622	1,516	
Systems Corp	Energy Services	Material Burden	% Material Issue	87	81	
Systems Corp	Energy Services	Truck Charges	Time Card	1,457	1,362	
		Total Sentinel Light		6,411	5,992	
			Totals	132,634	123,957	

Corporate Cost Allocation

Name of Company			District	% of Corporate	Amount	
-		Service Offered	Pricing Methdology	Costs Allocated	Allocated	
From	To			%	\$	
Systems Corp	Holding Corp	Administrative	Estimated	16,487	16,487	
Systems Corp	Energy Services	Administrative	Estimated	6,792	6,792	
			Totals	23,279	23,2	

Note:

This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years.

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Appendix 2-N Shared Services and Corporate Cost Allocation

Year:

2012

Shared Services

Nam	ne of Company		Pricing	Price for the	Cost for the	
		Service Offered	Methdology	Service	Service \$	
From	То		managi	\$		
Systems Corp	Energy Services	Street Lights Labour	Time Card	32,117	30,016	
Systems Corp	Energy Services	Street Ligths Burden	% Labour	15,345	14,341	
Systems Corp	Energy Services	Material Burden	% Material Issue	3,210	3,000	
Systems Corp	Energy Services	Truck Charges	Time Card	9,879	9,233	
		Total Street Light		60,551	56,590	
Systems Corp	Energy Services	Sentinel Lights Labour	Time Card	3,322	3,105	
Systems Corp	Energy Services	Sentinel Lights Burden	% Labour	1,588	1,484	
Systems Corp	Energy Services	Material Burden	% Material Issue	546	510	
Systems Corp	Energy Services	Truck Charges	Time Card	1,457	1,362	
		Total Sentinel Light		6,913	6,461	
-	-		Totals	67,465	63,051	

Corporate Cost Allocation

Name of Company			Detaine	% of Corporate	Amount	
		Service Offered	Pricing Methdology	Costs Allocated	Allocated	
From	То			%	\$	
Systems Corp	Holding Corp	Administrative	Estimated	16,690	16,690	
Systems Corp	Energy Services	Administrative	Estimated	6,875	6,875	
			Totals	23,565	23,565	

Note:

1 This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years.

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Appendix 2-N Shared Services and Corporate Cost Allocation

Year:

Shared Services

Nan	ne of Company	U pd . T	Pricing	Price for the	Cost for the	
		Service Offered	Methdology	Service	Service \$	
From	То		37	\$		
Systems Corp	Energy Services	Street Lights Labour	Time Card	5,350	5,000	
Systems Corp	Energy Services	Street Ligths Burden	% Labour	2,534	2,368	
Systems Corp	Energy Services	Material Burden	% Material Issue	0	0	
Systems Corp	Energy Services	Truck Charges	Time Card	0	0	
		Total Street Light		7,884	7,368	
Systems Corp	Energy Services	Sentinel Lights Labour	Time Card	3,455	3,229	
Systems Corp	Energy Services	Sentinel Lights Burden	% Labour	1,636	1,529	
Systems Corp	Energy Services	Material Burden	% Material Issue	546	510	
Systems Corp	Energy Services	Truck Charges	Time Card	1,501	1,403	
		Total Sentinel Light		7,138	6,671	
			Totals	15,022	14,039	

Corporate Cost Allocation

Name of Company			Detains	% of Corporate	Amount	
From	То	Service Offered	Pricing Methdology	Costs Allocated	Allocated	
Systems Corp	Holding Corp	Administrative	Estimated	17.099	17,099	
Systems Corp	Energy Services	Administrative	Estimated	7,044	7,044	
				24,143	24.143	

Note:

1 This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years.

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Purchase of Non-Affiliate Services

1

- 2 A copy of Welland Hydro's Purchasing Policy is included in Appendix B to this Exhibit.
- 3 Welland Hydro tenders its material requirements on an annual basis with the contract being
- 4 awarded to the lowest bidder by product with very limited exceptions. In all other cases (non
- 5 stores items) Welland Hydro follows the RFQ and approval process outlined in its purchasing
- 6 policy unless in an emergency basis, safety reasons, or more than one quotation is not available.
- 7 As previously stated, there are no services purchased from affiliates.

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DEPRECIATION, AMORTIZATION AND DEPLETION:

- Welland Hydro has included depreciation as part of Exhibit 2, Tab 3, Schedule 5 Capitalization
- 3 Policy. This section contains Welland Hydro's depreciation rates under both CGAAP and
- 4 MIFRS along with a comparison to the Kinectrics Study.
- 5 The required Depreciation Schedules contained in the Chapter 2 Appendices Module are
- 6 presented in Exhibit 2, Tab 2 Gross Assets Property, Plant and Equipment Accumulated
- 7 Depreciation. Welland Hydro has back up fixed assets ledgers by OEB account under both
- 8 CGAAP and MIFRS which can be provided should any questions arise from the completion of
- 9 the depreciation schedules. Under MIFRS Welland Hydro has broken out assets by components
- 10 and depreciated at separate useful lives if different.
- 11 Welland Hydro does not have any Asset Retirement Obligations or associated depreciation or
- 12 accretion expenses.

L

- 13 Welland Hydro can confirm for the Board that it follows the half year rule when the asset is
- 14 available for use. The only major exception to this rule was the new Financial Software capital
- 15 costs. Progress payments were made starting in 2010 and 2011 with the software going live in
- 16 2012. Welland Hydro has amortized a full year's depreciation in 2012 for this software. The
- same would apply to the new CIS where costs began in 2010 but the system was not available
- 18 until 2011. Welland Hydro took a half year's depreciation expense on this new system in 2011
- 19 for the total capital cost of this project.

Filed: August 31, 2012

Taxes/PILS

1

- 2 Appendix C attached to this Exhibit contains a copy of the Welland Hydro-Electric System Corp.
- 3 2011 Federal and Ontario tax returns. The amount of PILs paid in 2011 was \$127,186.
- 4 However, taxable income has been adjusted for certain RSVA balances at the start and end of the
- 5 year which reduced taxable income by \$92,151. Welland Hydro excluded the opening and
- 6 closing adjustments related to RSVA balances when it completed Adjusted Taxable Income-
- 7 Historic Year and PILs Tax Provision-Historic Year in the OEB Income Tax/PILs Workform
- 8 module which is copied in Appendix D to this Exhibit. The resulting impact on taxes paid is not
- 9 material.

10

Apprentice Tax Credits

- 11 The 2011 Tax Return includes a section for Apprentice Tax Credits. The names of the
- 12 individuals have been omitted. Two of the three employees completed their apprentice program
- in 2011 leaving one apprentice in 2012. This increases to two in 2013 with the hire of an
- 14 additional apprentice linesperson. The calculation of the Apprentice Tax Credit for the 2012
- 15 Bridge Year and 2013 Test Year which were obtained from our tax auditors are as follows:
- Annual wages of \$55,300 has been used in the following apprenticeship tax credit calculations,
- 17 however only a certain percentage of the wages will be considered eligible for the credit. Based
- on the full-time apprentices in 2011, approximately 36% of their annual wages were eligible.
- 19 Based on this percentage for 2012 and 2013, eligible wages of approximately \$20,000 was used
- 20 in the calculations below:

21

22 2012 – combined Federal and Ontario apprenticeship tax credit = \$10,100

23

24 2013 – combined Federal and Ontario apprenticeship tax credit = \$19,100

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Tab 1 Schedule 8

> Page 2 of 3 Filed: August 31, 2012

SRED

1

7

- 2 Welland Hydro filed a SRED application in its 2011 tax returns which was developed with the
- 3 assistance of an outside consultant. Welland Hydro also revised its 2010 tax returns for a SRED
- 4 in June, 2012. Welland Hydro can confirm for the Board that savings related to the SRED's for
- 5 2010 and 2011 (net of consulting costs) will be placed in account 1592 for future disposition by
- 6 the Board.

Employee Retiree Benefit Costs

- 8 Continuity Schedule 13- Tax Reserves Bridge Year (Appendix D) shows an opening amount
- 9 related to Other Post Retirement Benefits of \$1,554,847. This matches the CICA 3461 Schedule
- 10 found in Appendix A. Originally the actuary only provided a CGAAP forecast to the end of
- 11 2011 as it was assumed Welland Hydro would be converting to IFRS effective January 1, 2012.
- 12 As a result, Welland Hydro estimated the 2012 change in the post retirement liability to be a
- 13 \$7,164 increase (expense) and no change in the 2013 Test Year for CGAAP purposes after
- 14 taking the one year deferral on IFRS. Welland Hydro obtained a revised retirement benefit
- 15 analysis (Appendix A) which estimates the actual expenditure for CGAAP in 2012 to be
- 16 \$12,807. Welland Hydro did not make this change in this rate application as there was no
- 17 change in the 2013 Test Year liability reserve compared to the 2012 Bridge Year liability reserve
- 18 (no impact on 2013 expense or 2013 PILs). However, Welland Hydro will await Board direction
- on the accounting treatment of Post Retirement Benefits under IFRS as discussed on pages 13
- 20 and 14 of Schedule 2 in this Exhibit.

Grossed-Up PILs

21

- 22 The PILs Tax Provision Test Year (Appendix D) shows Grossed-Up PILs for the 2013 Test
- 23 Year of \$42,628. However, Welland Hydro believes that this amount should be \$58,513. The
- 24 difference is related to the treatment of the Federal Small Business Threshold of \$500,000 and
- 25 the resulting Federal Tax Rate of 11%. As per the letter from Deloitte found in Appendix E of
- 26 this Exhibit, Welland Hydro is not eligible for the small business deduction and the correct

- 1 Federal Tax Rate to be used should be 15% not 11%. This would result in a combined tax rate of
- 2 19.5% as opposed to 15.5%. Welland Hydro's calculation of Grossed-Up PILs calculation is
- 3 found in Table 4.3 below:
- 4 Table 4.3 2013 Grossed-Up PILs Calculation

2013 PILs Schedule

Description	Source or Input	Tax Payable
Deemed Income	Rev Def	1,163,140
Tax Adj to Accounting Income	Rev Def	(807,525)
Taxable Income		355,616
Combined Income Tax Rate	PILs Rates	19.500%
Total Income Taxes		69,345
Investment Tax Credits Apprentice Tax Credits Other Tax Credits (SBD)	-	19,100
Total PILS Before Gross Up	14.13%	50,245
Gross Up PILS	50245/(11413)	58,513

5

- 6 Welland Hydro now believes it should have used a grossed up calculation of \$50,245/(1-.195)
- 7 which would result in a revised Grossed-Up PILs amount of \$62,416. The rate of .195 should be
- 8 used in place of the .1413 to eliminate the impact of the Apprentice tax credit (as per the Board's
- 9 methodology). Due to materiality and time constraints this revision was not made in this rate
- 10 application as Welland Hydro believes the Federal Small Business Deduction still needs to be
- 11 addressed.

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Appendix A Filed; August 31, 2012

Appendix A

Draft Post-Retirement Report

Welland Hydro-Electric System Corporation ESTIMATED BENEFIT EXPENSE (CICA 3461**)

		Projected
	Calendar Year 2011	Calendar Year 2012***
Discount Rate - January 1	5.00%	4.50%
Discount Rate - December 31	4.50%	4.50%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	expected*
A. Determination of Benefit Expense		
Current Service Cost	34,095	38,847
Interest on Benefits	81,833	77,655
Expected Interest on Assets	-	100
Past Service Cost	2,242	2,242
Transitional Obligation/(Asset)		6
Actuarial (Gain)/Loss	8,739	17,109
Benefit Expense	126,909	135,853
B. Reconciliation of Prepaid Benefit Asset (L Accrued Benefit Obligation (ABO) as at December 31	<u>iability)</u> 1,748,350	1,741,807
Assets as at December 31		-
Unfunded ABO	(1,748,350)	(1,741,807)
Unrecognized Loss/(Gain)	171,087	153,978
Unrecognized Past Service Cost	22,416	20,175
Unrecognized Transition		2,32
Prepaid Benefit Asset (Liability)	(1,554,847)	(1,567,654)
Prepaid Benefit/(Liability) as at January 1	(1,535,617)	(1,554,847)
Benefit Income/(Expense)	(126,909)	(135,853)
Contributions/Benefit Payments by the Employer	107,679	123,045
Prepaid Benefit Asset (Liability)	(1,554,847)	(1,567,654)
s reference services (services ())	11/00/10/11/	111001100

^{*} based on estimated employer benefit payments for those expected to be eligible for benefits

^{**} CICA Handbook Part V Section 3461 (Employee Benefits)

^{***} For informational purposes only. Significant changes in 2012 such as re-negotiated benefits, changes to best estimate assumptions, or significant demographic swings may require revised projections or a full actuarial review.

Welland Hydro-Electric System Corporation ESTIMATED BENEFIT EXPENSE (CICA 3461**)

		Projected
	Calendar Year 2011	Calendar Year 2012***
Discount Rate - January 1	5.00%	4.50%
Discount Rate - December 31	4.50%	4.50%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	expected*
C. Calculation of Component Items		
Calculation of the Service Cost		
- Current service cost	34,095	38,847
Interest on Benefits		
- ABO at January 1	1,656,408	1,748,350
- Current service cost	34,095	38,847
- Benefit payments	(53,840)	(61,523)
- Accrued benefits	1,636,663	1,725,675
- Interest	81,833	77,655
Expected Interest on Assets		
- Assets at January 1	- 9-	
- Funding	53,840	61,523
- Benefit payments	(53,840)	(61,523)
- Expected assets		
- Interest	7	Y
Expected ABO as at December 31		
- ABO at January 1	1,656,408	1,748,350
- Current service cost	34,095	38,847
- Interest on benefits	81,833	77,655
- Benefit payments	(107,679)	(123,045)
- Expected ABO at December 31	1,664,657	1,741,807
Expected Assets as at December 31		
- Assets at January 1	¥ 3	
- Funding	107,679	123,045
- Interest on assets		100000
- Benefit payments	(107,679)	(123,045)
- Expected Assets at December 31	×	

^{*} based on estimated employer benefit payments for those expected to be eligible for benefits

^{**} CICA Handbook Part V Section 3461 (Employee Benefits)

^{***} For informational purposes only. Significant changes in 2012 such as re-negotiated benefits, changes to best estimate assumptions, or significant demographic swings may require revised projections or a full actuarial review.

Welland Hydro-Electric System Corporation ESTIMATED BENEFIT EXPENSE (CICA 3461**)

		Projected
	Calendar Year 2011	Calendar Year 2012***
Discount Rate - January 1	5.00%	4.50%
Discount Rate - December 31	4.50%	4.50%
Withdrawal Rate	2.00%	2.00%
Assumed increase in Employer Contributions	actual	expected*
D. Actuarial (Gain)/Loss		
(Gain)/Loss on ABO as at January 1		
- Prepaid Benefit/(Liability) as at January 1	1,535,617	1,554,847
- Past Service Cost	100	22,416
- Unamortized (Gain)/Loss	(218,905)	171,087
- Expected ABO	1,316,712	1,748,350
- Past Service Cost	24,658	
- Actual ABO	1,656,408	1,748,350
- Total (Gain)/Loss on ABO	315,038	
(Gain)/Loss on assets as at January 1		
- Expected assets	_	2-0
- Actual assets		
- (Gain)/Loss on assets		
Total (Gain)/Loss as at January 1	96,133	171,087
10% of ABO as at January 1	165,641	174,835
Total (Gain)/Loss in excess of 10%	-	
Expected average remaining service life (years)	-11	10
Minimum Amortization for current year	*	9
Actual Amortization for current year	8,739	17,109
(Gain)/Loss on ABO at December 31 due to change in discount ra	te assumption	
- Expected ABO - December 31	1,664,657	
- Actual ABO - December 31	1,748,350	
- (Gain)/Loss on ABO at December 31	83,693	
Unamortized (Gain)/Loss at December 31	171,087	153,978
E. Amortization of Past Service Costs		
Unamortized past service costs as at beginning of period	24,658	22,416
Period over which past service costs are to be amortized (years)	11	10
Actual Amortization for current period	2,242	2,242
Unamortized past service costs as at the end of period	22,416	20,175

^{*} based on estimated employer benefit payments for those expected to be eligible for benefits

^{**} CICA Handbook Part V Section 3461 (Employee Benefits)

^{***} For informational purposes only. Significant changes in 2012 such as re-negotiated benefits, changes to best estimate assumptions, or significant demographic swings may require revised projections or a full actuarial review.

Welland Hydro-Electric System Corporation ESTIMATED BENEFIT EXPENSE (IAS 19)

	Projected**	Projected**
	CY 2012	CY 2013
Discount Rate at January 1	4.50%	4.509
Discount Rate at December 31	4.50%	4.50
Health Benefit Cost Trend Rate at December 31		
Initial Rate	7.63%	7.25
Ultimate Rate	5.00%	5.00
Year Ultimate Rate Reached	2020	202
Dental Benefit Cost Trend Rate	5.00%	5.00
Withdrawal Rate	2.00%	2.00
Assumed Increase in Employer Contributions	expected*	expected
A. Change in the Net Defined Benefit Liability/(Asset) Recognized	in Balance Sheet	
Net Defined Benefit Liability/(Asset) as at January 1	1,702,589	1,699,73
Defined Benefit Cost Recognized in Income Statement	120,187	121,85
Defined Benefit Cost Recognized in Other Comprehensive Income		75.000
Benefits Paid by the Employer	(123,045)	(135,842
Net Defined Benefit Liability/(Asset) as at December 31	1,699,730	1,685,74
B. Determination of Defined Benefit Cost		
B1. Determination of Defined Benefit Cost Recognized in Income St.	atement	
Service Cost		
- Current Service Cost	46,339	48,424
- Past Service Cost Net Interest Cost	73,848	73,431
Defined Daniel Cost Described in Jacobs Statement	400 407	104 954
Defined Benefit Cost Recognized in Income Statement	120,187	121,855
B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Rec	ognized in Other Comprehen	sive Income
Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions		4
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions		
Return on Plan Assets (excluding amounts included in net interest cost)		(F.)
Change in effect of asset ceiling	*	ré
Defined Benefit Cost Recognized in Other Comprehensive Income		-
Total Defined Benefit Cost	120,187	121,855
C. Change in the Present Value of Defined Benefit Obligation		
	7 242 574	101101
Present Value of Defined Benefit Obligation as at January 1	1,702,589	1,699,730
Current Service Cost	46,339	48,424
Past Service Cost nterest Cost	72 040	79.30
Benefits Paid	73,848	73,431 (135,842
Net Actuarial Loss/(Gain)	(123,045)	
ver Actuariai Coss/(Gam)		(100,032
Present Value of Defined Benefit Obligation as at December 31	1,699,730	1,685,743

^{*} based on estimated employer benefit payments for those expected to be eligible for benefits

^{**} For informational purposes only. Significant changes in 2012-13 such as re-negotiated benefits, increased benefit costs, changes to best estimate assumptions, or significant demographic swings may require revised projections/a full actuarial review.

Welland Hydro-Electric System Corporation ESTIMATED BENEFIT EXPENSE (IAS 19)

	Projected**	Projected**
	CY 2012	CY 2013
Discount Rate at January 1	4.50%	4.50%
Discount Rate at December 31	4.50%	4.50%
Health Benefit Cost Trend Rate at December 31		
Initial Rate	7.63%	7.25%
Ultimate Rate	5.00%	5.00%
Year Ultimate Rate Reached	2020	2020
Dental Benefit Cost Trend Rate	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	expected*	expected*
D. Calculation of Component Items		
Service Cost		
- Current Service Cost	46,339	48,424
- Past Service Cost	7,4,25	
Interest Cost		
- Net Defined Benefit Liability/(Asset) as at January 1	1,702,589	1,699,730
- Benefits Paid	(61,523)	(67,921)
- Accrued Benefits	1,641,066	1,631,809
- Interest Cost	73,848	73,431
E		
Expected Present Value of Defined Benefit Obligation as at December 31	4 702 500	4 000 720
- Present Value of Defined Benefit Obligation as at January 1	1,702,589	1,699,730
- Current Service Cost	46,339 73,848	48,424 73,431
- Interest Cost	(123,045)	(135,842)
Benefits Paid Expected Present Value of Defined Benefit Obligation as at December 31	1,699,730	1,685,743
E. Net Actuarial Loss/(Gain)		
Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31		
Expected Present Value of Defined Benefit Obligation Past Service Cost	1,699,730	1,685,743
- Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	1,699,730	1,685,743
- Actual Present Value of Defined Benefit Obligation	1,699,730	1,685,743
- Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation		-

^{*} based on estimated employer Benefits Paid for those expected to be eligible for benefits.

^{**} For informational purposes only. Significant changes in 2012-13 such as re-negotiated benefits, increased benefit costs, changes to best estimate assumptions, or significant demographic swings may require revised projections/a full actuarial review.

Welland Hydro-Electric System Corporation

Transition to IFRS - adjustments required to employee benefits expense

Assumptions: The attached entries are based on the IAS 19 employee benefit calculations prepared by Dion Durrell on May 17, 2012

1 Adjustment to Accrued Benefit Obligation at December 31, 2012

Debit retained earnings

\$ 132,076

Credit Defined benefit liability

\$132,076

To adjust defined benefit liability as at December 31, 2012 to IAS 19 liability

2 Adjustment to Present value of defined benefit obligation for fiscal 2013 based on Dion Durrell Calculations

i) Dr Defined benefit expense (as benefit payments are made)

\$ 135,842

Cr cash

\$135,842

To record pension benefit payments during the year based on estimates provided by Dion Durrell

ii) Dr Defined benefit liability (balance sheet)

\$ 13,987

Cr Defined benefit expense

\$ 13,987

To adjust defined benefit liability as at December 31, 2013 (IAS 19 basis) and adjust defined benefit expense to expense estimated by Dion Durrell for fiscal 2013

Note: If the actuaries update their calculations of the present value of the defined benefit obligation, these entries will need to be revised.

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Appendix B Filed: August 31, 2012

Appendix B

Welland Hydro Purchasing Policy



WELLAND HYDRO-ELECTRIC SYSTEM CORP.

POLICIES & PROCEDURES

Date Issued:	Dec. 17, 2008
Date Revised:	
Approval:	2
POLICY#	
CORP200	8-12-01

PURCHASING POLICY

OBJECTIVES / INTRODUCTION

Welland Hydro's purchasing objectives are to provide in a reasonable and economic manner, all equipment, materials, supplies and services required to construct, improve and maintain the company's facilities and to maintain the reliability of the company's electric service to the consumer. Welland Hydro's supply chain service representatives have the responsibility to be informed of the actual or potential procurement requirements of the company, to control the financial commitments, to negotiate within the procurement policy.

Included in these responsibilities are:

- The assurance that sound judgment is exercised for the basic procurement variables such as quality, quantity, sources of supply, delivery and price.
- The continuing evaluation of new sources of supply and assisting user departments in finding new products, and new processes.
- The fostering and retention of good supplier relations through fair and ethical dealings.
- · The communication of market and business conditions to other personnel
- The development of an awareness that effective procurement contributes to the company success.

The Corporation has determined as a matter of policy that the lowest overall cost for the corporation is most often received when competitive acquisition processes are used. For that reason, competitive acquisitions will be the general rule and will be departed from only in accordance with specific exceptions set forth in this policy.

SUPPLIER SELECTION AND BIDDING

Welland Hydro-Electric System Corporation will only deal with dependable and responsible suppliers and contractors and pay a fair market price for the goods and services required.

The following factors are to be considered (whenever applicable):

✓ Financial responsibility	✓ Safety record and agreement to work to Welland Hydro safety policies
✓ Technical competence	 ✓ Ability to provide certified parts and service
✓ Production capacity	✓ Agreement to maintain inventory if requested
✓ Reasonable proximity	✓ Quality assurance
 Delivery and service performance – meet our project schedule 	✓ Minimize number of stock items
 Emergency requirements 	

COMPETITIVE BIDDING & PURCHASING METHODOLOGY

No person shall commit the company to agreements, licenses, contracts, and other legally enforceable obligations unless authorized to do so by the board as detailed in the SIGNING AUTHORITY POLICY.

The President and CEO and department heads are responsible for the implementation of this policy to the extent they have been delegated purchasing authority by the board. It is further the responsibility of the department head to share this document and all related procedures and forms with all unit personnel who are involved in the purchasing process. All goods and services must be purchased within approved department budgets and are subject to approval in accordance with the SIGNING AUTHORITY POLICY.

On purchases under \$2,500, an attempt will be made to get 2 prices.

On purchases >\$2,500 and <\$10,000, an attempt will be made to acquire 3 prices.

On purchases > \$10,000 and <\$100,000 wherever possible, at least 3 suppliers should be contacted to provide a quote to ensure the best value is obtained.

Purchases > \$100,000 must have 3 supplier quotations or an authorized exemption certificate must be submitted to finance. The exemption certificate must indicate why the exemption is based on sole/single source purchase. The certificate must be authorized by the President and CEO or alternate prior to purchase. Where the estimated value of goods or services required exceeds \$100,000 the purchase shall be made by a request for tenders, written quotes, or Request for Proposal.

Cost for goods and or services that require purchase orders > \$100,000 may not be artificially partitioned into components costing less than \$100,000 to circumvent the competitive requirement.

CONFLICT OF INTEREST & CONFIDENTIALITY

Prices obtained from suppliers are intended for Welland Hydro use only. Pricing information should not be divulged to Non Welland Hydro personnel or to competitive suppliers. Employee or Board members shall not accept either directly or indirectly from any potential or existing supplier of goods & services any gifts or favours unless they are of small intrinsic value. Please refer to the confidentiality policy for further details

PURCHASE ORDERS

Every purchase of goods or services shall be covered by a purchase order, except for authorized petty cash purchases or employee expense statements.

A printed copy of the purchase order in standard format shall by signed by the appropriate signing authority and given to the finance department. Any additional copies are the responsibility of issuing department and hard copies should not be held back from finance department once authorized. Upon receipt of goods, the manager or designate shall check shipment with purchase order and advise the finance department of any discrepancies.

Sole / Single Source Purchases

The purchases may, under one of the following conditions, be by sole source procurement.

- When goods and services can be obtained only from one (1) person or firm.
- The expertise of an individual organization or individual is deemed to be specifically required by the Corporation.
- When competition is precluded because of the existence of patent rights, copyrights, secret processes, control of raw material or other such conditions.
- When it is the only product or service that has been approved by the Corporation for use in the distribution system.
- When the procurement is for technical services in connection with the assembly installation or servicing of equipment of a highly technical or specialized nature.
- When the procurement is for parts or components to be used as replacement in support of equipment specifically designed by the manufacturer.
- The contractor is already at work on the site (based on an existing Purchase Order) and it would not be practical to engage another contractor.
- Specific Health and Safety items as approved by the Safety Supervisor.
- · Emergency or regulatory requirements require immediate attention.

Quotation purchases / Bid Solicitation

(A) Under one of the following conditions, purchase by negotiating with one or more sources or bidders may occur. Also, under the following conditions the requirements for inviting tenders and formal quotations may be waived;

- The goods or services are in short supply due to market conditions.
- Two or more identical bids have been received.
 All Bids received failed to meet the specifications and / or tender terms and conditions and it is impractical to recall tenders or formal quotations.
- Certain professional services which require specialized technical knowledge to ensure compliance with structural civil, environmental or other regulatory standards, or which are critical to the corporation's information technology support systems.
- (B) All Bids solicited for tender will follow a procedure for opening of sealed tenders.
 - · Tenders shall be opened in the presence of two witnesses.
 - Prior to the opening of tenders the applicable department representative shall advise the President & Director of Finance as to the description of the tenders and the time and place of the opening.
 - Request for tenders shall state that tenders will be received not later than time specified, local time on a specific day.

The Board of Directors will pre authorize major capital projects not included in the Capital Budget which is not considered part of the normal operations of the corporation. i.e. Office Building, etc.

The awarding of the tender will be in favour of a bidder meeting specifications, terms and conditions of the tender, meet safety requirements, and whose tender offers the lowest ultimate cost to the corporation for the goods, equipment or services with due consideration of the importance of delivery, quality, service and price.

Passed by the Board of Directors at its December 17, 2008 meeting.

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Appendix C Filed: August 31, 2012

Appendix C

2011 Federal & Ontario Tax Return

Deloitte

Welland Hydro Electric System Corp.

December 31, 2011

Welland Hydro Electric System Corp. December 31, 2011

Table of contents

Letter	
Federal return – T2 (NIL return)	
Ontario – T2 return (PIL return)	

Deloitte

Deloitte & Touche LLP 4210 King Street East Kitchener ON N2P 2G5 Canada

Tel: 519-650-7600 Fax: 519-650-7601 www.deloitte.ca

June 22, 2012

Private and confidential Via courier

Ross Peever Welland Hydro Electric System Corp. 950 E Main St PO Box 280 Welland ON L3B 5P6

Dear Mr. Peever:

We enclose the following corporate income and capital tax returns for Welland Hydro-Electric System Corp. in respect of its fiscal year ended December 31, 2011:

- Form T183 Information Return for Corporations Filing Electronically
- RC59 Business Consent (Federal Filing NIL Return)
- Ontario Corporations Tax Authorizing or Cancelling a Representative (Ontario Filing PIL Return)
- T2 Corporation Income Tax Return (Ontario Filing PIL Return)
- One bound copy of the above for your files including a copy of the Form T2 Corporate Income Tax Return (Federal Filing – NIL Return) to be submitted electronically

Filing instructions

The returns have been prepared based on information provided by management. Please review them to ensure they are accurate and complete to the best of your knowledge. Once you are comfortable with the contents of the returns, certain pages need to be signed prior to the returns being filed. In each case, the page that requires signing has been flagged. Please sign the page, remove the flag and forward the returns and forms as indicated on the enclosed filing instructions.

Schedule 546 contains the Corporations Information Act Annual Return for Ontario Corporations, which is required to be updated annually. Please ensure you review the Schedule 546 and accompanying schedules 547 and 548 as applicable, which are used to update the public data base of corporate information. It is important that these schedules be accurate and filed on a timely basis, as failure to file may result in an involuntary dissolution of the corporation. No changes to your corporate information have been reported. Please review the Schedules carefully for completeness and accuracy before filing and contact us if any information is incomplete.

We have indicated the expected refund in respect of each corporate tax return in the enclosed filing instructions. We have requested a refund of the balance to the corporation.

Welland Hydro Electric System Corp. June 22, 2012 Page 2

Authorization letters

In respect of the corporate tax returns listed above there is a business consent form to be signed. Your corporation's tax records cannot be discussed without your written permission. Your signature now will allow us to provide you with efficient service in the event your return is reassessed.

We have also provided a copy of the business consent forms to be retained at our office. Please sign these forms and return them to this office in the enclosed stamped self-addressed envelope.

Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim Form T661, as well as summary cost information and detailed project descriptions are included with the Ontario PIL filing. Though administered by the Ontario Ministry of Finance, we have placed Form T661 and attachments on top of the T2 return In accordance with Canada Revenue Agency requirements.

Federal SR&ED Investment Tax Credits (ITC's) are anticipated as follows:

ITC at beginning of year	\$	- 4
Add: Total current year ITC		28,430
Less: ITC deducted from tax payable		(28,430)
Less: ITC carried back to preceding year(s)		-
Less: Refund of ITC	-	-
ITC closing balance	\$	

In completing the corporate tax return, we have entered your claim for SR&ED activities and expenditures based on the information provided by your service provider. Our review of the information was limited to reviewing the input for completeness of the information entered. No attempt was made to verify reasonableness or accuracy of the claim amounts or technical representations.

Instalments

The attached schedule shows the recommended minimum payments necessary to avoid interest charges for deficient instalments, assuming:

- 1. that the 2012 taxable income and capital will not be less than that of the preceding year;
- 2. that the taxable income and capital of the preceding year, 2011, is not later determined to be different from that declared on the accompanying tax returns; and
- that the dividend declared and dividend refund received will not be less than that of the preceding year.

If you anticipate a lesser amount of taxable income and capital or dividend refund for the current year, 2012, you should contact us to consider amending your instalment payments.

To the extent the instalments paid to date are less than the instalments required to date you should remit an instalment to correct the deficiency. Non-deductible interest is charged for late or deficient tax instalments. In addition to the non-deductible interest, substantial penalties may be levied for failure to pay adequate instalments on a timely basis. To avoid non-deductible interest and penalty charges, we recommend that the required instalment payments be made on a timely basis.

Welland Hydro Electric System Corp. June 22, 2012 Page 3

Assessments

Please forward to us copies of all assessment and reassessment notices you receive in respect of the above company. This will enable us to advise you promptly if any action is required.

If you have any questions in regards to the above, please do not hesitate to contact us.

Yours very truly,

Daryl W. Hanstke Partner, Tax

Danl 2

Deloitte & Touche LLP

Enclosures

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Canada Revenue Agency

EXEMPT FROM TAX

Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

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

All legislative references on this return are to the federal Income Tax Act. This return may contain changes that had not yet secome law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your 'ax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see www.cra.gc.ca or Guide T4012, T2 Corporation - Income Tax Guide.

055	Do not use this area

Business Number (BN)	001 86375 9692 RC0001		
Corporation's name WELLAND HYDRO ELECTRIC SY Address of head office Has this address changed since the last time we were notified? (If yes, complete lines 011 to 018.) 950 EAST MAIN STREET P.O. BOX 280		To which tax year does this return apply? Tax year start 060 2011-01-01 YYYY MM DD Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? If yes, provide the date	Tax year-end 2011-12-31
City	Province, territory, or state	control was acquired, 065	YYYY MM DD
Country (other than Canada) 017 Mailing address (if different from head of	016 ON Postal code/Zip code 018 L3B 5P6 office address)	subsection 249(3.1)? 066	1 Yes 2 No X 1 Yes 2 No X
Has this address changed since the last time we were notified? (If yes, complete lines 021 to 028.)	020 1 Yes 2 No X	Is the corporation a professional corporation that is a member of a partnership?	1 Yes 2 No X
021 c/o 022 023 City	Province, territory, or state	mediporalians system in the second	1 Yes 2 No X 1 Yes 2 No X
Country (other than Canada) 027 Location of books and records	Postal code/Zip code	Has there been a wind-up of a subsidiary under section 88 during the current tax year?	1 Yes 2 No X
Has the location of books and records changed since the last time we were notified?	. 030 1 Yes 2 No X	Is this the final tax year before amalgamation?	1 Yes 2 No X
(If yes, complete lines 031 to 038.) 031 950 EAST MAIN STREET		Is this the final return up to dissolution?	1 Yes 2 No X
082 P.O. BOX 280 City	Province,territory, or state	If an election was made under section 261, state the functional currency used	
Country (other than Canada)	036 ON Postal code/Zip code 038 L38 5P6	Is the corporation a resident of Canada? 080 1 Yes X 2 No If no, give the country 081 and complete and	
1 X Canadian-controlled private corporation (CCPC) Other private corporation	4 Corporation controlled by a public corporation 5 Other corporation (specify, below)	Is the non-resident corporation claiming an exemption under an income tax treaty?	
3 Public corporation If the type of corporation changed during the tax year, provide the effective date of the change.	043YYYY MM DD	tick one of the following boxes: 1	or (1)
	Do not use	e this area	
095		096	



- Attachments		
Financial statement information: Use GIFI schedules 100, 125, and 141.		
Schedules - Answer the following questions. For each yes response, attach the schedule to the T2 return, unless otherwise instructed.	V-	s Schedule
		4
to the desperation to any other desperations.	50 X	
	60 X	23
	61	49
	51	19
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	62] 11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	63	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	64	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	65 X	15
The daily of districting a look of account them a text offerior and affect a figure affect and a fine a second them a text of the second them are a second to the second them are a second to the seco	66	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	67	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	68	22
Did the corporation have any foreign affiliates during the year? Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1)	69	25
of the federal Income Tex Regulations?	70	29
	71	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's	73 X	50
	72	50
the the supported that be polytopic to, or topological transfer to the support of	01 X	
	^	1 1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	02 X	2
	03 X	3
the tile corporation resource on paid any tensors arriadines to perpension the arriadines.	04	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment		
n more than one jurisdiction?	05	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	06	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or i) does the corporation have aggregate investment income at line 440?	17	7
Does the corporation have any property that is eligible for capital cost allowance?	100	8
Does the corporation have any property that is eligible capital property?	200	10
Land of the state	12	12
		13
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	5	16
	DOMESTIC:	122
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in the early and July at a contract to a state of the contract to the contract	199	20
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	38	37
	1000	38
	1	42
le the sailer end, and an artist the sail and artist the sail and artist artist and artist artist and artist artist and artist a		43
is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	1000	45
s the corporation subject to Part II - Tobacco Manufacturers' surtax?	8	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or	50	39
modernosis california grada y art max.	100	T1131
	100	10000000
- 100 - 110	THE RESERVE TO THE RE	T1177
, s the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	54	92

Attachments – continued from page 2	e el vile
	34-A
	34-B
	135
	141
	142
202	145
	146
	174
acc -	002
	002
Has the corporation revoked any previous election made under subsection 89(11)? Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its	502
	3
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	4
- Additional information —	
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	-
Is the corporation inactive? 280 1 Yes 2 No	X
What is the corporation's main	
revenue-generating business activity?	_
Specify the principal product(s) mined, manufactured, 284 POWER DISTRIBUTION 285 100,000	%
sold constructed or services provided giving the	%
product or service represents.	%
	Y
	mining.
Did the corporation emigrate from Canada during the tax year? Do you want to be considered as a quarterly instalment remitter if you are eligible? 293 1 Yes 2 No 2 No	^
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide	
the date the corporation ceased to be eligible	_
YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 1 Yes 2 No	
-Taxable income	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFJ.	3 A
Deduct: Charitable donations from Schedule 2	
Gifts to Canada, a province, or a territory from Schedule 2	
Cultural gifts from Schedule 2	
Ecological gifts from Schedule 2	
Gifts of medicine from Schedule 2, 315	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	
Part VI.1 tax deduction*	
Non-capital losses of previous tax years from Schedule 4	
Net capital losses of previous tax years from Schedule 4 Net capital losses of previous tax years from Schedule 4 332	
Restricted farm losses of previous tax years from Schedule 4	
Farm losses of previous tax years from Schedule 4	
Limited partnership losses of previous tax years from Schedule 4	
Taxable capital gains or taxable dividends allocated from	
Prospector's and grubstaker's shares Subtotal 35,944 Subtotal 35,944	В
Subtotal (amount A minus amount B) (if negative, enter "0") 747,059	-
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	0
Taxable income (amount C plus amount D) 747,059	
And the state of t	D
Income eyempt under paragraph 149(1)(t)	D
Income exempt under paragraph 149(1)(t)	D

						34412 4342 114
Small business deduction						
Canadian-controlled private corporations (CCPCs) to	hroughout the tax	year				
Income from active business carried on in Canada from S	chedule 7	*****			400	783,003
Taxable income from line 360 on page 3, minus 100/28*	3.37312 of	the amount on	line 632** on page 7	minus		
1/(0.38 - X***) 3.77358 times the amount on line 6				of	- series	
federal law, is exempt from Part I tax	ORD CARAGAINS	EXPLERE	ra causa katan a sa	Charles and the	405	
Business limit (see notes 1 and 2 below)				E	410	500,000
					0.888	
Notes:						
1. For CCPCs that are not associated, enter \$ prorate this amount by the number of days in the tax ye				tax year is less than	51 weeks,	
2. For associated CCPCs, use Schedule 23 to calculate	the amount to be ent	tered on line 41	0.			
Business limit reduction:						
Amount C 500,000 × 415 *****	52,371	D =	1.0000000		4.	2,327,600
¥.	11,250					
Reduced business limit (amount C minus amount E) (if no	egative, enter "0")	College College	variant mexica		125	
Small business deduction						
Amount A, B, C, or F, whichever is the least	x	17 % =			430	
Amount A, B, C, of F, Whichever is the least		17 70				
Enter amount G on line 1 on page 7.						
* 10/3 for tax years ending before November 1, 2011.	. The result of the m	ultiplication by	line 632 has to be pro	rated based on the	number of da	s in the
tax year that are in each period: before November 1				0.0000000000000000000000000000000000000		,- ,,,,,,,
** Calculate the amount of foreign non-business incom				the refundable tax on	the CCPC's	
investment income (line 604) and without reference				tauring that are to a		
*** General rate reduction percentage for the tax year. I See page 5.	t has to be pro-rated	based on the	number of days in the	e tax year that are in e	ach calendar	year,
**** Calculate the amount of foreign business income ta	x credit deductible o	n line 636 with	out reference to the c	orporation tax reducti	ons under se	ction 123.4.
***** Large corporations		y				2000
 If the corporation is not associated with any corp 	orations in both the	current and pre	evious tax years, the	amount to be entered	on line 415 is	1

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (Total taxable capital employed in Canada for the prior year minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be
 entered on line 415 is: (Total taxable capital employed in Canada for the current year minus \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

Canadian-controlled p	AT THE STORY OF THE PARTY.	modghodt the tax year					
Taxable income from line							
Lesser of amounts V and		9 of Schedule 27				В	
Amount QQ from Part 13						C	
Personal service busines						D	
Amount used to calculate	the credit union dedu	ction from Schedule 17				E	
Amount from line 400, 40	05, 410, or 425 on pag	e 4, whichever is the least	12			F	
Aggregate investment inc						G	
Total of amounts B to G	*******		60-			D)
Amount A minus amoun	t H (if negative, enter '	0")	9-1-1-10-K		0.00		
Amount I	×	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9%		
		Number of days in the tax year	365				
		Number of days in the tax year after					
Amount I	×	December 31, 2009, and before January 1, 2011		×	10 %	=	P
		Number of days in the tax year	365				
America I	v	Number of days in the tax year after	365	~	11.5 %	4	
Amount I	^_	December 31, 2010, and before January 1, 2012 Number of days in the tax year	365	^	11.5 %	_	
			303				
Amount 1	×	Number of days in the tax year after December 31, 2011		×	13 %	2	Λ.
13.55.61		Number of days in the tax year	365			_	
** For tax years beginn *** Except for a corpora	after October 31, 201 ing after October 31, 2 tion that is, throughout	1, line 360 or amount Z, whichever applies. 2011. the year, a cooperative corporation (within the meaning as	ssigned by s	ubse	ection 136(2)) or a credit	union.
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* For tax years ending ** For tax years beginn *** Except for a corpora General tax reduce Do not complete this are a mutual fund corporati Taxable income from page Lesser of amounts V and Amount QQ from Part 13 Personal service business Amount used to calculate Total of amounts P to S Amount O minus amount Amount U	after October 31, 201 ing after October 31, 2 tion that is, throughout ction ea if you are a Canadion, or any corporati e 3 (line 360 or amoun Y (line Z1) from Part 9 of Schedule 27 s income* the credit union deduce T (if negative, enter "	the year, a cooperative corporation (within the meaning at dian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with its with tax year after December 31, 2008, and before January 1, 2010 (with its with taxable income that is not subject to the corporation (within the meaning at the corporation (within the meaning at the corporation (within t	365 365	a mo	ortgage inve	stment cor	
* For tax years ending ** For tax years beginn *** Except for a corpora **General tax reduce Do not complete this are a mutual fund corporati Taxable income from pag Lesser of amounts V and Amount QQ from Part 13 Personal service business Amount used to calculate Total of amounts P to S Amount O minus amount Amount U Amount U	after October 31, 201 ing after October 31, 2 tion that is, throughout ction ea if you are a Canadion, or any corporati e 3 (line 360 or amoun Y (line Z1) from Part S of Schedule 27 s income* the credit union deduce T (if negative, enter " X	the year, a cooperative corporation (within the meaning and dian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with its above to the corporation (within the corporation (orporation, poration tax	a mo	ortgage inverse of 38%. 9 % 10 %	stment cor	
* For tax years ending ** For tax years beginn *** Except for a corpora General tax reduce Do not complete this are a mutual fund corporati Taxable income from page Lesser of amounts V and Amount QQ from Part 13 Personal service business Amount used to calculate Total of amounts P to S Amount O minus amount Amount U Amount U	after October 31, 201 ing after October 31, 2 tion that is, throughout ction ea if you are a Canadion, or any corporati e 3 (line 360 or amoun Y (line Z1) from Part S of Schedule 27 s income* the credit union deduce T (if negative, enter " X	the year, a cooperative corporation (within the meaning and dian-controlled private corporation, an investment con with taxable income that is not subject to the corporation, which were applies) of Schedule 27 tion from Schedule 17 Number of days in the tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after December 31, 2009, and before January 1, 2011 Number of days in the tax year after December 31, 2010, and before January 1, 2012 Number of days in the tax year after December 31, 2010, and before January 1, 2012 Number of days in the tax year after December 31, 2010, and before January 1, 2012 Number of days in the tax year after	365 365	a mo	9 % 10 %	stment cor	
* For tax years ending ** For tax years beginn *** Except for a corpora General tax reduce Do not complete this are a mutual fund corporati Taxable income from page Lesser of amounts V and Amount QQ from Part 13 Personal service business Amount used to calculate Total of amounts P to S Amount O minus amount Amount U	after October 31, 201 ing after October 31, 2 tion that is, throughout ction ea if you are a Canadion, or any corporati e 3 (line 360 or amoun Y (line Z1) from Part S of Schedule 27 s income* the credit union deduce T (if negative, enter " X	the year, a cooperative corporation (within the meaning and dian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (within the corporation	365 365 365 365	a mo	ortgage inverse of 38%. 9 % 10 %	stment cor	
* For tax years ending ** For tax years beginn *** Except for a corpora General tax reduce Do not complete this are a mutual fund corporati Taxable income from page Lesser of amounts V and Amount QQ from Part 13 Personal service business Amount used to calculate Total of amounts P to S Amount O minus amount Amount U Amount U	after October 31, 201 ing after October 31, 2 tion that is, throughout ction ea if you are a Canadion, or any corporati e 3 (line 360 or amoun Y (line Z1) from Part S of Schedule 27 s income* the credit union deduce T (if negative, enter " X X	the year, a cooperative corporation (within the meaning and dian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (within the tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after December 31, 2010, and before January 1, 2012 Number of days in the tax year after December 31, 2011 Number of days in the tax year	365 365	a mo	9 % 10 %	stment cor	

Refundable portion of Part I tax -				
Canadian-controlled private corporations the	oughout the tax year			
Aggregate investment income	40	_ x 26 2 / 3 % =	*****	A
Foreign non-business income tax credit from line	632 on page 7	(1 K+ S + Y + X X 3 (1) (1) SX F		
Deduct:				
	45	x 9 1 / 3 % =		
from Schedule 7		(if negative, enter "0")		В
Amount A minus amount B (if negative, enter "0"	14.00			c
Taxable income from line 360 on page 3			747,059	
Deduct:	i.			
Amount from line 400, 405, 410, or 425 on page whichever is the least				
Foreign non-business	25/9*			
income tax credit from line 632 on page 7	x 25 / 9 =			
Foreign business income				
tax credit from line 636 on	1(0.38 - X**) x 3.77358 =			
page 7	^ 3.77330	▶		
			747,059	
			× 26 2 / 3 % =	199,216 D
Part I tax payable minus investment tax credit refu	nd (line 700 minus line 780) from page 8)		F
	The Atlanta of the State of the		450	
Refundable portion of Part I tax – Amount C, E * 100/35 for tax years beginning after October 3				
** General rate reduction percentage for the lax				
	SS () () () () () () () () () (
Refundable dividend tax on hand	- T. Marchander	400		
Refundable dividend tax on hand at the end of the Deduct: Dividend refund for the previous tax year		460 465		
Seduct: Dividend ferting for the previous tax year			- ·	G
Add the total of:				
Refundable portion of Part I tax from line 450 ab				
Total Part IV tax payable from Schedule 3 Net refundable dividend tax on hand transferred	rom a predecessor corporal	tion on		
amalgamation, or from a wound-up subsidiary or	CARLO COLO COLO COLO COLO COLO COLO COLO C			
				н
Refundable dividend tax on hand at the end of	the tax year - Amount G	plus amount H	485	
- Dividend refund				
Private and subject corporations at the time t	xable dividends were pai	d in the tax year		
Taxable dividends paid in the tax year from line	30 on page 2 of Schedule 3		650,000 × 1 / 3	216,667
Refundable dividend tax on hand at the end of the	tax year from line 485 above	ve		J
Dividend refund - Amount I or J, whichever is le	s (enter this amount on line	784 on page 8)		

Part I tax		_
Base amount of Part I tax - Taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by	550	_ A
Recapture of investment tax credit from Schedule 31	602	В
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year)		
Aggregate investment income from line 440 on page 6	I	
Taxable income from line 360 on page 3 747,059	-	
Deduct:		
Amount from line 400, 405, 410, or 425 on page 4, whichever		
is the least		
Net amount	_ 11	
Refundable tax on CCPC's investment income - 6 2 / 3 % of whichever is less: amount i or ii	604	c
Subtotal (add lines A	A to C)	D
Deduct:		
Small business deduction from line 430 on page 4	_ 1	
Federal tax abatement		
Manufacturing and processing profits deduction from Schedule 27		
Investment corporation deduction 620 Taxed capital gains 624	-	
Additional deduction – credit unions from Schedule 17		
Federal foreign non-business income tax credit from Schedule 21		
The state of the s	5	
	f .	
	-	
Federal logging tax credit from Schedule 21	A.	
Federal qualifying environmental trust tax credit, 648	-	
Investment tax credit from Schedule 31		
Subtotal		E
Part I tax pavable – Line D minus line E		F

Enter amount F on line 700 on page 8.

Summary of tax and credits	
	700
Part I tax payable from page 7	708
Part II surtax payable from Schedule 46 Part III.1 tax payable from Schedule 55	710
Part IV tax payable from Schedule 3	712
Part IV.1 tax payable from Schedule 43	716
Part VI tax payable from Schedule 38	720
Part VI.1 tax payable from Schedule 43	724
Part XIII.1 tax payable from Schedule 92	727
Part XIV tax payable from Schedule 20	728
	Total federal tax
Add provincial or territorial tax:	(210) (334) (31)
Provincial or territorial jurisdiction , ,	
Net provincial or territorial tax payable (except Quebec and Alberta)	760
Provincial tax on large corporations (Nova Scotia Schedule 342)	765
Deduct other credits:	Total tax payable 770.
Investment tax credit refund from Schedule 31	780
Dividend refund from page 6	784
Federal capital gains refund from Schedule 18	788
Federal qualifying environmental trust tax credit refund	
Canadian film or video production tax credit refund (Form T1131)	796
Film or video production services tax credit refund (Form T1177)	797
Tax withheld at source	,
Total payments on which tax has been withheld	
Provincial and territorial capital gains refund from Schedule 18	808
Provincial and territorial refundable tax credits from Schedule 5	812
Tax instalments paid	
	Total credits 890 > B
Refund code 894 1 Overpayment	Balance (line A minus line B)
Nertand code Overpayment	
Direct deposit request	If the result is negative, you have an overpayment. If the result is positive, you have a balance unpaid.
To have the corporation's refund deposited directly into the corporation's bank	Enter the amount on whichever line applies.
account at a financial institution in Canada, or to change banking information you	
already gave us, complete the information below:	Generally, we do not charge or refund a difference of \$2 or less.
Start Change information 910	
Branch num	ber Balance unpaid , , , , , , ,
914 918 Account number Account number	Enclosed payment 898
If the corporation is a Canadian-controlled private corporation throughout the tax	
does it qualify for the one-month extension of the date the balance of tax is due?	
	A STORY OF STANDING POSSESS OF THE STANDING OF
Certification	
950 PEEVER 951 ROSS	954 PRESIDENT
A Lindson	ame 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 c year is consistent with that of the previous tax year except as specifically disclose	
955 2012-06-25	956 (905) 732-1381
Date (yyyy/mm/dd) Signature of the authorized signing	
Is the contact person the same as the authorized signing officer? If no, complete	
958 Wayne Armstrong	959 (905) 732-1381
Name in block letters	Telephone number
Language of correspondence - Langue de correspondan	ce
Indicate your language of correspondence by entering 1 for English or 2 for Fren	ab and a second
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour	

Canada Revenue Agency

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SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Form identifier 100 Name of corporation Business Number Tax year end Year Month Day WELLAND HYDRO ELECTRIC SYSTEM CORP. 2011-12-31 86375 9692 RC0001

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets -				
	Total current assets	1599 +	13,306,901	16,066,586
	Total tangible capital assets	2008 +	25,361,408	24,292,609
	Total accumulated amortization of tangible capital assets	2009 -		
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 -		
	Total long-term assets	2589 +	3,019,854	3,137,848
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 = _	41,688,163	43,497,043
iabilities				
	Total current liabilities	3139 +	4,776,607	6,236,345
	Total long-term liabilities	3450 +	22,886,640	23,492,099
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 = _	27,663,247	29,728,444
Sharehold	der equity-			
	Total shareholder equity (mandatory field)	3620 + _	14,024,916	13,768,599
	Total liabilities and shareholder equity	3640 = _	41,688,163	43,497,043
Retained	earnings —			
	Retained earnings/deficit – end (mandatory field)	3849 =	441,578	185,261

Current Assets

orm identifier 1599			
Account Description	GIFI	Current year	Prior year
Cash and deposits			
*Cash and deposits	1000	5,682,567	7,331,442
Cash and deposits	***	5,682,567	7,331,442
Accounts receivable			
*Accounts receivable	1060	7,156,262	8,321,610
Accounts receivable	+	7,156,262	8,321,610
nventories			
* Inventories	1120	396,754	321,394
Inventories		396,754	321,394
Other current assets			
Prepaid expenses	1484	71,318	92,140
Other current assets	+ =	71,318	92,140
Total current assets	1599 =	13,306,901	16,066,586

^{*} Generic item

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Tangible Capital Assets and Accumulated Amortization

Account	Description		GIFI	Tangible capital assets	Accumulated amortization	Prior year
Other tang	gible capital assets					
	* Other tangible capital assets	Total	1900 +	25,361,408 25,361,408		24,292,609
		/ Otal	=	20,002,100		
	Total tangible capital assets	******	2008 =	25,361,408		24,292,609
	Total accumulated amortization capital assets	on of tangible	2009	-		
Generic item						

Long-term Assets

orm identifier 2589			
Account Description	GIFI	Current year	Prior year
Due from/investment in related parties			
* Due from/investment in related parties	2240	130,649	125,829
Due from/investment in related parties	*************	130,649	125,829
.ong-term investments			
* Long-term investments		19,684	19,684
Long-term investments		19,684	19,684
)ther long-term assets			
* Other long-term assets	2420	2,869,521	2,992,335
Other long-term assets	*=	2,869,521	2,992,335
Total long-term assets	2589 =	3,019,854	3,137,848

^{*} Generic item

SCHEDULE 100

Current Liabilities

Account Description	GIF	Current year	Prior year
Amounts payable and accrued liabilities	122		
*Amounts payable and accrued liabilities	2620	3,444,928	5,126,477
Amounts payable and accrued liabilities	+	3,444,928	5,126,477
* Current portion of long-term liability	2920 +	915,340	1,070,260
Other current liabilities			
* Other current liabilities	2960	416,339	39,608
Other current liabilities	. + _	416,339	39,608
Total current liabilities	3139 =	4,776,607	6,236,345

Long-term Liabilities

orm identifier 3450				
Account Description		GIFI	Current year	Prior year
Long-term debt				
* Long-term d	ebt	3140	17,349,953	17,199,953
Long-term	febt +++	+	17,349,953	17,199,953
Other long-term liabi	ities			
* Other long-to	erm liabilities		4,108,749	4,812,782
Long-term o	oligations/commitments/capital leases	3321	1,427,938	1,479,364
Other long-	erm liabilities	· · · · · · · · · · · · · · · · · · ·	5,536,687	6,292,146
Total long-	erm liabilities		22,886,640	23,492,099

^{*} Generic item

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Shareholder Equity

Account Description	GIFI	Current year	Prior year
*Common shares	3500 +	12,953,180	12,953,180
Contributed and other surplus	2.2		
* Contributed and other surplus	3540	630,158	630,158
Contributed and other surplus	********	630,158	630,158
* Retained earnings/deficit	3600 +	441,578	185,261
Total shareholder equity	3620 =	14,024,916	13,768,599
Generic item			

Generic item

SCHEDULE 100

Retained Earnings/Deficit

Account	Description	GIFI	Current year	Prior year
	* Retained earnings/deficit – start	3660 +	185,261	-352,696
	* Net income/loss	3680 +	906,317	1,037,957
Dividends	declared			
	* Dividends declared	3700	650,000	500,000
	Dividends declared		650,000	500,000
	Retained earnings/deficit - end	3849 =	441,578	185,261

Canada Revenue Agency

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SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION - GIFT Form identifier 125

Name of corporation Business Number Tax year end Year Month Day WELLAND HYDRO ELECTRIC SYSTEM CORP. 86375 9692 RC0001 2011-12-31 Income statement information

Description GIFI 0001 Operating name 0002 Description of the operation 0003 01 Account Description GIFI Current year Prior year Income statement information 8089 Total sales of goods and services 47,546,635 44,870,936 38,654,200 8518 35,898,028 8519 8,892,435 8,972,908 Gross profit/loss 8518 38,654,200 35,898,028 Cost of sales

9367 8,466,549 7,924,027 Total operating expenses 47,120,749 43,822,055 9368 Total expenses (mandatory field) 8299 48,215,503 45,363,434 Total revenue (mandatory field) 9368 47,120,749 43,822,055 Total expenses (mandatory field) 9369 1,094,754 1,541,379 Net non-farming income Farming income statement information 9659 Total farm revenue (mandatory field) 9898 Total farm expenses (mandatory field) 9899 Net farm income

1,094,754 1,541,379 9970 = Net income/loss before taxes and extraordinary items

9998 = Total other comprehensive income

Extraordinary items and income (linked to Schedule 140)

9975 Extraordinary item(s) 9976 Legal settlements 9980 Unrealized gains/losses 9985 Unusual items 9990 Current income taxes 188,437 503,422 9995 Future (deferred) income tax provision 9998 Total - Other comprehensive income 906,317 9999 1,037,957 Net income/loss after taxes and extraordinary items (mandatory field)

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Revenue

Account Description	GIFI	Current year	Prior year
* Trade sales of goods and services		47,546,635	44,870,936
Total sales of goods and services		47,546,635	44,870,936
Other revenue			
* Other revenue	8230	668,868	492,498
Other revenue		668,868	492,498
Total revenue		48,215,503	45,363,434
Generic item			

Cost of Sales

Account	Description	GIFI	Current year	Prior year
	* Purchases/cost of materials	8320 +	38,654,200	35,898,028
	Cost of sales	8518 =	38,654,200	35,898,028

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NOTES CHECKLIST

SCHEDULE 141

Name of corporation		Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.		86375 9692 RC0001	2011-12-31
 Parts 1, 2, and 3 of this schedule must be completed from the who prepared or reported on the financial statements. 	he perspective of the person (referred	d to in these parts as the "accountant")	
• For more information, see Guide RC4088, General Index of	Financial Information (GIFI) and Gui	ide T4012, T2 Corporation - Income Tax	Guide.
 Complete this schedule and include it with your T2 return alc 	ong with the other GIFI schedules.		
If the person preparing the tax return is not the accountant re	eferred to above, they must still comp	plete Parts 1, 2, 3, and 4, as applicable.	
Part 1 – Information on the accountant who	prepared or reported on t	he financial statements ——	
Does the accountant have a professional designation?			1 Yes X 2 No
s the accountant connected* with the corporation?		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1 Yes 2 No X
* A person connected with a corporation can be: (i) a shareho officer, or an employee of the corporation; or (iii) a person no			director, an
Note: If the accountant does not have a professional designation schedule. However, you do have to complete Part 4, as		n, you do not have to complete Parts 2 an	d 3 of this
Part 2 - Type of involvement with the finance	ial statements		
Choose the option that represents the highest level of involvement	ent of the accountant:	198	
Completed an auditor's report		and the same of th	X
			Ä
			Ħ
Part 3 – Reservations		011111111111111111111111111111111111111	
	and the second second	50 CONTRACTOR (1975)	
f you selected option "1" or "2" under Type of involvement wi	ith the financial statements above,	STREET, STREET	
Has the accountant expressed a reservation?		.,	1 Yes 2 No X
Part 4 – Other information —			
f you have a professional designation and are not the accountar	nt associated with the financial stater	ments in Part 1 above, choose one of the	
Prepared the tax return (financial statements prepared by client)) ,	1	X
Prepared the tax return and the financial information contained to	therein (financial statements have no	t been prepared) 2	
Were notes to the financial statements prepared?	************		1 Yes X 2 No
If yes, complete lines 104 to 107 below:			
Are subsequent events mentioned in the notes?	econolis necima	104	1 Yes 2 No X
Is re-evaluation of asset information mentioned in the notes	2	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1 Yes 2 No X
Is contingent liability information mentioned in the notes?	A. (1 Yes X 2 No

2 No

107 1 Yes X

Is information regarding commitments mentioned in the notes?

Does the corporation have investments in joint venture(s) or partnership(s)?

Part 4 - Other information (continued) -					
Impairment and fair value changes					
In any of the following assets, was an amount recognized in net result of an impairment loss in the tax year, a reversal of an impairment change in fair value during the tax year?		tax year, or a	200	1 Yes	2 No X
If yes, enter the amount recognized:	In net income Increase (decrease)	In OCI Increase (decrease)			
Property, plant, and equipment	210	211			
Intangible assets	215	216			
Investment property	220				
Biological assets	225	5.3			
Financial instruments	230	231			
Other	235	236			
Financial Instruments					
Did the corporation derecognize any financial instrument(s) during	ng the tax year?	*********	250	1 Yes	2 No X
Did the corporation apply hedge accounting during the tax year?	(4.11.20.00.00.00.00.00.00.00.00.00.00.00.00.	CLEARNIN DED ARRIVA	255	1 Yes	2 No X
Did the corporation discontinue hedge accounting during the tax	year?		260	1 Yes	2 No X
Adjustments to opening equity					
Was an amount included in the opening balance of retained earecognize a change in accounting policy, or to adopt a new accounting policy.		n error, to ear?	265	1 Yes	2 No X
fives you have to maintain a separate reconciliation					

2011-12-31

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Name of corpora	ation			Business Number	Tax year-end Year Month Day
WELLAND H	YDRO ELECTRIC SYSTEM COR	RP.		86375 9692 RC0001	2011-12-31
Assets - line	es 1000 to 2599				
1000	5,682,567	1060	7,156,262	1120	396,75
1484	71,318	1599	13,306,901	1900	25,361,40
2008	25,361,408	2240	130,649	2300	19,68
2420	2,869,521	2589	3,019,854	2599	41,688,16
2620	3,444,928	2920	915,340	2960	416,33
3139	4,776,607	3140	17,349,953	3320	4,108,749
3321	1,427,938	3450	22,886,640	3499	27,663,24
Shareholder	equity – lines 3500 to 36	40			
3500	12,953,180	3540	630,158	3600	441,57
3620	14,024,916	3640	41,688,163		
Retained ear	rnings – lines 3660 to 384	.9			
3660	185,261	3680	906,317	3700	-650,00
3849	441,578				

form identifier 125

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Name of corpor	ation			Business Number	Tax year-end Year Month Day
WELLAND H	YDRO ELECTRIC SYSTEM CORP.			86375 9692 RC0001	2011-12-31
Descriptio					
Sequence numb	per 0003 01				
Revenue – I	ines 8000 to 8299				
8000	47,546,635	8089	47,546,635	8230	668,86
8299	48,215,503				
Cost of sale	s - lines 8300 to 8519				
8320	38,654,200	8518	38,654,200	8519	8,892,43
8670 9270	xpenses – lines 8520 to 9369 1,960,187 1,265,929	9284	988,060 1,711,671	9010	2,540,70 8,466,50
9368	1,265,929 47,120,749	9369	1,711,671	9367	8,466,54
arming rev	enue – lines 9370 to 9659 0				
arming exp	penses – lines 9660 to 9899		Ь		
9898	0				
xtraordinar	ry items and taxes – lines 997	'0 to 9999			
9970	1,094,754	9990	188,437	9999	906,31

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Compration's name Business Number Tax year end Year Month Day WELLAND HYDRO ELECTRIC SYSTEM CORP. 86375 9692 RC0001 2011-12-31 . The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation Income Tax Guide, . Sections, subsections, and paragraphs referred to on this schedule are from the Income Tax Act. 906,317 A Amount calculated on line 9999 from Schedule 125 Add: 188,437 Provision for income taxes - current 104 1,960,187 Amortization of tangible assets Charitable donations and gifts from Schedule 2 112 35,944 118 90,406 Scientific research expenditures deducted per financial statements 121 5,602 Non-deductible meals and entertainment expenses 125 113,524 Other reserves on lines 270 and 275 from Schedule 13 Reserves from financial statements - balance at the end of the year 1,662,611 4,056,711 4,056,711 Subtotal of additions Other additions: **Miscellaneous other additions:** 603 Closing Adj for Expenditures Included in Regulatory Asset 1,339,742 Inducement - ITA 12(1)x) 926 Total 1,340,668 293 1,340,668 604 12,665 CY Ontario Apprenticeship Tax Credits

 Total
 13,623
 294
 13,623

 Subtotal of other additions
 199
 1,354,291
 ▶
 1,354,291

 Total additions
 500
 5,411,002
 ▶
 5,411,002

958

Deduct: Gain on disposal of assets per financial statements 401 14,409 Capital cost allowance from Schedule 8 403 2,146,487 405 98,874 Cumulative eligible capital deduction from Schedule 10 411 78,281 SR&ED expenditures claimed in the year from Form T661 (line 460) 413 107,764 Other reserves on line 280 from Schedule 13 Reserves from financial statements - balance at the beginning of the year

Other deductions:

CY Federal Credit

Miscellaneous other deductions: Opening Adj for Expenditures Include

Opening Adj for Expenditures Included In Regulatory Asset 390 1,432,819

 Total
 394

 Subtotal of other deductions
 499
 1,432,819
 1,432,819

 Total deductions
 510
 5,534,316
 5,534,316

 The T2 return
 783,003

Vet Income (loss) for income tax purposes - enter on line 300 of the T2 return

Canada

T2 SCH 1 E (10)

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Canada Revenue Agency Agence du revenu du Canada SCHEDULE 2

CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- . For use by corporations to claim any of the following:
 - charitable donations:
 - gifts to Canada, a province, or a territory,
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land; or
 - additional deduction for gifts of medicine.
- . The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the Income Tax Act.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the Income Tax Act provides as follows:
 - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation
 can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
 - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is
 expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- Under proposed changes, the eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- Under proposed changes, a gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation Income Tax Guide.

Charity/Recipient	Amount (\$100	or more only
Community Living Welland		100
Niagara College Canada		10,000
The Hope Center		12,000
Welland Heritage Foundation		500
Niagara College Canada		10,000
Hospice Niagara		100
Juvenile Diabetes		100
Bethesda		100
Heart and Stroke		100
Sistering - Woman's Place		144
Hospice Niagara		100
Heart and Stroke		100
St. Vincent Depaul		2,500
Hospice Niagara		100
	Subtotal	35,944
	Add: Total donations of less than \$100 each	
	Total donations in current tax year	35,944

			1,555,157,405,177
	Federal	Québec	Alberta
Charitable donations at the end of the previous tax year			
Deduct: Charitable donations expired after five tax years* 239			
Charitable donations at the beginning of the tax year			
Add:			
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary 250			
Total current-year charitable donations made (enter this amount			
on line 112 of Schedule 1)	7000000		0.70%
Subtotal (line 250 plus line 210)	35,944	35,944	35,944
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)			
Total charitable donations available	35,944 A	35,944	35,944
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on	35,944	35,944	35,944
line 311 of the T2 return)	33,311	33,511	33,311
Charitable donations closing balance			
For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made tax years and gifts made in a tax year that ended after March 23, 2006, expire after twe		before March 24, 2006, expire	after five

Year of origin:			Federal	Québec	Alberta
1 st prior year	*************	2010-12-31			
?nd prior year		2009-12-31			
3rd prior year		2008-12-31			
4 th prior year	······	2007-12-31			
5th prior year	************	2006-12-31			
5th prior year*	*************	2005-12-31			
7th prior year		2004-12-31			
3th prior year		2003-12-31			
³ [™] prior year		2002-12-31			
10th prior year		2001-12-31			
11th prior year		2000-12-31			
12th prior year	201100100100101111001111001111111111111	1999-12-31			
13th prior year		1998-12-31			
14th prior year	***************************************	1997-12-31			
15th prior year		1996-12-31			
16th prior year	***************************************	1995-12-31			
17th prior year	*****************************	1994-12-31			
18th prior year	*************************	1993-12-31			
19th prior year		1992-12-31			
20" prior year	***************************************	1991-12-31			
21" prior year*		1990-12-31			
Fotal (to line A)		-			

For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21th prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 2 - Calculation of the maximum allowable deduction for	or charitable donations	-	
Net income for tax purposes* multiplied by 75 %			587,252 B
Taxable capital gains arising in respect of gifts of capital property included in Part 1*** Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) The amount of the recapture of capital cost allowance in respect of charitable gifts Proceeds of disposition, less	WHEN PERSON NAMED IN COLUMN 1	C	
outlays and expenses**			
Capital cost**			
Amount E or F, whichever is less			
Amount on line 230 or 235, whichever is less	arous answeriers	G	
Subtotal (a	rdd amounts C, D, and G)		
		multiplied by 25 %	F07.250
Maximum allowable deduction for charitable donations (enter amount A from Pa		nount B plus amount I)	587,252 J
for tax purposes, whichever is less)			35,944 K
* For credit unions, this amount is before the deduction of payments pursuant to allo	ocations in proportion to borrowi	ng and bonus interest.	
** This amount must be prorated by the following calculation: eligible amount of the g			
- Part 3 - Gifts to Canada, a province, or a territory			
Gifts to Canada, a province, or a territory at the end of the previous tax year Deduct: Gifts to Canada, a province, or a territory expired after five tax years			
Gifts to Canada, a province, or a territory at the beginning of the tax year	340		
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	350		
Total current-year gifts made to Canada, a province, or a territory*	Subtotal (1	ine 350 plus line 310)	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)		Activities and the second second	
Deduct: Amount applied against taxable income (enter this amount on line 312 of the		PAPER	
* Not applicable for gifts made after February 18, 1997, unless a written agreement was agreement exists, enter the amount on line 210 and complete Part 2.	as made before this date. If no v	vritten	
Part 4 – Gifts of certified cultural property		775-17	
	Federal	Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year Deduct: Gifts of certified cultural property expired after five			
tax years*			
Gifts of certified cultural property at the beginning of the tax year Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary 450			_
Total current-year gifts of certified cultural property			
Subtotal (line 450 plus line 410)			
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)			
Total gifts of certified cultural property available Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return) 460		-	
Gifts of certified cultural property closing balance			
* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts matax years and gifts made in a tax year that ended after March 23, 2006, expire after the second secon		ore March 24, 2006, expire	after five

1th prior year 2000-12-31 2th prior year 1999-12-31 3th prior year 1998-12-31 4th prior year 1997-12-31 5th prior year 1996-12-31 5th prior year 1995-12-31			
rd prior year 2008-12-31 rb prior year 2007-12-31 rb prior year 2006-12-31 rb prior year 2005-12-31 rb prior year 2004-12-31 rb prior year 2003-12-31 rb prior year 2002-12-31 rb prior year 2001-12-31 1th prior year 2001-12-31 2th prior year 1999-12-31 2th prior year 1998-12-31 2th prior year 1997-12-31 2th prior year 1996-12-31 2th prior year 1996-12-31 2th prior year 1995-12-31			
** prior year 2007-12-31 ** prior year* 2005-12-31 ** prior year 2004-12-31 ** prior year 2003-12-31 ** prior year 2002-12-31 ** prior year 2001-12-31 ** prior year 2000-12-31 ** prior year 1999-12-31 ** prior year 1998-12-31 ** prior year 1997-12-31 ** prior year 1996-12-31 ** prior year 1996-12-31 ** prior year 1995-12-31			
# prior year 2007-12-31 # prior year 2006-12-31 # prior year 2005-12-31 # prior year 2004-12-31 # prior year 2003-12-31 # prior year 2002-12-31 # prior year 2001-12-31 # prior year 2001-12-31 # prior year 2000-12-31 # prior year 2000-12-31 # prior year 2000-12-31 # prior year 2009-12-31			
** prior year 2006-12-31 ** prior year* 2005-12-31 ** prior year 2004-12-31 ** prior year 2003-12-31 ** prior year 2002-12-31 ** prior year 2001-12-31 ** prior year 2000-12-31 ** prior year 1999-12-31 ** prior year 1998-12-31 ** prior year 1997-12-31 ** prior year 1996-12-31 ** prior year 1996-12-31 ** prior year 1995-12-31			
a prior year 2004-12-31 a prior year 2003-12-31 a prior year 2002-12-31 a prior year 2001-12-31 a prior year 2000-12-31 a prior year 1999-12-31 a prior year 1998-12-31 a prior year 1997-12-31 a prior year 1996-12-31 a prior year 1996-12-31 a prior year 1995-12-31 a prior year 1995-12-31			
** prior year 2003-12-31 ** prior year 2002-12-31 ** prior year 2001-12-31 ** prior year 2000-12-31 ** prior year 1999-12-31 ** prior year 1998-12-31 ** prior year 1997-12-31 ** prior year 1996-12-31 ** prior year 1995-12-31 ** prior year 1995-12-31			
** prior year 2002-12-31 0** prior year 2001-12-31 1** prior year 2000-12-31 2** prior year 1999-12-31 3** prior year 1998-12-31 4** prior year 1997-12-31 5** prior year 1996-12-31 5** prior year 1995-12-31 5** prior year 1995-12-31			
2 prior year 2002-12-31 20 prior year 2001-12-31 2 prior year 2000-12-31 2 prior year 1999-12-31 3 prior year 1998-12-31 4 prior year 1997-12-31 5 prior year 1996-12-31 5 prior year 1995-12-31 5 prior year 1995-12-31			
1th prior year 2000-12-31 2th prior year 1999-12-31 3th prior year 1998-12-31 4th prior year 1997-12-31 5th prior year 1996-12-31 6th prior year 1995-12-31			
2th prior year 1999-12-31 3th prior year 1998-12-31 4th prior year 1997-12-31 5th prior year 1996-12-31 6th prior year 1995-12-31 1995-12-31 1995-12-31			
2th prior year 1999-12-31 3th prior year 1998-12-31 4th prior year 1997-12-31 5th prior year 1996-12-31 6th prior year 1995-12-31			
4th prior year 1997-12-31 5th prior year 1996-12-31 6th prior year 1995-12-31			
5th prior year 1996-12-31 1995-12-31 1995-12-31			
5th prior year 1995-12-31			
burged Jones Contract Anna Contract Con			
^{3th} prior year 1993-12-31			
prior year 1992-12-31			
^{0th} prior year 1991-12-31			
1 st prior year*			
otal,			
For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the March 24, 2006, expire in the current year and the 21th prior year gifts made in a tax year that			
	2007		
Part 5 – Gifts of certified ecologically sensitive land		5.2	
	Federal	Québec	Alberta

Part 5	– Gifts of certified ecologically sensitive land —		- T. A. A. C.	
		Federal	Québec	Alberta
Gifts of c	ertified ecologically sensitive land at the end of the previous tax year			
Deduct:	Gifts of certified ecologically sensitive land expired after five tax years*			
Gifts of ca the tax ye	ertified ecologically sensitive land at the beginning of ear			
	fts of certified ecologically sensitive land transferred an amalgamation or the windup of a subsidiary			
To	stal current-year gifts of certified ecologically sensitive land 510			
	Subtotal (line 550 plus line 510)			
Deduct:	Adjustment for an acquisition of control (for gifts made after March 22, 2004) 555			
Total gifts	of certified ecologically sensitive land available			
Deduct:	Amount applied against taxable income (enter this amount on line 314 of the T2 return)			
Gifts of ce	ertified ecologically sensitive land closing balance 580			
· Cartha	fordered and Alberta Marchael Co. 100 - 10	Hartin a tanasana di as and	-1 h-f M D4 2005	-10 C

Year of origin:		Federal	Québec	Alberta
1 st prior year	2010-12-31			
2 rd prior year	2009-12-31			
3rd prior year	2008-12-31			
4th prior year	2007-12-31			
5th prior year	2006-12-31			
5th prior year*	2005-12-31			
7° prior year	_2004-12-31			
^{3th} prior year	2003-12-31			
th prior year	2002-12-31			
10th prior year	2001-12-31			
1 th prior year	2000-12-31			
2th prior year	1999-12-31			
3th prior year	1998-12-31			
4th prior year	1997-12-31			
5th prior year				
6h prior year				
7th prior year	1994-12-31			
8th prior year	1993-12-31			
9th prior year	<u>1992-12-31</u>			
0th prior year				
1st prior year*				

For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 6 - Additional deduction	n for gifts of medicine			
The state of the s		Federal	Québec	Alberta
Additional deduction for gifts of medicine Deduct: Additional deduction for gifts of rafter five tax years Additional deduction for gifts of medicine of the tax year	medicine expired 639 at the beginning			
Add: Additional deduction for gifts of moon an amalgamation or the wind-u	edicine transferred p of a subsidiary 650			
Additional deduction for gifts of medicine	for the current year:			
I a control of the co		1		1 1
Cost of gifts of medicine	Subtotal (line 1 minus line 2)	23		2 2 3
Line 3 multiplied by 50 %	And many to a contract the second			4 4
Eligible amount of gifts	600	5_		5 5
Federal	Additional deduction for gifts			
A x / B	of medicine for the current year 610			
(c	Additional deduction for gifts			
Québec	of medicine for			
A x / B	= the current year			
\c	Additional			
	Additional deduction for gifts			
Alberta	of medicine for			
AX (B	= the current year		********	
\c	,			
where:				
A is the lesser of line 2 and line 4				
B is the eligible amount of gifts (line 600)				
C is the proceeds of disposition (line 602)				
	Subtotal (line 650 plus line 610)			
Deduct: Adjustment for an acquisition of				7
Total additional deduction for gifts of medic	경우지의 경기는 이 지난 시간에 가지 아프트리아 뒤에 가입하다 가지 때문에 다른다.			
Deduct: Amount applied against taxable in (enter this amount on line 315 of	the T2 return)			
Additional deduction for gifts of medicine of	losing balance			
- Amounts carried forward - A	dditional deduction for gifts of	medicine		
Year of origin:		Federal	Québec	Alberta
1 st prior year	2010-12-31			
2 nd prior year	2009-12-31			
3 rd prior year				
4" prior year	2007-12-31			
5th prior year	2006-12-31			
6 th prior year*	2005-12-31		-	
Total	2003 12 31		-	
 These donations expired in the current ye 	ear,			

					727130000000000
- Québec -	Gifts of musical instrume	ents —			
Gifts of musica	instruments at the end of the previ	ous tax vear			
	of musical instruments expired after				
A STATE OF THE STA	instruments at the beginning of the				
Add:		131,745		_	
	al instruments transferred on an am	algamation or the wind-up	of a subsidiary		
	ear gifts of musical instruments				
The second secon			Su	btotal (line D plus line E)	
				areas view a version and	
	ment for an acquisition of control				
Total gifts of mu	usical instruments available .	* * * * * * * * * * * * * * * * * * *			
Deduct: Amour	nt applied against taxable income				
Gifts of musical	instruments closing balance				
				-	
- Amounts	carried forward - Gifts of	musical instrument	ts —		
Year of origin:					Québec
1st prior year				2010-12-31	77777
2 rd prior year				2009-12-31	
3rd prior year				2008-12-31	
4th prior year			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2007-12-31	
5th prior year				2006-12-31	
6th prior year*				2005-12-31	
7th prior year		********		2004-12-31	
8th prior year		***************		2003-12-31	
9th prior year	***********************	***************		2002-12-31	
10th prior year				2001-12-31	
11th prior year		*****************		2000-12-31	
12th prior year				1999-12-31	
13th prior year				1998-12-31	
14th prior year				1997-12-31	
15th prior year				1996-12-31	
16th prior year				1995-12-31	
17th prior year				1994-12-31	
18th prior year			***********	1993-12-31	
19th prior year				1992-12-31	
20th prior year				1991-12-31	
21" prior year*				1990-12-31	

T2 SCH 2 E (07)

* These gifts expired in the current year.

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Canada Revenue Agency Agence du revenu du Canada

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal Income Tax Act.
- · A recipient corporation is connected with a payer corporation at any time in a tax year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- · File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- . Enter in column F1, the amount of dividends received reported in column 240 that are eligible.
- Under column F2, enter the code that applies to the deductible taxable dividend.

o not include dividends received from foreign non-affiliates.		Con	nplete if payer corpora	tion is connected	
Name of payer corporation (from which the corporation received the dividend)	A	B Enter 1 if payer corporation is connected	C Business Number of connected corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MMDD	E Non-taxable dividend unde section 83
200		205	210	220	230

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation.

	poration is connected	Complete if payer con			
Part IV tax before deductions F x 1 / 3 ***	H Dividend refund of the connected payer corporation (for tax year in column D)**	G Total taxable dividends paid by connected payer corporation (for tax year in column D)	F2	F1 Eligible dividends (included in column F)	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)*
270	260	250			240

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

** If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

For dividends received for	rom connected	corporations
----------------------------	---------------	--------------

Part IV tax =	Calumn F x Column H
	Column G

^{*} If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

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Part 2 – Ca	Iculation of Part IV tax	payable ——		
Part IV tax before deductions (amount J in Part 1)	100.00.000 to 10 to 10 to 10 to		*****	
Deduct:				
Part IV.I tax payable on dividends subject to Part IV tax			320	
			Subtotal	
Deduct:	1999			
	330		-	
Non-capital losses from previous years claimed to reduce Part IV tax Current-year farm loss claimed to reduce Part IV tax	340		_	
Farm losses from previous years claimed to reduce Part IV tax	345			
그 이번 집에 가게 하시다니 생생님이 보고 있다면서는 이 수 있다면 되었다. 그는 사람이 되었다면 하시네요. 그 사람이 되었다면 하시다면 되었다면 하게 되었다. 그는 사람이	s applied against Part IV tax		x 1/3 =	
Part IV tax payable (enter amount on line 712 of the T2 return)			360	
Part 3 – Taxable dividends pai	d in the tay year that m	alify for a div	idend refund -	
The second secon		C C		D1
Α	В	Tax year end	D Taxable dividends	Eligible
Name of connected recipient corporation	Business Number	of connected recipient corporation in which the dividends in	paid to connected corporations	dividends (included in column D)
		column D were received YYYY/MM/DD		
400	410	420	430	
Welland Hydro-Electric Holding Corp	86360 4328 RC0001	2011-12-31	650,000	4
Note				
if your corporation's tax year-end is different than that of the connected			-30.1	650,000
could have paid dividends in more than one tax year of the recipient cor provide the information for each tax year of the recipient corporation.	poration. If so, use a separate in	ie to	Total	650,000
Total taxable dividends paid in the tax year to other than connected con	porations		450	
	450a	-	-	
Total taxable dividends paid in the tax year that qualify for a dividend rei (total of column D above plus line 450)	fund		460	650,000
total of couring of above plus line 400)				
Part 4 – Tota	I dividends paid in the	tax year		
Complete this part if the total taxable dividends paid in the tax year that dividends paid in the tax year.	qualify for a dividend refund (line	e 460 above) is diffe	erent from the total	
Total taxable dividends paid in the tax year for the purposes of a divider	nd refund (from above)		Selection 1	650,000
. U.S. (1882) (1. 1987) (1. 1982) (1. 1984) (1. 1984) (1. 1984) (1. 1984) (1. 1984) (1. 1984) (1. 1984) (1. 1				
Total dividends paid in the tax year			500	650,000
Deduct:				
Dividends paid out of capital dividend account	510			
Capital gains dividends	1000			
Dividends paid on shares described in subsection 129(1.2)	530			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540			
at any time in the year	Subtotal			
Annual Control of the				6E0 000
Total taxable dividends paid in the tax year that qualify for a dividend ref	und		ne creation of	650,000

T2 SCH 3 E (10)

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SCHEDULE 8



Canada Revenue Agency

Agence du revenu du Canada

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

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

1 Yes

2 No X

1		2	3	4	5	6	7	8	9	10	11	12
Class numbe (See Note)	r	Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	Cost of acquisitions during the year (new property must be available for use)*	Net adjustments**	Proceeds of dispositions during the year (amount not to exceed the capital cost)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	Reduced undepreciated capital cost	CCA rate %	Recapture of capital cost allowance (line 107 of Schedule 1) Recapture of capital cost allowance (for declinin balance meth column 8, or lower amour (line 403 of Schedule 1)	(for declining balance method,	(column 6 plus column 7	
200		201	203	205	207	211		212	213	215	217	220
1	Bulldings/Substation	2,838,357			0		2,838,357	4	0	0	113,534	2,724,823
1	Plant Feeders	4,163,933			0		4,163,933	4	0	0	166,557	3,997,376
- 1	Plant Distribution	7,219,452			0		7,219,452	4	0		288,778	6,930,674
1	Transformers	2,359,065			0		2,359,065	4	0	0	94,363	2,264,702
1	Meters	1,115,759			0		1,115,759	4	0		44,630	1,071,129
8	Other Equipment	485,578	15,424		0	7,712	493,290	20	0	0	98,658	402,344
10	Vehicles	181,281	66,729		8,373	29,178	210,459	30	0	0	63,138	176,499
45	Computer Hardware	3,650			0		3,650	45	0		1,643	2,007
47	Poles & Transmission Lines/Equil	10,305,740	2,136,180		6,076	1,065,052	11,370,792	8	0	.0	909,663	11,526,181
12	Software	170,258	256,734		0	128,367	298,625	100	0	0	298.625	128,36
50	Computer Hardware > 3/19/200	3,600	32,544		0	16,272	19,872	55	0	0	10,930	25,214
17	Paving	16,769			0		16,769	В	0	0	1,342	15,42
52	Computer Hardware before Feb :		2,144		0		2,144	100	0	.0	2,144	
16	Buildings/Substation		351,527		0	175,764	175,763	6	0	0	10,546	340,98
43.2	Solar Panel microfits installations		167,744		0	83,872	83,872	50	. 0		41,936	125,80
	Totals	28,863,442	3,029,026		14,449	1,506,217	30,371,802				2,146,487	29,731,53

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

- 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).
- ** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the T2 Corporation Income Tax Guide for other examples of adjustments to include in column 4.
- *** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, Capital Cost Allowance General Comments.
- **** Enter a rate only, if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.
- ***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information.

T2 SCH 8 (11)

Canadä

WELLAND HYDRO ELECTRIC SYSTEM CORP 86375 9692 RC0001

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Fixed Assets Reconciliation

- Tax return					
Additions for tax purposes - Schedule 8 regular classes		3,029,026			
Additions for tax purposes - Schedule 8 leasehold improvements	+				
Operating leases capitalized for book purposes	+				
Capital gain deferred	+				
Recapture deferred	+				
Deductible expenses capitalized for book purposes – Schedule 1	+				
	+				
Total additions per books	=	3,029,026	3,029,026		
Proceeds up to original cost – Schedule 8 regular classes		14,449			
Proceeds up to original cost – Schedule 8 leasehold improvements.	+	21/112			
Proceeds in excess of original cost – capital gain	+				
Recapture deferred – as above	+				
Capital gain deferred – as above	+				
Pre V-day appreciation	+				
Te vest appropriation	+				
Total proceeds per books		14,449 ▶	14,449		
Depreciation and amortization per accounts – Schedule 1 Loss on disposal of fixed assets per accounts			1,960,187		
Gain on disposal of fixed assets per accounts		+	14,409		
Net change per tax return =					
Financial statements					
Fixed assets (excluding land) per financial statements					
Closing net book value			25,111,408		
Opening net book value			24,042,609		
Net change per financial statements =					
If the amounts from the tax return and the financial statements differ, explain why below.			1,068,799		

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Attached Schedule with Total

Financial statements - Fixed assets (excluding land) per financial statements - Opening net book value

Financial statements - Fixed assets (excluding land) per financial statemen

Description	Amount
Net book value 2010	24,292,609 00
Inventory full basis	-250,000 00
7.4.1	24.042.609.00
Total	24,042,609 00

2011-12-31

Attached Schedule with Total

Financial statements - Fixed assets (excluding land) per financial statements - Closing net book value

Title Financial statements - Fixed assets (excluding land) per financial statemen

Description	Amount
Closing NBV	25,361,408 00
Inventory full basis	-250,000 00
Total	25,111,408 00

2011-12-31

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Canada Revenue Agency Agence du revenu du Canada

RELATED AND ASSOCIATED CORPORATIONS

SCHEDULE 9

Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

· Complete this schedule if the corporation is related to or associated with at least one other corporation.

• For more information, see the T2 Corporation Income Tax Guide.

Name	Country of resi- dence (other than Canada)	Business number (see note 1)	Relation- ship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
100	200	300	400	500	550	600	650	700
WELLAND HYDRO-ELECTRIC HOLD:		86360 4328 RC0001	1					
WELLAND HYDRO ENERGY SERVICE	4	86375 9494 RC0001	3					
City of Welland		NR	3					
WELLAND WIFI CORPORATION		85056 2364 RC0001	3					
Welland Solar Corp.		80968 5860 RC0001	3					

lote 1: Enter "NR" if the corporation is not registered or does not have a business number.

lote 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

2 SCH 9 (11)

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SCHEDULE 10

Canada Revenue Agency

e Agence du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

	ND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	Year Month Day 2011-12-31
	se by a corporation that has eligible capital property. For more information, see the arate cumulative eligible capital account must be kept for each business.	he T2 Corporation Income Ta	x Guide.
_	Part 1 – Calculation of current year deduction a	and carry-forward	
Cumulat Add:	tive eligible capital - Balance at the end of the preceding taxation year (if no Cost of eligible capital property acquired during the taxation year	egative, enter "0") 200	1,412,487 A
	Subtotal (line 222 plus line 226) × 3 / 4 Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the	⊕B	
1	corporation after December 20, 2002		
	amount B minus amount C (if negative, enter "C	Definal.	D
	Amount transferred on amalgamation or wind-up of subsidiary Subtotal (add	224 d amounts A, D, and E) 230	E 1,412,487 F
Deduct:	Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	G	27.007,00
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) 244	н	
	Other adjustments	x 3/4 = 248	J
	ive eligible capital balance (amount F minus amount J)		1,412,487 K
Cumulation that busing	ve eligible capital for a property no longer owned after ceasing to carry on ness amount K 1,412,487 less amount from line 249	19	
Current	year deduction	98,874 *	
	(line 249 plus line 250) (enter this amount at line 405 of Schedule		98,874 L
Cumulati	ive eligible capital - Closing balance (amount K minus amount L) (if negative		1,313,613 M
* 1	You can claim any amount up to the maximum deduction of 7%. The deduction amount prorated by the number of days in the taxation year divided by 365.		n

Part 2 – Amount to be included in income arising from disposi (complete this part only if the amount at line K is negative)	tion	
Amount from line K (show as positive amount)	PERFECTE	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988		
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 408 408		
Line 3 minus line 4 (if negative, enter "0")	5	
Total of lines 1, 2 and 5	6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		
Amounts at line T from Schedule 10 of previous taxation years		
ending after February 27, 2000		
Subtotal (line 7 plus line 8) 409 >	9	
Line 6 minus line 9 (if negative, enter "0")		0
Line N minus line O (if negative, enter "0")		P
	× 1/2 =	Q
Line P minus line Q (if negative, enter "0")		R
Amount R	× 2/3 =	S
Amount N or amount O, whichever is less		T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule	9 1) 410	

SCHEDULE 13

2011-12-31

Canada Revenue Agency

Name of corporation

Agence du revenu du Canada

CONTINUITY OF RESERVES

Business number Tax year end
Year Month Day

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- 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.

Totals	800	009			010
001	002	003			004
Description of property	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add \$	Deduct \$	Balance at the end of the year \$

The amount from line 008 plus the amount from line 009 should be entered on line 880 of Schedule 6, Summary of Dispositions of Capital Property. The amount from line 010 should be entered on line 885 of Schedule 6.

Description	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind-up of a subsidiary	Add \$	Deduct \$	Balance at the end of the year \$
Reserve for doubtful	110	115			120
x debts	113,524		107,764	113,524	107,764
Reserve for undelivered goods and services at rendered	130	135			140
Reserve for prepaid	150	155			160
Reserve for refundable containers	190	195	11/		200
Reserve for unpaid	210	215			220
Other tax	230	235			240
Totals	270 113,524	27.5	107,764	113,524	107,764

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, *Net Income (Loss) for Income Tex Purposes*, as an addition. The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

T2 SCH 13 E (11)

Canada

Continuity of financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	PILs deferred revenue reserv	6,541			6,541	
2	Pension Liability - non-current	1,479,364		1,427,938	1,479,364	1,427,938
3	Pension Liability - current	56,253		126,909	56,253	126,909
4	Smart Meter Reserve					
5	Regulatory Asset Recoveries					
6			-			
- 1	Reserves from Part 2 of Schedule 13	113,524		107,764	113,524	107,764
	Totals	1,655,682		1,662,611	1,655,682	1,662,611

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.

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Canada Revenue Agence du revenu Agency du Canada SCHEDULE 23

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

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated
 corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule
 will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.
 - Column 1: Enter the legal name of each of the corporations in the associated group, Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the Income Tax Act (ITA) not to be associated for purposes of the small business deduction.
 - Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").
- Column 3: Enter the association code that applies to each corporation:
 - 1 Associated for purposes of allocating the business limit (unless code 5 applies)
 - 2 CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
 - 3 Non-CCPC that is a "third corporation" as defined in subsection 256(2)
 - 4 Associated non-CCPC
 - 5 Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"
- Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.
- Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3.

 The total of all percentages in column 5 cannot exceed 100%.
- Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2006	maximum \$300,000
2007	\$300,001 to \$400,000

Calendar year	Acceptable range		
2008	maximum \$400,000		
2009	\$400,001 to \$500,000		

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed \$500,000.

Allocating the business limit				F	Year Month Day
Date filed (do not use this area)		*****	******	025	real World Day
					Year
Enter the calendar year to which the agreement applies .				. 050	2011
is this an amended agreement for the above-noted calendar year filed by any of the associated corporations listed below?	ar that is intended to replace			. 075	Yes 2 No 2
Names of associated corporations	2 Business Number of associated corporations	3 Asso- clation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated*
100	200	300		350	400
1 WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	1	500,000	100.0000	500,000
2 WELLAND HYDRO-ELECTRIC HOLDING CORP.	86360 4328 RC0001	1	500,000		
3 WELLAND HYDRO ENERGY SERVICES CORP.	86375 9494 RC0001	1	500,000		
4 City of Welland	NR	4			
5 WELLAND WIFI CORPORATION	85056 2364 RC0001	1	500,000		
6 Welland Solar Corp.	80968 5860 RC0001	1	500,000		
			Total	100,0000	500,000



Canada Revenue Agency Agence du revenu du Canada SCHEDULE 31

INVESTMENT TAX CREDIT - CORPORATIONS

General information

- 1. For use by a corporation that during a tax year:
 - earned an investment tax credit (ITC);
 - . Is claiming a deduction against its Part I tax payable;
 - · is claiming a refund of credit earned during the current tax year;
 - · is claiming a carryforward of credit from previous tax years;
 - is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal Income Tax Act:
 - · is requesting a credit carryback; or
 - · is subject to a recapture of ITC.
- References to parts, sections, and subsections on this schedule are from the federal Income Tax Act and the federal Income Tax Regulations.
 References to interpretation bulletins and information circulars are to the latest versions.
- 3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal Income Tax Regulations, that earn the ITC are:
 - · qualified property (Parts 4 to 7):
 - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). Complete and file Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim;
 - pre-production mining expenditures (Parts 18 to 20);
 - · apprenticeship job creation expenditures (Parts 21 to 23); and
 - · child care spaces expenditures (Parts 24 to 28).
- 5. Attach a completed copy of this schedule with the T2 Corporation Income Tax Return.
- For more information on ITCs, see the section called "Investment Tax Credit" in the T2 Corporation Income Tax Guide, Information Circular IC 78-4, Investment Tax Credit Rates, and its related Special Release. Also, see Interpretation Bulletin IT-151, Scientific Research and Experimental Development Expenditures.
- 7. For Information on SR&ED, see Interpretation Bulletin IT-151 (consolidated), Scientific Research and Experimental Development Expenditures; Information Circular 86-4, Scientific Research and Experimental Development, Brochure RC4472, Overview of the Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program; Brochure RC4467, Support for your R&D in Canada and T4088, Guide to Form T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim.

· Detailed information

- 1. For the purpose of this schedule, "Investment" means:
 - The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- 2. An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- 3. Property acquired has to be "available for use" before a claim for an ITC can be made.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31
 no later than 12 months after the claimant's income tax return is due for the tax year in which the expenditures or capital costs were incurred.
- 5. Partnership allocations Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITC's is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068-1, 2010 Supplement to the 2006 T4068, Guide for the T5013 Partnership Information Return.
- For SR&ED expenditures, the expression "in Canada" includes the "exclusive economic zone" (as defined in the Oceans Act to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.



112-06-25 14:47	2011.12.01	WEED WID TITLE	86375 9692 RC00
Name of corporation		Business Number	Tax year-end
WELLAND HYDRO ELECTRIC SYSTEM CORP.		86375 9692 RC0001	Year Month Day 2011-12-31
- Part 1 - Investments, expenditures and pe	ercentages		
Investments		45-	Specified percentage
Qualified property acquired primarily for use in Newfoundlar New Brunswick, the Gaspé Peninsula, or a prescribed offsh		ona,	10 %
Expenditures			
If you are a Canadian-controlled private corporation (CCPC) that you claim of the SR&ED qualified expenditure pool that (see Part 10)	does not exceed your expenditure limit	** *** *** ** * * * * * * * * * * * * *	35 %
Note: If your current year's qualified expenditures are me Part 10), the excess is eligible for an ITC calculate	ore than the corporation's expenditure limit (see		
If you are a corporation that is not a CCPC that incurred qua	alified expenditures for SR&ED in any area in Car	nada	20 %
If you are a taxable Canadian corporation that incurred pre-p	production mining expenditures	· A + 0 + 0 × 0 × 4 × 0 × 0 × 0 × 0 ×	10 %
If you paid salary and wages to apprentices in the first 24 mi	onths of their apprenticeship contract for employr	ment	10 %
If you incurred eligible expenditures after March 18, 2007, for spaces for the children of your employees and, potentially, for			25 %
Part 2 – Determination of a qualifying corp	poration —		
Is the corporation a qualifying corporation?		101	Yes 2 No X
For the purpose of a refundable ITC, a qualifying corporat (before any loss carrybacks) for its previous tax year cannot with any other corporations during the tax year, the total of the for their last tax year ending in the previous calendar year, cannot with any other corporations during the tax year, the total of the for their last tax year ending in the previous calendar year, cannot be a CCPC calculating a refundable ITC, is considered.	be more than its qualifying Income limit for the ne taxable incomes of the corporation and the ass annot be more than their qualifying income limit for	e particular tax year. If the corpo ociated corporations (before ar or the particular tax year.	oration is associated by loss carrybacks),
except where:			200000011200(1)/
 one corporation is associated with another corp of both corporations; and 	oration solely because one or more persons own	shares of the capital stock	
 one of the corporations has at least one sharehold 	older who is not common to both corporations.		
If you are a qualifying corporation, you will earn a 100% refu for SR&ED, up to the allocated expenditure limit. The 100% They are only eligible for the 40% refund.			
Some CCPCs that are not qualifying corporations may also current expenditures for SR&ED, up to the allocated expend does not apply to qualified capital expenditures eligible for the corporation of the corporation of the	diture limit. The expenditure limit can be determine	ed in Part 10. The 100% refund	
The 100% refund will not be available to a corporation that is A corporation is an excluded corporation if, at any time during indirectly, in any manner whatever) or is related to:			
a) one or more persons exempt from Part I tax under section			
b) Her Majesty in right of a province, a Canadian municipalit	ty, or any other public authority; or		
c) any combination of persons referred to in a) or b) above.			
Part 3 - Corporations in the farming indus	stry —		
Complete this area if the corporation is making SR&ED conti	ributions		
Is the corporation claiming a contribution in the current year twhose goal is to finance SR&ED work (for example, check-o		311111111111111111111111111111111111111	Yes 2 No X

If yes, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the *Guide to the General Index of Financial Information (GIFI) for Corporations*. Enter contributions on line 350 of Part 8.

Contributions to agricultural organizations for SR&ED

QUALIFIED PROPERTY

CCA* class number	Description of investment	Date available for use	Location used (province or territory)	Amount of investment
* CCA: capital cost allows		Total investment – enter in	formula on line 240 in Part 5	
Part 5 – Calculation	of current-year credit and account b	alances – ITC from in	vestments in qualified	property —
C at the end of the previous duct:	tax year		(entropologica)	
edit deemed as a remittanc	e of co-op corporations			
edit expired		215		
same to decide the sur-		Subtotal =	220	
at the beginning of the tax d:	cyear			
The state of the s	nation or wind-up of subsidiary	230		
I from repayment of assista	있다. 그렇게 하늘 10m - 2.50 (골.10) 프랑스트라 보고 되었습니다. 그리고 있었다. 그리고 있다면서 하는 사람들이 되었습니다. 그리고 있다면서 다른 사람들이 되었습니다. 그리고 있다면	235		
al current-year credit: total		10 % = 240		
edit allocated from a partne	rship			
1 - 100 - 100 - 100		Subtotal ==		
al credit available				
duct: edit deducted from Part I ta	x (enter on line B1 in Part 30)	260		
edit carried back to the prev			Α	
edit transferred to offset Pa	그리고 있어요. 그들어 어린 내가 있는 그는 그는 그들이 그리고 있는 것이 없었다. 그는 그를 다 없다.	280		
		Subtotal		
edit balance before refund			**********	
duct:			310	
rund of credit claimed on in	vestments from qualified property (from Part 7)	***********		
closing balance of inve	stments from qualified property		320	
art 6 - Request for	carryback of credit from investments	s in qualified property		
	Year Month Day		Free	
previous tax year	116000		credit to be applied 901	
previous tax year previous tax year	*****		credit to be applied 902	
previous tax year	0,00		redit to be applied 903 _ al (enter on line A in Part 5) _	
	of refund for qualifying corporations	on investments from	quantied property —	
rent-year ITCs (total of line	s 240 and 250 in Part 5)	*****	*******	
dit balance before refund /	amount P from Part E)			
dit balance before refund (amount B nom Part 5)			

SR&ED

- Part 8 - Qualified SR&ED expenditures -			
Current expenditures			
Current expenditures (from line 557 on Form T661)	A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	148,849	
Add:			
Contributions to agricultural organizations for SR&ED* Current expenditures (including contributions to agricultur at line 103 in Part 3)* (from line 557 on Form T661)	al organizations for SR&ED	148,849 > 350	148,849
Capital expenditures (from line 558 on Form T661)			
Repayments made in the year (from line 560 on Form T66	H)		
Total (this must equal the amount from line 570 on Form	T661)*	380	148,849
* Do not file form T661 if you are only claiming contribution	ns made to agricultural organizations for SR&ED.		
Note: A CCPC that calculates SR&ED expenditure limit, subsection 256(1), except where: one corporation is associated with another corp corporation; and one of the corporations has at least one sharehold.	oration solely because one or more persons own share		
Is the corporation associated with another CCPC for the p	urpose of calculating the SR&ED expenditure limit?	385	Yes X 2 No
Complete lines 390 and 398, if you answered no to the quassociated with any other corporations (the amounts for as Schedule 49).			
Enter your taxable income for the previous tax year* (prior	to any loss carry-backs applied).	390	
Enter your taxable capital employed in Canada for the prev minus \$10 million. If this amount is nil or negative, enter "O If this amount is over \$40 million, enter \$40 million.		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
If either of the tax years referred to at line 390 is less the of days in these tax years.	nan 51 weeks, multiply the taxable income by the follow	ring result; 365 divided by the	number

Lair in .		CDOED	anditum limit for a Mi	CDC.			
		SKAED expe	enditure limit for a CC	JPC -			
	lone corporations:						
	n 1A: Tax year ends	and the second s					
			or \$400,000, whichever is mo				
line 398	from Part 9) divided	by \$40,000,000)]	0-10-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-				
Calculatio	n 1: Tax year starts a	fter December 31	. 2009.				
			or \$500,000, whichever is mo	re))) x ((\$40,000.0	00 minus		
	from Part 9) divided					() -) () (- (x + () + ())	
Calculatio	n 2: Tax year straddle	es January 1, 201	o.				
FF + 1/F	F minus EE) x (GG o	livided by HH)I v	here				
			0,000 minus B) divided by \$	(40,000,000)];	01.00000000		
FF =	(\$8,000,000 minus line 398 from Part 9)	(10 x (line 390 from divided by \$40,0	m Part 9 or \$500,000, whiche 00,000)];	ver is more))) x ((\$	40,000,000 minu	is	
GG =	number of days in the	e tax year after De	cember 31, 2009;				
HH =	number of days in the	e tax year.					
		mount A 408		mount B 409			
A = 16-5		HOURI A TOO	A	mount B 409			
A = the gr							
	100,000; and						
	ur taxable income for rior to any loss carry-		ending in the previous calenda	ar year (tax years e	ending in 2008)		
B = the ta	xable capital employe amount is nil or nega	d in Canada for th tive, enter "0". If the	e last tax year ending in the pair is amount is over \$40 million,	revious calendar ye, enter \$40 million.	ear (tax years end	ling in 2008) minus \$10 mi	llion.
* If any that 3	of the tax years refer 65 is of the number o	red to in A above a f days in those tax	are less than 51 weeks, gross years. Use these grossed up	up the taxable inco	omes for those ta liculating the expe	x years by the ratio enditure limit.	
			Enter the amou	unt from Calculation	n 1A, 1 or 2, whi	chever is applicable	7
or associat	ed corporations:		2,03,00,00		Co or all constraints and		
		R&ED expenditu	e limit as provided on Schedu	ile 49	dereteles.	400	
		Contract to Contract	n 51 weeks, calculate the a		enditure limit as		
ine G or H	2 2 22 20 20 20 21 21 27 27	x	Number of days in the tax		365 =	12 Au 30 A C 40 A C	
			365	, your			
our SR&ED	expenditure limit for	or the year (enter	the amount from line G, H, or	r I, whichever appli	es)	410	
		than \$3,000,000.		A Charles and an artiful	0000	V 14 14 14 14 14 14 14 14 14 14 14 14 14	

Line 410 minus line 350 (if negative, enter "0") Enter whichever is less capital expanditures (line 360 from Part 8) or line 1 above* Line 340 minus line L (if negative, enter "0") Repsyments (amount from line 370 in Part 8) Repsyments (amount from line 840 in Part 8) Repsyments (amou							
the expenditure limit (fine 410 from Part 10)*	- Part 11 - Calculation	of investment tax credi	its on SR&ED expen	ditures ———			
Line 41 of mirrus line 350 (if negative, enter "0") 440			120		x 35 % =		J
Enter whichever is less: capital expenditures (line 300 from Part 5)	Line 350 minus line 410 (if ne	gative, enter "0")	430	148,849	x 20 % =	29,770	K
or line Labove*	Line 410 minus line 350 (if ne	gative, enter "0")			L		
Repayments (amount from line 370 in Part 81 is concentration makes a repayment of any government or non-powerment of any government of any gover		하실 하고 없는 사람들이 들어가 많아요요. 그렇게 있는데 없는데 가입하는데 없다니?	440		x 35 % =		M
in Part 6) If a corporation makes a repsyment of any government of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repsyment is eligible have applied to the repsyment is eligible have applied to the repsyment is eligible have applied to the repsyment or the fine that corresponds to the amount. Enter the amount of the repsyment or the payment or the line that corresponds to the application of the payment. The payment is eligible have applied to the repsyment or the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) 29,770 For corporations that are not CCPCs, enter "0" on lines J and M. Part 12 — Calculation of current-year credit and account balances — ITC from SR&ED expenditures ITC at the end of the previous tax year Deduct: Credit deemed as a remittance of co-op corporations ITC at the beginning of the tax year Add: Credit insafered on amalgamation or wind-up of subsidiary Total current-year credit Credit decincted from a malgamation or wind-up of subsidiary Total current-year credit Credit decincted from a partnership Subtotal 29,770 Portical current-year credit Credit decincted from a partnership Credit deducted from Part 1 tax (center on line B2 in Part 30) Foredit carried back to the previous year(s) (from Part 13) Credit balance before refund Deduct: Credit balance before refund Deducts Credit balance on SR&ED TC closing balance on SR&ED TC closing balance on SR&ED (from Part 14 or 15, whichever applies) TC closing balance on SR&ED TC closing balance on spenditures of SR&ED (from Part 14 or 15, whichever applies) TC closing balance on spenditures of Credit from SR&ED expenditures Tax previous tax year Total credit to be applied TC credit to be applied TC credit to be app	Line 360 minus line L (if negat	ive, enter "0")			× 20 % =		N
of any government or non-government assistance, or control payements sasistance, or control appements that reduced the emount of qualified superndures for ITC purposes, the amount of the repayment is edigible hardware applied to the repair amount. Enter the amount of the repayment is edigible hardware applied to the spend amount. Enter the amount of the repayment is edigible hardware applied to the repair amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and C; enter on line S40 in Part 12) 29,770 *For corporations that are not CCPCs, enter "0" on lines J and M. -Part 12 - Calculation of current-year credit and account balances – ITC from SR&ED expenditures ITC at the end of the previous tax year Deduct: TC at the end of the previous tax year Deduct: TC at the beginning of the tax year Add: Credit transferred on amalgamation or wind-up of subsidiary Total current-year credit Subtotal 29,770 Total current-year credit Subtotal 29,770 29,770 Total current-year credit Subtotal 29,770 Total credit available Deduct: Credit deducted from part I tax (enter on line B2 in Part 30) Foredit carried back to the previous year(s) (from Part 14 or 15, whichever applies) Foredit claimed back to the previous year(s) (from Part 14 or 15, whichever applies) Foredit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies) Foredit claimed on expenditures of SR&ED (from SR&ED expenditures Foredit claimed on expenditures of SR&ED (from SR&ED expenditures Foreit to be applied Foreit to							
of any government or non-government assistance, or contract payements into reduced the amount of qualified sependitures for ITC purposes, the successful the reduced the amount of the respired it seligible into a contract payements as a separation or the respiration of the respir	If a corporation makes a repay	ment 460	x 35 % =				
assistance of court and payments with the additional teachers of the payment of qualified annount of qualified annount of the repayment is eligible or a credit at the rate that would have applied to the repaid annount. Eleret the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid annount. Eleret the amount of the repayment on the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line \$40 in Part 12)							
expenditures for ITC purposes, the samount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and C): enter on line 540 in Part 12)					>		0
for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and C; enter on line \$40 in Part 12)	expenditures for ITC purposes	s, the	7 5 621				-
have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. Current-year SR&ED ITC (total of lines J, K, M, N, and C): enter on line 540 in Part 12)							
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Part 13 – Request for carryback of credit from SR&ED expenditures Year Month Day 1st previous tax year 2nd previous tax year 3rd previous tax year Credit to be applied 3rd previous tax year Credit to be applied 911 912 913	0.5 = 0.7 %				27000		
Part 13 – Request for carryback of credit from SR&ED expenditures Year Month Day 1st previous tax year 2nd previous tax year 3rd previous tax year Credit to be applied 911 912 913	Refund of credit claimed on exp	penditures of SR&ED (from Part 1	14 or 15, whichever applies)	***(******	610		
Year Month Day 1st previous tax year 2nd previous tax year 2nd previous tax year 3rd previous tax year	ITC closing balance on SR&i	ED			620	29,770	
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2nd previous tax year Credit to be applied 912 913 913		Year Month Day			Control of the		
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3rd previous tax year Credit to be applied 913					CHINA CO.		
					Contract of the Contract of th		
	- x5 (1 1						

Complete this part only if you are a qualifying corporation as determined at line 101.	
Is the corporation an excluded corporation as defined under subsection 127.1(2)?	No X
Credit balance before refund (amount Q from Part 12)	
Current-year ITC (lines 540 plus 550 from Part 12 minus line O from Part 11)	
Refundable credits (amount R or S, whichever is less)*	T
Amount J from Part 11	
Subtract: Amount T or U, whichever is less	v
Vet amount (if negative, enter "0")	w
Amount W x 40 %	x
Add: Amount V	Y
Claim this, or a lesser amount, as your refund of ITC on line Z. Part 15 – Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED —	
Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Part 2.	
Credit balance before refund (amount Q from Part 12)	9,770 AA
Amount J from Part 11	
3ubtract: Amount AA or BB, whichever is less	cc
Net amount (if negative, enter "0")	9,770 DD
Amount M from Part 11	EE
Amount DD or EE, whichever is less x 40 %	FF
Add : Amount CC above	GG
Refund of ITC (amounts FF plus GG) Enter HH, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.	нн

RECAPTURE - SR&ED

Part 16 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED

You will have a recapture of ITC in a year when all of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed
 of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture does not apply if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Majariana de propinsi de la compansi	arrive	
- Calculation 1 - If you meet all of the above co	nditions	
Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case)	Amount from column 700 or 710, whichever is less
700	710	
	Subtotal (enter this amount on line LL in Part 17)	
- Calculation 2 - Only if you transferred all or a	part of the qualified expenditure to another pers	con under
	section 127(13); otherwise, enter nil at line JJ in	
Α	В	С
Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement	Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition	Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.)
720	730	740
	rred all or a part of the qualified expenditure to a ction 127(13); otherwise, enter nil on line JJ bel	
D	E	F
Amount determined by the formula (A x B) - C	ITC earned by the transferee for the qualified expenditures that were transferred	Amount from column D or E, whichever is less
	750	
2 2		
	Subtotal (enter this amount on line MM in Part 17)	
Education and		
Calculation 3		
As a member of the partnership, you will report your	share of the SR&ED ITC of the partnership after the	SR&ED ITC has been reduced by the ever, if the partnership does not have

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line NN in Part 17)



12-00-23 14.47			803/3 9092 RC00
Part 17 - Total recapture of SR&ED investment	tax credit		
Recaptured ITC for calculation 1 from line II in Part 16			LL
Recaptured ITC for calculation 2 from line JJ in Part 16 above	244414		MM
Recaptured ITC for calculation 3 from line KK in Part 16 above	710 () (= R+R+) () (+R+0;R+R+)	ni trati kirtaki ki kir	NN
Total recapture of SR&ED investment tax credit – Add lines LL, Enter amount OO at line A1 in Part 29.			00
DD.	E-PRODUCTION MINING		
Part 18 – Pre-production mining expenditures −	E-PRODUCTION WIINING		
Tart to - tre-production mining expenditures	Produce Note to Francisco		
A mineral resource that qualifies for the credit means a mineral depo- metal deposit, or a mineral deposit from which the principal mineral to precious metal.	be extracted is an industrial mineral that,		us
in column 800, list all minerals for which pre-production mining exper	nditures have taken place in the tax year.		
List of minerals			
1,			
For each of the minerals reported in column 800 above, identify each mineral title, identify the project and mining division only.	project, mineral title, and mining division v	where title is registered. If there is no	
Project name	Mineral title	Mining divisio	n
805	806	807	
1.			
Pre-p	production mining expenditures *		
Pre-production mining expenditures that the corporation incurred in the		the	
existence, location, extent, or quality of a mineral resource in Canada		040	
		POW	PP QQ
[5] : [6] 하고 있는 아이들은 아이들은 아이들은 아이들은 아이들은 아이들은 아이들은 아이들은		812	RR
Frenching, digging test pits, and preliminary sampling		813	SS
^o re-production mining expenditures incurred in the tax year for bringi production in reasonable commercial quantities and incurred before the			
Clearing, removing overburden, and stripping		820	TT
Sinking a mine shaft, constructing an adit, or other underground entry	/	821	UU_
Other pre-production mining expenditures incurred in the tax year:			
Description		Amount	
825		826	
1.	Add consumts at actions POC	b	W
	Add amounts at column 826	amounts PP to VV) 830	
Deduct: Total of all assistance (grants, subsidies, rebates, and for	pre-production mining expenditures (add		
has received or is entitled to receive in respect of the amo		832	
	Excess (line 830 minus line 8	32) (if negative, enter "0")	ww
Add: Repayments of government and non-government assistance		835	xx
Pre-production mining expenditures (amount WW plus amount X	X)		
* A pre-production mining expenditure is defined under subsection	127/0\		
A pre-production mining expenditure is defined under subsection	121(3).		

1,	601 Kevin Bovine	Powerline Technicia			9,580	958	605
	601	60	2		603	604	605
	(SIN or name of apprentice)				wages*	10 %	column D or \$ 2,000
	A Contract number	Name of eli		Eligit	C ble salary and	D Column C x	E Lesser of
ntr.	are a related person as defined un over who will be claiming the appre- act number (or social insurance nu- ach apprentice in their first 24 mon- ory, under an apprenticeship progra- is no contract number, enter the so- ed.	nticeship job creation tax of mber or name) appears be ths of the apprenticeship, am designed to certify or lice	eredit for this tax elow? (If not, you enter the appre- cense individual	year for each a u cannot claim t nticeship contra s in the trade. F	apprentice whose the tax credit.) act number registe for the province, the	red with Canada, or a pro-	al trade. If
	rt 21 – Calculation of tota	Il current-year cred		m apprenti	ceship job cr	eation expenditure	os ———
_					Total (enter o	n line CCC in Part 19) =	
	revious tax year				Credit	_	
	revious tax year previous tax year				Credit	to be applied 921	
		ear Month Day			The state of the s	Free	
_	to a second to a second		1 11 11 11 11		a avnonditur		
				S	ubtotal	▶	
	it deducted from Part I tax (enter or it carried back to the previous year)				885	CCC	
	uct:						
a	credit available		******	eres eres		*********	
pe	enditures from line YY in Part 18:	870	×	10 % =			
	it transferred on amalgamation or v	vind-up of subsidiary				860	
d	at the beginning of the tax year			10000100	21 55 55 5 5 5		
	A the best of the feet of				ubtotal	850	
€0	lit deemed as a remittance of co-op lit expired	corporations	ing decided		0.45		
		CONTRACT MANAGEMENT			841		
0	uct						

job creatio	on expenditures		C from apprenticeship		
TC at the end of the previous	tax year			3390	
educt:			200		
redit deemed as a remittance	e of co-op corporations	1010-11-11-1-11-1-11-1-1	ARCHIO .		
redit expired after 20 tax yea	irs		615		
			Subtotal	<u> </u>	
C at the beginning of the tax	x year			625	
dd:					
redit transferred on amalgan	nation or wind-up of subsidia	ary	630		
C from repayment of assista	ance		635		
otal current-year credit (total	of column 605)		640 958	3	
edit allocated from a partner	rship		655	20.0	
			Subtotal 958	B >	958
tal credit available				1647	958
educt:					
edit deducted from Part I ta	x (enter on line B4 in Part 30))	660		
edit carried back to the prev	ious year(s) (from Part 23)			DDD	
		5	Subtotal	>	
C closing balance from ap	pprenticeshin job creation	expenditures		690	958
, ordering balance from ap	premideship job creation	expenditures		hand	
art 23 - Request for	r carryback of credit	from apprenticeship job cre	ation expenditures —		
	Year Month	Day			
previous tax year			Credit to be applied	931	
d previous tax year			Credit to be applied	932	
previous tax year			Credit to be applied	933	
previous tax year					
Part 24 – Eligible chi	ld care spaces expe	CHILD CARE SPACES	Total (enter on line DDD in P	att 22)	
ter the eligible expenditures her children. The corporation the cost of depreciable pro	that the corporation incurred a cannot be carrying on a chi perty (other than specified pr	nditures	the children of the employees a		for
ter the eligible expenditures her children. The corporation the cost of depreciable prop the specified child care star	that the corporation incurred a cannot be carrying on a chi perty (other than specified pro- art-up expenditures;	nditures d to create licensed child care spaces for ild care services business. The eligible eroperty); and	the children of the employees a		for
ter the eligible expenditures per children. The corporation the cost of depreciable prop the specified child care star	that the corporation incurred a cannot be carrying on a chi perty (other than specified pro- art-up expenditures;	nditures	the children of the employees a		for
ter the eligible expenditures ter children. The corporation the cost of depreciable prop the specified child care star quired or incurred only to cre	that the corporation incurred a cannot be carrying on a chi perty (other than specified pro- art-up expenditures;	nditures d to create licensed child care spaces for a lid care services business. The eligible eroperty); and at a licensed child care facility.	the children of the employees a		for
ter the eligible expenditures ber children. The corporation the cost of depreciable properties the specified child care stated quired or incurred only to creat Cost of depreciable p	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	nditures d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. tax year	the children of the employees a spenditures include:	and, potentially,	
ter the eligible expenditures er children. The corporation the cost of depreciable prop the specified child care star quired or incurred only to cre	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	nditures d to create licensed child care spaces for a lid care services business. The eligible eroperty); and at a licensed child care facility.	the children of the employees a	and, potentially,	for nt of investment
er the eligible expenditures er children. The corporation the cost of depreciable proposition the specified child care statured or incurred only to creat Cost of depreciable p	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	nditures d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. tax year	the children of the employees a spenditures include:	and, potentially,	
er the eligible expenditures er children. The corporation the cost of depreciable properties specified child care standard or incurred only to creat the cost of depreciable properties. CCA* class number	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	nditures d to create licensed child care spaces for a care services business. The eligible erroperty); and at a licensed child care facility. tax year Description of investment	the children of the employees a spenditures include:	and, potentially,	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties specified child care standarded or incurred only to creat the cost of depreciable properties. CCA* class number	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. tax year Description of investment	the children of the employees a spenditures include: Date available for 685	und, potentially,	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties specified child care standard or incurred only to creat the cost of depreciable properties. CCA* class number	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. tax year Description of investment	the children of the employees a spenditures include:	use Amou	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties of the specified child care standuired or incurred only to creat the cost of depreciable properties of the cost of the c	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	d to create licensed child care spaces for ild care services business. The eligible eroperty); and at a licensed child care facility. tax year Description of investment 675 Total cost of depreciable process.	the children of the employees a spenditures include: Date available for 685	und, potentially,	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties the specified child care start quired or incurred only to creat the cost of depreciable properties of the cost	that the corporation incurred in cannot be carrying on a chi perty (other than specified pr int-up expenditures; eate new child care spaces a property from the current	d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. Total cost of depreciable property tax year	the children of the employees a spenditures include: Date available for 685	use Amou	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties the specified child care startured or incurred only to creat the cost of depreciable properties. CCA* class number 665 d: Specified child care startured gross eligible expenditure duct: Total of all assistance	that the corporation incurred in cannot be carrying on a chiliperty (other than specified print-up expenditures; eate new child care spaces a property from the current from the	d to create licensed child care spaces for all care services business. The eligible erroperty); and at a licensed child care facility. Total cost of depreciable property tax year	the children of the employees a spenditures include: Date available for 685	use Amou	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties the specified child care startured or incurred only to creat the cost of depreciable properties. Cost of depreciable properties of the cost of depreciable properties of the cost of depreciable properties. CCA* class number 665 description of the corporation of the cost of depreciable properties of the cost of depreciable properties.	that the corporation incurred in cannot be carrying on a chiliperty (other than specified print-up expenditures; eate new child care spaces a property from the current from the	d to create licensed child care spaces for ild care services business. The eligible erroperty); and at a licensed child care facility. tax year Description of investment 675 Total cost of depreciable prurrent tax year 2715 plus line 705) s, rebates, and forgivable loans) or reimble ye in respect of the amounts referred to a	the children of the employees a spenditures include: Date available for 685	ruse Amou	nt of investment
ter the eligible expenditures er children. The corporation the cost of depreciable properties the specified child care start quired or incurred only to creat the cost of depreciable process of depreciable process. CCA* class number 665 d: Specified child care start all gross eligible expenditure duct; Total of all assistance the corporation has reserved.	that the corporation incurred in cannot be carrying on a chiliperty (other than specified print-up expenditures; eate new child care spaces a property from the current from the	d to create licensed child care spaces for ild care services business. The eligible erroperty); and at a licensed child care facility. Itax year Description of investment 675 Total cost of depreciable property and the property is plus line 705) Total cost of depreciable property in respect of the amounts referred to a Excess (amount GGG minus).	Date available for 685 roperty from the current tax year oursements that at line GGG)	ruse Amou	nt of investment
er the eligible expenditures er children. The corporation the cost of depreciable properties the specified child care statuired or incurred only to cre Cost of depreciable properties of cost of depreciable properties. CCA* class number 665 d: Specified child care start all gross eligible expenditure the corporation has red: Repayments of governments.	that the corporation incurred in cannot be carrying on a chiliperty (other than specified print-up expenditures; eate new child care spaces a property from the current strup expenditures from the current es for child care spaces (line e (including grants, subsidies ecsived or is entitled to receive	d to create licensed child care spaces for ild care services business. The eligible erroperty); and at a licensed child care facility. Itax year Description of investment 675 Total cost of depreciable property and forgivable loans) or reimble in respect of the amounts referred to a Excess (amount GGG minus istance	Date available for 685 roperty from the current tax year oursements that at line GGG)	ruse Amou	nt of investment

- Part 25 - Calculatio	on of current-year credit -	- ITC from child care	spaces expenditures —		
The credit is equal to 25% of care facility.	f eligible child care spaces expend	itures incurred to a maximum	of \$10,000 per child care space of	created in a licensed chil	d
Eligible expenditures (line 74	45)		x	25 % =	KK
Number of child care spaces		755	x \$	10,000 =	LLL
ITC from child care spaces	s expenditures (amount KKK or L	.LL, whichever is less)		despersió E	MMN
- Part 26 – Calculatio	n of current-year credit a	and account balances	- ITC from child care s	paces expenditu	res —
ITC at the end of the previous	s tax year			er in er F	
Deduct:					
Credit deemed as a remittand	ce of co-op corporations		765		
Credit deerned as a remittant			770		
area area area area area ye			Subtotal	•	
ITC at the beginning of the ta	ax year			775	-
Add:					
Credit transferred on amalgar	mation or wind-up of subsidiary		777		
Total current-year credit (amo			780		
Credit allocated from a partne	ership		782		
			Subtotal	▶	
Takat saadh aastalate					
Total credit available	********				
Deduct:					
Credit deducted from Part I ta	ax (enter on line B5 in Part 30)	**********	785		
Credit carried back to the pre	evious year(s) (from Part 27)		*****	NNN	
			Subtotal	>	
TC slesing balance from a	child care spaces expenditures			790	
To closing balance from c	and care spaces expenditures	********			
Part 27 - Request fo	or carryback of credit from	m child care snace ev	nenditures —		
rant zr - Nequest io		III chila care space ex	penditures		
	Year Month Day			PROPE	11
1st previous tax year	2010-12-31	TARREST TARREST	Credit to be applie		
2nd previous tax year	2009-12-31	15.1244.144.1517.191	Annual Control of the	PUP	
3rd previous tax year	2008-12-31		Credit to be applie	943	

Total (enter on line NNN in Part 26)

RECAPTURE - CHILD CARE SPACES

Part 28 - Calculating the recapture of ITC for corporations and corporate partnerships - Child care spaces -	
The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the axpayer acquired the property:	
the new child care space is no longer available; or	
property that was an eligible expenditure for the child care space is:	
 disposed of or leased to a lessee; or 	
- converted to another use.	
If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))	ZZZ
n the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:	
The amount that can reasonably be considered to have been included in the original ITC	
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	
Amount from line 795 or line 797, whichever is less	000
Corporate partnerships	
Composition partition of the composition of the com	
As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.	
Corporate partner's share of the excess of ITC 799	PPP
Total recapture of child care spaces investment tax credit - Add lines ZZZ, OOO, and PPP	
Enter amount QQQ on line A2 in Part 29.	
Part 29 – Total recapture of investment tax credit	
Recaptured SR&ED ITC from line OO in Part 17	A1
Recaptured child care spaces ITC from line QQQ in Part 28 above	A2
Fotal recapture of Investment tax credit – Add lines A1 and A2 Enter amount A3 on line 602 of the T2 return.	A3
Part 30 – Total ITC deducted from Part I tax	
ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)	B1
TC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	82
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)	В3
TC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	5.7
(TC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)	B5
Total ITC deducted from Part I tax (add lines B1, B2, B3, B4, and B5)	B6

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Enter amount B6 at line 652 of the T2 return.

Attached Schedule with Total

C - Eligible salary and wages

Title C – Eligible salary and wages

Description	Amount
Eligible amount of salaries	14,738 00
Less ON credit on above	-5,158 00
Total	9,580 00

Summary of Investment Tax Credit Carryovers

CCA class number 97	Apprenticeship	job creation ITC			
	Addition irrent year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
Prior years	930				930
Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	of year (E-F-G)
2010-12-31		1.5	107	3-4:	de recet
2009-12-31					
2008-12-31					
2007-12-31					
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2000-12-31					
1999-12-31					
1998-12-31					
1997-12-31					
1996-12-31					
1995-12-31					
1994-12-31					
1993-12-31					
1992-12-31					
1991-12-31					
	Total				
3+C+D+G				Total ITC utilized	

^{*} The ITC end of year includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

Summary of Investment Tax Credit Carryovers

CCA class number 99	Cur. or cap. R&	D for ITC			
Surrent year					
	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	29,770	37.7	3.11		29,770
Prior years					
Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2010-12-31					
2009-12-31					
2008-12-31					
2007-12-31					
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2000-12-31					
1999-12-31					
1998-12-31					
1997-12-31					
1996-12-31					
1995-12-31					
1994-12-31					
1993-12-31					
1992-12-31					
1991-12-31					
	Total				
B+C+D+G				Total ITC utilized	

^{*} The ITC end of year includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

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Canada Revenue Agency Agence du revenu du Canada

SHAREHOLDER INFORMATION

SCHEDULE 50

Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Provide only of	ne number per sha	reholder	7,0	
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Welland Hydro-Electric Holding Corp.	86360 4328 RC0001			100.000	

SCHEDULE 53



Canada Revenue Agency Agence du revenu du Canada

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

On: 2011-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send
 your worksheets with your return, but keep them in your records in case we ask to see them later.
- · Subsections referred to in this schedule are from the Income Tax Act.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions	
Answer the following questions to determine the corporation's eligibility for the various additions:	
 Is this the corporation's first taxation year that includes January 1, 2006? If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? If the answer to question 3 is yes, complete Part "GRIP addition for 2006". 	Yes X No 2006-12-31 X Yes No
Change in the type of corporation 4. Was the corporation a CCPC during its preceding taxation year? 5. Corporations that become a CCPC or a DIC If the answer to question 5 is yes, complete Part 4.	X Yes No
Amalgamation (first year of filing after amalgamation) 6. Corporations that were formed as a result of an amalgamation If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.	Yes X No
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? If the answer to question 7 is yes, complete Part 4.	Yes No
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? If the answer to question 8 is yes, complete Part 3.	Yes No
Winding-up 9. Corporations that wound-up a subsidiary If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.	Yes X No
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? If the answer to question 10 is yes, complete Part 4.	Yes No
11. Was the subsidiary a CCPC or a DIC during its last taxation year? If the answer to question 11 is yes, complete Part 3.	Yes No

Part 1 – Calculation of general rate income pool (GRIP)		
GRIP at the end of the previous tax year	100 <u>-</u>	6,095,629 A
Taxable income for the year (DICs enter "0") *	В	
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *		
Subtotal (add lines 120, 130, and 140)	c	
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0") 150		
After-tax income (fine 150 x general rate factor for the tax year ** 0.7)	190	
Eligible dividends received in the tax year		
Dividends deductible under section 113 received in the tax year		
GRIP addition:		E
Secoming a CCPC (line PP from Part 4)		
ost-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)		
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)		
Subtotal (add lines 220, 230, and 240)	≥ 290	F
Subtotal (add line	es A, D, E, and F)	6,095,629 G
Eligible dividends paid in the previous tax year		
Excessive eligible dividend designations made in the previous tax year		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.		
Subtotal (line 300 minus line 310)	>	н
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative)	490	6,095,629
Fotal GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560	
GRIP at the end of the tax year (line 490 minus line 560) Enter this amount on line 160 of Schedule 55.	-,.,,, 590	6,095,629
* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequent subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian ex Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments	xploration expenses and), reversals of income	
** The general rate factor for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls Calculate the general rate factor in Part 5 for tax years that straddle these dates.		
Part 2 – GRIP adjustment for specified future tax consequences to previous tax years	3	
Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.	d future tax consequence	es
First previous tax year 2010-12-31		
Taxable income before specified future tax consequences rom the current tax year 2,093,786 J1 Enter the following amounts before specified future tax		
consequences from the current tax year: Income for the credit union deduction amount E in Part 3 of Schedule 17)		
Income for the credit union deduction amount E in Part 3 of Schedule 17)		
Income for the credit union deduction amount E in Part 3 of Schedule 17)		
Income for the credit union deduction [amount E in Part 3 of Schedule 17) K1 Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less L1 Aggregate investment income		
Income for the credit union deduction amount E in Part 3 of Schedule 17)		

Part 2 - GRIP adjustment for specified future tax consequences to pre	evious tax years	(continued)
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2011-12-31

		are tax consequences that mount carried back from the			
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carry backs
	a rational and a second		P1		
following amounts after sp		equences:			
r the credit union deduction	on				
in Part 3 of Schedule 17 in Part 3 of Schedule 17 in line 400, 405, 410, or 42	75				
return, whichever is less	- 1 1 1	R1			
investment income					
of the T2 return) ototal (add lines Q1, R1, a	and S1)		T1		
		tive, enter "0")	>	t	11
Odototal (IIIIe FT)	Subtotal (line O1 minus line U1) (if	negative, enter "0")		/1
ustment for specified fu		es to the first previous to			
ultiplied by the general	rate factor for the tax ve	ear 0.7)			500
		200 6 3 4 4			
revious tax year 200	9-12-31				
come before specified fut			1 200 005 1-		
t tax year		*******	1,390,885 J2		
nces from the current tax					
r the credit union deduction in Part 3 of Schedule 17)		160			
In Part 3 of Schedule 17		NZ.			
n line 400, 405, 410, or 42 return, whichever is less	25			-	
n line 400, 405, 410, or 42 return, whichever is less investment income	25 	L2			
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return)	25	L2 M2	N2	ud.	
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return)	25	L2 M2 	N2 1,390,885 ►	1,390,885 o	2
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return)	and M2)ind sine N2) (if negat	L2 M2 N2 ive, enter "0")	1,390,885		2
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return)	and M2)ninus line N2) (if negat	L2 M2 ive, enter "0") re tax consequences that	1,390,885 ► t occur for the current	year	2
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return) btotal (add lines K2, L2, a Subtotal (line J2 m	and M2)ninus line N2) (if negat	L2 M2 N2 ive, enter "0")	1,390,885 ► t occur for the current	year	2
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return)	and M2)ninus line N2) (if negat	L2 M2 ive, enter "0") re tax consequences that	1,390,885 ► t occur for the current	year	Total carry backs
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return) btotal (add lines K2, L2, a Subtotal (line J2 m Non-capital loss carry-back (paragraph 111	and M2)	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm	t occur for the current current year to a prior y	year ear	Total
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return) btotal (add lines K2, L2, a Subtotal (line J2 m Non-capital loss carry-back (paragraph 111	and M2)	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm	t occur for the current current year to a prior y	year ear	Total
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return) btotal (add lines K2, L2, a Subtotal (line J2 m Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	and M2)	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back	t occur for the current current year to a prior year loss carry-back	year ear	Total
n line 400, 405, 410, or 42 return, whichever is less investment income of the T2 return) btotal (add lines K2, L2, a Subtotal (line J2 m Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	and M2) ninus line N2) (if negat Futur Am Capital loss carry-back	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified future following amounts after specified following amounts after specified future future following amounts after specified f	and M2)	M2 M2 ive, enter "0") re tax consequences that count carried back from the loss carry-back equences:	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified futur following amounts after sp	nd M2) ninus line N2) (if negat Futur Am Capital loss carry-back	M2 M2 ive, enter "0") re tax consequences that count carried back from the loss carry-back equences:	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified future following amounts after specified following amounts after specified future future following amounts after specified f	and M2) minus line N2) (if negat Futur Am Capital loss carry-back e tax consequences recified future tax consequences	M2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences:	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified futur following amounts after specified futur in Part 3 of Schedule 17) a line 400, 405, 410, or 42 eturn, whichever is less investment income	capital loss carry-back e tax consequences recified future tax consequences	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences: Q2 R2	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified futur following amounts after specified in Part 3 of Schedule 17) in line 400, 405, 410, or 42 eturn, whichever is less investment income for the T2 return)	and M2) ininus line N2) (if negation in the N2) (if n	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences: Q2 R2 S2	t occur for the current current year to a prior year loss carry-back	year ear	Total
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified future following amounts after specified in Part 3 of Schedule 17) in line 400, 405, 410, or 42 eturn, whichever is less investment income if the T2 return) ototal (add lines Q2, R2, a structure, whichever is less investment income in the T2 return)	nd M2) ninus line N2) (if negat Futur Am Capital loss carry-back e tax consequences recified future tax consen	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences: Q2 R2 S2 S2	t occur for the current current year to a prior year loss carry-back	year ear Other	Total carry backs
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified future following amounts after specified in Part 3 of Schedule 17) in line 400, 405, 410, or 42 eturn, whichever is less investment income if the T2 return) ototal (add lines Q2, R2, a structure, whichever is less investment income in the T2 return)	nd M2) ninus line N2) (if negat Futur Am Capital loss carry-back e tax consequences recified future tax consen secified future tax consen ind S2) ninus line T2) (if negati	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences: Q2 R2 S2 ive, enter "0")	t occur for the current current year to a prior year loss carry-back	year ear Other	Total carry backs
Non-capital loss carry-back (paragraph 111 (1)(a) ITA) come after specified futur following amounts after specified in Part 3 of Schedule 17) in line 400, 405, 410, or 42 eturn, whichever is less investment income if the T2 return) Subtotal (line P2 m Subtotal (li	capital loss carry-back e tax consequences recified future tax co	L2 M2 ive, enter "0") re tax consequences that count carried back from the Restricted farm loss carry-back equences: Q2 R2 S2 S2	t occur for the current current year to a prior year loss carry-back	year ear Other	Total carry backs

	2 - GRIP adjustmen		uture tax conseque	ences to previous	tax years (continu	ued)	
Third p	previous tax year 2008	-12-31					
the curr Enter th	e income before specified furent tax year	specified future tax		1,619,986 J3			
	uences from the current tax for the credit union deducti						
(amoun	t E in Part 3 of Schedule 17) , , , ,	Кз				
Amount	on line 400, 405, 410, or 4 2 return, whichever is less	25	12				
Aggrega	ate investment income						
(line 44)	0 of the T2 return)		924 M3	540 10			
	Subtotal (add lines K3, L3,	and M3)	924 >	924 N3			
ř.	Subtotal (line J3 r	minus line N3) (if nega	tive, enter "0")	1,619,062	1,619,062 03		
		Futu	re tax consequences the	at occur for the current	year		
		Ar	nount carried back from th	e current year to a prior y	ear		
	Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carry backs	
- 71		Sport con a state		53			
	income after specified futu			P3			
	e following amounts after sp for the credit union deduction		equences:				
'amount	E in Part 3 of Schedule 17)	Q3				
Amount of the T	on line 400, 405, 410, or 42 2 return, whichever is less	25	R3				
Aggrega	te investment income						
(line 440	of the T2 return)	1141	S3				
S	ubtotal (add lines Q3, R3,	and S3)		T3			
	Subtotal (line P3 r	ninus line T3) (if negat	ive, enter "0") line O3 minus line U3) (if	negative, enter "0")	U3		
GRIP ac	fjustment for specified fu			The second secon			
/line V3	multiplied by the general r	ate factor for the tax ve	ar 0.7)	ax year		540	
Total GI	RIP adjustment for specifies 500, 520, and 540) (if ne	ied future tax consec	uences to previous tax	years:			v
Enter an	nount W on line 560.						
Part :	3 - Worksheet to ca (predecessor or	culate the GRIP	addition post-ama	Igamation or post its last tax year)	-wind-up		
1b. 1	Post amalgamation	Post wind-up					
and the subsidiar	e this part when there has b predecessor or subsidiary o ry. The last tax year for a pr	orporation was a CCP(edecessor corporation	or a DIC in its last tax ye was its tax year that ended	ar. In the calculation belo immediately before the	w, corporation means a	a predecessor or a	
For a pos	ax year during which its ass st-wind-up, include the GRI	P addition in calculating			mediately follows the tax	year during which it	
Complete	the assets of the subsidiary e a separate worksheet for ords, in case we ask to see	each predecessor and	each subsidiary that was	a CCPC or a DIC in its la	st tax year. Keep a copy	of this calculation for	
	ion's GRIP at the end of its					OF 1 C	A
Eligible	dividends paid by the corpor	ation in its last tax year			BB		
Excessiv	e eligible dividend designat	ions made by the corpo			cc		
				BB minus line CC)	B	·	D
	dition post-amalgamation				in its last tax year)		E
After you	minus line DD)	or each predecessor ar	nd each subsidiary, calcula		ines. Enter this total amo	unt on:	
	 line 230 for post-amalgan line 240 for post-wind-up. 						

Part 4 - Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up

	or the corpo			ot a CCPC or a l CCPC	DIC in its las	st tax	year),			
nb. 1	Corporation becoming	ng a CCPC	🗆	Post amalgamation			Post wind-up		🔲	
and the p	a this part when there predecessor or subsid- tion means a corporat	iary was not a CC	PC or a DIC	in its last tax year. Als	so, use this part	tion 87(for a co	1)) or a wind-up rporation becom	(to which subsecting a CCPC. In the	tion 88(1) applies) ne calculation below,	
	st-wind-up, include the s the assets of the sul		calculating t	he parent's GRIP at the	he end of its tax	year tha	at immediately fo	llows the tax year	during which	
	e a separate workshee on for your records, in			ach subsidiary that wa	s not a CCPC o	or a DIC	in its last tax yea	ar. Keep a copy of	this	
Cost amo	ount to the corporation	of all property imr	mediately bet	fore the end of its prev	vious/last tax yea	ar		000.00	9	FF
The corpo	oration's money on ha	nd immediately be	fore the end	of its previous/last tax	x year	na si	8-8-8-6-8-8	11.000000	(GG
Unused a	and unexpired losses a	at the end of the co	orporation's	previous/last tax year:						
Non-ca	pital losses	********								
Net cap										
Farm lo										
	ted farm losses									
Limited	partnership losses	********			******					
					Sub	ototal _		▶	F	нн
						Subto	otal (add lines FF	GG, and HH)		11
All the cor	rporation's debts and	other obligations to	o pay that we	ere						
outstandir	ng immediately before	the end of its pre-	vious/last tax	year				JJ		
	apital of all the corpor									
of capital	stock immediately bef	ore the end of its	previous/last	tax year	*******	0.6		KK		
										Ц
All the cor	rporation's reserves de	educted in its prev	ious/last tax	year	******	1586		LL		
	oration's capital divider	nd account immed	liately before	the end		700		MM		
The como	oration's low rate incor	ne nool immediate	ly before the	end of						
	us/last tax year				5-11-5-11			NN		1
			Su	btotal (add lines JJ, K	KK, LL, MM, and	NN) =			c	00
	dition post-amalgam the corporation is b					CPC or	a DIC in its last	ttax	F	pp.
After you	complete this workshe	eet for each prede	cessor and e	each subsidiary, calcu	late the total of a	all the P	P lines. Enter thi	s total amount on:		
. =	line 220 for a corpora	tion becoming a C	CCPC;							
-	line 230 for post-ama	igamation; or								
-	line 240 for post-wind	f-up.								

Canada Revenue Agence du revenu du Canada

SCHEDULE 546

lame of corporation			Business I	Vumber	Tax year-end
WELLAND HYDRO ELECTRIC SYSTEM CORP.			86375 9692	RC0001	Year Month Day 2011-12-31
This schedule should be completed by a corporation th Corporations Act (BCA) or Ontario Corporations Act (Cas a Corporations Information Act Annual Return under	CA), except for registered c	charities under the	ed in Ontario and subject	to the Ontario	
Complete parts 1 to 4. Complete parts 5 to 7 only to republic record.			the Ontario Ministry of	Government S	ervices (MGS)
This schedule must set out the required information for	the corporation as of the d	late of delivery of t	his schedule.		
A completed Ontario Corporations Information Act Ann The MGS considers this return to be delivered on the d income tax return.					
It is the corporation's responsibility to ensure that the in shown for the corporation on the public record maintain information.					
This schedule contains non-tax information collected un MGS for the purposes of recording the information on t			s Information Act. This is	nformation will	be sent to the
Part 1 – Identification —					
Corporation's name (exactly as shown on the MGS WELLAND HYDRO ELECTRIC SYSTEM CO					
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	110 Date of incorporati amalgamation, whi		Year Month Day	120 Onta	rio Corporation No.
Ontario	most recent		2000-07-01	14	26855
	s (P.O. box not acc	ceptable as s	tand-alone addre	ss) ———	
Care of (if applicable) Street number 220 Street name/Rural route/L 950 E Main St	ot and Concession number		tand-alone addre	ss) ———	
Street number 220 Street name/Rural route/L 950 E Main St Additional address information if applicable (line 22 PO Box 280	ot and Concession number	r		ss) ———	
Care of (if applicable) Street number 220 Street name/Rural route/L 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town)	ot and Concession number of must be completed first)		230 Suite number Country 28	0 Postal/zip	
Care of (if applicable) Street number 220 Street name/Rural route/L 950 E Main St Additional address information if applicable (line 22 PO Box 280	ot and Concession number		230 Suite number		
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland	ot and Concession number of must be completed first)		230 Suite number Country 28	0 Postal/zip	
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland Part 3 – Change identifier Have there been any changes in any of the information marmes, addresses for service, and the date elected/apposenior officers, or with respect to the corporation's mailing	ot and Concession number must be completed first) 260 Province/sta ON nost recently filed for the puinted and, if applicable, the g address or language of p	ate 270 diblic record maintage date the election/preference? To rev	230 Suite number Country 28 Sined by the MGS for the lappointment ceased of liew the information show	Postal/zip L3B 5P	ith respect to
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland Part 3 - Change identifier lave there been any changes in any of the information mames, addresses for service, and the date elected/appo enior officers, or with respect to the corporation's mailing ublic record maintained by the MGS, obtain a Corporation.	ot and Concession number To must be completed first) 260 Province/sta ON Toost recently filed for the purinted and, if applicable, the graddress or language of pron Profile Report. For more his box and then go to "Part	ate 270 ablic record maintal date the election/reference? To reverse information, visit t 4 Certification.	230 Suite number Country 28 can be the MGS for the cappointment ceased of liew the information show www.ServiceOntario.com	Postal/zip L3B 5Postal corporation when directors are not for the corporation.	ith respect to nd five most oration on the
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland Part 3 – Change identifier Lave there been any changes in any of the information mames, addresses for service, and the date elected/appo enior officers, or with respect to the corporation's mailing ublic record maintained by the MGS, obtain a Corporation of the information of the corporation of the information of the infor	ot and Concession number To must be completed first) 260 Province/sta ON Toost recently filed for the purinted and, if applicable, the graddress or language of pron Profile Report. For more his box and then go to "Part	ate 270 ablic record maintal date the election/reference? To reverse information, visit t 4 Certification.	230 Suite number Country 28 can be the MGS for the cappointment ceased of liew the information show www.ServiceOntario.com	Postal/zip L3B 5Postal corporation when directors are not for the corporation.	ith respect to nd five most oration on the
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland Part 3 - Change identifier ave there been any changes in any of the information mames, addresses for service, and the date elected/appo enior officers, or with respect to the corporation's mailing ublic record maintained by the MGS, obtain a Corporation of the information of the information mames, addresses for service, and the date elected/appo enior officers, or with respect to the corporation's mailing ublic record maintained by the MGS, obtain a Corporation of the information maintained by the MGS of the information maintained by the MGS of the information maintained by the information maintained by the informati	260 Province/sts ON 260 Province/sts ON nost recently filed for the publinted and, if applicable, the graddress or language of province Report. For more his box and then go to "Part dromplete the applicable province of the publicable province of the publicable of the publicable province o	ate 270 ablic record maintale date the election/ reference? To reverse information, visit the election and the election arts on the next property of the election and the election and the election arts on the election.	230 Suite number Country CA Sined by the MGS for the repointment ceased of receive the information show www.ServiceOntario.com age, and then go to "Par	Postal/zip L3B 5Postal corporation when directors are not for the corporation.	ith respect to nd five most oration on the
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 22 PO Box 280 Municipality (e.g., city, town) Welland Part 3 - Change identifier Lave there been any changes in any of the information mames, addresses for service, and the date elected/appoenior officers, or with respect to the corporation's mailing ublic record maintained by the MGS, obtain a Corporation of the information of the corporation of the information of the informat	260 Province/sta ON 260 Province/sta ON and recently filed for the purinted and, if applicable, the graddress or language of province Report. For more his box and then go to "Partid complete the applicable province and the policable pr	ate 270 ablic record maintale date the election/ reference? To reverse information, visit the election and the election arts on the next property of the election and the election and the election arts on the election.	230 Suite number Country CA Sined by the MGS for the repointment ceased of receive the information show www.ServiceOntario.com age, and then go to "Par	Postal/zip L3B 5Postal corporation when directors are not for the corporation.	ith respect to nd five most oration on the
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500	Please enter one of the following numbers in this box:	2 - The corporation's	address on the MGS put mailing address is the s iddress in Part 2 of this s	ame as the head or
		3 - The corporation's	complete mailing address	ss is as follows:
10	Care of (if applicable)			
20	Street number 530 Street name/Rural route/Lot and Co	ncession number	540 Suite	number
50	Additional address information if applicable (line 530 must be	completed first)	4	
60	Municipality (e.g., city, town)	70 Province/state	580 Country	590 Postal/zip code

Code 1101

Canada Revenue Agence du revenu du Canada

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) EXPENDITURES CLAIM

Use this form:

- · to provide technical information on your SR&ED projects;
- . to calculate your SR&ED expenditures; and
- · to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

o claim an ITC, use either:

- · Schedule T2SCH31, Investment Tax Credit Corporations, or
- Form T2038(IND), Investment Tax Credit (Individuals).

he information requested in this form and documents supporting your expenditures are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

to help you fill out this form, use the T4088, Guide to Form T661, which is available on our Web site: www.cra.gc.ca/sred.

Part 1 - General information

Name of claimant		Enter one of the following:				
WELLAND HY	DRO ELECTRIC SYSTEM CORP.		86375 96 Business	692 RC00 Number (Bl		
Tax year	From: 2011-01-01 Year Month Day To: 2011-12-31 Year Month Day rojects you are claiming		Social Insuran	oce Number	r (SIN)	
this tax year:	injuste yet are distributed		Social Insural	ice (valibe)	CONTY	
Contact person fo	or the financial information	105 Telephone number/ex	tension	110 Fa	x number	
Rob Galipeau		(416) 360-7733		(4	416) 360-7733	
	or the technical information	120 Telephone number/ex	tension		x number	
Kevin Bailey		(905) 732-1381				
If this claim is filed	d for a partnership, was Form T5013 filed?		13.73.73.13	1015 1	Yes 2 No	
	ine 151, complete lines 153, 156 and 157.					
()	Name of the partners		156	% 1	57 BN or SIN	
1						
2						
3						
4						
5						
Part 2 - Project into	formation art 2 for each project claimed this year.				CRA internal form identifie	er 060 e 1101
Section A - Project	identification					
200 Project title (and id	dentification code if applicable)					
See schedule						

Canada

Part 3 - Calculation of SR&ED expenditures

Vhat did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&E

l elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year understand that my election is irrevocable (cannot be changed) for this tax year.

60	Y	elect	to use	the	proxy	method
30100	10	/Color	UOU	11	200	Camala

(Enter "0" on line 360. Complete Part 5 and you do not need to track any expenditure incurred for overhead)

I choose to use the traditional method

(Enter "0" on line 355. Complete line 360, and track any expenditure incurred for overhead)

Section B - Calculation of allowable SR&ED expenditures (to the nearest dollar)		
 SR&ED portion of salary or wages of employees directly engaged in the SR&ED: 		
a) Employees other than specified employees for work performed in Canada	300 +	90,406
b) Specified employees for work performed in Canada	305 +	
Subtotal (add lines 300 and 305)	306 =	90,406
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307 +	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309 +	
Salary or wages identified on line 315 in prior years that were paid in this tax year	310 +	
Salary or wages incurred in the year but not paid within 180 days of the tax year end		
Cost of materials consumed in performing SR&ED	320 +	
Cost of materials transformed in performing SR&ED	325 +	
Contract expenditures for SR&ED performed on your behalf:		
a) Arm's length contracts	340 +	
b) Non-arm's length contracts	345 +	
Lease costs of equipment used:		
a) All or substantially all (90% of the time or more) for SR&ED	350 +	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy		
method or enter "0" if you use the traditional method)	355 +	
Overhead and other expenditures (enter "0" if you use the proxy method)	360 +	
Third-party payments (complete Form T1263*)	370 +	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations need to adjust line 118 of schedule T2SCH1)	380 =	90,406
Capital Expenditures (see guide for what qualifies for SR&ED) (Do not include these capital expenditures on schedule T2SCH8)	390 +	
Total allowable SR&ED expenditures (add lines 380 and 390)	400 =	90,406
Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)		
Amount from line 400	420	90,406
Deduct		
provincial government assistance for expenditures included on line 400	429 -	
	431 -	
	432 -	
있는 것은 마른 아이를 하면서 가는 사람들이 얼마나 아니라 아이를 가지 않는데 얼마를 하는데 하는데 그렇게 하는데 아이를 하는데 하는데 하는데 아이를 하는데 아이를 하는데 하다.	435 -	12,125
SR&ED ITCs applied and/or refunded in the prior year (see guide)	AUSTRALI	12,123
sale of SR&ED capital assets and other deductions	440	70.201
Subtotal (line 420 minus lines 429 to 440)	442 =	78,281
Add		
 repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool 	445 +	
 prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661) 	450 +	
SR&ED expenditure pool transfer from amalgamation or wind-up	452 *	
amount of SR&ED ITC recaptured in the prior year	453 +	
	455 =	78,281
(enter positive amount only, include negative amount in income)		
	460	78,281
(Corporations should enter this amount on line 411 of schedule T2SCH1)	-	
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470 =	

Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

Part 4 - Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)	Current Expenditures		Capital Expenditures
Total expenditures for SR&ED (from line 380 and 390)	90,406	496	
Add			
payment of prior years' unpaid amounts (other than salary or wages)			
prescribed proxy amount (complete Part 5)			
(Enter "0" if you use the traditional method)	58,443		
expenditures on shared-use equipment (see guide)	node kontraria	504 +	
• qualified expenditures transferred to you (complete Form T1146**)		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	148,849	512 =	
Deduct		65	
provincial government assistance 513 -		514 -	
other government assistance		516 -	
non-government assistance and contract payments		518 -	
of the tax year end amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier 520			
prescribed expenditures not allowed by regulations (see guide) 530 -		532 -	
• other deductions (see guide)		535 -	
• non-arm's length transactions			
- assistance allocated to you (complete Form T1145*)		540 -	
- expenditures for non-arm's length SR&ED contracts (from line 345)			
adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)		543 -	
- qualified expenditures you transferred (complete Form T1146**)		546 -	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546) 557 =	148,849	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)	*********	559 = _	148,849
Add			
repayments of assistance and contract payments made in the year		560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)		570 =	148,849

^{*} Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

Part 5 - Calculation of prescribed proxy amount (PPA)

a notional amount representing your overhead and other expenditures.

"his part calculates the PPA to enter on line 502 in Part 4, Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162). You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in section B.

810 +	90,406
812 -	494
814 =	89,912
	812 -

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Name of Specified Employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed In tax year	Amount in column 4 or 5 whichever amount is less

(Enter total of column 6 on line 816)

818 =	89.912
KORKON -	07.712

58,443

816

Salary base (total of lines 814 and 816)

				-
Section	R-	Proscribed	provy amount (PPA)	

Enter 65% of the salary base (line 818 x 65%)

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

art 6 - Project costs

Information requested in this part must be provided for all SR&ED projects claimed in the year. Expenditures should be recorded and allocated on a project basis.

Project title or identification code	752 Salary or wages in the tax year	Cost of materials in the tax year	Contract expenditures for SR&ED performed on your behalf in the tax year
	(Total of lines 306 to 309)	(Total of lines 320 and 325)	(Total of lines 340 and 345)
Infrastructure Management and Optimization	53,366		-
2. Ensuring 98% read success rate for 20,000 deployed smart	37,040		
Total	90,406		

Part 7 - Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370)		90,406
From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.	2 4-	A
	Canadian (%)	Foreign (%)
Internal 600 Parent companies, subsidiaries, and affiliated companies 602	100.000	
Parent companies, subsidiaries, and affiliated companies Federal grants (do not include funds or tax credits	004	
from SR&ED tax incentives)		
Federal contracts 608		
Provincial funding 610	200	
SR&ED contract work performed for other companies on their behalf Other funding (e.g., universities, foreign governments) 612	614	
Other funding (e.g., universities, foreign governments)	010	
Enter the number of SR&ED personnel in full-time equivalents (FTE):	100	
Scientists and engineers	The state of the s	
Technologists and technicians	634	2
Managers and administrators , , ,	636	
Other technical supporting staff	638	
Part 8 – Claim checklist		
To ensure your claim is complete, make sure you have:		
1. used the current version of this form		X
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3		X
		x
 filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expendit 	ures	X
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if	applicable	<u>X</u>
To expedite the processing of your claim, make sure you have:		
1. completed Form T2, Corporation Income Tax Return or Form T1, Income Tax and Benefit Return .		X
filed the appropriate provincial and/or territorial tax credit forms, if applicable		X
retained documents to support the SR&ED expenditures you claimed		x
	TOCOURA	x
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule	12SCH31	* · · · · · · · · · · · · · · · · · · ·
* Form T1145, Agreement ta Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length		
** Form T1146, Agreement ta Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between		
*** Form T1174, Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Emplo Experimental Development (SR&ED)	yees for Scientific Research a	and
***** Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)		
Part 9 – Certification		
certify that I have examined the information provided on this form and on the attachments and it is true, correct, a	nd complete.	
GS ROSS PEEVER	17	0 2012-06-25
	nature	2012-06-25 Date
The state of the s	300 mg 24.	-
BeneFACT Consulting Group Inc.		

Name of person/firm who completed this form

Part 2 - Project information (continued)

Project number 1

CRA internal form identifier 060

Complete a separate Part 2 for each project claimed t	his year.				Code 11
Section A - Project identification					
200 Project title (and identification code if applicable)					
Infrastructure Management and Optimizati					
202 Project start date 204 Comp	letion or expected completion date		ce or technology co r list of codes)	ode	
2010-09	2012-03	The second second second			
Year Month Project claim history	Year Month	2.02.09 Sof	tware engineering	and technology	
Project claim history					
208 1 Continuation of a previously claimed project	210 1 X First claim for t	he project			
218 Was any of the work done jointly or in collaboration v	with other husinesses?			1 Yes	2 X No
If you answered yes to line 218, complete lines 220 and 2	The second secon			1 res	2 140
720			221	511	
Name	s of the businesses		Lazu	BN	
1					
The work was carried out (check any that apply)					
223 1 In a laboratory	226 1 X In a commercia	plant or facility			
224 1 In a dedicated research facility	228 1 Others, specify	229			
		lated .			
Purpose of the work To achieve technological advancement for the	purpose of creating new or				
230 1 X improving existing materials, devices, product			vancement of scien		
(Go to Section B – Experimental developme		(Go to Se	ection C - Basic or	applied research	1)
Section B. Eversion antal devaluation					
Section B – Experimental development					
The technological advancements you were trying to achiev	e with this work were required for:				
	Materials, device	es, or products	F	Processes	
The creation of new	235 1	x	236	1	
The Common of the Car	227		238	. 🗆	
The improvement of existing	1		200	1	
240 What tachnological advancements were you to inc	Control of the Control				
What technological advancements were you trying	to achieve? (Maximum 50 lines)				
 The technological objective for 	this project was to	develop a web-b	ased		
database system which would wor	k concurrently with t	he on-ground ha	rd-wired		
 system. The database system wou 					
1. present on our physical system			ing		
5. internet accessible and instant					
 modifications made to the physi enabling us to save valuable ti 					
B. present to us is always current		uring that the	uata		
9.	•				
10. In order to achieve this goal,	we developed a web-ba	sed system, as	well as		
11. programming add-ons to the comm					
12. order to ensure the smooth inte	gration of this syste	m into the envi	ronment		
 without compromising the flexib 	ility or performance	characteristic	of the end		
14. product yet greatly enhancing f	unctionality.				
15.					
16. This project was completed with					
17. functionality attained through					
18. represents a technological adva	ncement with respect	to the underlyi	ng		
19. technology.					
	noni nonilted in censi	darable lengthed	an maine		
21. The development of this technol	ogy resurred in consi	derants knowled	Ac Autilia		

HESC - NIL 2011.211 2011-12-31 12-06-25 14:47 86375 9692 RC000" What technological advancements were you trying to achieve? (Maximum 50 lines) 22. for our company including: 24. * Leveraging the use of proprietary open source software to develop a highly 25. configurable smart-build system with a web-based interactive interface and an 26. easily accessible information database. 27. * Enhanced online functionality of the system which resulted in allowing us to 28. perform on-field inspections and instant updates to the database to ensure 29. system information remained up to date. 30. * Improved system integration and information presentation, so that all 31. necessary information was present to us as required, from all physical 32. connections, characteristics, and work order information for any object of 33. interest in our system, to updated customer information and comprehensive 34. physical system layout, in an easily accessible web-based or report-based 35. format. What technological obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (Maximum 50 lines) At the onset of the project, limitations in the existing state of the art technology and off-the-shelf software programs prevented us from directly 3. achieving our objectives. These obstacles were specific to the new capabilities we wanted, as developing a tool to monitor a system of our scale ō. and for our specifications was not available a priori. In order to remove these technical problems and achieve the advancements, we needed to overcome 7. the following technological obstacles: * The first challenge was to implement a system which would be able to provide 10. an accurate GIS model and database of the physical on-ground system. The 11. challenge lay in the fact that the leading proprietary software used for our 12. specific modeling application - Autodesk Topobase, was designed primarily to 13. serve European industry standards, and its out-of-the-box applicability to 14. North American systems, standards and environments was minimal. 15. * Another challenge was to deal with the system performance latency issues 16. which arose due to two main reasons: 1, the large volume of data that the 17. system was required to handle, and 2. the modified version of the software we 18. purchased from a third-party vendor. The vendor modified the software in an 19. attempt to tailor the program to fit our requirements and the standards 20. present in our specific environment. However, due to inaccurate modeling of 21. our specific requirements and the presence of corrupt dll files in their 22. programming, we initially faced many errors and program crashes. 23. * Our next challenge was the lack of a web-based database system to complement 24. the developed system, which restricted us from runtime database modification, 25 . thereby reducing system functionality as a whole. 26. * Our final challenge was ensuring all information on the system, including 27. customer and specific part information, was up to date, present in multiple 28. formats for improved accessibility and inspection, and fully integrated into

What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242?

(Summarize the systematic investigation) (Maximum 100 lines) The following paragraphs summarize the work we did during the claim period and

2. the incremental results we achieved toward removing the technological

obstacles.

one system.

1.

29.

- The first challenge involved tailoring the Autodesk Topobase software to fit 5.
- 6. our specific requirements. This involved performing significant programming
- 7. modifications to the software using sequel programming, as the inbuilt version
- 3. of the software was too generic to be implemented for North American
- 9. industrial standards. Our initial attempts to modify the software led to the
- development of bugs and system crashes. Variations were made to the software

12-06	86375 9692 RC0
	What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (Maximum 100 lines)
11.	incrementally to enhance its applicability, and through the course of the
12.	year, after performing multiple iterations we were able to develop and launch
13.	a variant which was fully tested and suitable for our needs. The first step to
14.	achieve this goal was improving the current GIS tracing function, which was
15.	too basic for our requirements. Through reprogramming the system and
16.	integrating the part database with the GIS, the newly developed system is now
17.	able to provide detailed information on any object of interest. Selection of
18.	any object in the system provides details of the individual object as well as
19.	all physical connections, system layout, and customer information pertaining
20.	to that specific object. In this way the system was modified to encompass and
21.	generate all necessary information.
22.	
23.	Our next challenge was to ensure optimal system performance. One main obstacle
24.	to this was the large amount of data that the system was required to handle
25.	regularly, especially if the function of consistent information updates was to
26.	be maintained. There are hundreds of thousands of part drawings and files for
27.	transformers, poles, conductors, etc., which needed to be imported into the
28.	system and maintained regularly. Initially system performance suffered due to
29.	the required data rate. Incremental changes were made to the system, and after
30.	performing procedures for system overhaul including hardware optimization and
31.	improved system upkeep, that problem has been fully addressed.
32.	
33.	The other obstacle to optimal system performance was the version of the
34.	Autodesk Topobase software we had procured from a third-party vendor. The
35.	vendor was responsible for one-time software installation and support. The
36.	vendor created API's using Autodesks open-source programming function to
37.	create custom functions and buttons. However, the add-ons they provided led to
39.	system performance deterioration and frequent system crashes. Performance was
40.	improved by reprogramming the software. The corrupt dll's and unnecessary system features were sequentially eradicated over the year, leading to
11.	significant system performance enhancement.
12.	Significant System performance enhancement.
43.	Our next challenge was to develop an integrated web-based database system to
44.	complement the developed GIS. Through the programming and development of
45.	network- based access to the Oracle database for the GIS system, remote
46.	information update to the system has allowed information update on the
47.	database to be greatly streamlined. Field-to-server communication using 3G
18.	technology now allows inspections to be performed in the field and the
19.	pertaining data to be updated on the server in runtime.
50.	
51.	The final challenge is ensuring all system information is up to date and
52,	accessible. The parts and physical system information present in the GIS
53.	software on the Oracle database was made accessible from the field, and can be
54.	modified to include any changes made to the system. Further, we have
55.	programmed a batch file which accesses the customer information database and
36.	updates the oracle database every night, ensuring that the customer
57.	information and physical system information which is accessible every business
58.	day is current.
59.	
60.	Improved accessibility has been achieved using two approaches. The first was
51.	through the creation of a php-based web portal which provides access to
52.	available GIS maps as well as options to filter maps to display specific
53.	information. The second is through our development of a programmed subsystem
64.	which generates inspection files for all parts in the system. This system
55.	ensures all data pertaining to a specific part - including part
56.	specifications, location, all physical and customer connections, and a current
57.	digital photograph, is available in a single hardcopy document format based on
co	AND CAPACITY OF A PARTY OF A STATE OF A STAT

the most up to date information.

Section C - Basic or applied research			
What advancements in scientific knowledge	e were you trying to achieve? (Ma	ximum 50 lines)	
1,			
2.			
3.			
4_			
What work did you perform in the tax year (Summarize the systematic investigation) (A	, how did that work contribute to t	he advancements described in Line 250	0?
1.	reximent too wiesj		
2.			
3.			
4 .			
Section D – Additional project information	tion		
Who prepared the responses for Section B or Se	ction C?		
253 1 X Employee directly involved in the project	254 Name Kevin Bailey		
255 1 Other employee of the company	256 Name		
257	258 Name	259 F	Firm
1 X External consultant	Benefact Consulting		Benefact Consulting
ist the key individuals directly involved in the proj			
Names		261 Qualifications/ex	sperience and position title
Tom Wilga		Engineering Technician; over 10 ye	ars industry experience
Are you claiming any salary or wages for SR	&ED performed outside Canada	?	1 Yes 2 X No
Are you claiming expenditures for SR&ED c	arried out on behalf of another pa	nrty?	1 Yes 2 X No
Are you claiming expenditures for SR&ED p	after all in a filter water consists of the collision and the collision of	CAPE TO A SERVICE OF SERVICE AND A SERVICE AND	
rice you distring superiorities for or teles p	arrannes of propie and many		
f you answered yes to line 267, complete lines 26	38 and 269.		
60	mes of individuals or companies		269 BN
110	These of individuals of companies		5(1
What avidence do you have to avance your steirs'	2 (Check any that angle)		
What evidence do you have to support your claim? 'ou do not need to submit these items with the cla		retain them in the event of a review.	
70 1 Project planning documents	276 1	Progress reports, minutes of project r	meetings
711 1 Records of resources allocated to the time sheets	Regulation	Test protocols, test data, analysis of t	
72 1 Design of experiments	278 1 X	Photographs and videos	
Project records, laboratory notebooks	279 1	Samples, prototypes, scrap or other a	artefacts
74 1 X Design, system architecture and sour	rce code 280 1	Contracts	
Records of trial runs	281 1 X	Others, specify 282 emails	

Part 2 - Project information (continued)

Project number 2

CRA internal form identifier 060

Complete a separate Part 2 for each project claimed this	year,				Code 110
Section A - Project identification					
200 Project title (and identification code if applicable)					
Ensuring 98% read success rate for 20,000 de		-			
202 Project start date 204 Completic	on or expected completion date	206 Field of scie	ence or technolog for list of codes)	jy code	
2011-01	2012-03	100		a. Vendere	
Year Month Project claim history	Year Month	2.02.05 A	utomation and co	ontrol systems	
208 1 Continuation of a previously claimed project	210 1 X First claim for th	e project			
Was any of the work done jointly or in collaboration with	other husinesses?			. 1 Yes	2 X No
if you answered yes to line 218, complete lines 220 and 221.	other ousiliesses?			1 100	2 2 140
555	46.46		E	221 B	
Names o	f the businesses			BI	V
1					
The work was carried out (check any that apply)					
223 1 In a laboratory	226 1 X In a commercial	plant or facility			
224 1 In a dedicated research facility	228 1 Others, specify	229			
	220 /				
Purpose of the work	and the state of t				
To achieve technological advancement for the pu		For the	advancement of s	scientific knowledg	e
1 X improving existing materials, devices, products o (Go to Section B – Experimental development)	processes.			ic or applied resea	
(
Section B - Experimental development					
The technological advancements you were trying to achieve w	ith this work were required for:				
The second secon					
	Materials, devices	s, or products	-	Processes	
The creation of new	235		236	1 X	
The improvement of existing	237	1	238	1 X	
					4
What technological advancements were you trying to a	achieve? (Maximum 50 lines)				
			t and and		
 Our technological objective was t smart meters was functioning with 					
 mandated by the provincial author 					
 objective was to develop technolo 				+	
 and determine quickly whether the 				<u> </u>	
6.	meter should be it.	ded of Teprace			
7. At the conclusion of the current	claim period our in	frastructure h	as none		
3. live. We have had significant suc					
Failures. Furthermore, advancemen					
10. enabled us to minimize the replac				ur	
11. main advancements:	amone of modern po.	TON NO GEOGRAPH	00,110 01		
12.					
13. * The deployment of a custom tool	on handheld device:	s has proven t	o be our		
14. first line of defence in detectin				1	
15. enables us to ping the meter as w					
16.					
17. * Instead of replacing meters wit	h a weak signal we 1	nave leveraged	the buddy		
18. mode to enable them to piggy back					
19. functional meter. Furthermore, in					
20. hard reset on these meters requir					
21. internal capacitor that requires		THE RESERVE THE PROPERTY OF THE PARTY OF THE	CAT TOTAL COLUMN		

What technological advancements were you trying to achieve? (Maximum 50 lines) 22. previously unknown and undocumented fact has enabled us to reset a large 23. number of previously dysfunctional meters. 24.

- 25. * We have deployed a field management tool which lets us not only ping a meter
- 26. but detect its mode. Through this tool we are able to identify meters which
- 27. were previously set on buddy mode but whose mode had been turned off due to
- 28. system maintenance and tuning. This has enabled us to minimize the effort
- 29. required in debugging meter failures.
- 130.
- 31. * To deal with congested areas we have developed a new mode which minimizes
- 32. the number of messages generated. This reduces noise level and prevents the
- 33. tower to become bombarded by messages. Furthermore, we have developed, tested
- 34. and optimized the messages being sent for each mode. This in-house development
- 35. has had one key focus; ensure high reads while minimizing network congestion
- 36. by reducing the number of un-necessary messages being sent.

What technological obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (Maximum 50 lines)

- 1. Installation of 20 thousand smart meters, a technology still in its infancy,
- 2. has posed immense technological challenges and obstacles. During the course of
 - the current claim period we have had to undertake research and experimentation
- 4. to deal with the complicated network of 20 thousand meters we have
- 5. established. We discuss some of the key technological challenges below:
- 6.
- 7. * Our biggest challenge was to ensure that the network of over 20 thousand
- 3. smart meters was working as desired. More specifically, we faced the momentous
- 9. challenge of achieving the desired 98% success rate which meant that 98% of
- 10. meters must communicate with the central repository at least once every 15
- 11. minutes. Our first experiment showed a 3% failure rate, which, given the large
- 12. number of meters, amounted to experimentally identifying the cause of failure
- 13. for 600 meters. We were challenged to develop a methodology to quickly
- 14. investigate and identify why each meter was not working.
- 15.
- 16. * Our next challenge was dealing with meters with weak radios. For successful
- 17. communication the signal strength should be at least 900B. However, some
- 18. meters only read 70DB which was too weak. Furthermore, if through an on-site
- 19. experiment a meter could not be pinged within a 15 feet distance we knew that
- 20. the meter either had a weak radio or was defective. We were challenged to
- 21. identify such meters and find a work-around.
- 22.
- 23. * We were challenged to overcome the technological hurdle that network
- 24. maintenance on our meters switched off their buddy mode which made meters
- 25. relying on buddies to communicate fail. Since we did know when such network
- 26. tuning was performed, we faced the challenge of determining why all of a
- 27. sudden large number of meters stopped working and then develop a methodology
- 28. to handle such occurrences.
- 29.
- 30. * The large number of messages generated by meters in congested areas such as
- 31. apartment buildings posed a major technological challenge since the tower was
- 32. unable to handle being bombarded with so many messages in short spurts. We
- 33. were challenged to decrease the number of messages generated by reducing noise
- 34. levels emanating from congested areas.

What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (Maximum 100 lines)

- 1. To overcome the challenge of investigating the over 600 offline meters, our
- 2. first line of experimentation was through a custom tool deployed on a
- 3. handheld. We have developed a process through which we identify the cause of
- 4. the problem with an individual meter. Using the tool we can ping a meter and

	What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (Maximum 100 lines)
5.	also put it into buddy mode. This mode was developed so that if a meter cannot
,6.	
7.	directly communicate with a collector it communicates with a buddy meter which then communicates on its behalf. However, although theoretically ideal, the
9.	tool is cumbersome to use. First, the tool did not always perform as desired
9.	and sometimes was unable to place the meter into buddy mode. Second, even if
10.	the tool was successful in switching the mode on a meter, the solution did not
11.	always work. After research we developed a methodology to ensure that at least
12.	we eliminated the uncertainty that the meter had not been placed in buddy
13.	more. Once this was resolved, we began investigating the cause of the second
14.	problem i.e. meters not communicating even when placed in buddy mode.
15.	problem 1.0. meters for sommanicating even when proceed in blood modes
16.	Our next challenge was dealing with meters with weak radios i.e. with signal
17.	strength less than 90DB. Our infrastructure is laid out so that meters talks
18.	to a tower, the tower talks to a collector which is the backbone connection to
19.	the central repository. In an ideal situation, each meter talks to the closest
20.	tower, Rowever, meters with weak radios cannot achieve this. Instead of
21.	replacing the meter (which is time consuming and costly) we chose to manually
22.	enable buddy mode. This means that a meter with a defective radio can still
23.	piggy back on a neighbouring functioning meter. Our on-site experiments
24.	resulted in limited success; switching the defective meters to buddy mode
25.	successfully got a number of meters on line. Meters that could not be brought
26.	online even in buddy mode were taken to our lab for further investigation.
27.	Each meter was placed on a testboard and experiments conducted to ensure that
28.	we only discarded defective meters. Through such experimentation we identified
29.	that meters contain a capacitor which is drained after being off power for 10
30.	minutes. Hence a hard reset requires 10 minutes. We were able to successfully
31.	reset a number of modems after we made this discovery. Any meter which still
32.	did not come live after all these attempts was discarded and replaced with
33.	functioning meters.
34.	
35.	The discovery that meters that we had switched to buddy mode randomly turned
36.	their buddy mode off posed another technological hurdle. Further investigation
37.	led to the discovery that network maintenance often updated the meters which
38.	placed the meters in their default settings that included having the buddy
39.	mode turned off. We deployed a field management tool through which we are not
40.	only able to ping the meter but also detect what mode is set on the meter.
41.	Through this mode we are able to quickly identify meters whose buddy mode
42.	becomes disabled. Resetting the mode on these meters fixed the issue.
13.	
44.	A last technological challenge was to get meters situated in congested areas
15.	such as apartment buildings to communicate with the tower. Through research we
16.	identified that meters were generating a lot of message traffic. The default
47.	settings on the meters results in multiple messages to the tower as well as
48.	neighbouring meters. We realized that sending so many messages was causing
19.	extraordinary levels of noise which in turn was causing messages to be lost
50.	since the tower was unable to deal with the traffic. We have developed a
51.	clever solution for such congested areas through the development of a new
52.	mode. In the new mode, meters broadcast to everyone in the vicinity. A buddy
53,	forwards the message to the tower. At the same time, the tower acknowledges
54.	the indirect communication so that the meter residing in the congested area
55.	knows which buddy to send future communications through thereby not requiring
56.	new buddy discovery. At the same time other buddies know that the meter found
57.	a buddy that is transmitting on its behalf so that not all buddies try to
58.	communicate on a meter's behalf. Our experiments show that this mode works
59.	extremely well for congested areas by reducing the number of messages that are

25(0)	on C - Basic or applied research					
stockell V	Vhat advancements in scientific knowledge	were you trying to achieve? (A	faximum 50 lines)			
1.						
2.						
3.						
4.						
158 V	Vhat work did you perform in the tax year,	how did that work contribute to	the advancement	s described in Line 25	50?	
	Summarize the systematic investigation) (Ma		o me advantement	o described in Line 20		
1.						
2.						
1.						
-						
Section	on D – Additional project informati	on				
_	repared the responses for Section B or Sect					
(8)		254 Name				
100	1 X Employee directly involved in the project	Kevin Bailey				
55		256 Name				
	1 Other employee of the company					
57	1 X External consultant	258 Name		259		
ict the	key individuals directly involved in the project	Benefact Consulting			Benefact Consulting	
60	Names	ct and indicate trieli qualificati	261	Qualifications		
				40.000	xperience and position title	
Chi	ristine Hopson		Meter Technician; 5 + years industry experience			
Jer	ry Woods		Asst. Sub For	eman; 20 + years inc	fustry experience	
_						
k.						
Acres 1	to a constant of the constant				, -	م ا کا ب
65 Ar	re you claiming any salary or wages for SR&					2 X No
65 Ar	re you claiming expenditures for SR&ED car	rried out on behalf of another	party? ·		1 Yes	2 X No
65 Ar		rried out on behalf of another	party? ·			-
65 Ar 66 Ar 67 Ar	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per	rried out on behalf of another provided by people other than y	party? ·		1 Yes	2 X No
65 Ar 66 Ar 67 Ar	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268	rried out on behalf of another promed by people other than you and 269.	party?		1 Yes 1 Yes	2 X No 2 X No
65 Ar 66 Ar 67 Ar	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268	rried out on behalf of another provided by people other than y	party?		1 Yes 1 Yes	2 X No
65 Ar 66 Ar 67 Ar	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268	rried out on behalf of another promed by people other than you and 269.	party?		1 Yes 1 Yes	2 X No 2 X No
65 Ar 66 Ar 67 Ar you ar	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268 Nam	rried out on behalf of another promed by people other than to any and 269. The second of the second	party?		1 Yes 1 Yes	2 X No 2 X No
65 Ar 66 Ar 67 Ar you ar 68	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268	rried out on behalf of another promed by people other than you and 269. The second individuals or companies of individuals or companies (Check any that apply)	party? your employees?		1 Yes 1 Yes	2 X No 2 X No
65 Ar 66 Ar 67 Ar you ar 68	re you claiming expenditures for SR&ED car re you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268 Nam	rried out on behalf of another promed by people other than you and 269. The second individuals or companies of individuals or companies (Check any that apply)	party? your employees? s	e event of a review,	1 Yes 1 Yes 269	2 X No 2 X No
65 Ar 66 Ar 67 Ar you ar 63	re you claiming expenditures for SR&ED care you claiming expenditures for SR&ED per nswered yes to line 267, complete lines 268 Name of the vidence do you have to support your claim? not need to submit these items with the claim. Project planning documents Records of resources allocated to the personners.	rried out on behalf of another promed by people other than you are required to the companies of individuals or companies (Check any that apply) m. However, you are required to consider the consideration that the consideration	to retain them in the		1 Yes 1 Yes 269	2 X No 2 X No
65 Ar 66 Ar 67 Ar you ar 63	re you claiming expenditures for SR&ED care you claiming expenditures for SR&ED per newered yes to line 267, complete lines 268 Name of the second of the s	rried out on behalf of another promed by people other than you are required (Check any that apply) m. However, you are required project,	to retain them in the Progress report Test protocols, conclusions	e event of a review, ts, minutes of project test data, analysis of	1 Yes 1 Yes 269	2 X No 2 X No
65 Ar 66 Ar 67 Ar f you ar 68	re you claiming expenditures for SR&ED care you claiming expenditures for SR&ED per newered yes to line 267, complete lines 268 Name of the second of the s	rried out on behalf of another promed by people other than you are required to the companies of individuals or companies (Check any that apply) m. However, you are required to consider the consideration that the consideration	to retain them in the Progress report Test protocols conclusions Photographs a	e event of a review, ts, minutes of project test data, analysis of	Yes 1 Yes 1 Yes 269 meetings test results,	2 X No 2 X No
65 Ar 66 Ar 267 Ar f you ar 688 Vhat ev 'ou do	re you claiming expenditures for SR&ED care you claiming expenditures for SR&ED per newered yes to line 267, complete lines 268 Name of the second of the s	rried out on behalf of another promed by people other than you are required (Check any that apply) m. However, you are required project,	to retain them in the Progress report Test protocols conclusions Photographs a	e event of a review, ts, minutes of project test data, analysis of	Yes 1 Yes 1 Yes 269 meetings test results,	2 X No 2 X No
66 Ar 267 Ar f you ar 268	re you claiming expenditures for SR&ED care you claiming expenditures for SR&ED per newered yes to line 267, complete lines 268 Name of the second of the s	rried out on behalf of another promed by people other than you are required project, 1 1 278 1 1 279 1	to retain them in the Progress report Test protocols conclusions Photographs a	e event of a review, ts, minutes of project test data, analysis of	Yes 1 Yes 1 Yes 269 meetings test results,	2 X No 2 X No

E-FILING INSTRUCTIONS

Welland Hydro Electric System Corp.

FEDERAL - T2 NIL

Tax Centre Address:

Canada Revenue Agency

Tax Centre 275 Pope Rd

Summerside PE C1N 6A2

Courier Address:

Same As Above

Tax Return Due Date:

July 3, 2012

Tax Due:

No tax owing

Tax Due Date:

N/A

Payable To:

N/A

Tax Refund:

N/A

Signing Instruction:

One copy of the Form T183 Information Return for Corporations Filing Electronically should be signed where indicated and returned to Deloitte in the enclosed envelope. Please note that we cannot electronically submit the tax return until such time as the aforementioned signed form is in our possession. The Canada Revenue Agency does not currently provide an extension where a corporate income tax return is rejected during the electronic filing process; as such, we request that you provide the signed authorization form at least 3 business days prior to the filing deadline listed above. Where the authorization form is received within 2 days of the filing deadline, we cannot guarantee that the income tax return will be accepted and as a result we cannot guarantee that the income tax return will be filed prior to the deadline.

Form RC59 Business Consent should be signed and forwarded to the above tax centre address. Where applicable, a cheque for any outstanding balance can be forwarded along with the Business Consent form to the Canada Revenue Agency.

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Canada Revenue Agency Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN



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

corporation return.

All legislative references on this return are to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your ax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see www.cra.gc.ca or Guide T4012, T2 Corporation - Income Tax Guide.

055	Do по	t use thi	s area

Section Sect	- Identification	. , 001 86375 9692 RC0001	
Has this address changed since the last time we were notified? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the date on line 061 a deemed tax year-end according to: Subparagraph 88(2)(a)(iv)? Old 1 Yes 2 No X Is the care of line of 1 Yes 2 No X Is the care of line of 1 Yes 2 No X If yes, complete lines 031 to 028.) Old 1 Yes 2 No X If yes, complete lines 031 to 038.) Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X If yes, complete lines 031 to 038. Old 1 Yes 2 No X Is this	002 WELLAND HYDRO ELECTRIC SYS	STEM CORP.	Tax year start Tax year-end 2011-01-01 061 2011-12-31
Country (other than Canada) Ozd 1 Yes	Has this address changed since the last time we were notified?	Province, territory, or state	Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year?
time we were notified?	Country (other than Canada) 017 Mailing address (if different from head of	Postal code/Zip code 018 L3B 5P6	subparagraph 88(2)(a)(iv)? 064 1 Yes 2 No X subsection 249(3.1)? 066 1 Yes 2 No X
Incorporation? 17 kg 2 No X	time we were notified?	020 1 Yes 2 No X	corporation that is a member of a partnership?
Country (other than Canada) O22 Country (other than Canada) O23 O24 Country (other than Canada) O25 Country (other than Canada) O26 O27 O27 O38 O39 O39 O39 O39 O39 O39 O39	022 023 City		Incorporation?
changed since the last time we were notified? (If yes, complete lines 031 to 035.) (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If an election was made under section 261, state the functional currency used (If yes, complete ines 031 to 035.) (If an election was made under section 261, state the functional currency used (If yes, complete ines 031 to 035.) (If an election was made under section 261, state the functional currency used (If yes, complete ines of the following boxes: (If yes, complete ines 031 to 035.) (If yes, complete ines 031 to 035.) (If an election was made under section 261, state the functional currency used (If yes, complete ines of the following boxes: (If yes, complete ines 031 to 035.) (If yes, complete ines 041, state the functional currency used (If yes, 025, s		Postal code/Zip code	subsidiary under section 88 during the current tax year?
950 EAST MAIN STREET P.O. BOX 280 City Province,territory, or state City Country (other than Canada) Postal code/Zip code U33 L3B 5P6 1 X Canadian-controlled private corporation (CCPC) Corporation Public corporation Public corporation Public corporation Public corporation Corporation Figure of corporation changed during the tax year, provide the effective date of the change. Do not use this area If an election was made under section 261, state the functional currency used D79 Is the corporation a resident of Canada? Is the corporation a resident of Canada? Is the corporation a resident of Canada? O80 1 Yes X 2 No If no, give the country of residence on line 081 and complete and attach Schedule 97. O81 Is the non-resident corporation claiming an exemption under an income tax treaty? If yes, complete and attach Schedule 91. If the corporation is exempt from tax under section 149, tick one of the following boxes: O85 1 Exempt under paragraph 149(1)(e) or (i) 2 Exempt under paragraph 149(1)(i) 4 Exempt under other paragraphs of section 149 Do not use this area	Has the location of books and records changed since the last time we were notified? (If yes, complete lines 031 to 038.)	030 1 Yes 2 No X	before amalgamation? 076 1 Yes 2 No X
1 X Canadian-controlled private corporation (CCPC) 2 Other private corporation 3 Public corporation 4 Corporation (specify, below) 5 Other corporation (specify, below) 5 Other corporation (specify, below) 6 the type of corporation changed during the tax year, provide the effective date of the change. 043 Pyryy MM DD Is the non-resident corporation claiming an exemption under an income tax treaty?	032 P.O. BOX 280 City 035 WELLAND	036 ON Postal code/Zip code	If an election was made under section 261, state the functional currency used
If the type of corporation changed during the tax year, provide the effective date of the change. Output Do not use this area 085 1	Canadian-controlled private corporation (CCPC) Other private corporation Public	4 Corporation controlled by a public corporation Other corporation	Is the non-resident corporation claiming an exemption under an income tax treaty?
	If the type of corporation changed during the tax year, provide the effective date of the change.		2 Exempt under paragraph 149(1)(j) 3 Exempt under paragraph 149(1)(t)
		Do not use	e this area

Canada

- Attachments		
Financial statement information: Use GIFI schedules 100, 125, and 141.		
Schedules - Answer the following questions. For each yes response, attach the schedule to the T2 return, unless otherwise instructed.		
	Ye	s Schedule
Is the corporation related to any other corporations?	50 X	9
Is the corporation an associated CCPC?	60 X	23
	61	49
	51	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees,		4
other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	62	11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	63	44
	64	14
	65 X	15
	66	T5004
	67	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length		1 10010
with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	68	22
Did the corporation have any foreign affiliates during the year?	69	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1)	-	1
of the federal Income Tax Regulations?	/0	29
rlas the corporation had any non-arm's length transactions with a non-resident?	1	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's	ZI V	1
	73 X	50
The first state of the first sta	72	
	01 X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory;	02 X	1 -
gitte of database according property, or gitte of inculation.		2
The the surprised the surprised the surprised to part and the surprised to	03 X	3
Is the corporation claiming any type of losses?	Ι4-	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	05 X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	06	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or	- T	
ii) does the corporation have aggregate investment income at line 440?	-	7
	08 X	8
Does the corporation have any property that is eligible capital property?		10
Does the corporation have any resource-related deductions?		12
Is the corporation claiming deductible reserves?	13 X	13
Is the corporation claiming a patronage dividend deduction?	6	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	7	17
Is the corporation an investment corporation or a mutual fund corporation?	8	18
Is the corporation carrying on business in Canada as a non-resident corporation?	20	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	21	21
Does the corporation have any Canadian manufacturing and processing profits?	27	27
Is the corporation claiming an investment tax credit?	11 X	31
	32 X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?		1,448.0
is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?		
The fold to the coupling of the composition and the composition of the		37
to do supercuter distining a series of series.		38
The seal parameter and the seal		2.3
The state of the s		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	100	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	8	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	70	
		39
Is the corporation claiming a Canadian film or video production tax credit refund?		T1131
Is the corporation claiming a film or video production services tax credit refund?		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	5	92

- Attac	hments – continued from page 2		
	The state of the s	res Sch	
	corporation have any foreign affiliates that are not controlled foreign affiliates?		134-A
	corporation have any controlled foreign affiliates? 258		134-B
			1135
	application of the property to a final resolution of the property to a	-	1141
Property and the second			1142
The state of the s			1145
	The street of th		1146
		34	1174
Land to the same of		-	55
			2002
	corporation revoked any previous election made under subsection 89(11)? orporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its	_ 14	2002
	ate income pool (GRIP) change in the tax year?	X .	53
Did the co	orporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?		54
Additi	ional information		
Did the co	orporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	2 No	X
	poration inactive? 280 1 Yes	2 No	X
Mhat is th	he corporation's main		
	generating business activity?		
Specify th	ne principal product(s) mined, manufactured, 284 POWER DISTRIBUTION 285 10	00.000	10/
sold, cons	structed, or services provided, giving the	0.000	%
	ate percentage of the total revenue that each reservice represents.		%
		2 No	1
	orporation immigrate to Canada during the tax year?	2 No	
A service and the service at	orporation emigrate from Canada during the tax year?	2 No	
	he corporation ceased to be eligible YYYY No oration's major business activity is construction, did you have any subcontractors during the tax year? 1 Yes 1	IM DD 2 No	F 1
Taxab	le Income		
Net incom	ne or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	787,07	1 A
Deduct:	Charitable donations from Schedule 2		
	Gifts to Canada, a province, or a territory from Schedule 2		
	Cultural gifts from Schedule 2		
	Ecological gifts from Schedule 2		
	Gifts of medicine from Schedule 2		
	Taxable dividends deductible under section 112 or 113, or subsection 138(6)		
	from Schedule 3 320		
	Part VI.1 tax deduction*		
	Non-capital losses of previous tax years from Schedule 4		- 1
	Net capital losses of previous tax years from Schedule 4		
	Restricted farm losses of previous tax years from Schedule 4		
	Farm losses of previous tax years from Schedule 4		
	Limited partnership losses of previous tax years from Schedule 4 Taxable capital gains or taxable dividends allocated from a central credit union 340		
	Prospector's and grubstaker's shares		
		35,94	4 B
	2.7.2.1.3.1.2.	51,12	
Add:	Section 110.5 additions or subparagraph 115(1)(a)(vii) additions		_ D
		51,12	
	cempt under paragraph 149(1)(t)		-
		51,12	7 z
	ount is equal to 3.2 times the Part VI.1 tax payable at line 724 on page 8. Use 3.5 for tax years ending after 2011.		

12-06-25 14:41						86375 9692 RCL
Small business deduction—	T-2 - CAS /					
Canadian-controlled private corporations (CCPCs) thro	Associated and the second	ear			and the same of	
Income from active business carried on in Canada from School	edule 7	******	*****	SAME TO STATE	400	787,071
Taxable income from line 360 on page 3, minus 100/28*	3.37312 of	the amount of	n line 632** on pag	e 7, minus		
1/(0.38 - X***) 3.77358 times the amount on line 636	**** on page 7, ar	nd minus any	amount that, beca	use of	Present Control	
federal law, is exempt from Part I tax			*********	A	405	751,127
Business limit (see notes 1 and 2 below)				***	410	500,000
Notes:						
For CCPCs that are not associated, enter \$ prorate this amount by the number of days in the tax year				on's tax year is less	than 51 weeks,	
2. For associated CCPCs, use Schedule 23 to calculate the	amount to be ent	ered on line	110.			
Business limit reduction:						
Amount C 500,000 × 415 *****	52,371	D				2,327,600
Amount C Socreto C RAC	11,250		: :3:11.000		101 (112.5	2,027,000
Reduced business limit (amount C minus amount E) (if nega					425	1
			innne ; se re e r	1 8 31111111111111111111111111111111111		
Small business deduction	160	2-01			IPPOPIL	
Amount A, B, C, or F, whichever is the least	×	17 % =	17.21.11.65.81	0-9-9-8-8-11	430	
Enter amount G on line 1 on page 7.						
* 10/3 for tax years ending before November 1, 2011. The				pro-rated based on	the number of	days in the
tax year that are in each period; before November 1, 20						-
** Calculate the amount of foreign non-business income investment income (line 604) and without reference to				to the refundable to	ax on the CCPC	C's
*** General rate reduction percentage for the tax year. It has				the tax year that ar	e in each calen	dar vear
See page 5.	13 3 4 E E 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	24434 2011	rialization of days i	the tarifold that ar	- III	, J
**** Calculate the amount of foreign business income tax of	redit deductible or	n line 636 wit	hout reference to the	e corporation tax re	eductions under	section 123.4.
***** Large corporations						
 If the corporation is not associated with any corpora (Total taxable capital employed in Canada for the p 				he amount to be ent	tered on line 41	5 is:
 If the corporation is not associated with any corpora 	ations in the curre	nt tax year, b	ut was associated	n the previous tax y	ear, the amoun	t to be

- entered on line 415 is: (Total taxable capital employed in Canada for the current year minus \$10,000,000) x 0.225%.
- · For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

axable income tro	om line 360 on page 3	*				0000000		751,12
			9 of Schedule 27				В	732/12
	Part 13 of Schedule 2						C	
ersonal service bu	usiness income**						D	
mount used to ca	culate the credit unio		ction from Schedule 17				Ε	
mount from line 4	00, 405, 410, or 425	on page	4, whichever is the least				F	
ggregate investme	ent income from line	440 on					G	
otal of amounts B	to G						▶ .	
mount A minus a	mount H (if negative,	enter "	D")			6963e+21		751,12
mount I	751,127	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	6	
			Number of days in the tax year	365				
mount l	751,127	×	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=	
			Number of days in the tax year	365				
	521 152		Number of days in the tax year after	232		221242		23.62
mount I	751,127	х	December 31, 2010, and before January 1, 2012	365	X	11.5 %	=	86,380
			Number of days in the tax year	365				
mount I	751,127	x	Number of days in the tax year after December 31, 2011		х	13 %	+ _	
			Number of days in the tax year	365				
* For tax years e * For tax years b * Except for a co	reginning after Octoborporation that is, thro	er 31, 2	line 360 or amount Z, whichever applies. 011. the year, a cooperative corporation (within the meaning as	signed by s	ubse	ction 136(2))	orac	credit union,
* For tax years e * For tax years b * Except for a co General tax re not complete ti	eginning after Octoborporation that is, throededuction	er 31, 2 ughout Canac	011.	rporation,	a mo	rtgage inve		
* For tax years e ** For tax years b ** Except for a co General tax re not complete ti nutual fund corp	eginning after Octobe proporation that is, thro eduction his area if you are a poration, or any con	er 31, 2 ughout Canac poratio	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation.	rporation, oration tax	a mo	rtgage inve	stmer	
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* For tax years e ** For tax years b ** Except for a co General tax ro not complete to mutual fund corp xable income from sser of amounts No	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) fron art 13 of Schedule 27	Canac poration	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax r o not complete ti nutual fund corp xable income from sser of amounts v nount QQ from Parsonal service bu	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) fron art 13 of Schedule 27 siness income*	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment con with taxable income that is not subject to the corporation of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax re o not complete to nutual fund corp exable income from sser of amounts of nount QQ from Parsonal service bu nount used to calco	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) fron art 13 of Schedule 27 siness income* culate the credit union	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax re not complete to nutual fund corp xable income fror sser of amounts value of amount QQ from Personal service bu nount used to cake tal of amounts P	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income fror sser of amounts of mount QQ from Parsonal service bu mount used to calc tal of amounts P	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) fron art 13 of Schedule 27 siness income* culate the credit union	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax r o not complete to mutual fund corp exable income from sser of amounts v mount QQ from Parsonal service bu mount used to calc tal of amounts P t mount O minus an	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income from sser of amounts value mount QQ from Parsonal service bu mount used to calculated of amounts P to mount O minus and	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (as Z, whichever applies) of Schedule 27	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income from sser of amounts value mount QQ from Parsonal service bu mount used to calculated of amounts P to mount O minus and	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 **The subject to the subject to the corporation of Schedule 27 **The subject to the subject to the corporation of Schedule 27 **The subject to the subject to the corporation of Schedule 27 **The subject to the subject to the corporation of Schedule 27 **The subject to the subject to the corporation of Schedule 27 **The subject to the subject to the subject to the corporation of Schedule 27 **The subject to the subject to	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro not complete to mutual fund corp xable income fror sser of amounts v nount QQ from Parsonal service bu nount used to calc tal of amounts P nount O minus an nount U	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canac poration amount Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment committee to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 The subject to the corporation of Schedule 27 Whichever applies to the corporation of Schedule 27 Whichever applies to the corporation of Schedule 27 Whichever applies to the corporation of Schedule 27 Number of days in the tax year after December 31, 2008, and before January 1, 2010	rporation, oration tax	a mo	ortgage inve	stmer	
* For tax years e ** For tax years b ** Except for a co General tax re not complete to nutual fund corp xable income fror sser of amounts value of amount QQ from Personal service bu nount used to calc tal of amounts Personal of amounts Personal tal of amounts Personal t	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canacerporation Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment comment to the with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 tion from Schedule 17 Number of days in the tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after	rporation, oration tax	a mo	ortgage inverse of 38%.	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income from sser of amounts of mount QQ from Parsonal service bu mount used to calc tal of amounts P mount O minus and mount U	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	Canacerporation Part 9	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 The subject to the corporation with tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after December 31, 2009, and before January 1, 2011 Number of days in the tax year after December 31, 2010, and before January 1, 2012	rporation, oration tax	a morrate	ortgage inverse of 38%.	stmer	
** For tax years be Except for a consequence of a mounts of the Except for a consequence of a mount QQ from Parsonal service but anount used to calcutal of amounts P of the Except for a mount of the Except for a consequence of the Except for	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	ar 31, 2 ughout Canac rporatio amount n Part 9 n deduc	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 The subject to the corporation with tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after December 31, 2009, and before January 1, 2011 Number of days in the tax year Alumber of days in the tax year after	age of the second secon	a morrate	ortgage inverse of 38%. 9 % 10 %	stmer	
* For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income from exable income	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	ar 31, 2 ughout Canac rporatio amount n Part 9 n deduc	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation with taxable income that is not subject to the corporation of Schedule 27 The subject to the corporation with tax year after December 31, 2008, and before January 1, 2010 Number of days in the tax year after December 31, 2009, and before January 1, 2011 Number of days in the tax year after December 31, 2010, and before January 1, 2012	rporation, oration tax	a morrate	ortgage inverse of 38%. 9 % 10 %	stmer	
** For tax years e ** For tax years b ** Except for a co General tax ro o not complete to mutual fund corp exable income from sser of amounts Nount QQ from Parsonal service bu mount used to calculate of amounts P mount O minus and mount U	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	ar 31, 2 ughout Canac rporatio amount n Part 9 n deduc x	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment con with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (with taxable income that is not subject to the corporation (within the meaning as lines and in the taxable in the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the meaning as lines and investment to the corporation (within the corporation (within the corporation) (within the corporation (within the corporation (within the corporation) (within the corporation (within the corporation) (within the corporation) (within the corporation (within the corporation) (within the corporati	rporation, oration tax	a moo rate	9 % 10 % 11.5 %	stmer	
* For tax years e ** For tax years b ** Except for a co General tax r o not complete to mutual fund corp xable income fror sser of amounts v nount QQ from Pa rsonal service bu nount used to calc tal of amounts P nount O minus an nount U	eduction his area if you are a poration, or any cor m page 3 (line 360 or V and Y (line Z1) from art 13 of Schedule 27 siness income* culate the credit union to S	ar 31, 2 ughout Canac rporatio amount n Part 9 n deduc enter "C	the year, a cooperative corporation (within the meaning as lian-controlled private corporation, an investment comment to the with taxable income that is not subject to the corporation (a.z., whichever applies) of Schedule 27 The subject to the corporation (b. s.	365 365 365 365	a moo rate	9 % 10 % 11.5 %	stmer	

Refundable portion of Part I tax				
Canadian-controlled private corporations throu	ghout the tax year			
Aggregate investment income ,		× 26 2 / 3 % =		A
Foreign non-business income tax credit from line 63	2 on page 7			
Deduct:				
Foreign investment income	a .	x 9 1 / 3% =		
from Schedule 7		(if negative, enter "0"		В
Amount A minus amount B (if negative, enter "0")	1 1 2 2 3 4 4 4 4 4 4 4 4			c
Taxable income from line 360 on page 3			751,127	
Deduct:				
Amount from line 400, 405, 410, or 425 on page 4,				
Foreign non-business				
income tax credit	25/9*			
from line 632 on page 7	_ x 25 / 9 =			
Foreign business income	1(0.38 - X**)			
tax credit from line 636 on	x 3.77358 =			
page (_ 3.77330			
			751,127	
			x 26 2 / 3 % =	200,301 D
Part I tax payable minus investment tax credit refund	(line 700 minus line 78	30 from page 8)		94,547 E
Refundable portion of Part I tax - Amount C, D, o	E, whichever is the lea	st	450	F
* 100/35 for tax years beginning after October 31,				
** General rate reduction percentage for the tax year	r. It has to be pro-rated.			
Definidable dividend tox on bond				
Refundable dividend tax on hand	and desired	400		
Refundable dividend tax on hand at the end of the pr	CALL CANADA	460 465		
Deduct: Dividend refund for the previous tax year	*****			
Add the total of:	4			G
Refundable portion of Part I tax from line 450 above	a refriction			
Total Part IV tax payable from Schedule 3				
Net refundable dividend tax on hand transferred from		ation on		
amalgamation, or from a wound-up subsidiary corp	pration	480		
				—н
Refundable dividend tax on hand at the end of t	ie tax year – Amount G	s plus amount H	485	
- Dividend refund				
Private and subject corporations at the time tax	ble dividends were pa	aid in the tax year		
Taxable dividends paid in the tax year from line 460	on page 2 of Schedule	3	650,000 × 1 / 3	216,667
Refundable dividend tax on hand at the end of the t	ax year from line 485 abo	ove,.,.,.		
Dividend refund - Amount I or J, whichever is less	(enter this amount on lin	ne 784 on page 8)	***************************************	

Enter amount F on line 700 on page 8.

Part I tax			
Base amount of Part I tax - Taxable income from page 3 (line 360 or amount Z, whichever applies) multiple	ied by 38 %	550	285,428 A
Recapture of investment tax credit from Schedule 31		602	B
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investm (if it was a CCPC throughout the tax year)	ent income		
Aggregate investment income from line 440 on page 6		1	
Taxable income from line 360 on page 3 751,127			
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever			
is the least Net amount 751,127 ▶	751 127		
Net amount	751,127	: II	
Refundable tax on CCPC's Investment income - 6 2 / 3 % of whichever is less: amount i or ii		604	c
	Subtotal (add lines A	to C)	285,428 D
	Subtotal (add lines P	(10 0)	203,120
Deduct:			
Small business deduction from line 430 on page 4		1 .	
Federal tax abatement 608	75,113	100/	
Manufacturing and processing profits deduction from Schedule 27	30/200	100	
Investment corporation deduction 620			
Taxed capital gains 624			
Additional deduction – credit unions from Schedule 17			
Federal foreign non-business income tax credit from Schedule 21			
Federal foreign business income tax credit from Schedule 21		10.11	
General tax reduction for CCPCs from amount N on page 5	86,380	115%	
General tax reduction from amount Z on page 5		.,	
Federal logging tax credit from Schedule 21			
Federal qualifying environmental trust tax credit 648			
Investment tax credit from Schedule 31	29,388		
Subtotal =	190,881	>	190,881 E
			The same
Part I tay navable - I ine D minus line F			94.547 E

Summary of tax and credits -			
Federal tax			
Part I tax payable from page 7		700	94,547
Part II surtax payable from Schedule 46		708	
Part III.1 tax payable from Schedule 55		710	
Part IV tax payable from Schedule 3	2101171717171717171717171717171717171717	712	
Part IV.1 tax payable from Schedule 43		716	
Part VI tax payable from Schedule 38		720	
Part VI.1 tax payable from Schedule 43		724	
Part XIII.1 tax payable from Schedule 92		727	
Part XIV tax payable from Schedule 20		728	
	************	Total federal tax	94,547
Add provincial or territorial tax:		Total lederal lax _	3 (13.11
Provincial or territorial jurisdiction (if more than one jurisdiction, enter "multip	750 ON		
		760 32,639	
Net provincial or territorial tax payable (exc		760 32,639 765	
Provincial tax on large corporations (Nova	Scotia Schedule 342)	32,639	32,639
Kanada Maria			127,186 A
Deduct other credits:		Total tax payable 770	127,180 A
Investment tax credit refund from Schedul	e31	780	
Dividend refund from page 6		784	
Federal capital gains refund from Schedul		788	
Federal qualifying environmental trust tax		792	
Canadian film or video production tax cred	없는 하다면 하나는 아이들은 이 사람이 있는 요즘 사람이 아니라 하나 하다면 하다 하다 아니라 아니라 아니라 없다.	796	
Film or video production services tax credi	t refund (Form T1177)	797	
Tax withheld at source		800	
Total payments on which tax has been w	vithheld	loopered.	
Provincial and territorial capital gains refun	d from Schedule 18	808	
Provincial and territorial refundable tax cre-	dits from Schedule 5	812	
Tax instalments paid		840 600,000	
		Total credits 890 600,000 ▶	600,000 B
Refund code 894 1 Overo	payment 472,814 4	Balance (line A minus line B)	-472,814
		4 (* 15 km)	
Direct deposit request		If the result is negative, you have an over If the result is positive, you have a balance	
To have the corporation's refund deposited	directly into the corporation's bank	Enter the amount on whichever line applie	
account at a financial institution in Canada		Carrielly to de established at	
already gave us, complete the information		Generally, we do not charge or refund a d of \$2 or less.	merence
Start Change information		31 42 31 133331	- 13
044	Branch number	Balance unpaid	4
914 Institution number	918 Account number	Enclosed payment 898	
		Enclosed payment	
If the corporation is a Canadian-controlled does it qualify for the one-month extension		896 1 Yes	2 No X
	more and design to end to the		
Certification			
950 PEEVER	Mari poss	OCA PRESIDENT	
950 PEEVER Last name in block lette	951 ROSS First name in b	954 PRESIDENT Position, of	fine or repla
		urn, including accompanying schedules and statement	Salada etti Salada ili
		e. I also certify that the method of calculating income for	
year is consistent with that of the previous to	ax year except as specifically disclosed in a s	tatement attached to this return.	
955 2012-06-25		956 (905) 7	32-1381
Date (yyyy/mm/dd)	Signature of the authorized signing office		ephone number
s the contact person the same as the author	orized signing officer? If no, complete the info	ormation below 957 1 Yes X	2 No
958 Wayne Armstrong	The state of the s	The state of the s	32-1381
7	Name in block letters		ephone number
r Baranas a salas da anti-			A STORY OF STREET
Language of correspondence	요하는 어떻게 되었다. 두 가는 사용을 하는 것 같아. 하는 사람이 하는 사람이 하는 것이다. 그는 그는 그를 다 하는 것이다.		7.7
Indicate your language of correspondence Indiquez votre langue de correspondance e		990	

Canada Revenue Agence du ravenu du Canada

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Form identifier 100 Name of corporation Business Number Tax year end Year Month Day 86375 9692 RC0001 2011-12-31 WELLAND HYDRO ELECTRIC SYSTEM CORP.

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets -				
	Total current assets	1599 +	13,306,901	16,066,586
	Total tangible capital assets	2008 +	25,361,408	24,292,609
	Total accumulated amortization of tangible capital assets	2009 -		
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 -		
	Total long-term assets	2589 +	3,019,854	3,137,848
	*Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	41,688,163	43,497,043
iabilitie	S			
	Total current liabilities	3139 +	4,776,607	6,236,345
	Total long-term liabilities	3450 +	22,886,640	23,492,099
	*Subordinated debt	3460 +		
	*Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	27,663,247	29,728,444
Sharehol	der equity			
	Total shareholder equity (mandatory field)	3620 +	14,024,916	13,768,599
	Total liabilities and shareholder equity	3640 = _	41,688,163	43,497,043
Retained	earnings —	3849 =	441,578	185,261
	Retained earnings/deficit – end (mandatory field)	0040	111/2/0	103,20

* Generic item

Current Assets

SCHEDULE 100

Account	Description	GIFI	Current year	Prior year
	Tanana na			
Cash and		4000	F 600 F67	7 224 442
	*Cash and deposits	1000	5,682,567	7,331,442
	Cash and deposits	+ =	5,682,567	7,331,442
Accounts	receivable			
	* Accounts receivable	1060	7,156,262	8,321,610
	Accounts receivable		7,156,262	8,321,610
nventories				
	* Inventories	1120	396,754	321,394
	Inventories	+=	396,754	321,394
Other curr	ent assets			
	Prepaid expenses	1484	71,318	92,140
	Other current assets	+ -	71,318	92,140
	Total current assets	1599 =	13,306,901	16,066,586

Tangible Capital Assets and Accumulated Amortization

SCHEDULE 100

			amortization	Prior year
al assets	V-225			
e capital assets	### 1900 +	25,361,408		24,292,609
	Total	25,361,408		
ble capital assets	2008 =	25,361,408		24,292,609
nulated amortization of tangible	e			
	2009	보		
b	ble capital assets	ble capital assets Total ble capital assets 2008 =	tible capital assets Total Total + 25,361,408 25,361,408 25,361,408 2008 = 25,361,408 mulated amortization of tangible	1900 + 25,361,408 25,361,408

Long-term Assets

Form identifier	Description	GIFI	Current year	Prior year
Due from/i	investment in related parties * Due from/investment in related parties	2240	130,649	125,829
	Due from/investment in related parties	+_	130,649	125,829
Long-term	investments			
	*Long-term investments Long-term investments		19,684 19,684	19,684 19,684
Attan lana		-	-	
Jiner long	*Other long-term assets	2420	2,869,521	2,992,335
	Other long-term assets		2,869,521	2,992,335
	Total long-term assets	2589 =	3,019,854	3,137,848

^{*} Generic item

Generic Item

Current Liabilities

SCHEDULE 100

Form identifier 3139			
Account Description	GIFI	Current year	Prior year
Amounts payable and accrued liabilities			
* Amounts payable and accrued liabilities	2620	3,444,928	5,126,477
- Amounts payable and accrued liabilities	+ =	3,444,928	5,126,477
* Current portion of long-term liability	2920 +	915,340	1,070,260
Other current liabilities			
* Other current liabilities	2960	416,339	39,608
Other current liabilities	+=	416,339	39,608
Total current liabilities	3139 =	4,776,607	6,236,345

Long-term Liabilities

SCHEDULE 100

Account	Description	GIFI	Current year	Prior year
Long-term	debt	2.5		
	*Long-term debt	3140	17,349,953	17,199,953
	Long-term debt	+ ==	17,349,953	17,199,953
Other long	-term liabilities			
	* Other long-term liabilities	3320	4,108,749	4,812,782
	Long-term obligations/commitments/capital leases	3321	1,427,938	1,479,364
	Other long-term liabilities	+=	5,536,687	6,292,146
	Total long-term liabilities	3450 =	22,886,640	23,492,099

^{*} Generic item

Shareholder Equity

Account Description	GIFI	Current year	Prior year
* Common shares	3500 +	12,953,180	12,953,180
Contributed and other surplus	1.00		
* Contributed and other surplus	3540	630,158	630,158
Contributed and other surplus	The second secon	630,158	630,158
* Retained earnings/deficit	3600 +	441,578	185,261
Total shareholder equity	3620 =	14,024,916	13,768,599
Generic item			

Retained Earnings/Deficit

*	T. J	ATET	001	0
·orm	iden	mer	384	9

Account	Description	GIFI	Current year	Prior year
	*Retained earnings/deficit – start	3660 +	185,261	-352,696
	* Net income/loss	3680 +	906,317	1,037,957
Dividends	declared			
	* Dividends declared	3700	650,000	500,000
	Dividends declared	-	650,000	500,000
	Retained earnings/deficit – end	3849 = _	441,578	185,261
Generic item				

Canada Revenue Agence du revenu SCHEDULE 125 Agency du Canada GENERAL INDEX OF FINANCIAL INFORMATION - GIFL

Form identifier 125	SELECTE HISEX OF THE HISTORIE IN STREET	
Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYS	TEM CORP. 86375 9692 RC0001	2011-12-31

Income statement information Description GIFI 0001 Operating name Description of the operation 0002 0003 Account Description GIFI Current year Prior year Income statement information 8089 47,546,635 44,870,936 Total sales of goods and services 8518 38,654,200 35,898,028 Cost of sales 8,892,435 8,972,908 8519 Gross profit/loss 8518 35,898,028 38,654,200 Cost of sales 9367 8,466,549 7,924,027 Total operating expenses 9368 47,120,749 43,822,055 Total expenses (mandatory field) 8299 45,363,434 Total revenue (mandatory field) 48,215,503 9368 47,120,749 43,822,055 Total expenses (mandatory field) 1,541,379 9369 1,094,754 Net non-farming income Farming income statement information 9659 Total farm revenue (mandatory field) 9898 Total farm expenses (mandatory field) 9899 Net farm income 1,094,754 1,541,379 9970 = Net income/loss before taxes and extraordinary items Total other comprehensive income

	Extraordinary item(s)		
	Legal settlements		
	Unrealized gains/losses		
	Unusual items		
	Current income taxes	188,437	503,422
-	Future (deferred) income tax provision		
	Total – Other comprehensive income		
	Net income/loss after taxes and extraordinary items (mandatory field) 9999 =	906,317	1,037,957

Revenue

Account	Description	GIFI	Current year	Prior year
	* Trade sales of goods and services	***************************************	47,546,635	44,870,936
	Total sales of goods and services		47,546,635	44,870,936
Other reve	nue			
	* Other revenue	8230	668,868	492,498
	Other revenue	+_	668,868	492,498
	Total revenue	8299 =	48,215,503	45,363,434
Generic item		TALL DE CONTRACTOR OF		

Cost of Sales

Account	Description	GIFI	Current year	Prior year
	* Purchases/cost of materials		38,654,200	35,898,028
	Cost of sales	8518 =	38,654,200	35,898,028

Operating Expenses

orm identifier	Description	GIFI	Current year	Prior year
	*Amortization of tangible assets	8670 +	1,960,187	2,045,109
nterest an	nd bank charges			
	* Interest and bank charges	8710	988,060	978,338
	Interest and bank charges	+=	988,060	978,338
Other repa	irs and maintenance			
	* Other repairs and maintenance	9010	2,540,702	
	Other repairs and maintenance	+=	2,540,702	
Other expe	enses			
	* Other expenses	9270	1,265,929	
	General and administrative expenses	9284	1,711,671	4,900,580
	Other expenses		2,977,600	4,900,580
	Total operating expenses	9367 =	8,466,549	7,924,027

Name of corporation

SCHEDULE 141

Canada Revenue Agence du revenu Agency du Canada

WELLAND HYDRO ELECTRIC SYSTEM CORP.

NOTES CHECKLIST

Business Number	Tax year-end
Cross-Grade aluse de	Year Month Day
86375 9692 RC0001	2011-12-31

- · Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the "accountant") who prepared or reported on the financial statements.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI) and Guide T4012, T2 Corporation Income Tax Guide.
- . Complete this schedule and include it with your T2 return along with the other GIFI schedules.

	able.		
 Part 1 – Information on the accountant who prepared or reported on the financial statements - 			
Does the accountant have a professional designation?	095	Yes X	2 No
is the accountant connected* with the corporation?	097	Yes	2 No X
* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common share officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.	s; (ii) a dire	ector, an	
Note: If the accountant does not have a professional designation or is connected to the corporation, you do not have to complete Par schedule. However, you do have to complete Part 4, as applicable.	ls 2 and 3	of this	
Part 2 – Type of involvement with the financial statements			
Choose the option that represents the highest level of involvement of the accountant:	198		
Completed an auditor's report		X	
Completed a review engagement report	2	Ħ	
	3	Ħ	
Conducted a compilation engagement	3 L		
Has the accountant expressed a reservation? Part 4 – Other information	099 1	Yes	2 No X
if you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one		owing optic	ns:
Prepared the tax return (financial statements prepared by client)	110	X	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2		
Were notes to the financial statements prepared?	101	Yes X	2 No [
Were notes to the financial statements prepared?	101	Yes X	2 No _
		Yes X	2 No X
If yes, complete lines 104 to 107 below:	104 1		2 No [X
If yes, complete lines 104 to 107 below: Are subsequent events mentioned in the notes?	104 1	Yes 🗌	2 No [X
If yes, complete lines 104 to 107 below: Are subsequent events mentioned in the notes? Is re-evaluation of asset information mentioned in the notes?	104 1	Yes Yes	2 No X

Part 4 - Other information (continued) -					
Impairment and fair value changes					
in any of the following assets, was an amount recognized result of an impairment loss in the tax year, a reversal of a change in fair value during the tax year?			200	1 Yes	2 No X
If yes, enter the amount recognized:	In net income Increase (decrease)	in OCI Increase (decrease)			
⊃roperty, plant, and equipment	210	211			
'ntangible assets	215	216			
Investment property	220				
Biological assets	225				
Financial instruments	230	231			
Other,,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.,.	235	236	_		
Financial instruments					
Did the corporation derecognize any financial instrument(s	s) during the tax year?		250	Yes	2 No X
Did the corporation apply hedge accounting during the tax	year? .,		255 1	Yes	2 No X
Did the corporation discontinue hedge accounting during t	he tax year?		260	Yes	2 No X
Adjustments to opening equity					
Was an amount included in the opening balance of retain recognize a change in accounting policy, or to adopt a new counting policy.			265	Yes	2 No X
If yes, you have to maintain a separate reconciliation.					

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Name of corpora	ation			Business Number	Tax year-end Year Month Day
WELLAND H	YDRO ELECTRIC SYSTEM COR	LP.		86375 9692 RC0001	2011-12-31
Assets – lin	es 1000 to 2599				
1000	5,682,567	1060	7,156,262	1120	396,75
1484	71,318	1599	13,306,901	1900	25,361,40
2008	25,361,408	2240	130,649	2300	19,68
2420	2,869,521	2589	3,019,854	2599	41,688,16
iabilities –	lines 2600 to 3499		÷		
2620	3,444,928	2920	915,340	2960	416,33
3139	4,776,607	3140	17,349,953	3320	4,108,74
3321	1,427,938	3450	22,886,640	3499	27,663,24
hareholder	r equity – lines 3500 to 364	40			
3500	12,953,180	3540	630,158	3600	441,57
3620	14,024,916	3640	41,688,163		
etained ear	rnings – lines 3660 to 384	19			
3660	185,261	3680	906,317	3700	-650,00
3849	441,578				

orm identifier 125

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION - GIFI

Name of corpora	ation			Business Number	Tax year-end Year Month Day
WELLAND HY	ORO ELECTRIC SYSTEM COR	RP.		86375 9692 RC0001	2011-12-31
Description Sequence numb	EDWARD .				
Revenue – li	nes 8000 to 8299				
8000	47,546,635	8089	47,546,635	8230	668,86
8299	48,215,503				
Cost of sales	s - lines 8300 to 8519				
8320	38,654,200	8518	38,654,200	8519	8,892,4
9270	1,960,187 1,265,929	9284	988,060 1,711,671	9010	2,540,71 8,466,54
9270		9284		9367	8,466,54
9300	47,120,749	3303	1,094,754		
rarming reve	enue – lines 9370 to 9659	1			
9659	0				
Farming exp	enses – lines 9660 to 989	99			
9898	0				
		2070 1- 2000			
9970	y items and taxes - lines	9990 to 9999	100 437	9999	006.3
3370	1,094,754	3330	188,437	3333	906,3

0

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name

Business Number
Tax year end
Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.

86375 9692 RC0001
2011-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation Income Tax Guide.
- . Sections, subsections, and paragraphs referred to on this schedule are from the Income Tax Act.

Amount calculated on line 9999 from Schedule 125	******		*****	906,317
Add:				
Provision for income taxes – current		101	188,437	
Amortization of tangible assets		104	1,960,187	
Charitable donations and gifts from Schedule 2		112	35,944	
Scientific research expenditures deducted per financial statements		118	90,406	
Non-deductible meals and entertainment expenses		121	5,602	
Other reserves on lines 270 and 275 from Schedule 13		125	113,524	
Reserves from financial statements – balance at the end of the year		126	1,662,611	
	Subtotal of additions		4,056,711 ▶	4,056,71
ther additions:				
iscellaneous other additions:				
O3 Closing Adj for Expenditures Included in Regulatory Asset	1,339,742			
Inducement - ITA 12(1)x)	926	200		
Total _	1,340,668	293	1,340,668	
CY Ontario Apprenticeship Tax Credits	12,665			
CY Federal Credit	958			
Total	13,623	294	13,623	
	Subtotal of other additions	199	1,354,291 ▶	1,354,29
	Total additions	500	5,411,002	5,411,00
educt:				
ain on disposal of assets per financial statements	100000000000000000000000000000000000000	401	14,409	
Capital cost allowance from Schedule 8	**********	403	2,146,487	
umulative eligible capital deduction from Schedule 10	W-00-2-K-8-2-K-2-K-2-K-2-K-2-K-2-K-2-K-2-K-2	405	98,874	
R&ED expenditures claimed in the year from Form T661 (line 460)	******	411	74,213	
ther reserves on line 280 from Schedule 13		413	107,764	
Reserves from financial statements – balance at the beginning of the year 1,655,682			1,655,682	
	Subtotal of dedu	ctions	4,097,429	4,097,429
ther deductions:				
scellaneous other deductions:				
Opening Adj for Expenditures included in Regulatory Asset		390	1,432,819	
14			70.000	
Total _		394		
Su	btotal of other deductions	A STATE OF THE PARTY OF THE PAR	1,432,819	1,432,819
	Total deductions	510	5,530,248	5,530,248
t income (loss) for Income tax purposes - enter on line 300 of the T2	return		V-V-V-V-V-V-V-V-V	787,071

T2 SCH 1 E (10)

Canada



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CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- . For use by corporations to claim any of the following:
 - charitable donations;
 - gifts to Canada, a province, or a territory;
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land; or
 - additional deduction for gifts of medicine.
- · The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the Income Tax Act.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the Income Tax Act provides as follows:
 - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation
 can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
 - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- Under proposed changes, the eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- Under proposed changes, a gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- · File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- · For more information, see the T2 Corporation Income Tax Guide.

Charity/Recipient	Amount (\$*	00 or more only
Community Living Welland		100
Niagara College Canada		10,000
The Hope Center		12,000
Welland Heritage Foundation		500
Niagara College Canada		10,000
Hospice Niagara		100
Juvenile Diabetes		100
Bethesda		100
Heart and Stroke		100
Sistering - Woman's Place		144
Hospice Niagara		100
Heart and Stroke		100
St. Vincent Depaul		2,500
Hospice Niagara		100
	Subtotal	35,944
	Add: Total donations of less than \$100 each	
	Total donations in current tax year	35,944

25 55 56 1011			000,00002,00
	Federal	Québec	Alberta
Charitable donations at the end of the previous tax year			
Deduct: Charitable donations expired after five tax years* , , , , , , , , 239			
Charitable donations at the beginning of the tax year			
Add:			
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary 250			
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)			
	25.044	25.044	35.044
Subtotal (line 250 plus line 210)	35,944	35,944	35,944
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)			
otal charitable donations available	35,944 A	35,944	35,944
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	35,944	35,944	35,944
Charitable donations closing balance			
For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made tax years and gifts made in a tax year that ended after March 23, 2006, expire after two		efore March 24, 2006, expire	after five

Vans of asiata			Federal	Québec	Alberta
Year of origin:		2232 32 23	receial	Quebec	Alberta
1ª prior year		2010-12-31			
2 rd prior year	************************	2009-12-31			
3 rd prior year		2008-12-31			
4th prior year		2007-12-31			
5" prior year	***************************************	2006-12-31			
3" prior year*	*************	2005-12-31			
7th prior year	*************	2004-12-31			
3 th prior year	*************************	2003-12-31			
9 th prior year	***************************************	2002-12-31			
10th prior year	**********************	2001-12-31			
11th prior year	************************	2000-12-31			
12th prior year	***********	1999-12-31			
13th prior year	/21/11/11/11/11/11/11/11/11/11/11/11/11/	1998-12-31			
14" prior year		1997-12-31			
15th prior year		1996-12-31			
16 th prior year		1995-12-31			
17th prior year		1994-12-31			
18th prior year	**************************	1993-12-31			
19 th prior year		1992-12-31			
20th prior year		1991-12-31			
21st prior year*	***********************	1990-12-31			
Total (to line A)		distribution .			

For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21th prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 2 - Calculation of the maximum allowable deduction for charitable donations	
Net income for tax purposes* multiplied by 75 %	590,303 B
Taxable capital gains arising in respect of gifts of capital property included in Part 1** 225 C	
Taxable capital gain in respect of deemed gifts of non-qualifying	
securities per subsection 40(1.01)	
The amount of the recapture of capital cost allowance in respect of charitable gifts	
Proceeds of disposition, less	
outlays and expenses** E	
Capital cost**	
Amount E or F, whichever is less	
Amount on line 230 or 235, whichever is less	
Subtotal (add amounts C, D, and G) H	
Amount H multiplied by 25 %	1
Subtotal (amount B plus amount I)	590,303
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income	25.044
for tax purposes, whichever is less)	35,944 K
* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.	
** This amount must be prorated by the following calculation: eligible amount of the gift divided by the proceeds of disposition of the gift.	
Part 3 – Gifts to Canada, a province, or a territory	
Gifts to Canada, a province, or a territory at the end of the previous tax year	
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	
Gifts to Canada, a province, or a territory at the beginning of the tax year	
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation	
or the windup of a subsidiary	
Total current-year gifts made to Canada, a province, or a territory*	
Subtotal (line 350 plus line 310)	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	
Total gifts to Canada, a province, or a territory available	
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return).	
Gifts to Canada, a province, or a territory closing balance	
Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.	
Part 4 – Gifts of certified cultural property	
Federal Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year	
Deduct: Gifts of certified cultural property expired after five	
tax years*	
Gifts of certified cultural property at the beginning of the tax year 440	
Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary	
Total current-year gifts of certified cultural property	
Subtotal (line 450 plus line 410)	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	
Total gifts of certified cultural property available	
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	
Gifts of certified cultural property closing balance 480	
CITES OF CONTRICT DIVIDER WOUNTING DESCRIPTION OF THE PROPERTY	

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

ear of origin:			Federal	Québec	Alberta
prior year		2010-12-31			
prior year		2009-12-31			
d prior year		2008-12-31			
prior year		2007-12-31			
prior year	F************************************	2006-12-31			
prior year*	**********************	2005-12-31			
prior year	h	2004-12-31			
prior year		2003-12-31			
prior year		2002-12-31			
prior year		2001-12-31			
n prior year		2000-12-31			
prior year	******************************	1999-12-31			
prior year		1998-12-31			
" prior year		1997-12-31			
n prior year		1996-12-31			
h prior year	TETETERS	1995-12-31			
r prior year		1994-12-31			
h prior year		1993-12-31			
prior year		1992-12-31			
prior year	**************	1991-12-31			
d prior year*		1990-12-31			

^{*} For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21th prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

		Federal	Québec	Alberta
Gifts of certified ecologically sensi	tive land at the end of the previous tax year			
	ically sensitive land expired			
Gifts of certified ecologically sensi				
Add: Gifts of certified ecologicall on an amalgamation or the	sensitive land transferred			
Total current-year gifts of c	ertified ecologically sensitive land 510			
	Subtotal (line 550 plus line 510)			
Deduct: Adjustment for an acquiring made after March 22, 2	isition of control (for gifts 004)			L
Total gifts of certified ecologically	ensitive land available			
Deduct: Amount applied agains amount on line 314 of t	taxable income (enter this ne T2 return)			
Gifts of certified ecologically sensi-	ive land closing balance 580			
For the federal and Alberta, the	lifts expire after five tax years. For Québec, gifts ma	ade in a tax year that end	ed before March 24, 2006, ex	pire after five

For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Year of origin:			Federal	Québec	Alberta
1ª prior year	***********************	2010-12-31			
2 rd prior year		2009-12-31			
3rd prior year		2008-12-31			
4th prior year		2007-12-31			
5th prior year	************************	2006-12-31			
6" prior year*		2005-12-31			
7th prior year		2004-12-31			
8th prior year	*************************	2003-12-31			
9 th prior year		2002 42 24			
10th prior year		2001-12-31			
11th prior year	and the second second second	2000-12-31			
12th prior year	***************************************	1999-12-31			
13th prior year	**************************************	1000 10 01			
14th prior year		1000 10 02			
15 th prior year		722223			
16th prior year					
17th prior year		1994-12-31			
18th prior year	***************************************	1993-12-31			
19th prior year	VIV. 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	1992-12-31			
20th prior year	0.00.0033377777070370370470	1001 10 01			
21st prior year*	110172000000000000000000000000000000000	The state of the state of			

^{*} For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Additional deduction for gifts of medicine at the end of the previous tax year Deduct: Additional deduction for gifts of medicine expired after five tax years Additional deduction for gifts of medicine at the beginning of the tax year 639	
Add: Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	
Additional designation for either of the University of the New Yorks	
Additional deduction for gifts of medicine for the current year: Proceeds of disposition	
200	
Cost of girls of medicine 2 2 2 2 Subtotal (line 1 minus line 2) 3 3	
10 miles and a second a second and a second	
Eligible amount of gifts 600 5 5 5 5	
deduction for gifts	
of medicine for	
A × (B) = the current year 610	
Additional	
Québec deduction for gifts	
of medicine for	
A x (B) = the current year	
Additional	
Alberta deduction for gifts	
or medicine for	
A × (B) = the current year	
where:	
A is the lesser of line 2 and line 4	
B is the eligible amount of gifts (line 600)	
C is the proceeds of disposition (line 602)	
Subtotal (line 650 plus line 610)	
Deduct: Adjustment for an acquisition of control	
Total additional deduction for gifts of medicine available	
Deduct: Amount applied against taxable income (enter this amount on line 315 of the T2 return) 660	
	_
Additional deduction for gifts of medicine closing balance	
-Amounts carried forward - Additional deduction for gifts of medicine	
Year of origin; Federal Québec Albert	а
1" prior year	
2 rd prior year	
3rd prior year	
4 th prior year	
5 th prior year	
3 th prior year*	
Total	
* These donations expired in the current year.	

Me			
- Québec -	Gifts of musical instruments		
Gifts of musical	I instruments at the end of the previous tax year		A
	of musical instruments expired after twenty tax years		В
	I instruments at the beginning of the tax year		C
Add:			
Gifts of music	al instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-y	year gifts of musical instruments		E
		Subtotal (line D plus line E)	F
Daniel Adio			G
	tment for an acquisition of control		В
Total gitts of mu	usical instruments available		
Deduct: Amour	nt applied against taxable income	*****************	1
Gifts of musical	I instruments closing balance		J
	0.00.0000		
~Amounts o	carried forward – Gifts of musical instruments		
Year of origin:			Québec
1st prior year		2010-12-31	
2 nd prior year		2009-12-31	
3rd prior year		2008-12-31	
4th prior year		2007-12-31	
5th prior year		2006-12-31	
6" prior year*		2005-12-31	
7th prior year		2004-12-31	
8th prior year		2003-12-31	
9th prior year	market market market market market market	2002-12-31	
10th prior year	THE PARTY OF THE P	2001-12-31	
11th prior year		2000-12-31	
12th prior year			
13th prior year	(**************************************		
14th prior year	***************************************	1997-12-31	
15th prior year	On the contract of the contrac		
16th prior year			
17th prior year			
18th prior year		1993-12-31	
19th prior year		1992-12-31	
20th prior year		1991-12-31	
21 st prior year*		1990-12-31	

T2 SCH 2 E (07)

* These gifts expired in the current year.

Total

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DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal Income Tax Act.
- A recipient corporation is connected with a payer corporation at any time in a tax year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your T2 Corporation Income Tax Return.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- . Enter in column F1, the amount of dividends received reported in column 240 that are eligible.
- Under column F2, enter the code that applies to the deductible taxable dividend.

Do not includ	e dividends received from foreign non-affili	ates.	Con	nplete if payer corpora	tion is connected	
	Name of payer corporation (from which the corporation received the dividend)	A	B Enter 1 if payer corporation is connected	C Business Number of connected corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid	E Non-taxable dividend unde section 83
	200		205	210	220	230

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation.

138(6), and paragraphs	G Total taxable dividends paid by connected payer corporation (for tax year	orporation is connected H Dividend refund of the connected payer corporation (for tax year in column D)**	Part IV tax before deductions F x 1 / 3 ***
Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs Eligible dividends (included in column F)	dividends paid by connected payer corporation	of the connected payer corporation (for tax year	before deductions
113(1)(a), (b), or (d)*	in column D)		
240	250	260	270

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

- * If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
- ** If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

For dividends received from connection	cted corporations:
--	--------------------

Part IV tax = Column F x Column H
Column G

	Part 2 – Calc	culation of Part IV tax	pavable ——		00070 3032 110
Part					
Dedu					
1200				320	
				Subtotal	
	rent-year non-capital loss claimed to reduce Part IV tax	330			
	n-capital losses from previous years claimed to reduce Part IV tax rent-year farm loss claimed to reduce Part IV tax	335			
	m losses from previous years claimed to reduce Part IV tax	345		= 0 x x x x x x x x x x x x x x x x x x	
	Total losses	applied against Part IV tax _		_ × 1/3 =	
Part I	V tax payable (enter amount on line 712 of the T2 return)			360	
	Part 3 – Taxable dividends paid	in the tax year that qu	ualify for a div	ridend refund	
	A	В	С	D	D1
	Name of connected recipient corporation	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	410	420	430	
1	Welland Hydro-Electric Holding Corp	86360 4328 RC0001	2011-12-31	650,000	
Note					
could	corporation's tax year-end is different than that of the connected new paid dividends in more than one tax year of the recipient corpet the information for each tax year of the recipient corporation.			Total	650,000
Total	axable dividends paid in the tax year to other than connected corpo	orations		450	
Eligibl	e dividends (included in line 450)	450a			
	axable dividends paid in the tax year that qualify for a dividend refu	nd			158.552
(total	of column D above plus line 450)			460	650,000
	Part 4 – Total	dividends paid in the	fax vear		
	lete this part if the total taxable dividends paid in the tax year that q nds paid in the tax year.			erent from the total	
Total t	axable dividends paid in the tax year for the purposes of a dividend	refund (from above)	********		650,000
				500	650,000
	dividends paid in the tax year				030,000
Dedu	ot:				
Cap Divid	dends paid out of capital dividend account	520 530		3	
at al	ny time in the year	Subtotal		· -	
Total t	axable dividends paid in the tax year that qualify for a dividend refu	nd			650,000
			Contractor of	77.17.07.11.1-	

T2 SCH 3 E (10)

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Canada Revenue Agency Agence du revenu du Canada

TAX CALCULATION SUPPLEMENTARY - CORPORATIONS

SCHEDULE 5

Corporation's name	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- Use this schedule if, during the tax year, the corporation:
 - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
 - is claiming provincial or territorial tax credits or rebates (see Part 2); or
 - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- · Regulations mentioned in this schedule are from the Income Tax Regulations.
- For more information, see the T2 Corporation Income Tax Guide.
- · Enter the regulation number in field 100 of Part 1.

700				Enter the	e Regulation that app	lies (402 to 413).	
A Jurisdict Tick yes if the co had a permi establishmen jurisdiction during the	rnoration	B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes	103		143			
Newfoundland and Labrador offshore	004 1 Yes	104		144			
Prince Edward Island	005 1 Yes	105		145			
Nova Scotia	007 1 Yes	107		147			
Nova Scotia offshore	008 1 Yes	108		148			
New Brunswick	009 1 Yes	109		149			
Quebec	011 1 Yes	111		151			
Ontario	013 1 Yes	113		153			
Manitoba	015 1 Yes	115		155			
Saskatchewan	017 1 Yes	117		157			
Alberta	019 1 Yes	119		159			
British Columbia	1 Yes	121		161			
Yukon	023 1 Yes	123		163			
Northwest Territories	025 1 Yes	125		165			
Nunavut	026 1 Yes	126		166			
Outside Canada	027 1 Yes	127		167			
Total		129. G		169	н		

^{* &}quot;Permanent establishment" is defined in Regulation 400(2).

^{**} Starting In 2009, if the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return plus the total amount not required to be included, or minus the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal Income Tax Act.

For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable.
For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in
the T2 Corporation – Income Tax Guide.

^{2.} If the corporation has provincial or territorial tax payable, complete Part 2.

	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits			
751,12	7	751,127	52,002			
	- Industry English			270	00.242	
Untario basic inco	me tax (from Schedule	500)		2/0	88,242	
	all business deduction (from schedule 500)		Subtotal	36,240 52,002 ►	52,002 A
Add: Surtax re Ontario s	mall business deduction	n (from Schedule 500)		272		
	ax re Crown royalties (f			274		
	tax debits (from Sched			276		
Recapture of Onta	rio research and develo	pment tax credit (from S	chedule 508)	277		
				Subtotal		В
Santa and				Subtotal (amou	int A6 plus amount B6)	52,002 c
Deduct: Ontario resource ta	ex credit (from Schedule	504)		404		
		rocessing (from Schedul		406		
Ontario foreign tax	credit (from Schedule 2	21)		408		
	n tax reduction (from So			410		
	tax credits (from Sched			414		
Ontario political co	ntributions tax credit (fro	om Schedule 525)		Subtotal	•	D
			Subtetal (amount Co		(if pageting onter 1011)	52,002 E
	er Zirin Virginia de a		-		i) (if negative, enter "0")	6,698
		tax credit (from Schedule			DV C C C C C C C C C C C C C C C C C C C	0,090
Intario corporate inc if negative, enter "0"			um tax credit (amount E6		ine 416)	45,304 F
Deduct: Ontario corp	porate minimum tax cred	Ut disease a should be 5 d D				
		alt (from schedule 510)			418	
Intario corporate inc			line 418) (if negative, ente		**************************************	45,304 G
\dd;	ome tax payable (amou	nt F6 minus amount on		r "0")	418	45,304 G
dd; Ontario corporate r	ome tax payable (amou	nt F6 minus amount on	line 418) (if negative, ente	r "0")	**************************************	45,304 G
dd; Ontario corporate r Ontario special add	ome tax payable (amoun ninimum tax (from Sche litional tax on life insura	edule 510)	line 418) (if negative, ente	7 "0") 278 280	418	45,304 G
dd; Ontario corporate r Ontario special add	ome tax payable (amoun ninimum tax (from Sche litional tax on life insura	nt F6 minus amount on	line 418) (if negative, ente	r "0")	418	
dd; Ontario corporate r Ontario special add Ontario capital tax	ome tax payable (amount ninimum tax (from Sche litional tax on life insura (from Schedule 514 or 8	edule 510)	line 418) (if negative, enter	7"0") 278 280 282	418	H
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya	ome tax payable (amount ninimum tax (from Sche litional tax on life insura (from Schedule 514 or 8	edule 510)	line 418) (if negative, enter	7"0") 278 280 282	**************************************	H
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax pays	ome tax payable (amount ninimum tax (from Sche litional tax on life insural (from Schedule 514 or stable before refundable of	edule 510)	line 418) (if negative, enter	7"0") 278 280 282	**************************************	H
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e	ome tax payable (amount ninimum tax (from Sche litional tax on life insura (from Schedule 514 or 8	and F6 minus amount on edule 510)	line 418) (if negative, enter	7 "0")	**************************************	н
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario co-operativ	ome tax payable (amountinimum tax (from Schellitional tax on life insural (from Schedule 514 or stable before refundable of environmental trust tax of	ant F6 minus amount on edule 510)	line 418) (if negative, enter	278	12,665	н
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario co-operativ Ontario apprentices Ontario computer a	ome tax payable (amountinimum tax (from Scheitional tax on life insural (from Schedule 514 or Stable before refundable of environmental trust tax of electronic electronic tax credit (fahip training tax credit (finimation and special efficiency)	and F6 minus amount on edule 510)	Schedule 512) rapplies) amount H6)	278	**************************************	H
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario co-operativ Ontario apprentices Ontario computer a Ontario film and tel	ome tax payable (amountinimum tax (from Scheitional tax on life insural (from Schedule 514 or Stable before refundable of environmental trust tax of electronic education tax credit (from stable) animation and special effects on tax credit (from state).	adule 510)	Schedule 512) rapplies) amount H6)	278	**************************************	н
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dd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax pays educt: Ontario qualifying e Ontario co-operativ Ontario apprentices Ontario computer a Ontario film and tel Ontario production Ontario interactive	ome tax payable (amountinimum tax (from Scheditional tax on life insural (from Schedule 514 or stable before refundable of environmental trust tax of e education tax credit (from the proving tax credit (from the provinces tax credit (from the provinces)	and F6 minus amount on adule 510)	Schedule 512) rapplies) amount H6)	278 278 280 282 282 282 282 282 450 452 454 456 458 460 462 462 462	**************************************	н
ontario corporate r Ontario special ado Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario apprentices Ontario computer a Ontario film and tel Ontario production Ontario interactive Ontario sound reco	ome tax payable (amountinimum tax (from Schelitional tax on life insural (from Schedule 514 or stable before refundable of environmental trust tax of e education tax credit (from tax injurial tax credit (from t	and F6 minus amount on edule 510)	Schedule 512) rapplies) amount H6)	278	**************************************	H
ontario corporate r Ontario special ado Ontario special ado Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario co-operativ Ontario apprentices Ontario computer a Ontario film and tel Ontario production Ontario interactive Ontario sound reco Ontario sound reco Ontario book publis	ome tax payable (amountinimum tax (from Scheditional tax on life insural (from Schedule 514 or stable before refundable of the education tax credit (from ship training tax credit (from services tax credit (from services tax credit (from digital media tax credit (rding tax credit (from services tax credit (from digital media tax credit (from digital media tax credit (from services	and F6 minus amount on edule 510)	Schedule 512) rapplies) amount H6)	278 278 280 282 282 282 282 450 452 454 456 456 458 460 462 464 464	**************************************	H
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ontario corporate r Ontario special ado Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario co-operativ Ontario apprentices Ontario computer a Ontario film and tel Ontario production Ontario interactive Ontario sound reco Ontario book publis Ontario innovation	ome tax payable (amount infinimum tax (from Scheitional tax on life insural (from Schedule 514 or Stable before refundable of the education tax credit (from Schedule tax cred	adule 510)	Schedule 512) rapplies) amount H6)	278 278 280 282 282 282 282 282 450 452 456 456 458 460 462 464 466 468 470	12,665	
odd: Ontario corporate r Ontario special add Ontario capital tax otal Ontario tax paya educt: Ontario qualifying e Ontario apprentices Ontario computer a Ontario film and tel Ontario production Ontario interactive Ontario sound reco Ontario book publis	ome tax payable (amount infinimum tax (from Scheitional tax on life insural (from Schedule 514 or Stable before refundable of the education tax credit (from Schedule tax cred	adule 510)	Schedule 512) rapplies) amount H6)	278 280 282 282 282 282 282 450 452 454 456 458 460 462 464 466 468 468 468 468	**************************************	H

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CAPITAL COST ALLOWANCE (CCA)

lame of corporation	Business Number	Tax year end
		Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

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

101 1 Yes

2 No X

1		2	3	4	5	6	7	8	9	10	11	12		
Class number (See Note)	Description	Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	Cost of acquisitions during the year (new property must be available for use)*	Net adjustments**	Proceeds of dispositions during the year (amount not to exceed the capital cost)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	Reduced undepreciated capital cost	CCA rate %	Recapture of capital cost allowance (line 107 of Schedule 1)	Terminal loss (line 404 of Schedule 1)	Capital cost allowance (for decilining balance method, column 7 multiplied by column 8, or a lower amount) (line 403 of Schedule 1)	Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)		
200	200			201	203	205	207	211		212	213	215	217	220
1	Bulldings/Substation	2,838,357			0		2,838,357	4	0	0	113,534	2,724,823		
1	Plant Feeders	4,163,933			0		4,163,933	4	0	0	166,557	3,997,376		
-1	Plant Distribution	7,219,452			0		7,219,452	4	0	0	288,778	6,930,674		
1	Transformers	2,359,065			0		2,359,065	4	0	0	94,363	2,264,702		
1	Meters	1,115,759			0		1,115,759	4	0	0	44,630	1,071,129		
8	Other Equipment	485,578	15,424		0	7,712	493,290	20	0		98,658	402,344		
10	Vehicles	181,281	66,729		8,373	29,178	210,459	30	0	0	63,138	176,499		
45	Computer Hardware	3,650			0		3,650	45	0	0	1,643	2,007		
47	Poles & Transmission Lines/Equil	10,305,740	2,136,180		6,076	1,065,052	11,370,792	8	0	0	909,663	11,526,181		
12	Software	170,258	256,734		0	128,367	298,625	100	0	0	298,625	128,367		
50	Computer Hardware > 3/19/200	3,600	32,544		0	16,272	19,872	55	.0		10,930	25,214		
17	Paving	16,769			0		16,769	8	Ö	0	1,342	15,42		
52	Computer Hardware before Feb :		2,144		0		2,144	100	0	0	2,144			
1b	Bulldings/Substation		351,527		0	175,764	175,763	6	0	0	10,546	340,98		
43.2	Solar Panel microfits installations		167,744		0	83,872	83,872	50		0	41,936	125,800		
	Totals	28,863,442	3,029,026		14,449	1,506,217	30,371,802	100			2,146,487	29,731,532		

Ath S

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

- 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).
- •• Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the T2 Corporation Income Tax Guide for other examples of adjustments to include in column 4.
- *** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, Capital Cost Allowance General Comments.
- *** Enter a rate only, if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.
- ***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information.

T2 SCH 8 (11)

Canada

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

- Tax return			
Additions for tax purposes - Schedule 8 regular classes	3,029,026		
Additions for tax purposes – Schedule 8 leasehold improvements	+		
Operating leases capitalized for book purposes	+		
Capital gain deferred	+		
Recapture deferred	+		
Deductible expenses capitalized for book purposes – Schedule 1	+		
	+		
Total additions per books	= 3,029,026	>	3,029,026
Proceeds up to original cost – Schedule 8 regular classes	14,449		
Proceeds up to original cost – Schedule 8 leasehold improvements	+	•	
Proceeds in excess of original cost – capital gain	+		
Recapture deferred – as above	+		
Capital gain deferred – as above	+		
Pre V-day appreciation	+		
	+		
Total proceeds per books	= 14,449	D	14,449
Depreciation and amortization per accounts – Schedule 1		_	1 060 107
Loss on disposal of fixed assets per accounts			1,960,187
Gain on disposal of fixed assets per accounts		+	14,409
	change per tax return	=	1,068,799
Financial statements			
Fixed assets (excluding land) per financial statements			
Closing net book value			25,111,408
Opening net book value		_	24,042,609
	financial statements	=	1,068,799
If the amounts from the tax return and the financial statements differ, explain why below.			-13331.33

Attached Schedule with Total

Financial statements - Fixed assets (excluding land) per financial statements - Opening net book value

Financial statements - Fixed assets (excluding land) per financial statemen

	Amount
	24,292,609 00
	-250,000 00
Total	24 042 609 00
	Total

Attached Schedule with Total

Financial statements - Fixed assets (excluding land) per financial statements - Closing net book value

itle Financial statements - Fixed assets (excluding land) per financial statemen

Description		Amount
Closing NBV		25,361,408 00
Inventory full basis		-250,000 00
	Total	25.111.408 00



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RELATED AND ASSOCIATED CORPORATIONS

SCHEDULE 9

Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- · Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the T2 Corporation Income Tax Guide.

Name	Country of resi- dence (other than Canada)	Business number (see note 1)	Rela- tion- ship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
100	200	300	400	500	550	600	650	700
WELLAND HYDRO-ELECTRIC HOLD		86360 4328 RC0001	1					
WELLAND HYDRO ENERGY SERVICE		86375 9494 RC0001	3		7			
City of Welland		NR	3					
WELLAND WIFI CORPORATION		85056 2364 RC0001	3					
Welland Solar Corp.		80968 5860 RC0001	3					

lote 1: Enter "NR" if the corporation is not registered or does not have a business number.

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

'2 SCH 9 (11)

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION Tax year end Name of corporation Business Number Year Month Day WELLAND HYDRO ELECTRIC SYSTEM CORP. 86375 9692 RC0001 2011-12-31 For use by a corporation that has eligible capital property. For more information, see the T2 Corporation Income Tax Guide. · A separate cumulative eligible capital account must be kept for each business. Part 1 - Calculation of current year deduction and carry-forward

Cumulat	ive eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")	200	1,412,487	A
Add:	Cost of eligible capital property acquired			
v .	Other adjustments			
	Other adjustments	В		
	Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the			
1.	corporation after December 20, 2002 228 × 1 / 2 =	_ c		
	amount B minus amount C (if negative, enter "0")			D
	Amount transferred on amalgamation or wind-up of subsidiary	224		E
l .	Subtotal (add amounts A, D, and	E) 230	1,412,487	F
Deduct:	Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year			
,	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)			
	Other adjustments	= 248	- 7	J
Cumulati	ive eligible capital balance (amount F minus amount J)	11111	1,412,487	K
	t K is negative, enter "0" at line M and proceed to Part 2)			1
	ve eligible capital for a property no longer owned after ceasing to carry on			
that busin				
v	amount K 1,412,487			
	less amount from line 249			
Current y	year deduction	74 *		
	(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 98,83	74 ▶	98,874	L
Cumulati	ive eligible capital - Closing balance (amount K minus amount L) (if negative, enter "0")	300	1,313,613 M	VI
and the second				

You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income aris (complete this part only if the amount at line	sing from disposition — K is negative)		
Amount from line K (show as positive amount)		61	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401	_ 2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	_ 3		
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	_ 4		
Line 3 minus line 4 (if negative, enter "0")	_	_ 5	
Total of lines 1, 2 and 5	eners	_ 6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400	_ 7		
Amounts at line T from Schedule 10 of previous taxation years			
ending after February 27, 2000	_ 8		
Subtotal (line 7 plus line 8) 409	_	_ 9	
Line 6 minus line 9 (if negative, enter "0")	refere	>	0
Line N minus line O (if negative, enter "0")			P
Line 5	× 1 / 2	=	Q
Line P minus line Q (if negative, enter "0")			R
	× 2/3	-	S
Amount N or amount O, whichever is less		4.4	T
Amount to be included in income (amount S plus amount T) (enter this amount on	line 108 of Schedule 1)	110	



Name of corporation

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WELLAND HYDRO ELECTRIC SYSTEM CORP.

CONTINUITY OF RESERVES

Business number Tax year end Year Month Day 86375 9692 RC0001 2011-12-31

- . For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- · 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.

Totals	800	009			010
001	002	003			004
Description of property	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind-up of a subsidiary	Add \$	Deduct \$	Balance at the end of the year \$

The amount from line 008 plus the amount from line 009 should be entered on line 880 of Schedule 6, Summary of Dispositions of Capital Property. The amount from line 010 should be entered on line 885 of Schedule 6.

Description	Balance at the	Transfer on an	Add	Deduct	Balance at the
	beginning of the year \$	amalgamation or the wind-up of a subsidiary \$	\$	\$	end of the year \$
	110	115			120
Reserve for doubtful debts	113,524		107,764	113,524	107,764
Reserve for undelivered goods and services not rendered	130	135			140
Reserve for prepaid	150	155			160
Reserve for refundable containers	190	195			200
Reserve for unpaid	210	215			220
Other tax	230	235			240
Totals	270 113,524	275	107,764	113,524	280 107,764

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1, Net Income (Loss) for Income Tax Purposes, as an addition. The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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T2 SCH 13 E (11)

Continuity of financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	PILs deferred revenue reserv	6,541			6,541	
2	Pension Liability - non-current	1,479,364		1,427,938	1,479,364	1,427,938
3	Pension Liability - current	56,253		126,909	56,253	126,909
4	Smart Meter Reserve					
5	Regulatory Asset Recoveries		-			
6						
	Reserves from Part 2 of Schedule 13	113,524		107,764	113,524	107,764
	Totals	1,655,682		1,662,611	1,655,682	1,662,611

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.

2011-12-31

Name of corporation

Canada Revenue Agence du revenu

WELLAND HYDRO ELECTRIC SYSTEM CORP.

DEFERRED INCOME PLANS

Business Number Tax year end Year Month Day

86375 9692 RC0001

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), or an employee profit sharing plan (EPSP).
- o If the trust that governs an employee profit sharing plan is not resident in Canada, please indicate if the T4PS, Statement of Employees Profit Sharing Plan Allocations and Payments, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type plai (se note	n of contribution ee \$	Registration number (RPP, RSUBP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) filed by: (see note 3) (EPSP only)
10	g 200	300	400	500	600
1	235,23	7 0345983			
Note 1:	Enter the applicable Nocode number: 1 - RPP 2 - RSUBP 3 - DPSP	plans. To reconcile Total of all amount Less:	and to Schedule 1 any payments you man a such payments, calculate the following a sindicated in column 200 of this schedule as for deferred income plans deducted in you	mount:	235,237 A 235,237 B
	4 - EPSP		for contributions to deferred income plans amount B) (if negative, enter "0")	s	c
	- 1		on line 417 of Schedule 1		
	N	ote 3: T4PS slip(s) filed t	by: 1 – Trustee 2 – Employer		

T2 SCH 15 (08)

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Canada Revenue Agency Agence du revenu du Canada SCHEDULE 23

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

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.
 - Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the Income Tax Act (ITA) not to be associated for purposes of the small business deduction.
 - Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").
 - Column 3: Enter the association code that applies to each corporation:
 - 1 Associated for purposes of allocating the business limit (unless code 5 applies)
 - 2 CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
 - 3 Non-CCPC that is a "third corporation" as defined in subsection 256(2)
 - 4 Associated non-CCPC
 - 5 Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"
 - Column 4: Enter the business limit for the year of each corporation in the associated group, The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.
 - Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.
 - Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2006	maximum \$300,000
2007	\$300,001 to \$400,000

Calendar year	Acceptable range
2008	maximum \$400,000
2009	\$400,001 to \$500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed \$500,000.

Allocating the business limit					Year Month Day
te filed (do not use this area) ter the calendar year to which the agreement applies his an amended agreement for the above-noted calendar yea d by any of the associated corporations listed below?	ar that is intended to replace	2.4.6.1.4.3	: * * * * * * * * * * * * * * * * * * *	. 025	Year 2011
1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation)	5 Percentage of the business limit %	6 Business limit allocated* \$
1 WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	1	500,000	100.0000	500,00
2 WELLAND HYDRO-ELECTRIC HOLDING CORP.	86360 4328 RC0001	1	500,000		
3 WELLAND HYDRO ENERGY SERVICES CORP.	86375 9494 RC0001	1	500,000		
4 City of Welland	NR	4			
5 WELLAND WIFI CORPORATION	85056 2364 RC0001	1	500,000		
6 Welland Solar Corp.	80968 5860 RC0001	1	500,000		
			Total	100.0000	500.00

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

- * Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.
 - Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if \$500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.
- ** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.
- 134 "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

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Canada



Canada Revenue Agency Agence du revenu du Canada

INVESTMENT TAX CREDIT - CORPORATIONS

General information

- 1. For use by a corporation that during a tax year:
 - · earned an investment (ax credit (ITC);
 - · is claiming a deduction against its Part I tax payable;
 - · is claiming a refund of credit earned during the current tax year;
 - is claiming a carryforward of credit from previous tax years;
 - Is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal Income Tax Act;
 - · is requesting a credit carryback; or
 - is subject to a recapture of ITC.
- References to parts, sections, and subsections on this schedule are from the federal Income Tax Act and the federal Income Tax Regulations.
 References to interpretation bulletins and information circulars are to the latest versions.
- 3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal Income Tax Regulations, that earn the ITC are:
 - · qualified property (Parts 4 to 7);
 - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). Complete and file Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim;
 - · pre-production mining expenditures (Parts 18 to 20);
 - · apprenticeship job creation expenditures (Parts 21 to 23); and
 - · child care spaces expenditures (Parts 24 to 28).
- 5. Attach a completed copy of this schedule with the T2 Corporation Income Tax Return.
- For more information on ITCs, see the section called "Investment Tax Credit" in the T2 Corporation Income Tax Guide, Information Circular IC 78-4, Investment Tax Credit Rates, and its related Special Release, Also, see Interpretation Bulletin IT-151, Scientific Research and Experimental Development Expenditures.
- For information on SR&ED, see Interpretation Bulletin IT-151 (consolidated), Scientific Research and Experimental Development
 Expenditures; Information Circular 86-4, Scientific Research and Experimental Development, Brochure RC4472, Overview of the
 Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program; Brochure RC4467, Support for your
 R&D in Canada and T4088, Guide to Form T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim.

· Detailed information ·

- For the purpose of this schedule, "investment" means:
 The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- 2. An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- 3. Property acquired has to be "available for use" before a claim for an ITC can be made.
- 4. Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be Identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which the expenditures or capital costs were incurred.
- 5. Partnership allocations Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITC's is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068-1, 2010 Supplement to the 2006 T4068, Guide for the T5013 Partnership Information Return.
- For SR&ED expenditures, the expression "in Canada" includes the "exclusive economic zone" (as defined in the Oceans Act to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.

Name of corporation	Business Number	Tax year-end
Marine of Corporation	Edsiriess (vdribe)	Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31
Part 1 - Investments, expenditures and percentages		
investments	V News Court	Specified percentage
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	, Nova Scotia,	10 %
Expenditures f you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the port that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)		35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure in Part 10), the excess is eligible for an ITC calculated at the 20 % rate.	imit (see	
If you are a corporation that is not a CCPC that incurred qualified expenditures for SR&ED in any a	area in Canada	20 %
f you are a taxable Canadian corporation that incurred pre-production mining expenditures	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	10 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for	or employment	10 %
'f you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children		25 %
Part 2 – Determination of a qualifying corporation		
s the corporation a qualifying corporation?	101 1	Yes 2 No X
with any other corporations during the tax year, the total of the taxable incomes of the corporation as for their last tax year ending in the previous calendar year, cannot be more than their qualifying incomplete. A CCPC calculating a refundable ITC, is considered to be associated with another corpor except where:	ome limit for the particular tax year. ation if it meets any of the conditions in sub	
 one corporation is associated with another corporation solely because one or more per of both corporations; and 	sons own shares of the capital stock	
 one of the corporations has at least one shareholder who is not common to both corpo 	rations.	
If you are a qualifying corporation, you will earn a 100 % refund on your share of any ITCs earned for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified capit They are only eligible for the 40 % refund.		
Some CCPCs that are not qualifying corporations may also earn a 100 % refund on their share of current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible	e determined in Part 10. The 100% refund	
The 100% refund will not be available to a corporation that is an excluded corporation as defined a corporation is an excluded corporation if, at any time during the year, it is a corporation that is eith ndirectly, in any manner whatever) or is related to:		
 a) one or more persons exempt from Part I tax under section 149; 		
b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or		
any combination of persons referred to in a) or b) above.		
- Part 3 - Corporations in the farming industry		
Complete this area if the corporation is making SR&ED contributions		
s the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)?		res 2 No X
Contributions to agricultural organizations for SR&ED		
f yes, complete Schedule 125, Income Statement Information, to identify the type of farming industrial for more information on Schedule 125, see the Guide to the General Index of Financial Information		

Enter contributions on line 350 of Part 8.

QUALIFIED PROPERTY

CCA* class number	Description of investment	Date available for use	Location used (province or territory)	Amount of investment
105	110	115	120	125
1.				
* CCA: capital cost allow	ance			
		Total investment - enter in t	formula on line 240 in Part 5	
art 5 – Calculation	of current-year credit and account to	palances - ITC from in	vestments in qualified	d property —
C at the end of the previous	tax year			
educt:		240		
redit deemed as a remittand	A STATE OF THE STA	210	-	
redit expired		Subtotal		
C at the beginning of the ta	x year	Subtotal =	220	
dd:	. 1966	*************		
	nation or wind-up of subsidiary	230		
C from repayment of assist	. [10] [10] [10] [10] [10] [10] [10] [10]	235		
tal current-year credit: total		10 % = 240		
edit allocated from a partne	rship	250		
		Subtotal		
tal credit available	****************			
educt:	tonomie su ettas	200		
		260		~
edit carried back to the pre- edit transferred to offset Pa		280	A	
edit transferred to onset Fa	rt VII tax liability	Subtotal	- ·	
edit balance before refund				
educt:	-0.11.11.11.11.11.11.11.11.11.11.11.11.11			
fund of credit claimed on in	vestments from qualified property (from Part 7)		310	
C closing balance of inve	stments from qualified property		320 =	
art 6 - Request for	carryback of credit from investment	ts in qualified property	/	
	Year Month Day			
previous tax year			credit to be applied 901	
d previous tax year			credit to be applied 902	
d previous tax year		, C	credit to be applied 903	
		Tota	al (enter on line A in Part 5) =	
art 7 - Calculation	of refund for qualifying corporations	s on investments from	qualified property —	
rrent-year ITCs (total of line	es 240 and 250 in Part 5)	************		
dit balance before refund (omount @ from Doct E)			
dit balance before reford (amount b nom rait b)			
			.2.0.0.0.0.0.0.0.0.0.0	

SR&ED

Part 8 - Qualified SR&ED expenditures
Current expenditures
Current expenditures (from line 557 on Form T661)
Add:
Contributions to agricultural organizations for SR&ED*
Current expenditures (including contributions to agricultural organizations for SR&ED at line 103 in Part 3)* (from line 557 on Form T661)
Capital expenditures (from line 558 on Form T661)
Repayments made in the year (from line 560 on Form T661)
Total (this must equal the amount from line 570 on Form T661)*
Do not file form T661 if you are only claiming contributions made to agricultural organizations for SR&ED.
Part 9 - Components of the SR&ED expenditure limit calculation -
Part 9 only applies if the corporation is a CCPC.
Note: A CCPC that calculates SR&ED expenditure limit, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:
 one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
one of the corporations has at least one shareholder who is not common to both corporations.
s the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit?
Complete lines 390 and 398, if you answered no to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).
Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied).
Enter your taxable capital employed in Canada for the previous tax year ninus \$10 million. If this amount is nil or negative, enter "0". f this amount is over \$40 million, enter \$40 million.
If either of the tax years referred to at line 390 is less than 51 weeks, multiply the taxable income by the following result: 365 divided by the number of days in these tax years.

Part 10 - Calculation of SR&ED expenditure limit for a CCPC	
For stand-alone corporations:	
Calculation 1A: Tax year ends before January 1, 2010.	
[(\$7,000,000 minus (10 x (line 390 from Part 9 or \$400,000, whichever is more))) x ((\$40,000,000 minus	
line 398 from Part 9) divided by \$40,000,000)]	-
Calculation 1: Tax year starts after December 31, 2009.	
[(\$8,000,000 minus (10 x (line 390 from Part 9 or \$500,000, whichever is more))) x ((\$40,000,000 minus	
line 398 from Part 9) divided by \$40,000,000)]	-
Calculation 2: Tax year straddles January 1, 2010.	
EE + [(FF minus EE) x (GG divided by HH)] where,	
EE = [(\$7,000,000 minus (10A)) x ((\$40,000,000 minus B) divided by \$40,000,000)];	
FF = [(\$8,000,000 minus (10 x (line 390 from Part 9 or \$500,000, whichever is more))) x ((\$40,000,000 minus line 398 from Part 9) divided by \$40,000,000)];	
GG = number of days in the tax year after December 31, 2009;	
HH = number of days in the tax year.	
P275	
Amount A 408 Amount B 409	
A = the greater of:	
• \$400,000; and	
 your taxable income for the last tax year* ending in the previous calendar year (tax years ending in 2008) (prior to any loss carry-backs applied). 	
B = the taxable capital employed in Canada for the last tax year ending in the previous calendar year (tax years ending in 2008) minus \$10 million. If this amount is nil or negative, enter "0". If this amount is over \$40 million, enter \$40 million.	
* If any of the tax years referred to in A above are less than 51 weeks, gross up the taxable incomes for those tax years by the ratio that 365 is of the number of days in those tax years. Use these grossed up amounts when calculating the expenditure limit.	
Enter the amount from Calculation 1A, 1 or 2, whichever is applicable	_ G*
For associated corporations:	
f associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49	_ H*
Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:	
Jine G or H X Number of days in the tax year 365 =	- 1
365	=41
Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies)	- I
Amount G or H cannot be more than \$3,000,000.	="

Part 11 - Calculation of inv								
	estment tax credit	ts on SR&ED	expendit	ures -				
Enter whichever is less: current expend		3 (2)	420		v 25	0/ =		2
the expenditure limit (line 410 from Par			115000	140.151		% =	28,430	J
Line 350 minus line 410 (if negative, er			- management	142,151	^ 20	% =	20,430	- 1
Line 410 minus line 350 (if negative, er Enter whichever is less: capital expend		81			L			
	itures (iiie 500 from Part				× 35	% =		M
Line 360 minus line L (if negative, ente	r"0")		450		x 20	% =		N
Repayments (amount from line 370 in Part 8)								
If a corporation makes a repayment	460	×	35 % =					
of any government or non-government assistance, or contract payments	480		20 % =					
that reduced the amount of qualified			Total		▶			0
expenditures for ITC purposes, the								
imount of the repayment is eligible or a credit at the rate that would								
, have applied to the repaid amount.								
Enter the amount of the repayment on the line that corresponds to the								
appropriate rate.								
(w) The second second second second	Transfer of the state		V5.400				20 420	
Current-year SR&ED ITC (total of line	s J, K, M, N, and O; ente	r on line 540 in Pa	art 12)	Transpirite 1940	*******		28,430	
'For corporations that are not CCPCs,	enter "0" on lines J and N	Л.						
E- ode - 2770707-072	and secondary	5 T T. 12	Second to	Man - order	COLUMN TO SE	dia vv		
Part 12 - Calculation of cur	rrent-year credit ar	nd account b	alances -	ITC from SR&E	Dexpendi	tures —		
TC at the end of the previous tax year	2149025555							
Deduct:	1 Section and 1	and the contract						
Credit deemed as a remittance of co-op	corporations			510				
	corporations			510 515				
Credit expired			*******			<u> </u>		
			*******	515		> 520		
TC at the beginning of the tax year Add:	************		********	Subtotal		520	-1-	
ITC at the beginning of the tax year Add: Credit transferred on amalgamation or washington and account transferred on amalgamation or washington.	wind-up of subsidiary			Subtotal		520	-1	
Total current-year credit expired Total current-year credit	************			Subtotal	28,430	▶ 520		
ITC at the beginning of the tax year Add: Credit transferred on amalgamation or washington and account transferred on amalgamation or washington.	wind-up of subsidiary			Subtotal		520	29.420	
Oredit expired ITC at the beginning of the tax year Add: Oredit transferred on amalgamation or word Total current-year credit Oredit allocated from a partnership	wind-up of subsidiary			Subtotal	28,430	520	28,430	
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available	wind-up of subsidiary			Subtotal		520	28,430 28,430	
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct:	vind-up of subsidiary			515 Subtotal 530 540 550 Subtotal	28,430	520 		
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or votal current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or	wind-up of subsidiary			Subtotal		520		
Credit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or word Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous years)	wind-up of subsidiary n line B2 in Part 30) (s) (from Part 13)			515 Subtotal 530 540 550 Subtotal	28,430	520		
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or votal current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or	wind-up of subsidiary n line B2 in Part 30) (s) (from Part 13)			515 Subtotal 530 540 550 Subtotal	28,430	520 F	28,430	
ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous years Credit transferred to offset Part VII tax I	wind-up of subsidiary n line B2 in Part 30) (s) (from Part 13)			515 Subtotal 530 540 550 Subtotal	28,430	520 P		0
ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume and transferred on amalgamation or volume and transferred on amalgamation or volume and transferred from a partnership fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous year Credit transferred to offset Part VII tax III Credit balance before refund	wind-up of subsidiary n line B2 in Part 30) (s) (from Part 13)			515 Subtotal 530 540 550 Subtotal	28,430	520 P	28,430	Q
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ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume and transferred on amalgamation or volume and transferred on amalgamation or volume and transferred from a partnership fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous year Credit transferred to offset Part VII tax III Credit balance before refund	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13)			515 Subtotal 530 540 550 Subtotal	28,430	520 P	28,430	Q
Credit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous year Credit transferred to offset Part VII tax III Credit balance before refund Deduct:	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1		er applies)	515 Subtotal 530 540 550 Subtotal 560 Subtotal	28,430	▶ P ▶	28,430	Q
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Credit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous years Credit transferred to offset Part VII tax I Credit balance before refund Deduct: Refund of credit claimed on expenditure	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1	4 or 15, whicheve	er applies)	515 Subtotal 530 540 550 Subtotal 560 Subtotal	28,430	P 610	28,430	Q
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous years Credit transferred to offset Part VII tax II Credit balance before refund Deduct: Refund of credit claimed on expenditure ITC closing balance on SR&ED Part 13 — Request for carry!	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1	4 or 15, whicheve	er applies)	515 Subtotal 530 540 550 Subtotal 560 Subtotal	28,430	P 610	28,430	Q
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or volume Total current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous years Credit transferred to offset Part VII tax II Credit balance before refund Deduct: Refund of credit claimed on expenditure ITC closing balance on SR&ED Part 13 — Request for carry!	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1	4 or 15, whicheven SR&ED exp	er applies) penditures	515 Subtotal 530 540 550 Subtotal 560 Subtotal	28,430 28,430 28,430	P 610	28,430	Q
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or various current-year credit Credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous year Credit transferred to offset Part VII tax III Credit balance before refund Deduct: Refund of credit claimed on expenditure ITC closing balance on SR&ED Part 13 — Request for carry! Ist previous tax year	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1	4 or 15, whicheven SR&ED exp	er applies) penditures	515 Subtotal 530 540 550 Subtotal 560 Subtotal	28,430 28,430 28,430	P 610 620	28,430	Q
Tredit expired ITC at the beginning of the tax year Add: Credit transferred on amalgamation or variety and current-year credit credit allocated from a partnership Fotal credit available Deduct: Credit deducted from Part I tax (enter or Credit carried back to the previous year Credit transferred to offset Part VII tax III Credit balance before refund Deduct: Refund of credit claimed on expenditure TC closing balance on SR&ED Part 13 — Request for carryle	wind-up of subsidiary In line B2 in Part 30) (s) (from Part 13) iability as of SR&ED (from Part 1	4 or 15, whicheven SR&ED exp	er applies)	515 Subtotal 530 540 550 Subtotal 560 Subtotal Credit to be	28,430 28,430 28,430 be applied the applied	610 620	28,430	Q

Part 14 - Calculation of refund of ITC for qualifying corporations - SR&ED	
Complete this part only if you are a qualifying corporation as determined at line 101,	
Is the corporation an excluded corporation as defined under subsection 127.1(2)?	es 2 No X
Credit balance before refund (amount Q from Part 12)	
Current-year ITC (lines 540 plus 550 from Part 12 minus line O from Part 11)	
Refundable credits (amount R or S, whichever is less)*	T
Amount J from Part 11	
Subtract: Amount T or U, whichever is less	V
Net amount (if negative, enter "0")	W
Amount W × 40 %	×
Add: Amount V	ΥΥ
* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC on line Z.	
Part 15 – Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations –	SR&ED -
Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Part 2.	
Credit balance before refund (amount Q from Part 12)	AA
Amount J from Part 11	
Subtract: Amount AA or BB, whichever is less	cc
Net amount (if negative, enter "0")	DD
Amount M from Part 11	EE
Amount DD or EE, whichever is less x 40 %	FF
Add : Amount CC above	GG
Refund of ITC (amounts FF plus GG)	HH.
Enter HH, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.	

RECAPTURE - SR&ED

Part 16 - Calculating the recapture of ITC for corporations and corporate partnerships - SR&ED-

You will have a recapture of ITC in a year when all of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed
 of or converted to commercial use a property that incorporates the particular property previously referred to.

Note

The recapture does not apply if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

	Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case)	Amount from column 700 or 710, whichever is less
	700	710	
		Subtotal (enter this amount on line LL in Part 17)	
_			
Ì	- Calculation 2 - Only if you transferred all or a an agreement described in sub	part of the qualified expenditure to another pers section 127(13); otherwise, enter nil at line JJ in	
	A Rate that the transferee used in determining	B	C Amount, if any,
	its ITC for qualified expenditures under a subsection 127(13) agreement	Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition	already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.)
	720	730	740
[
		rred all or a part of the qualified expenditure to a ection 127(13); otherwise, enter nil on line JJ belonger	
Ī	D	E	F
	Amount determined by the formula (A x B) - C	ITC earned by the transferee for the qualified expenditures that were transferred	Amount from column D or E, whichever is less
		750	
[Subtotal (enter this amount on line MM in Part 17)	
_		,	
Γ	Calculation 3		
1	As a member of the partnership, you will report your amount of the recapture. If this amount is a positive a enough ITC otherwise available to offset the recapture determined and reported on line KK below.	amount, you will report it on line 550 in Part 12. Howe	ever, if the partnership does not have

Part 17 - Total recapture of SR&ED i	Control of the Contro	
Tare it is a forest to depress of officials it	investment tax credit -	
Recaptured ITC for calculation 1 from line II in Part 1	16	in a company in the little company in the li
Recaptured ITC for calculation 2 from line JJ in Part	16 above	MIV
Recaptured ITC for calculation 3 from line KK in Part		NN NN
Total recapture of SR&ED investment tax credit		
Enter amount OO at line A1 in Part 29.	Tidd Indd Ess, Miv and Tit	
	PRE-PRODUCTION MINING	
Part 18 – Pre-production mining expe	enditures	
	Exploration information	
A mineral resource that qualifies for the credit means metal deposit, or a mineral deposit from which the pri precious metal.	s a mineral deposit from which the principal mineral to be ext incipal mineral to be extracted is an industrial mineral that, w	racted is diamond, a base or precious when refined, results in a base or
In column 800, list all minerals for which pre-producti	ion mining expenditures have taken place in the tax year.	
Li	ist of minerals	1
	800	
1.		
For each of the minerals reported in column 800 aboumineral title, identify the project and mining division or	ve, identify each project, mineral title, and mining division whinly.	nere title is registered. If there is no
Project name	Mineral title	Mining division
805	806	807
1.	Pre-production mining expenditures *	
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other method trenching, digging test pits, and preliminary sampling pre-production mining expenditures incurred in the tapproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other un	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such	810 PP 811 QQ 812 RR 813 SS ada into
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other method the company of the mining expenditures incurred in the tax production mining expenditures incurred in the tax production in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other until the pre-production mining expenditures incurred in	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other method in the production mining expenditures incurred in the tapproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other under the pre-production mining expenditures incurred in	ion incurred in the tax year for the purpose of determining the cource in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry the tax year:	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT 821 UU
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other method in the production mining expenditures incurred in the target production in reasonable commercial quantities and in the clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other until the pre-production mining expenditures incurred in the pre-production mining expenditures incurred in	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry the tax year:	810 PP 811 QQ 812 RR 813 SS add into quantities: 820 TT 821 UU Amount
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor of the pre-production mining expenditures incurred in the tapproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other until the pre-production mining expenditures incurred in the pre-production mining expenditures incurred in	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry the tax year:	810 PP 811 QQ 812 RR 813 SS add into quantities: 820 TT 821 UU Amount
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor of the pre-production mining expenditures incurred in the tapproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other until the pre-production mining expenditures incurred in the pre-production mining expenditures incurred in	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry at the tax year: escription 825	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT 821 UU Amount 826
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor of the company of the company of the pre-production mining expenditures incurred in the tapproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other uncompany of the pre-production mining expenditures incurred in the pre-production mining expenditures in the pre-production mining expension mining expension mining expension mining expens	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry the tax year: escription 825 Add amounts at column 826	810 PP 811 QQ 812 RR 813 SS add into quantities: 820 TT 821 UU Amount 826 VV
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor trenching, digging test pits, and preliminary sampling Pre-production mining expenditures incurred in the tarproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other un Other pre-production mining expenditures incurred in De	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry at the tax year: escription 825 Add amounts at column 826 Total pre-production mining expenditures (add at rebates, and forgivable loans) or reimbursements that the column such index of the co	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT 821 UU Amount 826 VV mounts PP to VV) 830 orporation 832
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral reso Prospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor Trenching, digging test pits, and preliminary sampling Pre-production mining expenditures incurred in the tarproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other until Other pre-production mining expenditures incurred in Delander Total of all assistance (grants, subsidies, has received or is entitled to receive in resonable expenditures.	ion incurred in the tax year for the purpose of determining the curce in Canada: ands g ax year for bringing a new mine in a mineral resource in Canadacurred before the new mine comes into production in such anderground entry at the tax year: escription 825 Add amounts at column 826 Total pre-production mining expenditures (add and rebates, and forgivable loans) or reimbursements that the conspect of the amounts referred to at line 830 above Excess (line 830 minus line 83)	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT 821 UU Amount 826 VV mounts PP to VV) 830 orporation 832
Pre-production mining expenditures that the corporati existence, location, extent, or quality of a mineral resormospecting Geological, geophysical, or geochemical surveys Drilling by rotary, diamond, percussion, or other methor trenching, digging test pits, and preliminary sampling Pre-production mining expenditures incurred in the tarproduction in reasonable commercial quantities and in Clearing, removing overburden, and stripping Sinking a mine shaft, constructing an adit, or other un Other pre-production mining expenditures incurred in De	ion incurred in the tax year for the purpose of determining the curce in Canada: nods g ax year for bringing a new mine in a mineral resource in Canancurred before the new mine comes into production in such inderground entry at the tax year: escription 825 Add amounts at column 826 Total pre-production mining expenditures (add an rebates, and forgivable loans) or reimbursements that the companion of the amounts referred to at line 830 above Excess (line 830 minus line 83) and assistance	810 PP 811 QQ 812 RR 813 SS ada into quantities: 820 TT 821 UU Amount 826 VV mounts PP to VV) orporation 832 2) (if negative, enter "0") WW

	s tax year	PROPERTY AND ADDRESS.	EXECUTE A REPORT OF THE RESIDENCE OF THE		
educt:					
	ce of co-op corporations		841		
At the state of th			0.75		
2 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A			Subtotal	>	
at the beginning of the ta	ix year			850	
d:					
edit transferred on amalga	mation or wind-up of subsid	iary	********	860	
penditures from line YY in	Part 18: 870	x 10	0 % =		
tal credit available					
duct:		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	ax (enter on line B3 in Part 3	30)	885		
dit carried back to the pre	vious year(s) (from Part 20)			CCC	
			Subtotal	<u> </u>	
closing balance from p	re-production mining exp	enditures	*************	890	
previous tax year			Total (enter on	be applied 923 line CCC in Part 19)	
		APPRENTICESHI		eArte east tales	
ou are a related person as ployer who will be claiming	defined under subsection 2 the apprenticeship job crea	ar credit – ITC from 51(2), has it been agreed in ation tax credit for this tax ye	P JOB CREATION apprenticeship job cre n writing that you are the only ear for each apprentice whose cannot claim the tax credit.)		[55]
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ou are a related person as ployer who will be claiming atract number (or social insteach apprentice in their fictory, under an apprentices re is no contract number, seeded. A Contract numb	defined under subsection 2 the apprenticeship job creaturance number or name) and set 24 months of the apprentication program designed to center the social insurance number.	ar credit – ITC from (51(2), has it been agreed in the strong of the str	apprenticeship job cre in writing that you are the only ear for each apprentice whose cannot claim the tax credit.) ceship contract number registere in the trade. For the province, the fithe eligible apprentice. Attach a	ed with Canada, or a provitrade must be a Red Sedditional schedules if mo	Yes X 2 No vince or all trade. If ore space is E Lesser of
ou are a related person as ployer who will be claiming tract number (or social insteach apprentice in their fi- itory, under an apprentices the is no contract number, and ded.	defined under subsection 2 the apprenticeship job creaturance number or name) and set 24 months of the apprentication program designed to center the social insurance number.	ar credit – ITC from (51(2), has it been agreed in ation tax credit for this tax ye opears below? (If not, you conticeship, enter the apprenticertify or license individuals in the importance of (SIN) or the name of	apprenticeship job cre in writing that you are the only ear for each apprentice whose cannot claim the tax credit.) ceship contract number registere in the trade. For the province, the fithe eligible apprentice. Attach a	ed with Canada, or a provious trade must be a Red Sedditional schedules if mo	Yes X 2 No vince or al trade. If ore space is E Lesser of column D or
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ou are a related person as ployer who will be claiming tract number (or social inseach apprentice in their fitory, under an apprentices e is no contract number, addd. A Contract number (SIN or name of apprentices)	defined under subsection 2 the apprenticeship job creaturance number or name) and set 24 months of the apprentication program designed to center the social insurance number.	ar credit – ITC from (51(2), has it been agreed in ation tax credit for this tax ye opears below? (If not, you diticeship, enter the apprenticertify or license individuals is umber (SIN) or the name of	apprenticeship job cre n writing that you are the only ear for each apprentice whose cannot claim the tax credit.) ceship contract number registere n the trade. For the province, the f the eligible apprentice. Attach a	ed with Canada, or a provitrade must be a Red Sedditional schedules if mo	Yes X 2 No vince or al trade. If ore space is E Lesser of column D or \$ 2,000

943

· · · · · · · · · Credit to be applied

Total (enter on line NNN in Part 26)

Part 25 - Calculation	of currer	nt-year ci	edit -	ITC from child care space	s expenditures -		
The credit is equal to 25% of eli- care facility.	gible child c	are spaces	expenditu	ures incurred to a maximum of \$10,0	00 per child care spac	e created in a licensed chi	ild
Eligible expenditures (line 745)	* × * •	53 UV 0 = 3		100000000000000	×	25 % =	KK
Number of child care spaces	- contra			755	× \$	10,000 =	
ITC from child care spaces ex	xpenditures	s (amount K	KK or LL	L, whichever is less)		5 7 5 7 5 A A B	MM
Part 26 – Calculation	of curren	ıt-year cı	edit ar	nd account balances – ITC	from child care	spaces expenditu	res
ITC at the end of the previous ta	ах уеаг	DOTTE:	o cree				
Deduct:							
Credit deemed as a remittance of	of co-op con	porations	makes		765		
Credit expired after 20 tax years					770 total		
				345			
ITC at the beginning of the tax y	ear	****				7775	
Add;							
Credit transferred on amalgamat	tion or wind-	up of subsid	diary		777		
Total current-year credit (amoun	t MMM abov	ve) .			780		
Credit allocated from a partnersh	nip	*****		Sub	782 total	<u>_</u>	
Total credit available .		*****					
Deduct:							
Credit deducted from Part I tax (enter on line	B5 in Part	30)	*******	785		
Credit carried back to the previous	us year(s) (f	rom Part 27)	****************	W. W.	NNN	
				Sub	total	>	
ITC closing balance from child	d care spac	es expend	itures	*************		790	
Part 27 – Request for o	carrybac	k of cred	it from	child care space expend	itures —		
	Year	Month	Day				
1st previous tax year	20	010-12-31			Credit to be app	olied 941	
2nd previous tax year		009-12-31				MARKET -	

3rd previous tax year

2008-12-31

RECAPTURE - CHILD CARE SPACES

Part 28 - Calculating the recapture of ITC for corporations and corporate partnerships - Child care spaces	-
The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act If, at any time within 60 months of the day on which the taxpayer acquired the property:	
* the new child care space is no longer available; or	
property that was an eligible expenditure for the child care space is:	
 disposed of or leased to a lessee; or 	
- converted to another use.	
If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))	272
in the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:	
The amount that can reasonably be considered to have been included in the original ITC 795	
25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property	
Amount from line 795 or line 797, whichever is less	000
Corporate partnerships	
As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.	
Corporate partner's share of the excess of ITC 799	PPP
Total recapture of child care spaces investment tax credit – Add lines ZZZ, OOO, and PPP Enter amount QQQ on line A2 in Part 29.	000
Part 29 – Total recapture of investment tax credit	
	A 4
Recaptured SR&ED ITC from line OO in Part 17	A1
Recaptured child care spaces ITC from line QQQ in Part 28 above	A2
Total recapture of investment tax credit – Add lines A1 and A2 Enter amount A3 on line 602 of the T2 return.	A3
Part 30 - Total ITC deducted from Part I tax	
ITC from Investments in qualified property deducted from Part I tax (from line 260 in Part 5)	B1
TC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	B2
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)	В3
TC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	B4
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)	B5
Total ITC deducted from Part I tax (add lines B1, B2, B3, B4, and B5) States amount B6 at line 652 of the T2 return.	В6

Privacy Act, Personal Information Bank number CRA PPU 047

Attached Schedule with Total

C - Eligible salary and wages

Fitte C - Eligible salary and wages

Description	Amount
Eligible amount of salaries	14,738 00

Less ON credit on above -5,158 00

Total 9,580 00

Summary of Investment Tax Credit Carryovers

CCA class number 97	Apprenticeship	job creation ITC			
Current year	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
Dutanian	958	958			
Prior years Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	of year (E-F-G)
2010-12-31		- 15			777.00
2009-12-31					
2008-12-31					
2007-12-31					
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2000-12-31					
1999-12-31					
1998-12-31					
1997-12-31					
1996-12-31					
1995-12-31					
1994-12-31					
1993-12-31					
1992-12-31					
1991-12-31					
	Total				

^{*} The ITC end of year includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

Summary of Investment Tax Credit Carryovers

CCA class number 99	Cur. or cap. R&	D for ITC			
Current year					
	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	of year (A-B-C-D)
	28,430	28,430			
Prior years					
Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2010-12-31			2.2		
2009-12-31					
2008-12-31					
2007-12-31					
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
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1997-12-31					
1996-12-31					
1995-12-31					
1994-12-31					
1993-12-31					
1992-12-31					
1991-12-31					
	Total				

^{*} The ITC end of year includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

Canada Revenue Agenca du revenu du Canada

SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Provide only of	one number per sha	reholder		
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100	200	300	350	400	500
Welland Hydro-Electric Holding Corp.	86360 4328 RC0001			100.000	



Canada Revenue Agency

Agence du revenu du Canada SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end
		Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

On: 2011-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send
 your worksheets with your return, but keep them in your records in case we ask to see them later.
- · Subsections referred to in this schedule are from the Income Tax Act.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions	
Answer the following questions to determine the corporation's eligibility for the various additions:	
2006 addition	
Is this the corporation's first taxation year that includes January 1, 2006? If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4	Yes X No
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? If the answer to question 3 is yes, complete Part "GRIP addition for 2006".	X Yes No
Change in the type of corporation	
4. Was the corporation a CCPC during its preceding taxation year?	X Yes No
Corporations that become a CCPC or a DIC If the answer to question 5 is yes, complete Part 4.	Yes X No
Amalgamation (first year of filing after amalgamation)	
6. Corporations that were formed as a result of an amalgamation If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.	Yes X No
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? If the answer to question 7 is yes, complete Part 4.	Yes No
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? If the answer to question 8 is yes, complete Part 3.	Yes No
Winding-up	
Corporations that wound-up a subsidiary If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.	Yes X No
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? If the answer to question 10 is yes, complete Part 4.	Yes No
11. Was the subsidiary a CCPC or a DIC during its last taxation year? If the answer to question 11 is yes, complete Part 3.	Yes No

- Dort 4 Coloulation of general vata income and (CDID)		
Part 1 - Calculation of general rate income pool (GRIP) -		
GRIP at the end of the previous tax year	100	6,095,629
Taxable income for the year (DICs enter "0") *	751,127 B	
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)		
Amount on line 400, 405, 410, or 425 of		
the T2 return, whichever is less * For a CCPC, the lesser of aggregate investment income		
(line 440 of the T2 return) and taxable income *		
Subtotal (add lines 120, 130, and 140)	c	
Income taxable at the general corporate rate (line B minus line C) (if negative enter	r "0") 150751,127	
After-tax income (line 150 x general rate factor for the tax year ** 0.7		525,789
Eligible dividends received in the tax year	200	
Dividends deductible under section 113 received in the tax year	210	
Subtotal (a	dd lines 200 and 210)	E
GRIP addition:	Person	
Becoming a CCPC (line PP from Part 4)	7 5 7 7 C - C - C - C - C - C - C - C - C -	
[2] [2] 본 경기 (1) [2] [2] 전 경기 (1) [2] [2] [2] [2] [2] [2] [2] [2] [2] [2]	230	
	240 290 290	
Subtotal (add lin		5,621,418
		7,021,110
Eligible dividends paid in the previous tax year	MODEL TO THE PROPERTY OF THE P	
Excessive eligible dividend designations made in the previous tax year		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and	10	
Subtotal (lin	300 minus line 310)	
GRIP before adjustment for specified future tax consequences (line G minus line	H) (amount can be negative)	5,621,418
Total GRIP adjustment for specified future tax consequences to previous tax years	(amount W from Part 2)	
GRIP at the end of the tax year (line 490 minus line 560) Enter this amount on line 160 of Schedule 55,		5,621,418
* For lines 110, 120, 130, and 140, the income amount is the amount before consubsection 248(1). It includes the deduction of a loss carryback from subseque Canadian development expenses that were renounced in subsequent tax years inclusions where an option is exercised in subsequent tax years, and the effect	nt tax years, a reduction of Canadian exploration expenses and (e.g., flow-through share renunciations), reversals of income	
** The general rate factor for a tax year is 0.68 for any portion of the tax year that that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 Calculate the general rate factor in Part 5 for tax years that straddle these dates	for any portion of the tax year that falls after 2011.	
Part 2 - GRIP adjustment for specified future tax consequ	ences to previous tax years	
Complete this part if the corporation's taxable income of any of the previous three defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line	ax years took into account the specified future tax consequences	
First previous tax year 2010-12-31		
Taxable income before specified future tax consequences	- 200 da da 10	
from the current tax year	2,093,786 J1	
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction		
amount E in Part 3 of Schedule 17)K1		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		
Aggregate investment income		
(line 440 of the T2 return)		
Subtotal (add lines K1, L1, and M1)	N1	
Subtotal (line J1 minus line N1) (if negative, enter "0")	2,093,786 01	

		ure tax consequences the mount carried back from the			
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks
	re tax consequences pecified future tax cons	sequences;	P1		
e credit union deduction		11-000			
ie 400, 405, 410, or 42	25				
rn, whichever is less estment income	20.1	R1			
e T2 return)		§1			
al (add lines Q1, R1,		P	T1		J1
Subtotal (line P1 r	ninus line T1) (if nega Subtotal	(line O1 minus line U1) (if	negative enter "0")		/1
plied by the general	rate factor for the tax ye	es to the first previous tages ar 0.7)	ax year	*******	500
plied by the general relicus tax year	rate factor for the tax youngerstand for the tax youngerstand for the tax year; on	fromK2L2		1,390,885	
plied by the general relicus tax year	rate factor for the tax years specified future tax year; on) and M2) ininus line N2) (if negative	fromK2L2	1,390,885 J2 1,390,885 N2 1,390,885 Labeled to occur for the current	1,390,885 c	
plied by the general reliance tax year	rate factor for the tax years specified future tax year; on) and M2) ininus line N2) (if negative	from K2 L2 M2 vive, enter "0") re tax consequences tha	1,390,885 J2 1,390,885 N2 1,390,885 Labeled to occur for the current	1,390,885 c	

Taxable income after specified future tax consequences from the current tax year Taxable income after specified future tax consequences from the current tax year Taxable income for the credit union deduction (Income for the credit	Part 2 - GRIP adjustment		uture tax consequ	ences to previous	tax years (contint	ieu)
the current tax year		0.00	from			
Agregate investment income 924 M3 Subtotal (dine J3 minus line N3) (if negative, enter "0") Future tax consequences that occur for the current year Amount carried back from the current year Amount carried back (paregraph 11) (1)(a) 17.1) Faxible income after specified future tax consequences For early-back (paregraph 11) (1)(a) 17.1) Faxible income after specified future tax consequences P3 Einter the following amounts after specified future tax consequences: Income for the current union doubt consider the following amounts after specified future tax consequences: Income for the credit union deduction Faxible income after specified future tax consequences: F3 Faxible income for the credit union deduction F3 F4 F5 F5 F5 F7 F7 F7 F7 F7 F7 F7	the current tax year Enter the following amounts before consequences from the current tax income for the credit union deduction.	specified future tax year:	CAT N ON E-4-	1,619,986_J3		
Aggregate investment income (ine 440 of the 72 return) Subtotal (add lines K3, L3, and M3) Subtotal (ine J3 minus line N4) (if negative, enter "0") Future tax consequences that occur for the current year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Carry-back Capital loss carry-back (paragraph 111 (1)(a) 17A) Faxable income after specified future tax consequences Enter the following amounts after specified future tax consequences: Income for the credit union decution Amount on line 400, 405, 410, or 425 If the T2 return, whichever is less a Aggregate investment income Time 440 of the T2 return) SS Subtotal (add lines 30, 31, 31 and 53) Subtotal (line P3 minus line T3) (if negative, enter "0") V3 3RIP adjustment for specified future tax consequences to the third previous tax year (line V3 multiplied by the general rela factor for the tax year O7 7 Total GRIP adjustment for specified future tax consequences to the third previous tax years add lines 500, 500, and 540 (if incepative, enter "0") V5 Total GRIP adjustment for specified future tax consequences to the third previous tax years add lines 500, 500, and 540 (if incepative, enter "0") V6 Total GRIP adjustment for specified future tax consequences to the third previous tax years add lines 500, 500, 30, and 540 (if incepative, enter "0") V6 Total GRIP adjustment for specified future tax consequences to the third previous tax years add lines 500, 500, 30, and 540 (if incepative, enter "0") V7 Total GRIP adjustment for specified future tax consequences to the third previous tax years add lines 500, 500, 30, and 540 (if incepative, enter "0") V8 Total GRIP adjustment for specified future tax consequences to the third previous tax years J7 Total GRIP adjustment for specified future tax consequences to the third previous tax years J8 Corpo	Amount on line 400, 405, 410, or 4 of the T2 return, whichever is less	25	Ĺ3			
Subtotal (and times K3, L3, and M3) 9.24 9.24 N3 Subtotal (ine J3 minus line N3) (if negative, enter "0") 1.619.062 N Future tax consequences that occur for the current year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Amount carried back from the current year to a prior year Carry-back Capital loss carry-back Carry	Aggregate investment income					
Future tax consequences that occur for the current year Amount carried back from the current year to a prior year Non-capital loss Capital loss Carry-back Capital loss Carry-back Capital loss Carry-back Capital loss Carry-back Capital loss Capital	Subtotal (add lines K3 L3	and M3)	924	924 N3		
Amount carried back from the current year to a prior year	Subtotal (line J3 r	minus line N3) (if nega	tive, enter "0")		1,619,062 03	
Non-capital loss Capital loss Capital loss Carry-back Capital loss Carry-back Carr		Futu	re tax consequences th	nat occur for the current	year :	
Carry-back (paragraph 111 (r)(e) TA) Capital loss carry-back		Ar	nount carried back from t	he current year to a prior y	rear	
Enter the following amounts after specified future tax consequences: Income for the credit union deduction amount is in Part 3 of Schedule 17)	carry-back (paragraph 111			100000000000000000000000000000000000000	Other	
Enter the following amounts after specified future tax consequences: Income for the credit union deduction amount E in Part 3 of Schedule 17)						
Enter the following amounts after specified future tax consequences: Income for the credit union deduction amount is in Part 3 of Schedule 17)	Taxable income after specified futu	re lav consequences		p3		
Income for the credit union deduction amount E in Part 3 of Scheduler 17)				P3		
Aggregate investment income The T2 return) Subtotal (line P3 minus line T3) (if negative, enter "0") Subtotal (line P3 minus line T3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") Site of value line P3 minus line P3 (if negative, enter "0") V3 Subtotal (line P3 minus line P3) (if negative, enter "0") V4	Income for the credit union deduction	On .	A Company of the Comp			
of the 12 return, whichever is less R3 Aggregate investment income [line 440 of the 12 return] S3 Subtotal (and lines Q3, R3, and S3) T3 Subtotal (line P3 minus line T3) (if negative, enter "0") V3 3RIP adjustment for specified future tax consequences to the third previous tax year (line V3 multiplied by the general rate factor for the tax year 0.7) 540 Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax years: add lines S00, 520, and \$40) (if negative, enter "0") Total GRIP adjustment for specified future tax consequences to previous tax year line future tax year (1) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year, in the calculation below, corporation means a predecessor or a unbediary. The last tax year for a predecessor or oproration was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year that immediately follows the tax year during which it assets were distributed to the parent on the wind-up. For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that			Q3			
Aggregate investment income fine 440 of the T2 return)	Amount on line 400, 405, 410, or 42	25	R3			
Subtotal (line P3 minus line T3) (if negative, enter "0") U3 Subtotal (line P3 minus line T3) (if negative, enter "0") V3 3RIP adjustment for specified future tax consequences to the third previous tax year (line V3 multiplied by the general rate factor for the tax year 0.7) V3 70tal GRIP adjustment for specified future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Sale future tax consequences to previous tax year Complete this part when there has been an amalgamation or post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Sophieta as esperate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Sale future tax tax year or tax tax ye			NS			
Subtotal (line P3 minus line T3) (if negative, enter "0")	(line 440 of the T2 return)	. nine	S3			
Subtotal (line O3 minus line U3) (if negative, enter "0") 3RIP adjustment for specified future tax consequences to the third previous tax year (line V3 multiplied by the general rate factor for the tax year 0.7) 540 Total GRIP adjustment for specified future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Inter amount W on line 560. Part 3 — Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) 7. Post amalgamation .	Subtotal (add lines Q3, R3,	and S3)	>	T3		
3RIP adjustment for specified future tax consequences to the third previous tax year (line V3 multiplied by the general rate factor for the tax year 0.7) Total GRIP adjustment for specified future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Inter amount W on line 560. Part 3 — Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) 7.b. 1 Post amalgamation . Post wind-up Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, corporation means a predecessor or a subsidiary corporation was its tax year that immediately before the amalgamation and for a subsidiary corporation was its tax year that immediately follows the tax year during which it sassets were distributed to the parent on the wind-up. For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year BB Excessive eligible dividend designations made by the corporation in its last tax year BB Excessive eligible dividend designations made by the corporation in its last tax year BB Excessive eligible dividend designation or post-wind-up (predecessor or subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation or post-amalgamation; or	Subtotal (line P3 r	ninus line T3) (if negat	tive, enter "0")		U3	
(line V3 multiplied by the general rate factor for the tax year 0.7) Total GRIP adjustment for specified future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Enter amount W on line 560. Part 3 — Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)					V3	
Total GRIP adjustment for specified future tax consequences to previous tax years: add lines 500, 520, and 540) (if negative, enter "0") Part 3 — Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last 'tax year') nb. 1 Post amalgamation Post wind-up						
add lines 500, 520, and 540) (if negative, enter "0") Inter amount W on line 560. Part 3 — Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) nb. 1 Post amalgamation						540
Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) nb. 1 Post amalgamation Post wind-up						
(predecessor or subsidiary was a CCPC or a DIC in its last tax year) nb. 1 Post amalgamation						
Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, corporation means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up. For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for rour records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year Eligible dividends paid by the corporation in its last tax year BB Excessive eligible dividend designations made by the corporation in its last tax year Subtotal (line BB minus line CC) BRIP addition post-amalgamation or post-wind-up (predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	Part 3 - Worksheet to ca	Iculate the GRIP	addition post-am	algamation or post	t-wind-up	
Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, corporation means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up. For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year Eligible dividends paid by the corporation in its last tax year BB Excessive eligible dividend designations made by the corporation in its last tax year CC Subtotal (line BB minus line CC) CRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) EACH of the calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	(predecessor or	subsidiary was	a CCPC or a DIC i	n its last tax year)	200000000	
and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, corporation means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up. For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year Eligible dividends paid by the corporation in its last tax year BB Excessive eligible dividend designations made by the corporation in its last tax year CC Subtotal (line BB minus line CC) D CRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	ab. 1 Post amalgamation ,	Post wind-up				
For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary. Complete a separate worksheet for each predecessor and each subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year Eligible dividends paid by the corporation in its last tax year Excessive eligible dividend designations made by the corporation in its last tax year Subtotal (line B8 minus line CC) GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	and the predecessor or subsidiary of subsidiary. The last tax year for a pre-	corporation was a CCP redecessor corporation	or a DIC in its last tax y was its tax year that ende	ear. In the calculation belo ed immediately before the	w, corporation means a	a predecessor or a
your records, in case we ask to see it later. Corporation's GRIP at the end of its last tax year Eligible dividends paid by the corporation in its last tax year Excessive eligible dividend designations made by the corporation in its last tax year CC Subtotal (line BB minus line CC) Subtotal (line BB minus line CC) DO GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	For a post-wind-up, include the GRI receives the assets of the subsidian	P addition in calculating.	g the parent's GRIP at th	e end of its tax year that in		
Eligible dividends paid by the corporation in its last tax year Excessive eligible dividend designations made by the corporation in its last tax year Subtotal (line BB minus line CC) Subtotal (line BB minus line CC) D SRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or			each subsidiary that was	s a CCPC or a DIC in its la	ast tax year. Keep a copy	of this calculation for
Excessive eligible dividend designations made by the corporation in its last tax year Subtotal (line BB minus line CC) Subtotal (line BB minus line CC) POSTRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	Corporation's GRIP at the end of its	last tax year			5,9 L R - 1 X T X T X T T T R T 1	
Subtotal (line BB minus line CC) SRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	Eligible dividends paid by the corpor	ration in its last tax year	· · · · · · · · · · · · · · · · · · ·		BB	
SRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	Excessive eligible dividend designate	ions made by the corpo	oration in its last tax year		cc	
line AA minus line DD) After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or						
After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on: — line 230 for post-amalgamation; or	GRIP addition post-amalgamatio	n or post-wind-up (pr			in its last tax year)	1111
	After you complete this calculation f — line 230 for post-amalgan	nation; or			ines. Enter this total amo	unt on:

Part 4	Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC
nb. 1	rporation becoming a CCPC Post amalgamation Post wind-up
and the p	part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) accessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, means a corporation becoming a CCPC, a predecessor, or a subsidiary.
	nd-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which assets of the subsidiary.
	eparate worksheet for each predecessor and each subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this your records, in case we ask to see it later.
Cost amo	to the corporation of all property immediately before the end of its previous/last tax year
The corpo	on's money on hand immediately before the end of its previous/last tax year
Jnused a	inexpired losses at the end of the corporation's previous/last tax year:
Non-ca	
Net cap	
Farm lo	
Restrict	arm losses
Limited	nership losses
1	Subtotal ►
	Subtotal (add lines FF, GG, and HH)
	ation's debts and other obligations to pay that were nnediately before the end of its previous/last tax year
	of all the corporation's issued and outstanding shares k immediately before the end of its previous/last tax yearKK
All the cor	ation's reserves deducted in its previous/last tax year
The corne	on's capital dividend account immediately before the end
	/last tax yearMM
The corne	on's low rate income pool immediately before the end of
	st tax year
1	
	Subtotal (add lines JJ, KK, LL, MM, and NN)
GRIP add year), or	n post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax corporation is becoming a CCPC (line II minus line OO) (if negative, enter "0")
After you	plete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:
	220 for a corporation becoming a CCPC;
	230 for post-amalgamation; or
	240 for post-wind-up.

0.68	×	number of days in the tax year before January 1, 2010		a see see a constitution of	=		QQ
		number of days in the tax year	365				
0.69	x	number of days in the tax year in 2010			=		RR
		number of days in the tax year	365				
0.7	x	number of days in the tax year in 2011	365	rareviviva:	=	0.70000	SS
		number of days in the tax year	365				
0.72	×	number of days in the tax year after December 31, 2011			=		тт
		number of days in the tax year	365				



Canada Revenue Agence du revenu Agency du Canada

SCHEDULE 55

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

PART III. TAX ON EXCEOUTE ELIGIBLE DIVIDEND	DEGIGINATI	0.110		
Name of corporation	Business N	lumber	Tax year-end Year Month Day	
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692	RC0001	2011-12-31	Į
 Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule. 		Do not	use this area	
 Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2. 				
 Every corporation that has paid an eligible dividend must also file Schedule 53, General Rate Income Pool (GRIP) Calculation, or Schedule 54, Low Rate Income Pool (LRIP) Calculation, whichever is applicable. 				
 File the completed schedules with your T2 Corporation Income Tax Return no later than six months from the end of the tax year. 				
 All legislative references on this schedule are to the federal Income Tax Act. 				
 Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (LRIP). 	come pool (GRIF), and		
 The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph dividend is pald to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP. 				
Part 1 – Canadian-controlled private corporations and deposit insurance corp	orations —			7
Taxable dividends paid in the tax year not included in Schedule 3				
Taxable dividends paid in the tax year included in Schedule 3	650,000			
Total taxable dividends paid in the tax year	650,000			
Total eligible dividends paid in the tax year	, , , , , , , , , , , , , , , , , , ,	150	A	
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	*********	160	6,621,418 B	
Excessive eligible dividend designation (line 150 minus line 160)			С	1
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends		180	D	
Subtotal (a	amount C minus	amount D)	Е	1
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E multiplied by		. , . 190	F	1
Enter the amount from line 190 on line 710 of the T2 return.				
Part 2 – Other corporations				7
Taxable dividends paid in the tax year not included in Schedule 3				
Taxable dividends paid in the tax year included in Schedule 3				
Total taxable dividends paid in the tax year				
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)	******	director.	G	
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	- merer	280	Н	
Subtotal (a	mount G minus	amount H) =	1	
Part III.1 tax on excessive eligible dividend designations - Other corporations (amount multiplied by	20 9	%) . 290	J	
Enter the amount from line 290 on line 710 of the T2 return.				

Canada'

You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce
the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days after the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to www.cra.gc.ca/eligibledividends.

SCHEDULE 500



Canada Revenue Agence du revenu

ONTARIO CORPORATION TAX CALCULATION

Name of corporation Business Number Tax year-end Year Month Day WELLAND HYDRO ELECTRIC SYSTEM CORP. 86375 9692 RC0001 2011-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and does not have to be filed with your T2 Corporation Income Tax Return.

Number of days in the tax year before July 1, 2010		×	14.00 %	=	% A1
Number of days in the tax year	365				
Number of days in the tax year after June 30, 2010, and before July 1, 2011	181	x	12.00 %	=	5.95068 % A2
Number of days in the tax year	365				
Number of days in the tax year after June 30, 2011	184	x	11.50 %	=	5.79726 % A3
Number of days in the tax year	365				

11.74794 11.74794 % A4 Ontario basic rate of tax for the year (total of rates A1 to A3) __

Part 2 -	 Calculation 	of Ontario	basic	income	tax -

751,127 B Ontario taxable income *

88,242 C Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A4 from Part 1)

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit, in addition to Ontario basic income tax, or has Ontario corporate minimum tax, Ontario special additional tax on life insurance corporations or Ontario capital tax payable, enter amount C on line 270 of Schedule 5, Tax Calculation Supplementary - Corporations, Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 4 - Calculation of surtax re Ontario small business deduction	
Complete this part if the corporation is claiming the OSBD and its adjusted taxable income, plus the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than \$500,000. If the corporation is a member of an associated group, comp Schedule 501, Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction.	lete
Note: For days in the tax year after June 30, 2010, the small business surtax rate is 0%. You do not have to complete this part if the corporation's tax year begins after June 30, 2010.	
Ly	
Adjusted taxable income *	
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)	
Aggregate adjusted taxable income (amount I plus amount J)	K
Deduct:	
Ontario business Ilmit	500,000
Subtotal (amount K minus Ontario business limit) (if negative, enter "0" on this line and on line P)	L
Small business surtax rate for the year:	
Number of days in the tax year before July 1, 2010 x 4,25 % = M Number of days in the tax year 365	
Amount L multiplied by % on line M =	N
Amount N XOntario small business income (amount F from Part 3) =	0
500,000 500,000	
Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3)	P
Enter amount P on line 272 of Schedule 5.	
* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year plus the amount of the corporation's adjusted Crown royalties for the year minus the amount of the corporation's notional resource allowance for the year (from Schedule 504, Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties).	
If the tax year of the corporation is less than 51 weeks, multiply the adjusted taxable income of the corporation for the year by 365 and divide by the number of days in the tax year.	
Part 5 – Ontario adjusted small business income —	
Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.	
Lesser of amount D and amount b from Part 3	500,000 Q
Surtax payable (amount P from Part 4)	R
Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3) 7.24795 % 0.07248	
Note: Enter "0" on line R for tax years beginning after June 30, 2010.	
Ontario adjusted small business income (amount Q minus amount R) (if negative, enter "0")	500,000 s
The state of the s	

Enter amount S on line U in Part 6 or on line B in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 6 - Calculation of credit union tax reduction -	
Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.	
Amount D from Part 3 of Schedule 17	
Deduct: Ontario adjusted small business income (amount S from Part 5)	
Official business income (amount 5 from Part 5)	
Subtotal (amount T minus amount U) (if negative, enter "0")	
OSBD rate for the year (rate G6 from Part 3) 7.24795 %	
Amount V multiplied by the OSBD rate for the year	W
Ontario domestic factor (amount E from Part 3)	1.00000 X
Ontario credit union tax reduction (amount W multiplied by amount X)	Y
Enter amount Y on line 410 of Schedule 5.	

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Canada Revenue Agency Agence du revenu du Canada SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- · Use this schedule to:
- calculate an Ontario research and development tax credit (ORDTC);
- claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
- carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
- add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
- transfer an ORDTC after an amalgamation or windup; or
- calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the
 purposes of section 127 of the federal Income Tax Act for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the T2 Corporation Income Tax Return.

Part 1 – Ontario SR&ED expenditure pool		_
Total eligible expenditures incurred by the corporation in Ontario in the tax year	A	
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	В	
Net eligible expenditures for the tax year (amount A minus amount B) (if negative, enter "0") 148,849	c	
Add: Eligible expenditures transferred to the corporation by another corporation 110	D	
Subtotal (amount C plus amount D)148,849	148,849	E
Deduct: Eligible expenditures the corporation transferred to another corporation	115	F
Ontario SR&ED expenditure pool (amount E minus amount F) (if negative, enter "0")	148,849	G
Part 2 – Calculation of the current part of the ORDTC Ontario SR&ED expenditure pool (amount G in Part 1)	200 6,698	Н
for a fiscal period that ends in the corporation's tax year *	205	- 1
* If there is a disposal or change of use of eligible property, see Part 6		
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment	215	J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an aligible expenditure for		
first term or second term shared-use equipment x 1 / 4 = x 4.50 % =	225	к
Current part of the ORDTC (total of amounts H to K)	230 6,698	
The state of the s		

Part 3 - Calculat	ion of ORDTC avai	lable for dec	duction and	ORDTC balance -			
ORDTC balance at the	end of the previous tax yea					_M	
Deduct: ORDTC expir	red after 20 tax years			300		_ N	
ORDTC at the beginning	g of the tax year (amount M	minus amount	N)	305		0	
Add:							
ORDTC transferred on a	amalgamation or windup			310		_ P	
Current part of ORDTC	(amount L in Part 2)		V-1	6,698 Q			
Are you waiving all or par current part of the ORD1	rt of the CC?	1 No 2	X				
If you answered yes at li the tax credit waived on !	ne 315, enter the amount of ine 320.	of					
If you answered no at lin	e 315, enter "0" on line 32	0.					
Deduct: Waiver of the ci	urrent part of the ORDTC	200000	320	R			9
	Subtotal (amount	Q minus amoun	nt R)	6,698	6,698	S	
Deduct:	r amount U on line 416 of stations)		Calculation		6,698 6,698		6,698_ T
ORDTC carried back to	a previous tax year (from P	art 4)	and his soil of the con-			V	
			Subtotal (amou	nnt U plus amount V) =	6,698	▶	6,698 W
ORDTC balance at the	end of the tax year (amo	unt T minus amo	ount W)		der ar ar ar ar ar ar ar a	325	x
- ORDTC available for	e more than the lesser of the deduction (amount T); or come tax payable before the			ate minimum tax credit (amount from line E6 of	Schedule 5).	
Part 4 - Request	for carryback of ta	x credit-					
	Year Month	Day					
1 st previous tax year	2010-12-31	400.5	14 F(344 141)		redit to be applied	901	
2 nd previous tax year	2009-12-31	1111	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		redit to be applied	902	
3rd previous tax year	2008-12-31				redit to be applied	903	
				Total (ent	er amount on line V in P	Part 3)	

Current tax year

- Part 5 - Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first)

	11130	mi lax year	Testa no
Credit available	Day	Month	Year
	1	991-12-3	1
	1	992-12-3	1
	1	993-12-3	1
	1	994-12-3	1
	1	995-12-3	1
	1	996-12-3	1
	1	997-12-3	1
	1	998-12-3	1
	1	999-12-3	1
	1	000-12-3	20

Tax year of origin (earliest tax year first)

Credit available	Day	Month	Year
	1	001-12-3	2
	1	002-12-3	2
	1	003-12-3	2
	1	004-12-3	2
	1	005-12-3	21
	1	006-12-3	21
	1	007-12-3	20
	1	008-12-3	20
	1	009-12-3	20
	1	010-12-3	20
	1	011-12-3	20

Total (equals line 325 in Part 3)

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

- Part 6 - Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet all of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending
 after 2008;
- · you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the Taxation Act, 2007 (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note: The recapture does not apply if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition investment tax credit in subsection 127(9) of the federal Act.

Calculation 1 - If you meet all of the above conditions

Y	Z	AA
Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above	Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case)	Amount from column 700 or 71(whichever is less
700	710	

Subtotal (enter amount BB, on line KK in Part 7)

BB

	CC	DD	EE
	The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act	The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition	The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act)
	720	730	740
1.			-1
1	FF	GG	HH
	Amount determined by the formula (CC x DD) – EE (using the columns above)	The federal ITC earned by the transferee for the qualified expenditure that was transferred	Amount from column FF or GG, whichever is less
		750	
		Subtotal (enter amount II on line LL below)	
a n apt ailab	ure. If this is a positive amount, you will report it on li	f the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the exc	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported
a naptilab	nember of a partnership, you will report your share of ure. If this is a positive amount, you will report it on lib to offset the recapture, then the amount by which JJ.	f the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the exc	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported
a naptilatione	nember of a partnership, you will report your share of ure. If this is a positive amount, you will report it on lib to offset the recapture, then the amount by which JJ. rate partner's share of the excess of ORDTC (enter	f the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the exceeds additions)	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported
a maptilabiline	nember of a partnership, you will report your share of ure. If this is a positive amount, you will report it on lible to offset the recapture, then the amount by which JJ. rate partner's share of the excess of ORDTC (enter	the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the exceeds additions) amount JJ at line NN below)	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported
a napt apt line rpor	nember of a partnership, you will report your share of ure. If this is a positive amount, you will report it on lible to offset the recapture, then the amount by which JJ. rate partner's share of the excess of ORDTC (enter to 7 - Total recapture of ORDTC) tured federal ITC for Calculation 1 (amount from line tured federal ITC for Calculation 2 (amount from line tured federal ITC for Calculation 2 (amount from line)	f the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the excamount JJ at line NN below)	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported
a napt illat line rpor	nember of a partnership, you will report your share of ure. If this is a positive amount, you will report it on lible to offset the recapture, then the amount by which JJ. rate partner's share of the excess of ORDTC (enter to 7 - Total recapture of ORDTC) tured federal ITC for Calculation 1 (amount from line tured federal ITC for Calculation 2 (amount from line tured federal ITC for Calculation 2 (amount from line)	f the ORDTC of the partnership after the ORDTC has ne 205 in Part 2. However, if the partnership does not reductions to the ORDTC exceeds additions (the excernation of the NN below)	been reduced by the amount of the have enough ORDTC otherwise ess) will be determined and reported 760 KK

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

"his worksheet allows you to report the amount of eligible expenditures entered on Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim which represents eligible expenditures as defined in section 127 of the Income Tax Act (ITA) with regard to scientific research and experimental development (SR&ED) carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

	Current Expenditures	Capital Expenditures
otal expenditures for SR&ED	90,406	
dd		
payment of prior years' unpaid expenses (other than salary or wages)		
prescribed proxy amount (Enter "0" if you use the traditional method)	58,443	
expenditures on shared-use equipment	**********	+
other additions		+
Subtotal =	148,849	8
ess		
current expenditures (other than salary or wages) not paid within 180 days		
amounts paid in respect of an SR&ED contract to a person or partnership		
that is not taxable supplier		
prescribed expenditures not allowed by regulations		÷
other deductions		-
non-arm's length transactions		
expenditures for non-arm's length SR&ED contracts purchases (limited to costs) of goods and services from non-arm's		
length suppliers		-
	200 000	
Subtotal =	148,849	-
otal eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)	*******	= 148,849
nter amount III on line 100 of Schedule 508.		

Canada Revenue Agence du revenu du Canada

SCHEDULE 546

ame of corporation				В	usiness Number	Tax year-end
						Year Month Da
/ELLAND HYDRO ELECTRIC SYSTEM CORP.				8637	75 9692 RC0001	2011-12-31
This schedule should be completed by a corporation to Corporations Act (BCA) or Ontario Corporations Act as a Corporations Information Act Annual Return und	(CA), except for	registered chariti	es under th	e federal Income		
Complete parts 1 to 4. Complete parts 5 to 7 only to republic record.	eport change(s) i	in the information	recorded o	on the Ontario Mi	inistry of Government	Services (MGS)
This schedule must set out the required information for	or the corporation	n as of the date o	f delivery of	this schedule.		
A completed Ontario Corporations Information Act An The MGS considers this return to be delivered on the acome tax return.	nnual Return mus date that it is file	st be delivered will ad with the Canad	thin six mor a Revenue	nths after the end Agency (CRA) I	d of the corporation's together with the corp	tax year-end. oration's
t is the corporation's responsibility to ensure that the is shown for the corporation on the public record maintal information.						
This schedule contains non-tax information collected to AIGS for the purposes of recording the information on				ns Information A	ct. This information w	vill be sent to the
art 1 – Identification —————						
Corporation's name (exactly as shown on the MGS WELLAND HYDRO ELECTRIC SYSTEM CO						
risdiction incorporated, continued, or amalgamated,	110 Date of	f incorporation or			120 0	ntario Corporation No.
ichever is the most recent	amalga most re	amation, whichever	er is the	Year Mo	A CONTRACTOR OF THE PARTY OF TH	
Ontario	miest)	444//		2000-	07-01	1426855
Care of (if applicable)			able as s			
Care of (if applicable)			able as s	stand-alone		
Care of (if applicable) Street number 220 Street name/Rural route/ 950 E Main St	Lot and Concess	sion number	able as s			
Care of (if applicable) Street number 220 Street name/Rural route/ 950 E Main St Additional address information if applicable (line 2: PO Box 280 Municipality (e.g., city, town)	Lot and Concess 20 must be com	sion number pleted first) Province/state	able as s	230 Suite n		ip code
Care of (if applicable) Street number 220 Street name/Rural route/ 950 E Main St Additional address information if applicable (line 2 PO Box 280	Lot and Concess 20 must be com	sion number		230 Suite n	umber	
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 2 PO Box 280 Municipality (e.g., city, town) Welland	Lot and Concess 20 must be com	sion number pleted first) Province/state		230 Suite n	umber 280 Postal/2	
Care of (if applicable) Street number 950 E Main St Additional address information if applicable (line 2 PO Box 280) Municipality (e.g., city, town) Welland art 3 - Change identifier we there been any changes in any of the information of the mes, addresses for service, and the date elected/appnior officers, or with respect to the corporation's mailing blic record maintained by the MGS, obtain a Corporation.	Lot and Concess 20 must be com 260 most recently file pointed and, if application Profile Repo	pleted first) Province/state ON ed for the public replicable, the date nguage of preferent. For more infor	ecord maint the election ence? To re mation, visi	Country CA tained by the MG n/appointment ce	280 Postal/z L38 5	with respect to
Street number 220 Street name/Rural route/ 950 E Main St Additional address information if applicable (line 2: PO Box 280 Municipality (e.g., city, town) Welland art 3 — Change identifier we there been any changes in any of the information rouse, addresses for service, and the date elected/appnior officers, or with respect to the corporation's mailing olic record maintained by the MGS, obtain a Corporation's mailing of the corporation of the corporation's mailing olic record maintained by the MGS, obtain a Corporation's mailing of the corporation's mailing olic record maintained by the MGS, obtain a Corporation's mailing olic record maintained by the MGS, obtain a Corporation's mailing olic record maintained by the MGS, obtain a Corporation's mailing olic record maintained by the MGS, obtain a Corporation's maintained by the MGS.	Lot and Concess 20 must be compared and the profile Report this box and there	pleted first) Province/state ON ed for the public replicable, the date nguage of preferent. For more informage to "Part 4 – 0"	ecord maint the election ence? To re mation, visi	Country CA tained by the MG n/appointment ce view the informat t www.ServiceG	280 Postal/z L38 S GS for the corporation eased of the directors stion shown for the contario.ca.	with respect to and five most reporation on the
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C Plea	se enter one	of the followi	ng numbers in this		Show no mailing a The corporation's registered office a	mailing ad	dress is the sai	me as the head or
				3-	The corporation's	complete	mailing address	is as follows:
Care of (if	applicable)							
Street nun	ber 530	Street nam	e/Rural route/Lot a	nd Conces	sion number		540 Suite	number
on our non	0.00	Siredi Ilaini	517,67,67,765,67,257,6	.,,,			C.T.	,4,110
Additional	address info	rmation if app	licable (line 530 m	ust be con	npleted first)			
Municipali	y (e.g., city, t	town)		570	Province/state	580	Country	590 Postal/zip code

SCHEDULE 552



Canada Revenue Agency Agence du revenu

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Dav
WELLAND HYDRO ELECTRIC SYSTEM CORP.	86375 9692 RC0001	2011-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the Taxation Act, 2007 (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. Before March 27, 2009, the maximum credit for each apprentice is \$5,000 per year to a maximum credit of \$15,000 over the first 36-month period of the qualifying apprenticeship. After March 26, 2009, the maximum credit for each apprentice is \$10,000 per year to a maximum credit of \$40,000 over the first 48-month period of the qualifying apprenticeship. The maximum credit amount is prorated for an employment period of an apprentice that straddles March 26, 2009.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an
 employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
 - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
 - for services provided by the apprentice during the first 36 months of the apprenticeship program, if incurred before March 27, 2009; and
 - for services provided by the apprentice during the first 48 months of the apprenticeship program, if incurred after March 26, 2009.
- · An expenditure is not eligible for an ATTC if:
 - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
 - it is more than an amount that would be paid to an arm's length apprentice.
- · An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
 - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario); and
 - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the Ontario College of Trades and Apprenticeship Act, 2009 or the Apprenticeship and Certification Act, 1998 or in which the contract of apprenticeship has been registered under the Trades Qualification and Apprenticeship Act.
- Make sure you keep a copy of the training agreement or contract of apprenticeship to support your claim. Do not submit the training agreement or contract of apprenticeship with your T2 Corporation Income Tax Return.
- · File this schedule with your T2 Corporation Income Tax Return.

Name of person to contact for more information Wayne Armstrong	120 Telephone number including area code (905) 732-1381
Is the claim filed for an ATTC earned through a partnership? *	150 1 Yes 2 No X
f yes to the question at line 150, what is the name of the partnership?	160
Enter the percentage of the partnership's ATTC allocated to the corporation	
* When a corporate member of a partnership is claiming an amount for eligible expenditure partnership as if the partnership were a corporation. Each corporate partner, other than a the partner's share of the partnership's ATTC. The total of the partners' allocated amount.	a limited partner, should file a separate Schedule 552 to claim
- Part 2 – Eligibility –	
a series of the first series of the series o	200 1 Yes X 2 No
Part 2 – Eligibility Did the corporation have a permanent establishment in Ontario in the tax year? Was the corporation exempt from tax under Part III of the Taxation Act, 2007 (Ontario)?	

Specified percentage

35.000 %

Part 3 - Specified	percer	ntage						
Corporation's salaries and	wages pa	aid in the previous ta	x year *	-barro) + () (+ (+ (+ (+ (+ (+ (+ (+	X - X - X - 0 - 3 - 5 - 5	300	600,000
For eligible expenditures in - If line 300 is \$400,000 or - If line 300 is \$600,000 or	or less, e	nter 30% on line 310).					
- If line 300 is more than	\$400,000	and less than \$600	,000, enter	the percentage	on line 310 using the follo	wing formula:		
		Γ		amount	on line 300	7		
Specified percentage	=	30 % -	5 %	× (minus	400,000)		
					200,000			
Specified percentage	2299	************		er extension ex			310	25.000 %
or eligible expenditures inc If line 300 is \$400,000 c								
- If line 300 is \$600,000 d	or more, e	enter 35% on line 31	2.					
- If line 300 is more than :	\$400,000	and less than \$600	,000, enter	the percentage	on line 312 using the follow	wing formula:		
				amount	on line 300	7		
Specified percentage	=	45 % -	10 %	x (minus	400,000)		
					200,000			

Part 4 - Calculation of the Ontario apprenticeship training tax credit-

paid in the previous tax year by the predecessor corporations.

Complete a separate entry for each apprentice that is in a qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a separate entry for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the Taxation Act, 2007 (Ontario) applies, enter salaries and wages

Apprenticeship program/ trade name	Name of apprentice
405	410
Powerline Technician	Kevin Bovine
Powerline Technician	Chris Turpko
Powerline Technician	Adrian VanZeyi
ľ	Powerline Technician Powerline Technician

Original contract or training agreement number	Original registration date of apprenticeship contract or training agreement (see note 1 below)	Start date of employment as an apprentice in the tax year (see note 2 below)	End date of employment a an apprentice in the tax yes (see note 3 below)
420	425	430	435
PF1009	2011-03-28	2011-03-28	2011-12-31
0 10638	2007-05-31	2011-01-01	2011-05-13
0 10637	2007-05-31	2011-01-01	2011-05-21

- Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.
- Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.
- Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued) – Number of days employed as Number of days employed as Number of days employed as Maximum credit amount an apprentice in the tax year an apprentice in the tax year an apprentice in the tax year for the tax year before March 27, 2009 after March 26, 2009 (column H1 plus column H2) (see note 2 below) (see note 1 below) (see note 1 below) 441 442 440 445 279 279 7,644 2 133 133 3,644 3. 141 141 3,863 11 J2 Eligible expenditures before Eligible expenditures after Eligible expenditures Eligible expenditures multiplied March 27, 2009 March 26, 2009 for the tax year by specified percentage (see note 3 below) (see note 3 below) (column J1 plus column J2) (see note 4 below) 451 452 450 460 14,738 14,738 5,158 7,622 2. 21,776 21,776 3. 20.801 20,801 7,280 4 ATTC on eligible expenditures ATTC on repayment of ATTC for each apprentice government assistance (lesser of columns I and K) (column L or column M. (see note 5 below) whichever applies) 470 480 490 5,158 1. 5,158 3,644 2. 3,644 3. 3,863 3,863 4. Ontario apprenticeship training tax credit (total of amounts in column N) 500 12,665 O or, if the corporation answered yes at line 150 in Part 1, determine the partner's share of amount O: Amount O X percentage on line 170 in Part 1 Enter amount O or P, whichever applies, on line 454 of Schedule 5, Tax Calculation Supplementary - Corporations. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5, Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice. For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E. For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E. Note 2: Maximum credit = (\$5,000 x H1/365*) + (\$10,000 x H2/365*) * 366 days, if the tax year includes February 29 Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the Taxation Act, 2007 (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the T2 Corporation Income Tax Return for the tax year. For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program. For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program. Note 4: Calculate the amount in column K as follows: Column K = (J1 x line 310) + (J2 x line 312) Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year. Complete a separate entry for each repayment of government assistance.

Code 1101



Canada Revenue Agency Agence du revenu du Canada

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) EXPENDITURES CLAIM

Use this form:

- · to provide technical information on your SR&ED projects;
- · to calculate your SR&ED expenditures; and
- · to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

Part 1 - General information

- Schedule T2SCH31, Investment Tax Credit Corporations, or
- Form T2038(IND), Investment Tax Credit (Individuals).

The information requested in this form and documents supporting your expenditures are prescribed information.

Your SR&ED claim must be filed within 12 months of the filling due date of your income tax return.

To help you fill out this form, use the T4088, Guide to Form T661, which is available on our Web site: www.cra.gc.ca/sred.

010 Name of claimant	Enter one of the following:		
WELLAND HYDRO ELECTRIC SYSTEM CORP,	86375 9692 RC0001 Business Number (BN)		
Tax year			
Total number of projects you are claiming this tax year:	Social Insurance Number (SIN)		
Contact person for the financial information	105 Telephone number/extension 110 Fax number		
Rob Galipeau	(416) 360-7733 (416) 360-7733		

120 Telephone number/extension

(905) 732-1381

1511 If this claim is filed	1 Yes 2 No					
If you answered no to line 151, complete lines 153, 156 and 157.						
153	Name of the partners	156 %	157 BN or SIN			
1						
2						
3						
4						
5						

Part 2 - Project information

Kevin Bailey

CRA internal form identifier 060 Code 1101

125 Fax number

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

Contact person for the technical information

See schedule

Canada .

Part 3 - Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

what did you spend on your skided projects?	
Section A – Select the method to calculate the SR&ED expenditures	
l elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year. I understand that my election is irrevocable (cannot be changed) for this tax year.	
I elect to use the proxy method (Enter "0" on line 360. Complete Part 5 and you do not need to track any expenditure incurred for overhead)	
162 I choose to use the traditional method (Enter "0" on line 355. Complete line 360, and track any expenditure incurred for overhead)	

Section B - Calculation of allowable SR&ED expenditures (to the nearest dollar)		
 SR&ED portion of salary or wages of employees directly engaged in the SR&ED 	Name of the last o	
a) Employees other than specified employees for work performed in Canada,	300 +	90,406
b) Specified employees for work performed in Canada	305 +	710 040
Subtotal (add lines 300 and 305)	306 =	90,406
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307 +	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309 +	
Salary or wages identified on line 315 in prior years that were paid in this tax year	310 +	
Salary or wages incurred in the year but not paid within 180 days of the tax year end		
Cost of materials consumed in performing SR&ED	320 +	
Cost of materials transformed in performing SR&ED	325 +	
Contract expenditures for SR&ED performed on your behalf:		
a) Arm's length contracts	340 +	
b) Non-arm's length contracts	345 +	
Lease costs of equipment used:		
a) All or substantially all (90% of the time or more) for SR&ED	350 +	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy	000	
method or enter "0" if you use the traditional method)	355 +	
Overhead and other expenditures (enter "0" if you use the proxy method)	360 +	
Third-party payments (complete Form T1263*)	370 +	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315)	380 =	90,406
(Corporations need to adjust line 118 of schedule T2SCH1)		20/100
Capital Expenditures (see guide for what qualifies for SR&ED) (Do not include these capital expenditures on schedule T2SCH8)	390 +	
Total allowable SR&ED expenditures (add lines 380 and 390)	400 =	90,406
Section C - Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)	Jack Marie	read by ear
Amount from line 400	420	90,406
Deduct		
provincial government assistance for expenditures included on line 400	429 -	4,068
other government assistance for expenditures included on line 400	431 -	
non-government assistance for expenditures included on line 400	432 -	
SR&ED ITCs applied and/or refunded in the prior year (see guide)	435 -	12,125
the comment of the co	440 -	26/250
Substated (fire 400 minus Kenn 400 to 440)	442 =	74,213
responsibility of the control of the	442	171213
Add	PRODUCTION OF THE PROPERTY OF	
repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445 + 450 +	
prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	452 +	
SR&ED expenditure pool transfer from amalgamation or wind-up	Market 1	
amount of SR&ED ITC recaptured in the prior year	453 †	71717
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)		74,213
Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	74,213
	470 =	

^{*} Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

Part 4 - Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

the resulting amount is used to calculate your returndable and/or non-returndable in c.				
Enter the breakdown between current and capital expenditures (to the nearest dollar)		Current Expenditures		Capital Expenditures
Total expenditures for SR&ED (from line 380 and 390)	492	90,406	496	
Add				
payment of prior years' unpaid amounts (other than salary or wages)	500 +			
prescribed proxy amount (complete Part 5)				
(Enter "0" if you use the traditional method)	502 +	58,443		
expenditures on shared-use equipment (see guide)	14.22.23	mmercial	504 +	
• qualified expenditures transferred to you (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	148,849	512 =	
Deduct				
provincial government assistance	513 -	6,698	514 -	
other government assistance	515 -		516 -	
• non-government assistance and contract payments ,	517 -		518 -	
 current expenditures (other than salary or wages) not paid within 180 days 	520 -			
of the tax year end amounts paid in respect of an SR&ED contract to a person or partnership	520 -			
that is not taxable supplier	528 -			
그 사람이 한 어떻게 어떤 물리에 아이들어가지 않는 그리면 이번에 살아가지 않는데 되었다. 그는데 이번에 가지 않는데 그를 하는데 되었다. 그는데 이번에 나를 가게 되었다면 되었다.	530 -		532 -	
	533 -		535 -	
non-arm's length transactions			0.00	
	538 -		540 -	
- expenditures for non-arm's length SR&ED contracts (from line 345)	541 -			
 adjustments to purchases (limited to costs) of goods and services from 	-		Person	
	542		543 -	
	544	VIII 7 00	546 -	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	142,151	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	142,15
Add				
repayments of assistance and contract payments made in the year	executive		560 +	
				(ap) (c)
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	142,151

^{*} Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

^{**} Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

Part 7 - Additional information

Tarry - Nacing information		
Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370)	0 X X X Y X X II X II & 605	90,406
From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.	Canadian (%)	Foreign (%)
Internal	100.000	
Parent companies, subsidiaries, and affiliated companies	604	
Federal contracts		
Provincial funding,		
SR&ED contract work performed for other companies on their behalf		
Other funding (e.g., universities, foreign governments)	618	
Enter the number of SR&ED personnel in full-time equivalents (FTE):		
Scientists and engineers	632	
Technologists and technicians	634	2
Managers and administrators	636	
Other technical supporting staff	638	
Part 8 – Claim checklist		
To ensure your claim is complete, make sure you have:		
used the current version of this form		X
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3		. , , , , , , , , , X
3. completed Part 2 for each project		x x
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED exper	nditures	X
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments,	, if applicable	· · · · · · · · · · X
To expedite the processing of your claim, make sure you have: 1. completed Form T2, Corporation Income Tax Return or Form T1, Income Tax and Benefit Return	************	-
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable		X
3. retained documents to support the SR&ED expenditures you claimed		
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedu	ule T2SCH31	X
* Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Leng ** Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Be *** Form T1174, Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Em Experimental Development (SR&ED) **** Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED) Part 9 — Certification	etween Persons Not Dealing at A	
certify that I have examined the information provided on this form and on the attachments and it is true, correct	, and complete.	
165 ROSS PEEVER	17	0 2012-06-25
	Signature	Date
The of sentermes silling street at the parhapping of trigger	A PAY 9	
BeneFACT Consulting Group Inc.		
manufacture of the contraction of the study of the		

Name of person/firm who completed this form

Part 2 - Project information (continued)

Project number 1
CRA internal form identifier 060

Complete a separate Part 2 for each project claimed this y	ear.		Code 110
Section A - Project identification			
200 Project title (and identification code if applicable)			
Infrastructure Management and Optimization		Name of the last o	
202 Project start date 204 Completion	or expected completion date	206 Field of science or technol (See guide for list of code	logy code
2010-09	2012-03		
Year Month	Year Month	2.02.09 Software engine	eering and technology
Project claim history			
208 1 Continuation of a previously claimed project	210 1 X First claim for the	e project	
Was any of the work done jointly or in collaboration with o	her businesses?		1 Yes 2 X No
If you answered yes to line 218, complete lines 220 and 221.			
920	ne businesses		221 BN
1101105 01 1	io pacificace		
1			
The work was carried out (check any that apply)			
223 1 In a laboratory	226 1 X In a commercial p	plant or facility	
224 1 In a dedicated research facility	228 1 Others, specify	229	
Purpose of the work			
To achieve technological advancement for the purp		For the advancement	of ecientific knowledge
230 1 X improving existing materials, devices, products or products or (Go to Section B – Experimental development)	rocesses,	232 1 Go to Section C - B	asic or applied research)
(Go to Section B – Experimental development)			and the second s
A			
Section B - Experimental development			
The technological advancements you were trying to achieve with	this work were required for:		
30 9 3 C 1 C 2 C 2 C 2 C 2 C 2 C 2 C 2 C 2 C 2		es and finite	Donate and
	Materials, devices	- Indiana	Processes
The creation of new	235 1 X	236	1
The improvement of existing	237	238	1
Frank			
What technological advancements were you trying to act	nieve? (Maximum 50 lines)		
1. The technological objective for th	is project was to d	evelop a web-based	
2. database system which would work c	oncurrently with th	e on-ground hard-wired	1
3. system. The database system would	keep in store the v	ast amount of informat	cion
 present on our physical system wit 	n the additional ca	pability of being	
internet accessible and instantly	updatable, so that	on-the-field	
modifications made to the physical	system would be re	corded in runtime,	
 enabling us to save valuable time 	and effort and ensu	ring that the data	
present to us is always current.			
9.	Aleman Sanata de la contrata del contrata de la contrata del contrata de la contrata del contrata de la contrata de la contrata de la contrata del contrata de la contrata del la contrata del contrata del la contra	2 d 2002 2 0 0 0 1 2 0 2	
10. In order to achieve this goal, we			-
 programming add-ons to the commerc order to ensure the smooth integra 			
13. without compromising the flexibili			end
14. product yet greatly enhancing func			
15.			
16. This project was completed with su	ccess during the cl	aim period. The enhance	ed
17. functionality attained through the			
18. represents a technological advance	ment with respect t	o the underlying	
19. technology.			
20.			
21. The development of this technology	resulted in consid	erable knowledge gains	

HESC - PIL 2011 - with SRED 211 2011-12-31 112-06-25 14:41 86375 9692 RC000 What technological advancements were you trying to achieve? (Maximum 50 lines) for our company including: 23. 24. * Leveraging the use of proprietary open source software to develop a highly 25. configurable smart-build system with a web-based interactive interface and an 26. easily accessible information database. 27. * Enhanced online functionality of the system which resulted in allowing us to 28. perform on-field inspections and instant updates to the database to ensure 29. system information remained up to date. 30. * Improved system integration and information presentation, so that all 31. necessary information was present to us as required, from all physical 32. connections, characteristics, and work order information for any object of 33. interest in our system, to updated customer information and comprehensive 34 . physical system layout, in an easily accessible web-based or report-based 35. format.

What technological obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (Maximum 50 lines) At the onset of the project, limitations in the existing state of the art technology and off-the-shelf software programs prevented us from directly achieving our objectives. These obstacles were specific to the new capabilities we wanted, as developing a tool to monitor a system of our scale and for our specifications was not available a priori. In order to remove these technical problems and achieve the advancements, we needed to overcome 6. the following technological obstacles: 8. * The first challenge was to implement a system which would be able to provide 10. an accurate GIS model and database of the physical on-ground system. The 11. challenge lay in the fact that the leading proprietary software used for our 12. specific modeling application - Autodesk Topobase, was designed primarily to 13. serve European industry standards, and its out-of-the-box applicability to 14. North American systems, standards and environments was minimal. 15. * Another challenge was to deal with the system performance latency issues 16. which arose due to two main reasons: 1. the large volume of data that the 17. system was required to handle, and 2. the modified version of the software we 18. purchased from a third-party vendor. The vendor modified the software in an 19. attempt to tailor the program to fit our requirements and the standards 20. present in our specific environment. However, due to inaccurate modeling of 21. our specific requirements and the presence of corrupt dll files in their 22. programming, we initially faced many errors and program crashes. 23. * Our next challenge was the lack of a web-based database system to complement 24. the developed system, which restricted us from runtime database modification, 25. thereby reducing system functionality as a whole. 26. * Our final challenge was ensuring all information on the system, including 27. customer and specific part information, was up to date, present in multiple

28. formats for improved accessibility and inspection, and fully integrated into 29. one system. What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (Maximum 100 lines) The following paragraphs summarize the work we did during the claim period and the incremental results we achieved toward removing the technological 3. obstacles. 5. The first challenge involved tailoring the Autodesk Topobase software to fit 6. our specific requirements. This involved performing significant programming modifications to the software using sequel programming, as the inbuilt version 7. 8. of the software was too generic to be implemented for North American 9. industrial standards. Our initial attempts to modify the software led to the ,10. development of bugs and system crashes. Variations were made to the software

112-06-25 14:41 86375 9692 RC000 What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic investigation) (Maximum 100 lines) 11. incrementally to enhance its applicability, and through the course of the 12. year, after performing multiple iterations we were able to develop and launch 13. a variant which was fully tested and suitable for our needs. The first step to 14. achieve this goal was improving the current GIS tracing function, which was 15. too basic for our requirements. Through reprogramming the system and 16. integrating the part database with the GIS, the newly developed system is now 17. able to provide detailed information on any object of interest. Selection of 18. any object in the system provides details of the individual object as well as 19. all physical connections, system layout, and customer information pertaining 20. to that specific object. In this way the system was modified to encompass and 21. generate all necessary information. 22, 23. Our next challenge was to ensure optimal system performance. One main obstacle 24. to this was the large amount of data that the system was required to handle 25. regularly, especially if the function of consistent information updates was to 26. be maintained. There are hundreds of thousands of part drawings and files for 27. transformers, poles, conductors, etc., which needed to be imported into the 28. system and maintained regularly. Initially system performance suffered due to 29. the required data rate. Incremental changes were made to the system, and after 30. performing procedures for system overhaul including hardware optimization and 31. improved system upkeep, that problem has been fully addressed. 32. 33. The other obstacle to optimal system performance was the version of the 34. Autodesk Topobase software we had procured from a third-party vendor. The 35. vendor was responsible for one-time software installation and support. The 36. vendor created API's using Autodesks open-source programming function to 37. create custom functions and buttons. However, the add-ons they provided led to 38. system performance deterioration and frequent system crashes. Performance was 39. improved by reprogramming the software. The corrupt dll's and unnecessary 40. system features were sequentially eradicated over the year, leading to 41. significant system performance enhancement. 42. 43. Our next challenge was to develop an integrated web-based database system to 44. complement the developed GIS. Through the programming and development of 45. network- based access to the Oracle database for the GIS system, remote 46. information update to the system has allowed information update on the 47. database to be greatly streamlined. Field-to-server communication using 3G 48. technology now allows inspections to be performed in the field and the 49. pertaining data to be updated on the server in runtime. 50. 51. The final challenge is ensuring all system information is up to date and 52. accessible. The parts and physical system information present in the GIS 53. software on the Oracle database was made accessible from the field, and can be 54. modified to include any changes made to the system. Further, we have 55. programmed a batch file which accesses the customer information database and 56. updates the oracle database every night, ensuring that the customer 57. information and physical system information which is accessible every business 58. day is current. 59. 60. Improved accessibility has been achieved using two approaches. The first was 61. through the creation of a php-based web portal which provides access to 62. available GIS maps as well as options to filter maps to display specific 63. information. The second is through our development of a programmed subsystem 64. which generates inspection files for all parts in the system. This system 65. ensures all data pertaining to a specific part - including part 66. specifications, location, all physical and customer connections, and a current

digital photograph, is available in a single hardcopy document format based on

the most up to date information.

67.

68.

Section C - Basic or applied researc	h	
250 What advancements in scientific knowled	dge were you trying to achieve? (Ma	ximum 50 lines)
1.		
2.		
3.		
4 .		
What work did you perform in the tax ye (Summarize the systematic investigation)		he advancements described in Line 250?
1.	Press, 100	
2.		
3.		
4.		
Section D – Additional project inform	action	
	1-0-0	
Who prepared the responses for Section B or S		
1 X Employee directly involved in the project	254 Name Kevin Bailey	
1 Other employee of the company	256 Name	
1 X External consultant	258 Name	259 Firm
	Benefact Consulting	Benefact Consulting
ist the key individuals directly involved in the p	roject and indicate their qualification	20 43 14 20 20 20 20 20 20 20 20 20 20 20 20 20
Names		261 Qualifications/experience and position title
Tom Wilga		Engineering Technician; over 10 years industry experience
2		
3		
Are you claiming any salary or wages for SASEC Are you claiming expenditures for SRSEC Are you claiming expenditures for SRSEC	carried out on behalf of another pa	rty?
f you answered yes to line 267, complete lines	268 and 269.	
268	Names of individuals or companies	269 BN
What evidence do you have to support your clair you do not need to submit these items with the		retain them in the event of a review.
70 1 Project planning documents	276 1	Progress reports, minutes of project meetings
Records of resources allocated to time sheets	portion	Test protocols, test data, analysis of test results, conclusions
72 1 Design of experiments	278 1 2	Photographs and videos
73 1 Project records, laboratory noteboo	oks 279 1	Samples, prototypes, scrap or other artefacts
74 1 X Design, system architecture and se	ource code 280 1	Contracts
75 1 Records of trial runs	281 1 X	Others, specify 282 emails

Part 2 - Project information (continued)

Project number 2

Complete a separate Part 2 for each project of	laimed this year.			CRA internal form identifier 06 Code 110
Section A - Project identification				
200 Project title (and identification code if applic	;able)			
Ensuring 98% read success rate for 202 Project start date 20 2011-01 Year Month Project claim history 208 1 Continuation of a previously claimed	Completion or expected completion 2012-03 Year Month	2.02.05	science or techno de for list of code Automation and	
218 Was any of the work done jointly or in collal	poration with other husinesses?	30 3000 \$ 750 : 63		, , , 1 Yes 2 X No
If you answered yes to line 218, complete lines 2				111 1 1 100 1
220	Names of the businesses			221 BN
4	(34-347)2-10-42-07-77-73			7
The work was carried out (check any that apply) 223 1 In a laboratory 224 1 In a dedicated research facility	226 1 X In a comme	ercial plant or facility		
Purpose of the work To achieve technological advanceme improving existing materials, devices (Go to Section B – Experimental developmental de	evelopment)			of scientific knowledge asic or applied research)
The technological advancements you were trying	to achieve with this work were required	for:		
		evices, or products	percent .	Processes
The creation of new	235	1	236	1 X
The improvement of existing	237	1	238	1 X
What technological advancements were ye	ou trying to achieve? (Maximum 50 line	25)		
1. Our technological objective	The state of the s		thousand	
2. smart meters was function:				
 mandated by the provincial 				
4. objective was to develop		7.		ect
 and determine quickly whe and determine quickly whe 	ther the meter should be	fixed or repla	ced.	
7. At the conclusion of the	current claim period our	infrastructure	has gone	
8. live. We have had signific				er
9. failures. Furthermore, adv				
10. enabled us to minimize the	e replacement of meters.	Below we discu	ss some of	our
11. main advancements:				
12.		Auto works broken as	the New Yorks	
13. * The deployment of a cust				no.1
 first line of defence in a enables us to ping the met 			ter. The to	VOT.
16.	or no well as brace it.	In Duddy mode;		
17. * Instead of replacing met	ers with a weak signal	we have leverad	ed the budo	ly
18. mode to enable them to pic			2 2 7 7 7 7 7	
19. functional meter. Furthern				
20. hard reset on these meters	requires a 10 minute po	ower off cycle	due to an	
21. internal capacitor that re	equires this time to be	completely drai	ned. This	

What technological advancements were you trying to achieve? (Maximum 50 lines) previously unknown and undocumented fact has enabled us to reset a large 23. number of previously dysfunctional meters. 24. 25. * We have deployed a field management tool which lets us not only ping a meter 26. but detect its mode. Through this tool we are able to identify meters which 27. were previously set on buddy mode but whose mode had been turned off due to 28. system maintenance and tuning. This has enabled us to minimize the effort 29. required in debugging meter failures. 30. 31. * To deal with congested areas we have developed a new mode which minimizes the number of messages generated. This reduces noise level and prevents the 32. 33. tower to become bombarded by messages. Furthermore, we have developed, tested 34. and optimized the messages being sent for each mode. This in-house development 35. has had one key focus; ensure high reads while minimizing network congestion

36. by reducing the number of un-necessary messages being sent. What technological obstacles/uncertainties did you have to overcome to achieve the technological advancements described in Line 240? (Maximum 50 lines) 1. Installation of 20 thousand smart meters, a technology still in its infancy, 2. has posed immense technological challenges and obstacles. During the course of 3. the current claim period we have had to undertake research and experimentation 4. to deal with the complicated network of 20 thousand meters we have 5. established. We discuss some of the key technological challenges below: 6. 7. * Our biggest challenge was to ensure that the network of over 20 thousand 8. smart meters was working as desired. More specifically, we faced the momentous 9. challenge of achieving the desired 98% success rate which meant that 98% of 10. meters must communicate with the central repository at least once every 15 11. minutes. Our first experiment showed a 3% failure rate, which, given the large 12. number of meters, amounted to experimentally identifying the cause of failure 13. for 600 meters. We were challenged to develop a methodology to quickly 14. investigate and identify why each meter was not working. 15. 16. * Our next challenge was dealing with meters with weak radios. For successful 17. communication the signal strength should be at least 90DB. However, some 18. meters only read 70DB which was too weak. Furthermore, if through an on-site 19. experiment a meter could not be pinged within a 15 feet distance we knew that 20. the meter either had a weak radio or was defective. We were challenged to 21. identify such meters and find a work-around. 22. 23. * We were challenged to overcome the technological hurdle that network 24. maintenance on our meters switched off their buddy mode which made meters 25. relying on buddies to communicate fail. Since we did know when such network 26. tuning was performed, we faced the challenge of determining why all of a 27. sudden large number of meters stopped working and then develop a methodology 28. to handle such occurrences. 29. 30. * The large number of messages generated by meters in congested areas such as 31. apartment buildings posed a major technological challenge since the tower was 32. unable to handle being bombarded with so many messages in short spurts. We 33. were challenged to decrease the number of messages generated by reducing noise

What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? (Summarize the systematic Investigation) (Maximum 100 lines)

- 1. To overcome the challenge of investigating the over 600 offline meters, our
- 12. first line of experimentation was through a custom tool deployed on a
- 3. handheld. We have developed a process through which we identify the cause of
- 4. the problem with an individual meter. Using the tool we can ping a meter and

levels emanating from congested areas.

34.

	What work did you perform in the tax year to overcome the technological obstacles/uncertainties described in Line 242? [Summarize the systematic investigation] (Maximum 100 lines)
5.	also put it into buddy mode. This mode was developed so that if a meter cannot
6.	directly communicate with a collector it communicates with a buddy meter which
7.	then communicates on its behalf. However, although theoretically ideal, the
8.	tool is cumbersome to use. First, the tool did not always perform as desired
9.	and sometimes was unable to place the meter into buddy mode. Second, even if
10.	the tool was successful in switching the mode on a meter, the solution did not
11.	always work. After research we developed a methodology to ensure that at least
12.	we eliminated the uncertainty that the meter had not been placed in buddy
13.	more. Once this was resolved, we began investigating the cause of the second
14.	problem i.e. meters not communicating even when placed in buddy mode.
16.	Our next challenge was dealing with meters with weak radios i.e. with signal
17.	strength less than 90DB. Our infrastructure is laid out so that meters talks
18.	to a tower, the tower talks to a collector which is the backbone connection to
19.	the central repository. In an ideal situation, each meter talks to the closest
20.	tower. However, meters with weak radios cannot achieve this. Instead of
21.	replacing the meter (which is time consuming and costly) we chose to manually
22.	enable buddy mode. This means that a meter with a defective radio can still
23.	piggy back on a neighbouring functioning meter. Our on-site experiments
24.	resulted in limited success; switching the defective meters to buddy mode
25.	successfully got a number of meters on line. Meters that could not be brought
26.	online even in buddy mode were taken to our lab for further investigation.
27.	Each meter was placed on a testboard and experiments conducted to ensure that
28.	we only discarded defective meters. Through such experimentation we identified
29.	that meters contain a capacitor which is drained after being off power for 10
30.	minutes. Hence a hard reset requires 10 minutes. We were able to successfully
31.	reset a number of modems after we made this discovery. Any meter which still
32.	did not come live after all these attempts was discarded and replaced with
33.	functioning meters.
34.	
35.	The discovery that meters that we had switched to buddy mode randomly turned
36.	their buddy mode off posed another technological hurdle. Further investigation
37.	led to the discovery that network maintenance often updated the meters which
38.	placed the meters in their default settings that included having the buddy
39.	mode turned off. We deployed a field management tool through which we are not
40.	only able to ping the meter but also detect what mode is set on the meter.
11.	Through this mode we are able to quickly identify meters whose buddy mode
42.	becomes disabled. Resetting the mode on these meters fixed the issue.
43.	
44.	A last technological challenge was to get meters situated in congested areas
5.	such as apartment buildings to communicate with the tower. Through research we
16.	identified that meters were generating a lot of message traffic. The default
17.	settings on the meters results in multiple messages to the tower as well as
18.	neighbouring meters. We realized that sending so many messages was causing
19.	extraordinary levels of noise which in turn was causing messages to be lost
0.	since the tower was unable to deal with the traffic. We have developed a
51.	clever solution for such congested areas through the development of a new
2.	mode. In the new mode, meters broadcast to everyone in the vicinity. A buddy
i3.	forwards the message to the tower. At the same time, the tower acknowledges
54.	the indirect communication so that the meter residing in the congested area
55.	knows which buddy to send future communications through thereby not requiring
6.	new buddy discovery. At the same time other buddies know that the meter found
57.	a buddy that is transmitting on its behalf so that not all buddies try to
8.	communicate on a meter's behalf. Our experiments show that this mode works
	extremely well for congested areas by reducing the number of messages that are
59.	extremely well for condested areas by reducing the number of messages that are

Section C - Basic or app	lied research				
What advancements in so	cientific knowledge were you try	ring to achieve? (Maximum 50 li	nes)		
1,					
2					
4.					
UPDAM					
What work did you perform	n in the tax year, how did that ic investigation) (Maximum 100	(work contribute to the advance)	ments described in Line 250?		
1.	o investigation) (maximum 100	· mrooj			
2.					
3.					
1.					
Section D – Additional pr	oject information				
Who prepared the responses for	r Section B or Section C?				
1 X Employee directly the project	involved in 254 N	ame			
The Control of the Co		Kevin Bailey			
Other employee of	of the company 256 Na	ame			
			aga ri		
1 X External consulta	258 Na		259 Firm	ofest Cassulkins	
ist the key individuals directly in	nvolved in the project and indicate	Benefact Consulting ate their qualifications/experienc	e. Ben	efact Consulting	
60	Names	261		ence and position title	
Christine Hopson	7,32,1122	Motor To	Meter Technician; 5 + years industry experience		
Chilistine Hopson		Meter 16	chilician, 5 + years industry ex	perience	
Jerry Woods		Asst. Su	Foreman; 20 + years industry	experience	
				Y I I I	
65 Are you claiming any salar	y or wages for SR&ED perform	ned outside Canada?		1 Yes 2 X No	
66 Are you claiming expenditu					
		people other than your employee		Fi	
Are you claiming expenditu	res for SR&ED performed by p	beople other than your employee	s?	1 Yes 2 X No	
you answered yes to line 267,	complete lines 268 and 269				
68	The state of the s	duals or companies		269 BN	
and .	Names of Individ	duals or companies		BIN	
/hat avidance de unu have to a	unnort your alnim? (Chook say	that apply			
ou do not need to submit these	upport your claim? (Check any items with the claim. However,	, you are required to retain them	in the event of a review.		
70 1 Project planning do	cuments	276 1 Progress	reports, minutes of project meet	ings	
Records of resource	es allocated to the project,	Test prote	cols, test data, analysis of test i		
time sheets	A STANDARD TO STANDARD OF THE	conclusion		20.014	
2 1 Design of experimen	nts	278 1 Photograp	hs and videos		
73 1 Project records, lab	oratory notebooks	279 1 X Samples,	prototypes, scrap or other artefa	acts	
74 1 Design, system arc	hitecture and source code	280 1 Contracts			
			negify 292 Family		
1 X Records of trial runs	3	281 1 X Others, sp	pecify 282 Emails		

WELLAND HYDRO ELECTRIC SYSTEMS CORP. REGULATION 1100(5b.1) FOR THE YEAR ENDED DECEMBER 31, 2011

The company elects to have the provisions of subsection 1100(5b.1) of the Income Tax Regulations apply to treat as a separate class each eligible non-residential building added by the taxpayer during the period.

Date		Name	
Amount Elected	\$ 351,527		
Date Property Acquired	Fiscal 2011		

WELLAND HYDRO ELECTRIC SYSTEMS CORP. SECTION 13(7.4) ELECTION FOR THE YEAR ENDED DECEMBER 31, 2011

The company elects to have the provisions of subsection 13(7.4) of the Income Tax Act apply to reduce the undepreciated capital cost balance with respect to capital property received.

Date		Name	
Amount Elected	\$ 305,181		
Amount of Assistance	\$ 305,181		
Date Received	Fiscal 2011		
Date Property Acquired	Fiscal 2011		
ACB of Property before election	\$ 305,181		



Ministry of Finance

Corporations Tax 33 King St. West PO Box 622 Oshawa ON L1H 8H6

Authorizing or Cancelling a Representative

Complete this form to:

authorize the release of confidential information about the Corporations Tax, Mining Tax or Electricity Act account(s) to the representative named below.

■ cancel an existing authorization.

Part 1 Client Info	ormation	Phone number	This authorization applies to the following statute(s) and account number(s).
Welland Hydro Ele	ectric System Corp.		Corporations Tax Act
	mber and name / PO Box, RR		☐ Mining Tax Act
	Main Street / P.O. Box 280		117
Welland	Province/Territory ON	L3B 5P6	
			1 0 0 0 2 1 3
Name of representative (I	the release of information	Phone number	Fax number
Last Deloitte & Touche	First	519 650-7600	519 650-7601
Mailing address		313 030 7000	315 050 7001
4210 King 5	mber and name / PO Box, RR Street East		
City	Province/Territory	Postal code	
Kitchener	ON	N2P 2G5	
Part 3 Authorizat	ion scope and applicable		1
Part 4 Cancel the Name of representative (If	release of information to a firm, name of firm.) First	a representative	years (describe). ▼
f your representative is a	in individual within a firm, state the	eir name and title.	
Name of person in firm Last	First	Title	
Part 5 Signature	This form will not be acc	epted unless it is complet	ed fully, signed and dated.
authorize the Ministr	v of Finance to:		
release confidentia in Part 2 in the mar	50 Bert 2016 British (1985) Salah Kalandar (1986) British (1986)	or	o deal with the representative named
Name (please print)	anage (manage) and statement with	Title / Relationship to Con	poration Phone number
Last	First	The state of the s	To be a second of the second
Peever	Ross	President	905 732-1381
		Signature	Date

FILING INSTRUCTIONS

Welland Hydro Electric System Corp.

ONTARIO - T2 PIL

Mailing Address: Ministry of Finance

Corporations Tax Branch-Hydro PIL

PO Box 642

Oshawa ON L1H 8T1

Courier Address: Ministry of Finance

305 King St W, 9th Floor Kitchener ON N2G 1B9

Tax Return Due Date: July 3, 2012

Tax Due: N/A

Tax Due Date: N/A

Payable To: N/A

Tax Refund: \$472,814

Signing Instruction:

One copy of the T2 Corporate Income Tax Return should be signed where indicated and forwarded to the above address. Also, one copy of each of the Subsection 13(7.4) Election and Regulation 1100(5b.1) Election should be signed and sent to the tax centre. These elections should be sent such that they are received on or before the tax return due date.

One copy of Form T661 Claim for Scientific Research and Experimental Development (SR&ED) in Canada should be signed and forwarded with the return. In addition, one copy of the Ontario Corporations Tax – Authorizing or Cancelling a Representative form should be signed and forwarded to the above tax centre address.

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Appendix D Filed: August 31, 2012

Appendix D

OEB Income Tax/PILs Workform



Utility Name	Welland Hydro Electric System Corp.	
Assigned EB Number	EB-2012-0173	
Name and Title	Wayne Armstrong-Director of Finance	
Phone Number	905-732-1381-Ext 234	
Email Address	warmstrong@wellandhydro.com	
Date	Augusut 31, 2012	
Last COS Re-based Year	2009	

Note: Drop-down lists are shaded blue; Input cells are shaded green.

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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



1. Info
A. Data Input Sheet
B. Tax Rates & Exemptions
C. Sch 8 Hist
D. Schedule 10 CEC Hist
E. Sch 13 Tax Reserves Hist
F. Sch 7-1 Loss Cfwd Hist
G. Adj. Taxable Income Historic
H. PILs, Tax Provision Historic
I. Schedule 8 CCA Bridge Year
J. Schedule 10 CEC Bridge Year

K. Sch 13 Tax Reserves Bridge
L. Sch 7-1 Loss Cfwd Bridge
M. Adj. Taxable Income Bridge
N. PILs, Tax Provision Bridge
O. Schedule 8 CCA Test Year
P. Schedule 10 CEC Test Year
Q Sch 13 Tax Reserve Test Year
R. Sch 7-1 Loss Cfwd
S. Taxable Income Test Year
T. PILs, Tax Provision



Rate Base			\$ 31,884,331	
Return on Ratebase				
Deemed ShortTerm Debt %	4.00%	T	\$ 1,275,373	W = S * T
Deemed Long Term Debt %	56.00%	U	\$ 17,855,225	X=S*U
Deemed Equity %	40.00%	٧	\$ 12,753,732	Y = S * V
Short Term Interest Rate	2.06%	Z	\$ 26,273	AC = W * Z
Long Term Interest	4.08%	AA	\$ 728,493	AD = X * AA
Return on Equity (Regulatory Income)	9.12%	AB	\$ 1,163,140	AE = Y * AB
Return on Rate Base			\$ 1,917,906	AF = AC + AD + AE

Questions that must be answered	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	No	No
2. Does the applicant have any SRED Expenditures?	Yes	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
 Did the applicant pay dividends? If Yes, please describe what was the tax treatment in the manager's summary. 	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Tax Rates Federal & Provincial	Effective	Effective	Effective	Effective
As of June 20, 2012	######################################	######################################	######################################	######################################
Federal income tax				
General corporate rate	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%
Rate reduction	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
Ontario income tax	11.75%	11.50%	11.50%	11.50%
Combined federal and Ontario	28.25%	26.50%	26.50%	26.50%
Federal & Ontario Small Business				
Federal small business threshold	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%



Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historic per tax returns	Less: Non- Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	16,988,704		16,988,704
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	340,981		340,981
2	Distribution System - pre 1988			
8	General Office/Stores Equip	402,344		402,344
10	Computer Hardware/ Vehicles	176,499		176,499
10.1	Certain Automobiles			(
12	Computer Software	128,367		128,367
13 1	Lease # 1			(
13 2	Lease #2			(
13 3	Lease #3			(
13 4	Lease # 4			(
14	Franchise			(
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	15,427		15,427
42	Fibre Optic Cable			(
43.1	Certain Energy-Efficient Electrical Generating Equipment	125,808	125,808	(
43.2	Certain Clean Energy Generation Equipment			(
45	Computers & Systems Software acq'd post Mar 22/04	2,007		2,007
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			
47	Distribution System - post February 2005	11,526,181		11,526,181
50	Data Network Infrastructure Equipment - post Mar 2007	25,214		25,214
52	Computer Hardware and system software			(
95	CWIP			
				(
-				(
				(
				(
				C
				0
	SUB-TOTAL - UCC	29,731,532	125,808	29,605,724



Schedule 10 CEC - Historical Year

Current Year Deduction		1,412,487	x 7% =	98,874
Cumulative Eligible Capital Balance				1,412,487
Subtotal	0	x 3/4 =	7	0
Other Adjustments	0			
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
<u>Deductions</u>				
Subtotal			(-	1,412,487
Amount transferred on amalgamation or wind-up of subsidiary	0			0
transfer of an EGF to the corporation after Finday, December 20, 2002		=	0	0
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
Subtotal	0	x 3/4 =	0	
Other Adjustments	0			
Cost of Eligible Capital Property Acquired during Test Year				
Additions				
Cumulative Eligible Capital				1,412,487



Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			
Tax Reserves Not Deducted for accounting			
Reserve for doubtful accounts ss. 20(1)(I)	107,764		107,764
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			
Debt & Share Issue Expenses ss. 20(1)(e)			
Other tax reserves			(
			(
			(
			0
			C
			C
Total	107,764	0	107,764
Financial Statement Reserves (not deductib	le for Tay Purposes)		
General Reserve for Inventory Obsolescence	le for fax f diposes/		
(non-specific)			0
General reserve for bad debts	107,764		107,764
Accrued Employee Future Benefits:	107,107		0
- Medical and Life Insurance			
-Short & Long-term Disability			C
-Accmulated Sick Leave			
- Termination Cost			
- Other Post-Employment Benefits	1,554,847		1,554,847
Provision for Environmental Costs	1,004,047		1,554,647
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180			
Days of Year-End ss. 78(4)			C
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			C
Other			0
			0
			0
Total	1,662,611	0	1,662,611



Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance
Actual Historic			0

Net Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance
Actual Historic			0



Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	1.094.754		1,094,75
Additions:				
Interest and penalties on taxes	103			
Amortization of tangible assets	104	1.960.187		1,960,187
Amortization of Intangible assets	106	1000		
Recapture of capital cost allowance from Schedule 8	107			
Gain on sale of eligible capital property from Schedule 10	108			
Income or loss for tax purposes- joint ventures or partnerships	109			,
Loss in equity of subsidiaries and affiliates	110			
Loss on disposal of assets	111			
Charitable donations	112	35,944		35,94
Taxable Capital Gains	113			1
Political Donations	114			
Deferred and prepaid expenses	116			
Scientific research expenditures deducted on financial statements	118	90,406		90,40
Capitalized Interest	119	00,100		
Non-deductible club dues and fees	120			
Non-deductible meals and entertainment expense	121	5,602		5,60
Non-deductible automobile expenses	122	0,002		
Non-deductible life insurance premiums	123			
Non-deductible company pension plans	124			
Tax reserves deducted in prior year	125	113,524		113,52
Reserves from financial statements- balance at end of year	126	1,662,611		1,662,61
Soft costs on construction and renovation of buildings	127	1,002,011		1,002,01
Book loss on joint ventures or partnerships	205			
Capital Items expensed	206			
Debt issue expense	208			
Development expenses claimed in current year	212			
Financing fees deducted in books	216			
Gain on settlement of debt	220			
Non-deductible advertising	226			
Non-deductible interest	227			
Non-deductible legal and accounting fees	228			
Recapture of SR&ED expenditures	231			
Share issue expense	235			
Write down of capital property	236			(
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			
Pensions	292			
Non-deductible penalties	293			(
Non-deductible penalties	293	12 602		13,623
	294	13,623		13,623
ARO Accretion expense	295			
Capital Contributions Received (ITA 12(1)(x))				
Lease Inducements Received (ITA 12(1)(x))				(
Deferred Revenue (ITA 12(1)(a))				(
Prior Year Investment Tax Credits received				0
TIOL Lear Investment 18X OLEGIZE ISCEIVED				0

	1			-
Total Additions		3,881,897	0	3,881,89
ATT ADMINISTRATION OF THE PROPERTY OF THE PROP				
Deductions:				
Gain on disposal of assets per financial statements	401	14,409		14,40
Dividends not taxable under section 83	402	2.112.12.		
Capital cost allowance from Schedule 8	403	2,146,487	41,936	2,104,55
Terminal loss from Schedule 8	404			
Cumulative eligible capital deduction from Schedule 10	405	98,874		98,87
Allowable business investment loss	406		-	
Deferred and prepaid expenses	409	70.00		
Scientific research expenses claimed in year	411	78,281		78,28
Tax reserves claimed in current year	413	107,764		107,76
Reserves from financial statements - balance at beginning of year	414	1,655,682		1,655,68
Contributions to deferred income plans	416			
Book income of joint venture or partnership	305			
Equity in income from subsidiary or affiliates Other deductions; (Please explain in detail the nature of the item)	306			
Other deductions, (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			
Capital Lease Payments	391			
Non-taxable imputed interest income on deferral and variance accounts	392			
	393			
	394			
ARO Payments - Deductible for Tax when Paid				
ITA 13(7.4) Election - Capital Contributions Received				
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				
Deferred Revenue - ITA 20(1)(m) reserve				
Principal portion of lease payments				
Lease Inducement Book Amortization credit to income				
Financing fees for tax ITA 20(1)(e) and (e.1)				
Fotal Deductions		4,101,497	41,936	4,059,56
		222.120		2.000
Net Income for Tax Purposes		875,154	-41,936	917,09
Charitable donations from Schedule 2	311	35,944	- U	35,94
Faxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	00,044		05,54
Non-capital losses of preceding taxation years from Schedule 4	331			
Net-capital losses of preceding taxation years from Schedule 4 (Please Include explanation and				
palculation in Manager's summary)	332			
imited partnership losses of preceding taxation years from Schedule 4	335			(
TAXABLE INCOME		839,210	-41,936	881,14



PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only \$ 881,146 A

Regulatory Taxable Income
Ontario Income Taxes

Income tax payable

Ontario Income Tax

11.75% E

88,242 C = A * B

Small business credit

Ontario Small Business Threshold Rate reduction (negative) \$ 500,000 D -7.25% E

36,240 F = D * E

Ontario Income tax

\$ 52,002 J=C+F

Combined Tax Rate and PILs

Effective Ontario Tax Rate

Federal tax rate Combined tax rate 5.90% K=J/A 16.50% L

22.40% M = K + L

Total Income Taxes

Investment Tax Credits Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historic Year

197,391 N = A * M

0 \$ 48,751 P \$ 48,751 Q = O + P

\$ 148,640 R = N - Q



Schedule 8 CCA - Bridge Year

Class	Class Description		CC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Bridge Year CCA	ucc	C End of Bridge Year
1	Distribution System - post 1987	1 \$	16,988,704			\$ 16,988,704		\$ 16,988,704	4%	\$ 679,548	3	16,309,156
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	5	340,981	\$ 381,534		\$ 722,515	\$ 190,767	3 531,748	6%	\$ 31,905	5	690,610
2	Distribution System - pre 1988					5 .	\$ -	\$ -	6%	S	\$	- 760
8	General Office/Stores Equip	5	402,344	\$ 18,500		\$ 420,844	\$ 9,250	\$ 411,594	20%	5 82,319	S	338,525
10	Computer Hardware/ Vehicles	\$	176,499			\$ 176,499	\$.	\$ 176,499	30%	\$ 52,950	\$	123,549
10.1	Certain Automobiles	-				3 -	5 -	\$ -	30%	\$ -	3	
12	Computer Software	5	128,367	5 90,000		\$ 218,367	\$ 45,000	\$ 173,367	100%	\$ 173,367	\$	45,000
13 1	Lease # 1					\$.	\$ -	S -		\$ -	5	14
13.2	Lease #2					\$.	5 -	\$ -		3 -	\$	
13.3	Lease # 3					5 .	5 -	5 -		5 -	\$	-
13 4	Lease # 4					5 .	\$ -	5 -		5 -	\$	
14	Franchise					5 .	5 -	\$ -		S +	5	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	S	15,427			5 15,427	3 -	\$ 15,427	8%	3 1,234	3	14,193
42	Fibre Optic Cable					5 .	5 -	\$ -	12%	5 4	\$	
43.1	Certain Energy-Efficient Electrical Generating Equipment	2				5 -	5 .	\$ -	30%	\$.	5	
43.2	Certain Clean Energy Generation Equipment					\$ -	\$.	5 -	50%	\$ -	\$	
45	Computers & Systems Software acg'd post Mar 22/04	5	2,007			\$ 2,007	5	\$ 2,007	45%	\$ 903	\$	1,104
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)					\$ -	5 .	\$ -	30%	3 -	\$	
47	Distribution System - post February 2005	5	11,526,181	\$ 1,311,466		\$ 12,837,647	\$ 655,733	\$ 12,181,914	8%	\$ 974,553	3	11,883,094
50	Data Network Infrastructure Equipment - post Mar 2007	15	25,214	\$ 31,500		\$ 56,714	5 15,750	\$ 40,964	55%	5 22,530	\$	34,164
52	Computer Hardware and system software					3 -	5 .	\$ -	100%	\$.	\$	
95	CWIP					.5 -	5 -	\$ -		\$ +	5	
						5 +	5 -	5 -		\$.	5	- A
						\$.	\$ -	5 -	-	3 -	3	247
						\$.	\$.	5 -		3 -	5	
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		E 1				5 -	\$	\$ -		5 .	5	
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						5	5 ,	\$		\$ +	2	
		100				\$ +	\$ -	5		S .	5	-
		at n				5 -	\$	5 -		\$.	\$	
	TOTAL	\$	29,605,724	\$ 1,833,000	\$ -	\$ 31,438,724	\$ 916,500	\$ 30,522,224		\$ 2,019,309	5	29,419,415



Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				1,313,613
Additions				
Cost of Eligible Capital Property Acquired during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
transfer of an EGP to the Corporation after Friday, December 20, 2002		-	0	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	1,313,613
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =		0
Cumulative Eligible Capital Balance				1,313,613
Current Year Deduction		1,313,613	x 7% =	91,953
Cumulative Eligible Capital - Closing Balance				1,221,660



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

				Bridge Year Adjustments				
Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Additions	Disposals	Balance for Bridge Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves \$8.40(1)	1 0		ol			0	0	
Tax Reserves Not Deducted for accounting purposes							-	
Reserve for doubtful accounts ss. 20(1)(I)	107,764		107,764	109,919	107,764	109,919	2.155	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0	100,010	107,104	0,0,010	2.100	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0		
Debt & Share Issue Expenses ss. 20(1)(e)	- 0		0			0	0	
Other tax reserves	0		0			0	0	
Color tax rood rec	0		0			0	0	
	0		n			0		
Total	107,764	0	107,764	109,919	107,764	109,919	2,155	
Total			107,101	100,010	101,104	100,010		
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	- 0	
General reserve for bad debts	107,764		107,764	109,919	107,764	109,919	2,155	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0		
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	1,554,847		1,554,847	1,562,011	1,554,847	1,562,011	7,164	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0		
Accrued Contingent Litigation Costs	0		0			- 0		
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	.0		0			0	0	
	0		.0			.0	0	
	0		0			0	0	
Total	1,662,611	0	1,662,611	1,671,930	1,662,611	1,671,930	9,319	



Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	Α	556,20
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	103	2,113,498
Amortization of tangible assets Amortization of intangible assets	106	2,113,49
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	23,600
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	107,764
Reserves from financial statements- balance at end of year	126	1,671,930
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	



Adjusted Taxable Income - Bridge Year

	200	
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Apprenticeship Tax Credit	295	10,100
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
		3,926,892
Total Additions		0,020,032
Total Additions Deductions:		
Deductions: Gain on disposal of assets per financial	401	
Deductions: Gain on disposal of assets per financial statements	401	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83	402	2 040 200
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8	402 403	2,019,309
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8	402	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8	402 403	2,019,309 91,953
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from	402 403 404	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10	402 403 404 405	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss	402 403 404 405 406	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year	402 403 404 405 406 409	
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance	402 403 404 405 406 409 411	91,953
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year	402 403 404 405 406 409 411 413 414	91,953
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance	402 403 404 405 406 409 411 413	91,953
Deductions: Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans	402 403 404 405 406 409 411 413 414 416	91,953



Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted	390	
for tax Capital Lease Payments	391	
Non-taxable imputed interest income on	392	
deferral and variance accounts	393	
	12.47	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,883,792
Net Income for Tax Purposes		599,301
Charitable donations from Schedule 2	311	23,600
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		575,701



PILS Tax Provision - Bridge Year

							Wir	es Only
Regulatory Taxable Income							S	575,701 A
Ontario Income Taxes Income tax payable	Ontario Income Tax	11.50%	В	\$	66,206	C = A * B		
Small business credit	Ontario Small Business Threshold Rate reduction	\$ 500,000 -7.00%	D E	-\$	35,000	F = D * E		
Ontario Income tax							\$	31,206 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate Federal tax rate Combined tax rate				5.42% 15.00%	K=J/A L		20.42% M = K + L
Total Income Taxes							\$	117,561 N = A * M
Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits							\$	10,100 P 10,100 Q = O + P
Corporate PILs/Income Tax Provi	sion for Bridge Year						S	107,461 R = N - Q

Note:

This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Schedule 8 CCA - Test Year

Class	Class Description	13.5	C Test Year ning Balance	Additions	Disposals (Negative)		Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced	ucc	Rate %	Test Y	ear CCA		End of Test Year
1	Distribution System - post 1987	\$	16,309,156			S	16,309,156		\$ 16,3	09,156	4%	\$	652,366	S	15,656,790
Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$	690,610	20,000		5	710,610	\$ 10,000	5 7	00,610	6%	8	42,037	S	668,574
2	Distribution System - pre 1988	\$				5	-	5 -	2		6%	S	19.1	\$	-
8	General Office/Stores Equip	\$	338,525	5,000		5	343,525	\$ 2,500	\$ 3	41,025	20%	5	68,205	S	275,320
10	Computer Hardware/ Vehicles	\$	123,549	350,000		\$	473,549	\$ 175,000	\$ 2	98,549	30%	\$	89,565	5	383,985
10.1	Certain Automobiles	\$				5	*	5 -	\$		30%	5		\$	
12	Computer Software	\$	45,000	58,500		5	103,500	\$ 29,250	5	74,250	100%	\$ -	74,250	\$	29,250
13 1	Lease # 1	\$				5		\$	5	-		\$	-	\$	-
13 2	Lease #2	\$				5	* 1	5 -	5	4		5	4	5	- 2 -
13.3	Lease # 3	\$				S	7.5	5 -	5			\$	- 4	\$	-
13 4	Lease # 4	\$				\$	4	\$.	\$	-		\$		5	- 4
14	Franchise	5				15	- A	S -	5			\$		\$	91
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than E	\$	14,193			5	14,193	\$ -	5	14,193	8%	\$	1,135	5.	13,057
42	Fibre Optic Cable	\$				\$	- A	S -	S		12%	S	+)	S	
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$				5	9.	\$ -	\$	-	30%	5		S	
43.2	Certain Clean Energy Generation Equipment	\$				S	4.	5 -	S	-	50%	S	* 1	5	
45	Computers & Systems Software acq'd post Mar 22/04	\$	1,104			S	1,104	5 -	S	1,104	45%	S	497	5	607
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$		7.3.1		\$		S -	\$		30%	\$	- 4	5	
47	Distribution System - post February 2005	\$	11,863,094	1,521,700		\$	13,384,794	\$ 760,850	\$ 12,6	23,944	8%	\$	1,009,916	5	12,374,878
50	Data Network Infrastructure Equipment - post Mar 2007	S	34,184	46,000		15	80,184	\$ 23,000	\$	57,184	55%	5	31,451	5	48,733
52	Computer Hardware and system software	\$				\$	-	S -	5		100%	5		5	
95	CWIP	\$				S	*	\$ -	\$		0%	S		S	+-
						S	*	S +	S		0%	S		S	
						\$		\$ -	S		0%	\$	*	5	
						5		\$.	5		0%	\$	× .	S	-
						\$	4	S ×	S	-	0%	\$	×.	S	(4)
						\$	(A)	\$ -	S	-	0%	\$		5	14
							(A)	\$ -	\$	- 4	0%	5		S	
						S		s -	S	-	0%	S	2	S	
1						5	7	\$ -	S	9	0%	S	-	S	
						S	9	\$ -	S	-	0%	S	-	5	*
						S	7	\$ -	\$	-	0%	S		S	- 4
	TOTAL	\$	29,419,415	\$ 2,001,200	\$.	5	31,420,615	\$ 1,000,600	\$ 30.4	20,015		S	1,969,421	\$	29,451,193



Schedule 10 CEC - Test Year

Current Year Deduction (Carry Forward to Tab "Test Year Taxable I	ncome")		1,221,660	x 7% =	85,516
Cumulative Eligible Capital Balance					1,221,660
	Subtotal	0	x 3/4 =	-	0
Other Adjustments		0			
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Deductions					
	Subtotal			-	1,221,660
Amount transferred on amalgamation or wind-up of subsidiary		0			0
transfer of an ECP to the Corporation after Friday, December 20, 2002		Ü	× 1/2 -	0	0
Non-taxable portion of a non-arm's length transferor's gain realized on t	he	0	x 1/2 =	0	
	Subtotal	0	x 3/4 =	0	
Other Adjustments		0			
Cost of Eligible Capital Property Acquired during Test Year		0			
Additions					
Cumulative Eligible Capital				L	1,221,660



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

and the state of t			Г	Test Year Adjustments				
Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0		lo			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts as, 20(1)(I)	109,919		109,919	113,217	109,919	113,217	3,298	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	109,919	0	109,919	113,217	109,919	113,217	3,298	
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	109,919		109,919	113,217	109,919	113,217	3,298	100000000000000000000000000000000000000
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	1,562,011		1,562,011	1,562,011	1,562,011	1,562,011	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0.	0	
Accrued Contingent Litigation Costs	- 0		0			0	0	
Accrued Self-Insurance Costs	.0		0			0	0	
Other Contingent Liabilities	. 0		0			0	.0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	, c	
Other	.0		0			0		
	- 0		0			0	0	
	0		0			. 0		
Total	1,671,930	0	1,671,930	1,675,228	1,671,930	1,675,228	3,298	



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	.0

Net Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Taxable Income - Test Year

	Test Year Taxable Income
Net Income Before Taxes	1,163,140

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	1,228,313
2-4 ADJUSTED ACCOUNTING DATA P489	101	1,220,010
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	23,600
Taxable Capital Gains	113	20,000
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	_
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	109,919
Reserves from financial statements- balance at end of year	126	1,675,228
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Aprentice Tax Credits	295	19,100
Aprellice Tax Gredits		15,100
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
		-
		,-
		0.000.404
Total Additions	_	3,056,160
Deductions:	401	
Gain on disposal of assets per financial statements		
Gain on disposal of assets per financial	402	
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8	403	1,969,421
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8		1,969,421
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from	403	
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC	403 404 405	
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss	403 404	
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses	403 404 405 406	
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss	403 404 405 406 409	85,516
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at	403 404 405 406 409 411	85,516 113,217
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year	403 404 405 406 409 411 413 414	1,969,421 85,516 113,217 1,671,930
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Sclentific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans	403 404 405 406 409 411 413 414 416	85,516 113,217
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership	403 404 405 406 409 411 413 414 416 305	85,516 113,217
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the	403 404 405 406 409 411 413 414 416	85,516 113,217
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item)	403 404 405 406 409 411 413 414 416 305 306	85,516 113,217
Gain on disposal of assets per financial statements Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the	403 404 405 406 409 411 413 414 416 305	85,516 113,217

Non-taxable imputed interest income on deferral and variance accounts	392	XI.
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,840,085
NET INCOME FOR TAX PURPOSES		379,216
Charitable donations	311	23,600
Taxable dividends received under section 112 or 113	320	20,000
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
		255.040
REGULATORY TAXABLE INCOME		355,616



PILs Tax Provision - Test Year

						Wit	res Only
Regulatory Taxable Income						\$	355,616 A
Ontario Income Taxes Income tax payable	Ontario Income Tax	4.50%	В	\$ 16,003	C = A * B		
Small business credit	Ontario Small Business Threshold Rate reduction	\$ -7.00%	D	\$	F = D * E		
Ontario Income tax						\$	16,003 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate Federal tax rate Combined tax rate			4.50% 11.00%	K=J/A L		15.50% M = K + L
Total Income Taxes						\$	55,120 N = A * M
Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits						S	19,100 P 19,100 Q = O + P
Corporate PILs/Income Tax Provi	sion for Test Year					\$	36,020 R = N - Q
Corporate PILs/Income Tax Provisi	on Gross Up 1			84.50%	S = 1 - M	\$	6,607 T = R / S - R
Income Tax (grossed-up)						\$	42,628 U = R + T

Note:

^{1.} This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Welland Hydro-Electric System Corp. EB-2012-0173 Exhibit 4 Appendix E Filed: August 31, 2012

Appendix E

Deloitte Federal Tax Letter

Deloitte.

Deloitte & Touche LLP 4210 King Street East Kitchener ON N2P 2G5 Canada

Tel: 519 650 7600 Fax: 519 650 7601 www.deloitte.ca

August 15, 2012

Private and confidential

Wayne Armstrong Director of Finance Welland Hydro-Electric System Corp. 950 East Main St PO Box 280 Welland ON L3B 5P6

Dear Mr. Armstrong:

Subject: Federal Small Business Deduction

We are writing in response to your request for commentary on Welland Hydro-Electric System Corp.'s ("WHESC") eligibility for the federal Small Business Deduction ("SBD"). As discussed with you our commentary below will be confined to the federal income tax calculations as provided in the Income Tax Act of Canada (the "Act") which are the basis used in determining the liability for payment in lieu of tax.

The conclusions contained in this letter are based on our understanding of the facts, assumptions, information, and documents referenced and current tax laws and published tax authorities in effect as at said time, which are subject to change. If there is a change, including a change having retroactive effect, in the above source documents or in the prevailing judicial interpretation of the foregoing, the comments expressed herein would necessarily have to be reevaluated in light of any such changes.

This letter is solely for the benefit of the City of Welland and its subsidiaries and cannot be relied upon by anyone else. We assume no responsibility for tax consequences, or any other consequences, to any other interested parties or to other persons. Instead, any other such interested parties or persons should consult and rely upon the advice of their own counsel, accountant, tax adviser, or other adviser.

Facts and assumptions

This letter was drafted with consideration given to the following facts and assumptions:

- WHESC is a Canadian Controlled Private Corporation ("CCPC") as defined in subsection 125(7) of the Act:
- 2. WHESC is associated with other corporations;
- 3. WHESC will be allocated 100% of the small business limit available for the associated group;
- 4. The taxable capital of the other associated entities in the group is nominal;
- The taxable income of WHESC will be at or below \$500,000 in any given taxation year (a higher level of income is possible; but it would only reinforce the conclusion); and
- The taxable capital employed in Canada by WHESC for the 2011 and subsequent taxation year will be in excess of \$30,000,000.

Welland Hydro Electric System Corp. August 15, 2012 Page 2

Analysis

Subsection 125(1) of the Act provides for a 17% deduction (the SBD) from Part I tax otherwise payable for a taxation year by a corporation that was, throughout the taxation year, a CCPC. The 17% deduction is provided in lieu of the general rate reduction (13% after 2011) on the applicable income which provides for an effective incremental federal income tax deduction of only 4% of eligible income for the 2012 and subsequent taxation years.

The income of a CCPC is eligible for deduction to the extent of the business limit provided in subsection 125(2) of the Act, which is \$500,000 before adjustments and corporate group allocations. One such adjustment to the business limit is the business limit reduction calculation in subsection 125(5.1) of the Act. Subsection 125(5.1) effectively reduces the business limit for corporations with taxable capital employed in Canada exceeding \$10,000,000 and effectively eliminates the SBD when the taxable capital employed in Canada exceeds \$15,000,000.

Under subsection 125(5.1) of the Act, the business limit reduction is calculated by the formula

A * B/\$11,250

A is the amount that would, but for this subsection, be the corporation's business limit for the particular year. (A = \$500,000 as provided in subsection 125(2) of the Act).

B is the Part I.3 tax liability (without any deduction under subsections 181.1(2) and 181.1(4) of the Act) for the preceding year. For any and all corporations that WHESC is associated with, B is comprised of WHESC's Part I.3 tax liability as well as the Part I.3 tax liability (without any deduction under subsections 181.1(2) and 181.1(4) of the Act) of each associated corporation for the last taxation year ending in the preceding calendar year.

Part I.3 tax is levied on corporations under section 181 of the Act; however, subsequent to the 2005 calendar year the specified percentage used in the formula ceased to be specified and hence the formula computes a nil liability. The calculation used the taxable capital of the company reduced for the capital deduction in subsection 181.5(1) of the Act multiplied by the specified percentage. Although this tax liability has been eliminated after 2005, these rules are still relevant for calculation of the business limit reduction in subsection 125(5.1) of the Act due to the modifying provisions of subsections 181.1(1.2) and 181.5(1.1) of the Act.

Subsection 181.1(1.2) of the Act is a modification for the purposes of calculating the amount to be used in part B of the calculation above. The effect of the modification is to provide a specified percentage of 0.225% to be applied in the calculation of the Part I.3 tax liability to be used in the formula.

The capital deduction was increased for 2004 and subsequent years to \$50,000,000 in the calculation of the actual Part I.3 tax liability. However, subsection 181.5(1.1) of the Act provides a modification to the capital deduction thereby reducing the capital deduction for a corporation to \$10,000,000 for the purposes of the business limit reduction under subsection 125(5.1) of the Act.

Welland Hydro Electric System Corp, August 15, 2012 Page 3

Analysis (continued)

As an example, the expected 2012 taxation year business limit reduction for WHESC should be approximately as follows:

Where this is the case, the anticipated business limit would be as follows:

Conclusion

As the estimated annual business limit reduction is \$2,000,000 which exceeds the \$500,000 business limit, WHESC is not anticipated to benefit from the federal SBD under the current rules, absent a significant decline in the taxable capital employed in Canada. Therefore, WHESC is expected to be subject to the higher federal effective tax rate of 15%.

We trust that the foregoing analysis provides the information that you were looking for. However, if you have any additional questions or if the facts are not as described above, please contact Stuart Cottrell at 519-650-7739.

Yours very truly,

Chartered Accountants

Delones Tourne