# Exhibit 3:

# REVENUE

Exhibit 3: Revenue

# Tab 1 (of 2): Load and Revenue Forecast

# HISTORICAL & FORECAST VOLUMES

Attachment 1 shows the actual and forecast trends for customer/connection counts, kWh consumption and billed kW demand.

The Residential class shows stable but slow growth in customers. Historically slow growth of new residential attachments reflects the lack of new development occurring in WPI's service area, and this is not anticipated to change in 2013.

The customer count for GS<50 kW has seen a slight increase since 2009. This reflects the slow commercial growth in WPI's service area. WPI is not anticipating any major changes in 2013 nor the next 4 years.

The customer count for the GS>50 kW class has also seen a slight increase since 2009. Much like the GS<50 kW class, WPI is not anticipating any major changes in 2013 nor the next 4 years.

Street Lighting connections have also been stable over the period, reflecting the fact that there has not been a large amount of new development. The number of USL connections has not seen a significant change in a number of years. Sentinel Light connections have seen a slight upward trend since 2009.

Utility load slightly fluctuates upwards and downwards but has been relatively stable over the historical period, with average wholesale deliveries (on an actual weather basis) increasing by less than one per cent per year from 2004 to 2011. Wholesale purchases declined by -2.4 per cent in 2010 from 2009. Wholesale purchases increased by 0.4 percent in 2010 from 2011.

## Variance Analysis – Based on Weather Normalized Consumption

2009 Actual vs. 2009 Board Approved

WPI experienced a variance between the 2009 Board Approved and the 2009 Actual load forecast by an increase of approximately 4,004,000 kWhs or 0.8%. Approximately 3,230,000 kWhs of this increase can be attributed to the Residential customer class. In addition to the increased consumption, the number of customers in the 2009 Board Approved forecast for the Residential customer class was forecast at 18,875, however, the actual average number of customers in 2009 was 18,956 an increase of 0.4%.

For the General Service less than 50 customer class, there was a decrease of Board Approved to Actual of approximately 2.5 GWhs. While there is a slight increase in the number of Actual customer in 2009 vs. Board Approved (2,398 vs. 2,365) WPI believes these variances to reflect the impacts of the recent economic downturn.

For the General Service greater than 50 customer class, there was a decrease from Board Approved to Actual of approximately 0.84 GWhs. While there was a significant increase in the number of customers (252 Board Approved vs. 270 Actual), WPI believes these variances reflect the impacts of the economic downturn.

## 2010 Actual vs. 2009 Actual

The overall increase in wholesale kWh's was approximately 2,802,000 kWhs or 0.6% from 2009 to 2010. While the number of residential customers increased by approximately 1.2% the consumption for this class decreased by approximately 0.7%.

For the General Service less than 50 customer class, while there was an increase in customer counts, there was a slight decrease in year over year consumption. WPI believes these variances to reflect the impacts of the recent economic downturn.

For the General Service greater than 50 customer class, there was a significant increase in consumption from 2009 to 2010. This customer class saw an increase in customers of 2.1% due to the reclassification for GS<50 customers to the GS>50 customers category based on their annual consumption.

## 2011 Actual vs. 2010 Actual

The overall increase in wholesale kWh's was approximately 4.0 GWhs or 0.9% from 2010 to 2011. There was an increase in Residential customer numbers of 1.5% and a corresponding increase in consumption of approximately 2.0%.

For the General Service less than 50 customer class, there was a modest increase in customer counts (addition of 2), and a slight decrease of 3.0% in year over year consumption. WPI believes these variances to reflect the impacts of the recent economic downturn.

For the General Service greater than 50 customer class, there was an increase of 3 customers, however a significant decrease in consumption from 2010 to 20112. WPI believes these variances to reflect the impacts of the recent economic downturn.

## 2012 Bridge vs. 2011 Actual; and
## 2013 Test vs. 2012 Bridge

The overall increase in wholesale kWh's for 2012 Bridge Year is forecast at approximately 466.786 GWhs or an increase of 0.6% over 2011 Actuals. The forecast wholesale purchases for 2013 Test Year are 468.261 GWhs or an increase of 0.3% over the 2012 Bridge Year. The methodology of the Weather Normalization and Class Specific Consumption Forecasts can be found in Exhibit 3, Tab 1, Schedule 2, Attachment 1; *2012-2013 Weather Normalized Load Forecast, pages 5 to 9*.

Street Lights, Sentinel lights and USL have all been relatively stable and there are no changes anticipated in 2013.

# 3.1.1 Volumetric Trend Table

*Enter historical volume data and projections for 2012-2013*

**CUSTOMERS (CONNECTIONS)**

| Customer Class Name | 2009 Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2011 Normalized | 2012 Normalized | 2012 Estimated | 2013 Normalized |
|---|---|---|---|---|---|---|---|---|
| Residential | 18,875 | 18,956 | 19,193 | 19,483 | | 19,758 | 19,758 | 20,036 |
| General Service < 50 kW | 2,365 | 2,398 | 2,439 | 2,441 | | 2,456 | 2,456 | 2,471 |
| General Service > 50 to 4999 kW | 251 | 270 | 275 | 278 | | 279 | 279 | 280 |
| Unmetered Scattered Load | 69 | 67 | 63 | 62 | | 61 | 61 | 60 |
| Street Lighting | 6,077 | 6,010 | 6,020 | 6,026 | | 6,026 | 6,026 | 6,026 |
| Sentinel Lighting | 6 | 9 | 9 | 9 | | 9 | 9 | 9 |
| **TOTAL** | **27,643** | **27,710** | **27,999** | **28,299** | | **28,589** | **28,589** | **28,882** |

**METERED KILOWATT-HOURS (kWh)**

| Customer Class Name | 2009 Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2011 Normalized | 2012 Normalized | 2012 Estimated | 2013 Normalized |
|---|---|---|---|---|---|---|---|---|
| Residential | 197,649,413 | 205,858,608 | 198,137,002 | 200,817,509 | 203,436,881 | 204,668,826 | 204,668,826 | 202,711,942 |
| General Service < 50 kW | 70,476,543 | 69,670,082 | 66,231,115 | 63,827,597 | 64,660,135 | 65,051,695 | 65,051,695 | 64,088,366 |
| General Service > 50 to 4999 kW | 159,453,317 | 164,330,225 | 175,473,273 | 168,041,245 | 170,233,099 | 171,263,973 | 171,263,973 | 168,781,699 |
| Unmetered Scattered Load | 1,739,168 | 340,200 | 294,533 | 283,437 | 283,437 | 278,866 | 278,866 | 270,442 |
| Street Lighting | 501,647 | 5,607,272 | 4,832,686 | 5,431,816 | 5,431,816 | 5,431,816 | 5,431,816 | 5,355,530 |
| Sentinel Lighting | 16,635 | 17,797 | 17,963 | 18,155 | 18,155 | 18,155 | 18,155 | 17,900 |
| **TOTAL** | **433,981,283** | **445,824,184** | **444,986,572** | **438,419,759** | **444,063,523** | **446,713,331** | **446,713,331** | **441,225,879** |

**KILOWATTS (kW)**

| Customer Class Name | 2009 Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2011 Normalized | 2012 Normalized | 2012 Estimated | 2013 Normalized |
|---|---|---|---|---|---|---|---|---|
| Residential | | | | | | | | |
| General Service < 50 kW | | | | | | | | |
| General Service > 50 to 4999 kW | 443,099 | 453,956 | 472,060 | 466,442 | 472,526 | 475,388 | 475,388 | 476,416 |
| Unmetered Scattered Load | 5,444 | | | | | | | |
| Street Lighting | | 8,733 | 13,894 | 15,101 | 15,101 | 15,101 | 15,101 | 14,889 |
| Sentinel Lighting | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| **TOTAL** | **459,597** | **462,706** | **485,971** | **481,560** | **487,644** | **490,506** | **490,506** | **491,322** |

| Customer Class Name | Loss Factor |
|---|---|
| Residential | 1.0700 |
| General Service < 50 kW | 1.0700 |
| General Service > 50 to 4999 kW | 1.0700 |
| Unmetered Scattered Load | 1.0700 |
| Street Lighting | 1.0700 |
| Sentinel Lighting | 1.0700 |

**WHOLESALE kWh's [1]**

| 2012 Normalized | 2012 Estimated | 2013 Normalized |
|---|---|---|
| 218,995,644 | 218,995,644 | 216,901,778 |
| 69,605,314 | 69,605,314 | 68,574,552 |
| 183,252,451 | 183,252,451 | 180,596,418 |
| 298,387 | 298,387 | 289,373 |
| 5,812,043 | 5,812,043 | 5,730,417 |
| 19,426 | 19,426 | 19,153 |

*[1] Metered kWh's multiplied by Loss Factor*

# APPROACH TO WEATHER NORMALIZED LOAD FORECAST

Attachment 1 is the weather normalized load forecast report prepared by Elenchus on behalf of WPI. The forecasting approach was selected by Elenchus on the basis of historical data provided by WPI and is described in the report.

The load forecast was developed based on monthly wholesale purchased kWh by the Distribution System from January 2004 to December 2011 (exclusive of losses; i.e., not loss adjusted). As described in the report, class specific monthly data was not sufficient to develop class specific weather normalization factors at this time. WPI intends to continue refining the forecasting process and smart meter data in the future is expected to aid in this endeavor.

The adopted methodology predicts wholesale consumption using a multiple regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days. Historical monthly employment levels in Ontario are also used to account for economic patterns that may influence consumption of electricity. For degree days, daily observations as reported at Wiarton Airport (YVV) in Bruce County are used. The regression model used for WPI also includes the number of days in each month as a calendar variable.

The resulting regression equation yields an adjusted R-squared of 0.94. When actual annual wholesale values are compared to annual values predicted by the regression equation, the mean absolute percentage error (MAPE) is 0.9 per cent. More detailed model statistics can be found in the report prepared by Elenchus (Attachment 1 to this Schedule).

Weather normalized values are determined by using the regression equation with a 10-year average monthly degree days (2002-2011). The 10-year average is consistent with recent years' weather and has been used in other electricity distribution rate applications and has been accepted by the Board.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on each class' actual consumption share in actual wholesale kWh in any given year. In the bridge year and test year, the share in the most recent actual year (2011) is used.

In order to forecast 2013, an average of 4 chartered banks' economic forecasts that are available to the public on their corporate web sites is used. These forecasts include projections for employment growth in Ontario for 2012 and 2013.

Exhibit 3
Tab 1
Schedule 2
Attachment 1

# 2012 – 2013 Weather Normalized Load Forecast for Westario Power Inc.

## A Report Prepared by Elenchus Research Associates Inc.

## On Behalf of Westario Power Inc.

## July 13, 2012

elenchus

# 1 INTRODUCTION

This report outlines the results and methodology used to derive the weather normal load forecast prepared for the Westario Power CoS rate application for 2013. A weather normal load forecast has been derived for the bridge year (2012) and test year (2013) using monthly wholesale purchases for the Distribution System from January 2004 to December 2011. These volumes have not been adjusted for losses; that is, they represent bulk electricity system deliveries to the utility as measured at the wholesale meter and have not been uplifted for losses. Likewise, forecast retail volumes for each class represent retail sales as measured at customers' meters, and have not been uplifted or otherwise adjusted for losses.

While it is desirable to develop class specific weather normalization models wherever possible, sometimes this is not possible due to data considerations. In some instances, there may not be enough monthly data to perform a credible regression analysis. In other cases, class specific meter data may not accurately reflect monthly consumption due to variable meter read dates and billing periods. This is the case with Westario, where idiosyncrasies with some class specific data precluded class specific weather normalization at this time. It is expected that when several years of data from smart meters are available, it may be more practical to undertake class specific normalization. Until that time, and mindful of the cost and the limited scope of smaller LDCs such as Westario have to expend resources on issues such as load forecast research, the load forecast continues to be based on the wholesale purchases approach. This approach has been used by many LDCs, some considerably larger than Westario, and has been approved by the Board in the past (including Westario's previous CoS filing).

# 2 ENERGY FORECAST USING WHOLESALE DELIVERIES

The following table outlines monthly wholesale deliveries to Westario from January 2004 to December 2011, exclusive of losses.

**Table 1: Monthly Actual Energy (kWh), Westario Power**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| January | 50,305,894 | 49,997,725 | 44,937,035 | 47,095,766 | 47,849,227 | 52,027,191 | 49,591,076 | 49,805,023 |
| February | 43,870,843 | 40,417,874 | 42,691,244 | 46,263,514 | 46,269,796 | 44,167,909 | 43,406,844 | 43,229,464 |
| March | 42,606,311 | 44,241,746 | 43,508,742 | 42,930,126 | 45,833,053 | 45,008,945 | 41,147,113 | 44,386,809 |
| April | 36,626,322 | 34,643,522 | 33,743,146 | 36,963,796 | 35,580,307 | 37,217,172 | 33,747,449 | 35,654,195 |
| May | 32,216,445 | 32,269,593 | 32,729,520 | 32,508,070 | 34,069,975 | 33,256,744 | 34,234,491 | 31,729,973 |
| June | 30,459,512 | 34,391,247 | 31,566,330 | 32,770,637 | 32,999,581 | 32,539,926 | 33,170,122 | 31,456,612 |
| July | 31,672,398 | 34,544,463 | 34,917,039 | 32,951,891 | 32,507,310 | 33,013,844 | 36,952,067 | 36,451,973 |
| August | 32,146,211 | 34,610,070 | 33,277,985 | 34,566,788 | 30,700,685 | 35,268,623 | 36,350,761 | 35,618,178 |
| September | 31,723,222 | 31,186,828 | 30,847,692 | 31,514,547 | 30,175,349 | 32,755,104 | 32,911,157 | 32,608,143 |
| October | 33,792,681 | 33,922,767 | 36,246,657 | 33,950,544 | 31,931,161 | 37,474,563 | 31,389,137 | 35,235,111 |
| November | 38,371,359 | 38,602,483 | 38,532,456 | 40,357,585 | 37,490,136 | 38,266,031 | 36,595,338 | 37,638,570 |
| December | 47,463,987 | 47,350,258 | 43,712,299 | 47,630,762 | 49,210,374 | 47,538,361 | 47,624,936 | 44,188,812 |
| **Annual** | **451,255,185** | **456,178,576** | **446,710,143** | **459,504,027** | **454,616,955** | **468,534,412** | **457,120,491** | **458,002,862** |
| ***% change*** | ***1.1%*** | ***1.1%*** | ***-2.1%*** | ***2.9%*** | ***-1.1%*** | ***3.1%*** | ***-2.4%*** | ***0.2%*** |

In order to determine the relationship between observed weather and energy consumption, monthly weather observations describing the extent of heating or cooling required within the month are necessary. Environment Canada publishes monthly observations on heating degree days (HDD) and cooling degree days (CDD) for selected weather stations across Canada. Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18℃. Cooling degree-days for a given day are the number of Celsius degrees that the mean temperature is above 18℃. For Westario, the monthly HDD and CDD as reported at Wiarton Airport (YVV) in Bruce County have been used. Westario's service area includes communities located in Bruce, Grey, Huron and Wellington. Monthly HDD and CDD for Wiarton are reported in the Data Appendix to this report, as are all other data used to derive Westario's weather normalized load forecast regression model.

In order to measure the change in economic activity, a data series must be chosen which represents monthly economic activity. For Westario, the monthly employment levels for Ontario as reported in Statistics Canada's Monthly Labour Force Survey,

Table 282-0054, have been used. The regression model used for Westario also includes the number of days in each month as a calendar variable.

Using this data, the following linear regression equation describing the relationship between monthly actual energy and the explanatory variables was estimated:

**Table 2:** OLS estimates using the 96 observations 2004:01-2011:12
Dependent variable: WholesalekWh

Unadjusted $R^2 = 0.95$
Adjusted $R^2 = 0.94$
F-statistic (4, 91) = 396.1 (p-value < 0.00001)
Durbin-Watson statistic = 1.4
Theil's U = 0.35

| Variable Name | Estimated Coeff. | T-Ratio | P-Value |
|---|---|---|---|
| const | -17,361,918.9 | -2.07 | 0.041077232 |
| HDD | 27,910.2 | 36.31 | 6.16E-56 |
| CDD | 99,889.4 | 11.51 | 1.91E-19 |
| Monthdays | 890,965.3 | 4.77 | 6.91E-06 |
| OntEmploy | 2,642.1 | 2.64 | 0.009658651 |

Fitted vs. actual observations are plotted in the chart below:

**Chart 1**
**Westario Power Wholesale kWh Monthly Actual vs Predicted**

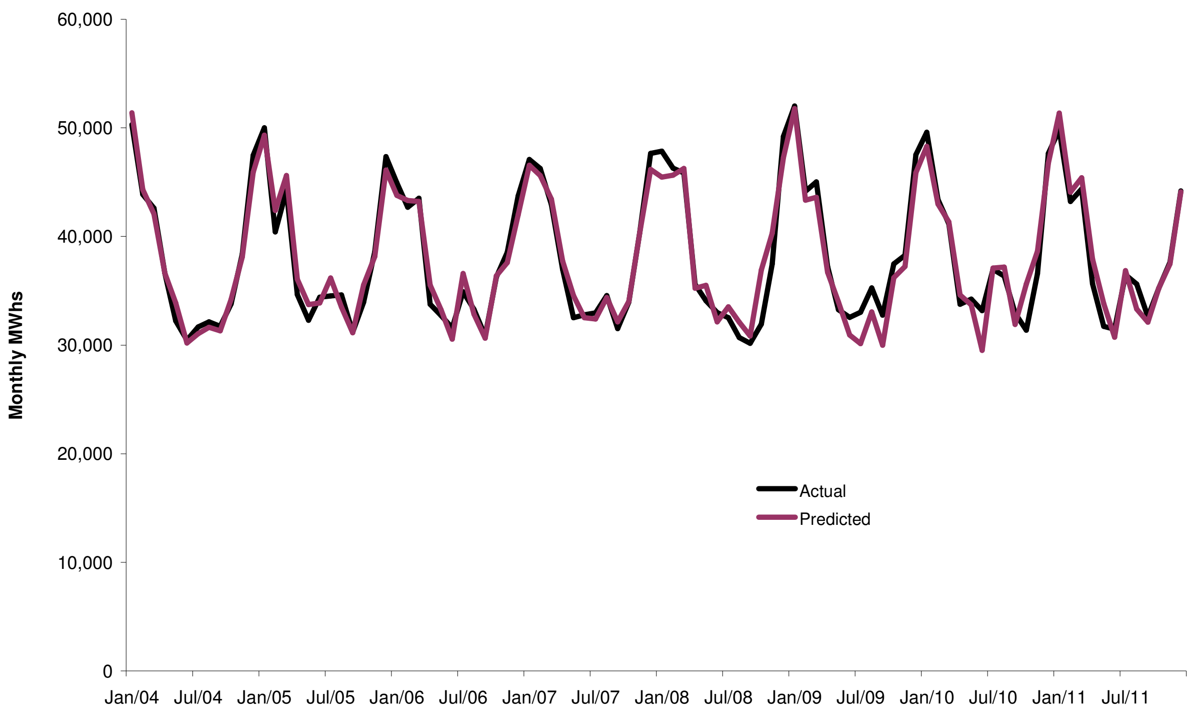


Table 3 below shows the annual actual and predicted values from the regression equation and also presents the annual prediction errors. The mean absolute percentage error (MAPE) for annual estimates for the period 2004 to 2011 is 0.9%. This combined with the Adjusted $R^2$ of 0.94 and Theil's U of 0.35 should provide confidence in the predictive power of the model.

***Table 3 – Westario Actual vs Predicted***

| *Year* | *Actual wholesale kWh* | *Predicted kWh* | *Error* |
|---|---|---|---|
| *2004* | 451,255,185 | 450,727,969 | -0.1% |
| *2005* | 456,178,576 | 461,584,618 | 1.2% |
| *2006* | 446,710,143 | 445,718,480 | -0.2% |
| *2007* | 459,504,027 | 459,896,060 | 0.1% |
| *2008* | 454,616,955 | 461,225,074 | 1.5% |
| *2009* | 468,534,412 | 452,797,435 | -3.4% |
| *2010* | 457,120,491 | 457,636,216 | 0.1% |
| *2011* | 458,002,862 | 462,336,798 | 0.9% |
| | | ***Mean Absolute Percentage Error*** | ***0.9%*** |

## 2.1 WEATHER NORMALIZATION AND FORECASTED KWH

The weather normal definition used for the Westario normalization model is the most recent 10 year average. It is our understanding this is consistent with the majority of LDC CoS load forecasts and is the approach adopted in Westario's 2009 application. Table 4 summarizes the 10-year average heating and cooling degree days at Wiarton airport.

**Table 4 – 10 Year Average HDD and CDD, Wiarton Airport (YVV)**

| | 2002 – 2011 10-yr Normal | |
|---|---|---|
| | **HDD** | **CDD** |
| **Jan** | 751.3 | 0.0 |
| **Feb** | 688.8 | 0.0 |
| **Mar** | 607.6 | 0.0 |
| **Apr** | 369.0 | 0.8 |
| **May** | 226.5 | 5.0 |
| **Jun** | 77.4 | 25.2 |
| **Jul** | 22.1 | 59.1 |
| **Aug** | 29.6 | 49.6 |
| **Sep** | 96.4 | 20.3 |
| **Oct** | 282.4 | 3.0 |
| **Nov** | 427.7 | 0.0 |
| **Dec** | 636.9 | 0.0 |
| **Annual** | **4,215.6** | **162.9** |

Forecasts for Ontario's employment outlook for 2012 and 2013 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

***Table 5 - Employment Forecast – Ontario***
*(figures in annual percentage change)*

| | BMO | RBC | Scotia | TD | **Avg** |
|---|---|---|---|---|---|
| | *(Jun 22, 2012)* | *(June, 2012)* | *(June 6, 2012)* | *(Apr 9 ,2012)* | |
| 2012 | 0.8 | 1.0 | 0.9 | 0.8 | **0.9** |
| 2013 | 1.0 | 1.4 | 1.0 | 1.1 | **1.1** |

Incorporating the forecast economic variables, 10-yr weather normal heating and cooling degree days, and days of the month, the following weather corrected consumption and forecast values are calculated:

| Table 6 - Weather Corrected Wholesale kWh, Westario Power | | | | |
|---|---|---|---|---|
| | | | 10-yr (2002-2011) | |
| Year | Actual wholesale kWh | %chg | Weather Normal | %chg |
| 2007 | 459,504,027 | 2.9% | 458,605,528 | 0.8% |
| 2008 | 454,616,955 | -1.1% | 462,966,052 | 1.0% |
| 2009 | 468,534,412 | 3.1% | 457,207,083 | -1.2% |
| 2010 | 457,120,491 | -2.4% | 460,009,257 | 0.6% |
| 2011 | 458,002,862 | 0.2% | 463,976,845 | 0.9% |
| 2012F | | | 466,786,530 | 0.6% |
| 2013F | | | 468,261,772 | 0.3% |

# 3 CLASS SPECIFIC CONSUMPTION FORECASTS

Weather normal wholesale kWh is allocated to the weather sensitive retail classes based on each class' actual consumption share in actual wholesale kWh in any given year. In the bridge year and test year, the share in the most recent actual year (2011) is used. Table 7 presents class specific weather normal retail kWh sales for those classes that have weather sensitive load (residential, GS<50 kW and GS>50 kW classes).

| Table 7 - Weather Corrected Class Specific Consumption, Westario Power | | | |
|---|---|---|---|
| | | | 10-yr (1998-2007) |
| Year | Actual residential kWh | Share% | Weather Normal |
| 2007 | 200,397,263 | 43.612% | 200,005,413 |
| 2008 | 201,717,481 | 44.371% | 205,422,048 |
| 2009 | 205,858,608 | 43.937% | 200,881,752 |
| 2010 | 198,137,002 | 43.345% | 199,389,126 |
| 2011 | 200,817,509 | 43.846% | 203,436,881 |
| 2012F | | | 204,668,826 |
| 2013F | | | 205,315,665 |
| | | | |
| Year | Actual GS<50 kWh | Share% | Weather Normal |
| 2007 | 71,456,354 | 15.551% | 71,316,631 |
| 2008 | 73,216,296 | 16.105% | 74,560,922 |
| 2009 | 69,670,082 | 14.870% | 67,985,732 |
| 2010 | 66,231,115 | 14.489% | 66,649,661 |
| 2011 | 63,827,597 | 13.936% | 64,660,135 |
| 2012F | | | 65,051,695 |
| 2013F | | | 65,257,285 |

| Table 7 - Weather Corrected Class Specific Consumption, Westario Power | | | |
|---|---|---|---|
| | | | |
| Year | Actual GS>50 kWh | *Share%* | Weather Normal |
| 2007 | 161,497,171 | 35.146% | 161,181,385 |
| 2008 | 166,488,951 | 36.622% | 169,546,541 |
| 2009 | 164,330,225 | 35.073% | 160,357,363 |
| 2010 | 175,473,273 | 38.387% | 176,582,173 |
| 2011 | 168,041,245 | 36.690% | 170,233,099 |
| 2012F | | | 171,263,973 |
| 2013F | | | 171,805,239 |

Table 8 summarizes the kW sales for the GS>50 kW class. Normalized kW values are computed based on the annual ratio of class kW to class kWh. For the bridge year and test year, the ratio in the most recent actual year (2011) is used.

***Table 8 – GS>50 Class kW (Actual, Normalized, and Forecast)***

| Year | **Actual kW** | **% change** | **Class kW/kWh ratio** | **Normalized kW** | **% change** |
|---|---|---|---|---|---|
| 2007 | 454,779 | *3.9%* | 0.00282 | 453,890 | *1.8%* |
| 2008 | 451,224 | *-0.8%* | 0.00271 | 459,510 | *1.2%* |
| 2009 | 453,956 | *0.6%* | 0.00276 | 442,981 | *-3.6%* |
| 2010 | 472,060 | *4.0%* | 0.00269 | 475,043 | *7.2%* |
| 2011 | 466,442 | *-1.2%* | 0.00278 | 472,526 | *-0.5%* |
| 2012F | | | | 475,388 | *0.6%* |
| 2013F | | | | 476,890 | *0.3%* |

## NON-WEATHER SENSITIVE CLASSES

Actual and forecast kWh and kW (where applicable) for the non-weather sensitive classes of street lighting, sentinel lighting and unmetered scattered load (USL) are presented in the table below. No change is expected in either street lighting or sentinel lighting. The USL class consumption is expected to continue its declining trend. The number of USL customers has declined from 70 in 2004 to 62 in 2011. This decline is expected to continue in 2012 and 2013 with 61 and 60 customers forecast, respectively. The class kWh is based on average annual use per customer in 2011 of 4,650 kWh/yr.

**Table 9 – Street Lighting, Sentinel Lighting and USL Class Consumption**

| | *Street lighting* | | | | *Sentinel Lighting* | | | |
|---|---|---|---|---|---|---|---|---|
| Year | kWh | % | kW | % | kWh | % | kW | % |
| 2007 | 4,119,804 | *-11.3%* | 11,166 | *-16.5%* | 16,635 | 17.7% | 17 | |
| 2008 | 3,827,993 | *-7.1%* | 8,234 | *-26.3%* | 16,327 | *-1.9%* | 17 | 0.0% |
| 2009 | 5,607,272 | *46.5%* | 8,733 | *6.1%* | 17,797 | *9.0%* | 17 | 0.0% |
| 2010 | 4,832,686 | *-13.8%* | 13,894 | *59.1%* | 17,963 | *0.9%* | 17 | 0.0% |
| 2011 | 5,431,816 | *12.4%* | 15,101 | *8..7%* | 18,155 | *1.1%* | 17 | 0.0% |
| 2012F | 5,431,816 | *0.0%* | 15,101 | 0.0% | 18,155 | *0.0%* | 17 | 0.0% |
| 2013F | 5,431,816 | *0.0%* | 15,101 | 0.0% | 18,155 | *0.0%* | 17 | 0.0% |

**Unmetered Scattered Load (USL)**

| Year | kWh | % |
|---|---|---|
| 2007 | 501,647 | *-5.0%* |
| 2008 | 349,745 | *-30.3%* |
| 2009 | 340,200 | *-2.7%* |
| 2010 | 294,533 | *-13.4%* |
| 2011 | 283,437 | *-3.8%* |
| 2012F | 278,866 | *-1.6%* |
| 2013F | 274,294 | *-1.6%* |

## VOLUME FORECAST SUMMARY AND CUSTOMER COUNTS

***Table 10 – Volume Forecast Summary***

| | 2011 Actual | 2011 Normalized | 2012f Normalized | 2013f Normalized |
|---|---|---|---|---|
| Residential (kWh) | 200,817,509 | 203,436,881 | **204,668,826** | **205,315,665** |
| GS<50 (kWh) | 63,827,597 | 64,660,135 | **65,051,695** | **65,257,285** |
| GS>50 (kWh) | 168,041,245 | 170,233,099 | **171,263,973** | **171,805,239** |
| (kW) | 466,442 | 472,526 | **475,388** | **476,890** |
| Street Lights (kWh) | 5,431,816 | 5,431,816 | **5,431,816** | **5,431,816** |
| (kW) | 15,101 | 15,101 | **15,101** | **15,101** |
| Sentinel Lights (kWh) | 18,155 | 18,155 | **18,155** | **18,155** |
| (kW) | 17 | 17 | **17** | **17** |
| USL (kWh) | 283,437 | 283,437 | **278,866** | **274,294** |
| Losses (kWh) | 19,583,104 | 19,913,321 | 20,073,200 | 20,159,317 |
| Total Wholesale kWh | 458,002,862 | 463,976,845 | **466,786,530** | **468,261,772** |

Historic customer figures on an average annual basis are presented in Table 11 below. Table 11 also provides a forecast for the number of customers in each rate class for 2012 and 2013. The Residential, GS<50 and USL customer forecast is based on average growth from 2004 to 2011. Street light and sentinel lights are assumed to be constant at 2011 levels as no additional customer additions are anticipated. For the GS>50 class, only one new connection is anticipated for each of 2012 and 2013.

**Table 11 – Average Annual Customer Connections – Westario Power**

| | Residential | %chg | GS<50 | %chg | GS>50 | %chg | USL | %chg | Street Light | Sent Light |
|---|---|---|---|---|---|---|---|---|---|---|
| 2007 | 18,363 | 1.3% | 2,352 | 0.6% | 249 | -0.7% | 69 | -1.7% | | 9 |
| 2008 | 18,702 | 1.8% | 2,377 | 1.1% | 250 | 0.4% | 68 | -1.0% | 6,025 | 9 |
| 2009 | 18,956 | 1.4% | 2,398 | 0.9% | 270 | 7.7% | 67 | -1.6% | 6,010 | 9 |
| 2010 | 19,193 | 1.2% | 2,439 | 1.7% | 275 | 2.1% | 63 | -5.1% | 6,020 | 9 |
| 2011 | 19,483 | 1.5% | 2,441 | 0.1% | 278 | 1.0% | 62 | -2.1% | 6,026 | 9 |
| 2012f | 19,758 | 1.4% | 2,456 | 0.6% | 279 | 0.4% | 61 | -1.6% | 6,026 | 9 |
| 2013f | 20,036 | 1.4% | 2,471 | 0.6% | 280 | 0.4% | 60 | -1.6% | 6,026 | 9 |

## DATA APPENDIX

The following data were used to derive the Westario weather normal regression model. The monthly employment level forecast for 2012 and 2013 was calculated using the average of four chartered bank employment growth forecasts, as displayed in Table 5, and the average of the 2010 and 2011 monthly employment pattern.

| Date | WholesalekWh | HDD | CDD | Monthdays | OntEmploy |
|---|---|---|---|---|---|
| Jan/04 | 50,305,894 | 883.3 | 0 | 31 | 6,237.30 |
| Feb/04 | 43,870,843 | 695.7 | 0 | 29 | 6,219.90 |
| Mar/04 | 42,606,311 | 554.3 | 0 | 31 | 6,188.10 |
| Apr/04 | 36,626,322 | 388.9 | 0 | 30 | 6,202.50 |
| May/04 | 32,216,445 | 248.9 | 1.8 | 31 | 6,249.60 |
| Jun/04 | 30,459,512 | 112.5 | 9.6 | 30 | 6,331.50 |
| Jul/04 | 31,672,398 | 30.5 | 30.6 | 31 | 6,395.30 |
| Aug/04 | 32,146,211 | 58.1 | 28.1 | 31 | 6,414.60 |
| Sep/04 | 31,723,222 | 78.2 | 29.3 | 30 | 6,372.40 |
| Oct/04 | 33,792,681 | 256.7 | 0 | 31 | 6,349.10 |
| Nov/04 | 38,371,359 | 430.6 | 0 | 30 | 6,328.90 |
| Dec/04 | 47,463,987 | 677.7 | 0 | 31 | 6,338.80 |
| Jan/05 | 49,997,725 | 803.6 | 0 | 31 | 6,289.10 |
| Feb/05 | 40,417,874 | 655.3 | 0 | 28 | 6,256.00 |
| Mar/05 | 44,241,746 | 676.9 | 0 | 31 | 6,226.80 |
| Apr/05 | 34,643,522 | 364.6 | 0 | 30 | 6,256.20 |
| May/05 | 32,269,593 | 240.7 | 0.5 | 31 | 6,320.60 |
| Jun/05 | 34,391,247 | 32 | 67.3 | 30 | 6,402.70 |
| Jul/05 | 34,544,463 | 18.4 | 83.5 | 31 | 6,460.00 |
| Aug/05 | 34,610,070 | 10.6 | 58.3 | 31 | 6,475.00 |
| Sep/05 | 31,186,828 | 70.9 | 27.5 | 30 | 6,443.20 |
| Oct/05 | 33,922,767 | 247.4 | 13.7 | 31 | 6,433.90 |
| Nov/05 | 38,602,483 | 424.2 | 0 | 30 | 6,413.00 |
| Dec/05 | 47,350,258 | 677.9 | 0 | 31 | 6,411.60 |
| Jan/06 | 44,937,035 | 599.1 | 0 | 31 | 6,366.50 |
| Feb/06 | 42,691,244 | 681.2 | 0 | 28 | 6,324.80 |
| Mar/06 | 43,508,742 | 583.8 | 0 | 31 | 6,302.70 |
| Apr/06 | 33,743,146 | 338.5 | 0 | 30 | 6,327.50 |
| May/06 | 32,729,520 | 175.2 | 11.9 | 31 | 6,407.80 |
| Jun/06 | 31,566,330 | 65.3 | 22.1 | 30 | 6,494.80 |
| Jul/06 | 34,917,039 | 5.6 | 88.4 | 31 | 6,559.90 |
| Aug/06 | 33,277,985 | 37.5 | 42 | 31 | 6,566.40 |

| | | | | | |
|---|---|---|---|---|---|
| Sep/06 | 30,847,692 | 130 | 4.3 | 30 | 6,517.30 |
| Oct/06 | 36,246,657 | 323.2 | 0 | 31 | 6,481.40 |
| Nov/06 | 38,532,456 | 400.3 | 0 | 30 | 6,454.30 |
| Dec/06 | 43,712,299 | 523.4 | 0 | 31 | 6,480.10 |
| Jan/07 | 47,095,766 | 689.5 | 0 | 31 | 6,460.50 |
| Feb/07 | 46,263,514 | 751.9 | 0 | 28 | 6,446.00 |
| Mar/07 | 42,930,126 | 580.5 | 0 | 31 | 6,421.70 |
| Apr/07 | 36,963,796 | 406.7 | 0 | 30 | 6,441.80 |
| May/07 | 32,508,070 | 201.9 | 14.9 | 31 | 6,500.10 |
| Jun/07 | 32,770,637 | 59.9 | 41.2 | 30 | 6,573.90 |
| Jul/07 | 32,951,891 | 32.7 | 36.9 | 31 | 6,640.20 |
| Aug/07 | 34,566,788 | 27.1 | 57.7 | 31 | 6,663.50 |
| Sep/07 | 31,514,547 | 79.9 | 30.3 | 30 | 6,635.50 |
| Oct/07 | 33,950,544 | 184.2 | 11.1 | 31 | 6,631.90 |
| Nov/07 | 40,357,585 | 483.5 | 0 | 30 | 6,616.90 |
| Dec/07 | 47,630,762 | 659.4 | 0 | 31 | 6,626.10 |
| Jan/08 | 47,849,227 | 638.3 | 0 | 31 | 6,579.60 |
| Feb/08 | 46,269,796 | 711.1 | 0 | 29 | 6,560.80 |
| Mar/08 | 45,833,053 | 670.2 | 0 | 31 | 6,547.60 |
| Apr/08 | 35,580,307 | 303.9 | 0 | 30 | 6,580.20 |
| May/08 | 34,069,975 | 275.8 | 0 | 31 | 6,640.60 |
| Jun/08 | 32,999,581 | 60.6 | 33.6 | 30 | 6,712.30 |
| Jul/08 | 32,507,310 | 16.4 | 49.7 | 31 | 6,755.70 |
| Aug/08 | 30,700,685 | 39 | 29 | 31 | 6,761.20 |
| Sep/08 | 30,175,349 | 112 | 5.5 | 30 | 6,735.20 |
| Oct/08 | 31,931,161 | 317.6 | 0 | 31 | 6,734.50 |
| Nov/08 | 37,490,136 | 474.9 | 0 | 30 | 6,693.50 |
| Dec/08 | 49,210,374 | 694.7 | 0 | 31 | 6,670.10 |
| Jan/09 | 52,027,191 | 865.6 | 0 | 31 | 6,572.30 |
| Feb/09 | 44,167,909 | 665.2 | 0 | 28 | 6,499.20 |
| Mar/09 | 45,008,945 | 586.6 | 0 | 31 | 6,425.40 |
| Apr/09 | 37,217,172 | 372 | 0 | 30 | 6,423.10 |
| May/09 | 33,256,744 | 237.5 | 0.3 | 31 | 6,447.50 |
| Jun/09 | 32,539,926 | 113.8 | 12.3 | 30 | 6,497.30 |
| Jul/09 | 33,013,844 | 55.2 | 10.7 | 31 | 6,534.50 |
| Aug/09 | 35,268,623 | 47.3 | 41.4 | 31 | 6,559.10 |
| Sep/09 | 32,755,104 | 100.3 | 5.4 | 30 | 6,543.10 |
| Oct/09 | 37,474,563 | 310 | 0 | 31 | 6,545.50 |
| Nov/09 | 38,266,031 | 379.5 | 0 | 30 | 6,539.60 |
| Dec/09 | 47,538,361 | 656.6 | 0 | 31 | 6,542.20 |
| Jan/10 | 49,591,076 | 746.9 | 0 | 31 | 6,502.50 |
| Feb/10 | 43,406,844 | 655.9 | 0 | 28 | 6,470.20 |
| Mar/10 | 41,147,113 | 503.7 | 0 | 31 | 6,448.90 |

| | | | | | |
|---|---|---|---|---|---|
| Apr/10 | 33,747,449 | 281 | 2.8 | 30 | 6,480.40 |
| May/10 | 34,234,491 | 162.1 | 16.3 | 31 | 6,546.00 |
| Jun/10 | 33,170,122 | 67.2 | 7 | 30 | 6,648.70 |
| Jul/10 | 36,952,067 | 13.2 | 87.6 | 31 | 6,707.80 |
| Aug/10 | 36,350,761 | 19.7 | 85.8 | 31 | 6,731.70 |
| Sep/10 | 32,911,157 | 122 | 14.6 | 30 | 6,683.60 |
| Oct/10 | 31,389,137 | 278.1 | 0 | 31 | 6,667.00 |
| Nov/10 | 36,595,338 | 419.6 | 0 | 30 | 6,643.70 |
| Dec/10 | 47,624,936 | 677.8 | 0 | 31 | 6,658.90 |
| Jan/11 | 49,805,023 | 844 | 0 | 31 | 6,637.60 |
| Feb/11 | 43,229,464 | 681.3 | 0 | 28 | 6,616.70 |
| Mar/11 | 44,386,809 | 634.3 | 0 | 31 | 6,593.30 |
| Apr/11 | 35,654,195 | 395.2 | 0 | 30 | 6,625.90 |
| May/11 | 31,729,973 | 196.3 | 4 | 31 | 6,690.70 |
| Jun/11 | 31,456,612 | 84 | 11 | 30 | 6,787.80 |
| Jul/11 | 36,451,973 | 5.6 | 84.1 | 31 | 6,831.40 |
| Aug/11 | 35,618,178 | 12.6 | 46.1 | 31 | 6,845.50 |
| Sep/11 | 32,608,143 | 106.4 | 18.1 | 30 | 6,799.80 |
| Oct/11 | 35,235,111 | 252 | 0.3 | 31 | 6,773.10 |
| Nov/11 | 37,638,570 | 368.9 | 0 | 30 | 6,744.90 |
| Dec/11 | 44,188,812 | 573.6 | 0 | 31 | 6,744.40 |
| Jan/12 | | | | 31 | 6,691.39 |
| Feb/12 | | | | 29 | 6,664.24 |
| Mar/12 | | | | 31 | 6,641.49 |
| Apr/12 | | | | 30 | 6,674.13 |
| May/12 | | | | 31 | 6,740.54 |
| Jun/12 | | | | 30 | 6,842.32 |
| Jul/12 | | | | 31 | 6,894.70 |
| Aug/12 | | | | 31 | 6,914.10 |
| Sep/12 | | | | 30 | 6,866.32 |
| Oct/12 | | | | 31 | 6,844.31 |
| Nov/12 | | | | 30 | 6,818.11 |
| Dec/12 | | | | 31 | 6,825.67 |
| Jan/13 | | | | 31 | 6,765.00 |
| Feb/13 | | | | 28 | 6,737.55 |
| Mar/13 | | | | 31 | 6,714.54 |
| Apr/13 | | | | 30 | 6,747.54 |
| May/13 | | | | 31 | 6,814.69 |
| Jun/13 | | | | 30 | 6,917.59 |
| Jul/13 | | | | 31 | 6,970.54 |
| Aug/13 | | | | 31 | 6,990.15 |
| Sep/13 | | | | 30 | 6,941.85 |
| Oct/13 | | | | 31 | 6,919.60 |

| | | |
|---|---|---|
| Nov/13 | 30 | 6,893.11 |
| Dec/13 | 31 | 6,900.75 |

# APPROACH TO CONSERVATION AND DEMAND MANAGEMENT

## CDM Adjusted Load Forecast

Sections 2.6.1.2 and 2.6.1.3 of the Board's latest Filing Requirements specify that an LDC must provide a description of how CDM impacts have been accounted for in the historical period and how the CDM target is factored into the test year load forecast.

It is Westario's understanding that the Board expects LDCs to make an appropriate adjustment to their weather normalized load forecast to ensure customers realize at the earliest date possible the effects of conservation efforts undertaken to meet the government's provincial target in 2014. As noted by the Board in its Decision in the Hydro One Brampton Inc. proceeding (EB-2010-0132)[1]:

*The Board is of the view that CDM targets will be achieved on an incremental, staged basis and that any adjustment to the test year's rates should be commensurate with the quantum of forecast savings for the test year.*

The CDM Adjustment to Westario's load forecast, as prepared by Elenchus, addresses past and future reductions from CDM programs. Load reductions from the persistence of previous CDM programs are known and Westario also makes an adjustment for CDM programs contributing to meet its 2014 provincial target. The specific adjustment for the 2014 CDM target for the 2013 test year is 30% of Westario's assigned cumulative target of 21.0 MWh.

The CDM Adjustment results are presented in the next table and a description of the methodology used to derive those results follows the table.

[1] EB-2010-0132, issued April 4, 2011, page 8.

## Table 1: CDM Adjustment per Class – Energy (kWh)

| | Weather Normalized | 2006-2010 CDM Programs | | Weather Normalized | 2011-2014 CDM Target | Weather Normalized |
|---|---|---|---|---|---|---|
| | 2013F (Elenchus) | 5 yr. Avg. (2006/11) | 2013 Persistence | Revised 2013F | (30% of Target) | Adjusted 2013F |
| Residential (kWh) | 205,315,665 | 3,295,373 | 3,011,584 | 205,599,453 | 2,887,511 | **202,711,942** |
| GS<50 (kWh) | 65,257,285 | 271,113 | 527,131 | 65,001,267 | 912,901 | **64,088,366** |
| GS>50 (kWh) | 171,805,239 | 763,609 | 1,382,954 | 171,185,894 | 2,404,195 | **168,781,699** |
| Street Lights (kWh) | 5,431,816 | - | - | 5,431,816 | 76,286 | **5,355,530** |
| Sentinel Lights (kWh) | 18,155 | - | - | 18,155 | 255 | **17,900** |
| USL (kWh) | 274,294 | - | - | 274,294 | 3,852 | **270,442** |
| **Total Customer (kWh)** | **448,102,454** | **4,112,456** | **4,921,669** | **447,510,880** | **6,285,000** | **441,225,880** |

With respect to the energy forecast adjustment, Westario proceeded first by grossing up the weather normalized forecast prepared by Elenchus by the average results of the 2006-2010 CDM programs of the previous five years (2006 to 2011). The grossed up forecast was then netted down with the expected persistence in CDM reductions from those same programs in 2013. This provides a revised load forecast from which the 30% CDM target is subtracted. The CDM target reduction is allocated by class based on their respective revised energy volume.

Westario adjusted the demand forecast for past CDM programs by grossing it up by the five year average of the 2006-2010 programs and netted it down with the expected 2013 CDM persistence. The demand forecast is then further adjusted to reflect the reduction in the energy forecast from the 2014 CDM target. The reduction in demand is proportional to that in energy (ie., a 10% reduction in energy will yield a 10% reduction in demand).

## Table 2: CDM Adjustment per Class – Demand (kW)

| | Weather Normalized | 2006-2010 CDM Programs | | Weather Normalized | 2011-2014 CDM Target | Weather Normalized |
|---|---|---|---|---|---|---|
| | 2013F (Elenchus) | 5 yr. Avg. (2006/11) | 2013 Persistence | Revised 2013F | Proportional | Adjusted 2013F |
| **GS>50 (kW)** | 476,890 | 8,207 | 1,894 | 483,202 | 6,786 | **476,416** |
| **Street Lights (kW)** | 15,101 | 0 | 0 | 15,101 | 212 | **14,889** |
| **Sentinel Lights (kW)** | 17 | 0 | 0 | 17 | 0 > | **17** |
| **Total Demand** | **492,008** | **8,207** | **1,894** | **498,320** | **6,999** | **491,322** |

Overall, the CDM adjusted weather normalized load forecast for the 2013 test year for Westario is 441,225,880 kWh or 1.5% less than the load forecast prepared by Elenchus.

The detailed results of the 2006-2010 CDM programs for the years 2006 to 2013 are provided in Attachment 1.

# OPA Conservation & Demand Management Programs

## Annual Results at the End-User Level

**Exhibit 3**
**Tab 1**
**Schedule 3**
**Attachment 1**

**For: Province Wide**

### Net Summer Peak Demand Savings (MW)

| # | Program Year | Results Status | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2006 Programs | Final | 296.90 | 18.30 | 18.30 | 18.30 | 18.30 | 18.30 | 17.03 | 17.03 |
| 2 | 2007 Programs | Final | 0.00 | 562.02 | 185.97 | 178.96 | 178.96 | 177.83 | 44.00 | 44.00 |
| 3 | 2008 Programs | Final | 0.00 | 0.00 | 701.75 | 98.65 | 98.54 | 98.54 | 97.86 | 97.86 |
| 4 | 2009 Programs | Final | 0.00 | 0.00 | 0.00 | 609.89 | 116.01 | 116.01 | 115.76 | 114.33 |
| 5 | 2010 Programs | Final | 0.00 | 0.00 | 0.00 | 0.00 | 546.36 | 146.37 | 146.34 | 146.18 |
| **Total** | | | **296.90** | **580.32** | **906.01** | **905.79** | **958.16** | **557.04** | **420.99** | **419.40** |

### Net Energy Savings (MWh)

| # | Program Year | Results Status | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2006 Programs | Final | 377,802 | 377,802 | 377,802 | 377,802 | 65,616 | 65,616 | 60,021 | 60,021 |
| 2 | 2007 Programs | Final | 0 | 465,094 | 396,140 | 387,655 | 387,655 | 367,818 | 191,636 | 191,636 |
| 3 | 2008 Programs | Final | 0 | 0 | 390,367 | 365,823 | 364,759 | 364,759 | 346,821 | 343,024 |
| 4 | 2009 Programs | Final | 0 | 0 | 0 | 443,834 | 358,060 | 358,060 | 357,803 | 348,747 |
| 5 | 2010 Programs | Final | 0 | 0 | 0 | 0 | 674,923 | 528,581 | 528,046 | 527,897 |
| **Total** | | | **377,802** | **842,896** | **1,164,309** | **1,575,113** | **1,851,012** | **1,684,833** | **1,484,328** | **1,471,325** |

### Gross Summer Peak Demand Savings (MW)

| # | Program Year | Results Status | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2006 Programs | Final | 300.27 | 21.67 | 21.67 | 21.67 | 21.67 | 21.67 | 20.26 | 20.26 |
| 2 | 2007 Programs | Final | 0.00 | 931.61 | 321.78 | 263.34 | 263.34 | 261.97 | 107.32 | 107.32 |
| 3 | 2008 Programs | Final | 0.00 | 0.00 | 749.12 | 144.31 | 144.18 | 144.18 | 142.41 | 142.41 |
| 4 | 2009 Programs | Final | 0 | 0 | 0 | 663 | 169 | 169 | 168 | 165 |
| 5 | 2010 Programs | Final | 0.00 | 0.00 | 0.00 | 0.00 | 627.69 | 227.78 | 227.77 | 227.35 |
| **Total** | | | **300.27** | **953.28** | **1,092.57** | **1,092.66** | **1,225.75** | **824.47** | **666.11** | **662.74** |

### Gross Energy Savings (MWh)

| # | Program Year | Results Status | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2006 Programs | Final | 421,931 | 421,931 | 421,931 | 421,931 | 75,057 | 75,057 | 68,840 | 68,840 |
| 2 | 2007 Programs | Final | 0 | 1,166,927 | 602,742 | 532,028 | 532,028 | 512,139 | 305,710 | 305,710 |
| 3 | 2008 Programs | Final | 0 | 0 | 727,127 | 694,677 | 693,276 | 693,276 | 646,756 | 640,216 |
| 4 | 2009 Programs | Final | 0 | 0 | 0 | 649,703 | 552,580 | 552,580 | 552,044 | 534,419 |
| 5 | 2010 Programs | Final | 0 | 0 | 0 | 0 | 1,081,956 | 937,815 | 937,754 | 937,340 |
| **Total** | | | **421,931** | **1,588,857** | **1,751,799** | **2,298,339** | **2,934,897** | **2,770,868** | **2,511,106** | **2,486,525** |

# PASS-THROUGH CHARGES

Attachment 1 shows the estimated power supply expenses for 2009 and 2010. WPI is an embedded distributor of Hydro One Networks Inc. ("HONI") and is charged monthly by HONI for its power supply expenses. WPI also purchases power from several embedded generators.

Pass-through charges for power supply include commodity, retail transmission services, wholesale market service, rural rate protection and low voltage service. Debt retirement charges are not included. A total loss factor applies to forecast retail volumes for all pass-through charges other than low voltage service, when the billing determinant is kWh. The calculation of total loss factors is described in Exhibit 8, Tab 3, Schedule 3.

## Commodity Price

The assumed commodity prices are based on the Regulated Price Plan ("RPP") Report issued by the OEB on May 1, 2012. The applicant will update the commodity price should a new report be issued by the Board prior to the approval of this application. The estimated price for RPP customers corresponds to the average supply cost for RPP customers specified in the report's Table ES-1. For non-RPP customers, the estimated price was based on the term average of the Hourly Ontario Electricity Price ("HOEP") for the 2010 rate year (Table 1 in the report), plus the Global Adjustment (from Table ES-1).

| | | 2011 ACTUAL kWh's | |
|---|---|---|---|
| | | | |
| **Customer Class Name** | **Total** | **non-RPP** | **RPP** |
| Residential | 200,817,509 | 17,769,775 | 183,047,734 |
| General Service < 50 kW | 63,827,597 | 12,462,639 | 51,364,958 |
| General Service > 50 to 4999 kW | 168,041,245 | 145,315,171 | 22,726,074 |
| Unmetered Scattered Load | 283,437 | 54,183 | 229,254 |
| Street Lighting | 5,431,816 | 5,162,433 | 269,383 |
| Sentinel Lighting | 18,155 | | 18,155 |
| **TOTAL** | **438,419,759** | **180,764,201** | **257,655,558** |
| ***%*** | ***100.00%*** | ***41.23%*** | ***58.77%*** |
| | | | |
| **Forecast Price** | | | |
| | | | |
| HOEP ($/MWh) | | $21.05 | |
| Global Adjustment ($/MWh) | | $57.72 | |
| **TOTAL ($/MWh)** | | **$78.77** | **$80.69** |
| ***$/kWh*** | | ***$0.07877*** | ***$0.08069*** |
| % | | 41.23% | 58.77% |
| **WEIGHTED AVERAGE PRICE** | **$0.0799** | $0.0325 | $0.0474 |

## Retail Transmission Service ("RTS") Rates

Proposed RTS rates for Network Service and Line and Transformation Connection Service are described in Exhibit 8, Tab 3, Schedule 1.

## Wholesale Market Service ("WMS") Rate

WPI proposes to maintain its current WMS rate of $0.0052 per kWh, as described in Exhibit 8, Tab 4, Schedule 3.

## Rural Rate Protection

The existing Rural Rate Protection charge of $0.0011 per kWh has been maintained.

## Low Voltage ("LV") Service

WPI estimates total charges of $715,784 in 2013 for LV service. Proposed retail rates for LV are described in Exhibit 8, Tab 3, Schedule 2.

# Westario Power (ED-2002-0515)

**2013 EDR Application (EB-2012-0176) version: 1**
**October 9, 2012**

**Exhibit 3**
**Tab 1**
**Schedule 4**
**Attachment 1**

## Power Supply Expense

*Enter rates for pass-through charges and estimated Low Voltage revenues*

*Volumes from sheet C1, Account #s from sheet Y4*

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Electricity (Commodity)** | | **Customer** | **Revenue** | **Expense** | **2012** | *rate ($/kWh):* | $0.08069 | **2013** | *rate ($/kWh):* | $0.08070 |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | | **Amount** | **Volume** | | **Amount** |
| | kWh | Residential | 4006 | 4705 | 218,995,644 | | 17,670,758 | 216,901,778 | | 17,503,973 |
| | kWh | General Service < 50 kW | 4010 | 4705 | 69,605,314 | | 5,616,453 | 68,574,552 | | 5,533,966 |
| | kWh | General Service > 50 to 4999 kW | 4035 | 4705 | 183,252,451 | | 14,786,640 | 180,596,418 | | 14,574,131 |
| | kWh | Unmetered Scattered Load | 4010 | 4705 | 298,387 | | 24,077 | 289,373 | | 23,352 |
| | kWh | Street Lighting | 4025 | 4705 | 5,812,043 | | 468,974 | 5,730,417 | | 462,445 |
| | kWh | Sentinel Lighting | 4030 | 4705 | 19,426 | | 1,567 | 19,153 | | 1,546 |
| | | **TOTAL** | | | **477,983,264** | | **38,568,470** | **472,111,691** | | **38,099,413** |
| **Transmission - Network** | | **Customer** | **Revenue** | **Expense** | | **2012** | | | **2013** | |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | **Rate** | **Amount** | **Volume** | **Rate** | **Amount** |
| | kWh | Residential | 4066 | 4714 | 218,995,644 | $0.0052 | 1,138,777 | 216,901,778 | $0.0060 | 1,301,411 |
| | kWh | General Service < 50 kW | 4066 | 4714 | 69,605,314 | $0.0048 | 334,106 | 68,574,552 | $0.0055 | 377,160 |
| | kW | General Service > 50 to 4999 kW | 4066 | 4714 | 475,388 | $1.9887 | 945,404 | 476,416 | $2.2885 | 1,090,278 |
| | kWh | Unmetered Scattered Load | 4066 | 4714 | 298,387 | $0.0048 | 1,432 | 289,373 | $0.0055 | 1,592 |
| | kW | Street Lighting | 4066 | 4714 | 15,101 | $1.4976 | 22,615 | 14,889 | $1.7372 | 25,865 |
| | kW | Sentinel Lighting | 4066 | 4714 | 17 | $1.5096 | 26 | 17 | $1.7234 | 29 |
| | | **TOTAL** | | | **289,389,850** | | **2,442,360** | **286,257,025** | | **2,796,335** |
| **Transmission - Connection** | | **Customer** | **Revenue** | **Expense** | | **2012** | | | **2013** | |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | **Rate** | **Amount** | **Volume** | **Rate** | **Amount** |
| | kWh | Residential | 4068 | 4716 | 218,995,644 | $0.0019 | 416,092 | 216,901,778 | $0.0021 | 455,494 |
| | kWh | General Service < 50 kW | 4068 | 4716 | 69,605,314 | $0.0017 | 118,329 | 68,574,552 | $0.0019 | 130,292 |
| | kW | General Service > 50 to 4999 kW | 4068 | 4716 | 475,388 | $0.6929 | 329,396 | 476,416 | $0.7632 | 363,601 |
| | kWh | Unmetered Scattered Load | 4068 | 4716 | 298,387 | $0.0017 | 507 | 289,373 | $0.0019 | 550 |
| | kW | Street Lighting | 4068 | 4716 | 15,101 | $0.5348 | 8,076 | 14,889 | $0.6031 | 8,980 |
| | kW | Sentinel Lighting | 4068 | 4716 | 17 | $0.5476 | 9 | 17 | $0.5890 | 10 |
| | | **TOTAL** | | | **289,389,850** | | **872,410** | **286,257,025** | | **958,925** |
| **Wholesale Market Service** | | **Customer** | **Revenue** | **Expense** | **2012** | *rate ($/kWh):* | **$0.00520** | **2013** | *rate ($/kWh):* | **$0.00520** |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | | **Amount** | **Volume** | | **Amount** |
| | kWh | Residential | 4062 | 4708 | 218,995,644 | | 1,138,777 | 216,901,778 | | 1,127,889 |
| | kWh | General Service < 50 kW | 4062 | 4708 | 69,605,314 | | 361,948 | 68,574,552 | | 356,588 |
| | kWh | General Service > 50 to 4999 kW | 4062 | 4708 | 183,252,451 | | 952,913 | 180,596,418 | | 939,101 |
| | kWh | | 4062 | 4708 | 298,387 | | 1,552 | 289,373 | | 1,505 |
| | kWh | Street Lighting | 4062 | 4708 | 5,812,043 | | 30,223 | 5,730,417 | | 29,798 |
| | kWh | Sentinel Lighting | 4062 | 4708 | 19,426 | | 101 | 19,153 | | 100 |
| | | **TOTAL** | | | **477,983,264** | | **2,485,513** | **472,111,691** | | **2,454,981** |
| **Rural Rate Protection** | | **Customer** | **Revenue** | **Expense** | **2012** | *rate ($/kWh):* | **$0.00110** | **2013** | *rate ($/kWh):* | **$0.00110** |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | | **Amount** | **Volume** | | **Amount** |
| | kWh | Residential | 4062 | 4730 | 218,995,644 | | 240,895 | 216,901,778 | | 238,592 |
| | kWh | General Service < 50 kW | 4062 | 4730 | 69,605,314 | | 76,566 | 68,574,552 | | 75,432 |
| | kWh | General Service > 50 to 4999 kW | 4062 | 4730 | 183,252,451 | | 201,578 | 180,596,418 | | 198,656 |
| | kWh | Unmetered Scattered Load | 4062 | 4730 | 298,387 | | 328 | 289,373 | | 318 |
| | kWh | Street Lighting | 4062 | 4730 | 5,812,043 | | 6,393 | 5,730,417 | | 6,303 |
| | kWh | Sentinel Lighting | 4062 | 4730 | 19,426 | | 21 | 19,153 | | 21 |
| | | **TOTAL** | | | **477,983,264** | | **525,782** | **472,111,691** | | **519,323** |
| **Debt Retirement Charge** | | **Customer** | **Revenue** | **Expense** | **2012** | *rate ($/kWh):* | **$0.00700** | **2013** | *rate ($/kWh):* | **$0.00700** |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | | **Amount** | **Volume** | | **Amount** |
| | | **TOTAL** | | | | | | | | |
| **Low Voltage Charges** | | **Customer** | **Revenue** | **Expense** | | **2012** | | | **2013** | |
| | | **Class Name** | **USA #** | **USA #** | **Volume** | **Rate** | **Amount** | **Volume** | **Rate** | **Amount** |
| | kWh | Residential | 4075 | 4750 | 204,668,826 | $0.0012 | 245,603 | 202,711,942 | $0.0017 | 344,610 |
| | kWh | General Service < 50 kW | 4075 | 4750 | 65,051,695 | $0.0011 | 71,557 | 64,088,366 | $0.0015 | 96,133 |
| | kW | General Service > 50 to 4999 kW | 4075 | 4750 | 475,388 | $0.3990 | 189,680 | 476,416 | $0.5697 | 271,414 |
| | kWh | Unmetered Scattered Load | 4075 | 4750 | 278,866 | $0.0011 | 307 | 270,442 | $0.0015 | 406 |
| | kW | Street Lighting | 4075 | 4750 | 15,101 | $0.3079 | 4,650 | 14,889 | $0.4502 | 6,703 |
| | kW | Sentinel Lighting | 4075 | 4750 | 17 | $0.3153 | 5 | 17 | $0.4397 | 7 |
| | | **TOTAL** | | | **270,489,893** | | **511,801** | **267,562,072** | | **719,273** |
| **GRAND TOTAL** | | | | | | | **45,406,335** | | | **45,548,250** |

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# OVERVIEW OF DISTRIBUTION REVENUE

Table 1 presented below shows estimated revenues from current distribution charges for 2013.

Distribution revenue is derived through a combination of fixed monthly charges and volumetric charges based either on consumption (kWh's) or demand (kW's). Revenues are collected from 6 customer classes: Residential, General Service less than 50 kW, General Service greater than 50 kW, Unmetered Scattered Load (USL), Sentinel Lighting and Street Lighting.

Fixed rate revenue is determined by applying the current fixed monthly charge to the number of customers or connections in each of the customer classes in each month. Variable rate revenue is based on a volumetric rate applied to meter readings for consumption or demand volume.

**Table 1 – Projected Revenues at Existing Rates**

| 2013 Projected Revenue at Existing Rates | Net Distribution Revenue | Fixed Charge Revenue | Fixed % | Variable % | Total % |
|---|---|---|---|---|---|
| | | | | | |
| **Residential** | 5,605,008 | 2,726,499 | 48.64% | 51.36% | 62.70% |
| **General Service Less Than 50 kW** | 1,205,485 | 615,872 | 51.09% | 48.91% | 13.49% |
| **General Service 50 to 4,999 kW** | 1,779,790 | 806,904 | 45.34% | 54.66% | 19.91% |
| **Unmetered Scattered Load** | 19,549 | 8,136 | 41.62% | 58.38% | 0.22% |
| **Street Lighting** | 329,107 | 280,571 | 85.25% | 14.75% | 3.68% |
| **Sentinel Lighting** | 496 | 273 | 55.13% | 44.87% | 0.01% |
| **TOTAL** | **8,939,434** | **4,437,981** | **49.64%** | **50.36%** | **100.00%** |

Exhibit 3: Revenue

# Tab 2 (of 2): Other Revenue

# OVERVIEW OF OTHER REVENUE

Other distribution revenue is primarily comprised of charges to retailers for distributor and retailer consolidated billing, pole rental, specific customer services charges and other miscellaneous revenues. Other distribution revenue will be used as revenue offset in the 2013 model. No new specific service charges are proposed.

Attachment 1 shows the trend of Other Revenue by account, which includes Specific Service Charges, Late Payment Charges, Other Operating Revenues and Other Income or Deductions. Some details of the revenue breakdowns are also provided.

Other Revenue has decreased over the 2009 to 2011 period and this trend is expected to continue in 2012 before leveling off. This is due in significant measure to lower interest and dividend income and lower income in the "Other Income and Expense" accounts. It is positive to note that customers are choosing better payment options and are avoiding unnecessary service charges. Other Revenue is forecast to remain relatively static after 2012.

Exhibit 3 Tab 2 Schedule 2 describes the variances in Other Revenues. Appendix 1 of this schedule presents the historical data as well as the projected revenue offsets which are applied to the base revenue requirement for the 2013 test year.

The applicant is aware that in September 2012, a letter was received from the Board that indicated that all 2013 Cost of Service filers should update fixed monthly charges for microFIT Generator Service Classification from $5.25 to $5.40. The applicant acknowledges that this update was not made in this rate application due to the timing of receipt of the letter. The net differential that would impact the results in this application is less than $100 had this update been made and therefore the adjustment is immaterial to the revenue offsets.

The applicant wishes to apply for the revised rate of $5.40 and this rate will be updated prior to the issuance of the final rate order.

**Exhibit 3**
**Tab 2**
**Schedule 1**
**Attachment 1**

# Appendix 2-F
# Other Operating Revenue

**October 9, 2012**

| USoA # | USoA Description | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year[3] 2012 | Bridge Year[3] 2012 | Test Year 2013 |
|---|---|---|---|---|---|---|---|
| | *Reporting Basis* | CGAAP | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS |
| 4235 | Specific Service Charges | $ 161,105 | $ 150,551 | $ 126,903 | $ 130,321 | $ 130,321 | $ 130,636 |
| 4225 | Late Payment Charges | $ 80,834 | $ 83,639 | $ 95,563 | $ 89,685 | $ 89,685 | $ 89,685 |
| 4082 | Retail Services Revenues | $ 33,183 | $ 30,429 | $ 25,672 | $ 20,960 | $ 20,960 | $ 19,900 |
| 4080 | Distribution Services Revenue | $ 56,468 | $ 58,073 | $ 60,111 | $ 62,625 | $ 62,625 | $ 65,756 |
| 4084 | Service Transaction Requests (STR) Revenues | $ 126,246 | $ 118,362 | $ 103,948 | $ 115,200 | $ 115,200 | $ 115,125 |
| | | | | | | | |
| | | | | | | | |
| 4210 | Specific Charge for Access to Power Poles | $ 122,947 | $ 109,649 | $ 109,627 | $ 105,000 | $ 105,000 | $ 105,000 |
| | | | | | | | |
| | Other Income and Exp. | $ 226,448 | $ 149,161 | $ 266,026 | $ 79,138 | $ 79,138 | $ 71,938 |
| 4405 | Interest & Dividend Inc. | $ 218,156 | $ 83,143 | $ 150,880 | $ 55,000 | $ 55,000 | $ 55,000 |
| etc. | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Specific Service Charges** | | $ 161,105 | $ 150,551 | $ 126,903 | $ 130,321 | $ 130,321 | $ 130,636 |
| **Late Payment Charges** | | $ 80,834 | $ 83,639 | $ 95,563 | $ 89,685 | $ 89,685 | $ 89,685 |
| **Other Operating Revenues** | | $ 338,845 | $ 316,513 | $ 299,358 | $ 303,785 | $ 303,785 | $ 305,782 |
| **Other Income or Deductions** | | $ 444,604 | $ 232,304 | $ 416,906 | $ 134,138 | $ 134,138 | $ 126,938 |
| **Total** | | $ 1,025,387 | $ 783,007 | $ 938,730 | $ 657,929 | $ 657,929 | $ 653,041 |

| Description | Account(s) |
|---|---|
| Specific Service Charges: | 4235 |
| Late Payment Charges: | 4225 |
| Other Distribution Revenues: | 4080, 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245 |
| Other Income and Expenses: | 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4415 |

**Account Breakdown Details**

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income.

**Account 4084 - Service Transaction Requests (STR) Revenues**

| | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year | Bridge Year | Test Year |
|---|---|---|---|---|---|---|
| | CGAAP | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS |
| Arrears Certificate | $ 825 | $ 450 | $ 345 | $ 225 | $ 225 | $ 150 |
| Statement of Account | $ 1,110 | $ 480 | $ 375 | $ 225 | $ 225 | $ 225 |
| Income Tax Letter | $ 30 | $ 30 | $ 60 | | | |
| Notification Change | $ 123,465 | $ 116,235 | $ 102,300 | $ 114,000 | $ 114,000 | $ 114,000 |
| Service Transaction Request - request fee (per request) | $ 329 | $ 430 | $ 309 | $ 250 | $ 250 | $ 250 |
| Service Transaction Request - processing fee (per processed request) | $ 487 | $ 737 | $ 559 | $ 500 | $ 500 | $ 500 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **Total** | $ 126,246 | $ 118,362 | $ 103,948 | $ 115,200 | $ 115,200 | $ 115,125 |

**Exhibit 3**
**Tab 2**
**Schedule 1**
**Attachment 1**
**October 9, 2012**

# Appendix 2-F
# Other Operating Revenue

**Account 4082 - Retail Service Revenues**

| | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year[3] | Bridge Year[3] | Test Year |
|---|---|---|---|---|---|---|
| **Reporting Basis** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **MIFRS** | **MIFRS** |
| Retailer Service Agreement -- standard charg | $ 300 | $ 100 | $ 300 | $ 100 | $ 100 | $ 100 |
| Retailer Service Agreement -- monthly fixed c | $ 2,740 | $ 3,240 | $ 3,820 | $ 3,260 | $ 3,260 | $ 3,200 |
| Retailer Service Agreement -- monthly variab | $ 18,948 | $ 17,225 | $ 13,491 | $ 11,000 | $ 11,000 | $ 10,000 |
| Distributor-Consolidated Billing -- monthly cha | $ 11,196 | $ 9,865 | $ 8,061 | $ 6,600 | $ 6,600 | $ 6,600 |
| | | | | | | |
| **Total** | $ 33,183 | $ 30,429 | $ 25,672 | $ 20,960 | $ 20,960 | $ 19,900 |

**Account 4235 Misc Service Revenues**

| | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year[3] | Bridge Year[3] | Test Year |
|---|---|---|---|---|---|---|
| **Reporting Basis** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **MIFRS** | **MIFRS** |
| Credit reference/credit check (plus credit ager | $ 1,500 | $ 1,065 | $ 945 | $ 750 | $ 750 | $ 750 |
| Returned Cheque charge (plus bank charges) | $ 2,625 | $ 2,055 | $ 2,160 | $ 1,500 | $ 1,500 | $ 1,500 |
| Account set up charge / change of occupancy | $ 100,770 | $ 102,660 | $ 98,160 | $ 100,500 | $ 100,500 | $ 100,500 |
| Special Meter reads | $ 180 | $ 120 | $ 60 | | | |
| Disconnect/Reconnect at meter – during regu | $ 56,030 | $ 44,525 | $ 24,765 | $ 26,000 | $ 26,000 | $ 26,000 |
| Disconnect/Reconnect at pole – during regula | | | | $ 185 | $ 185 | $ 185 |
| Misc Revenue - microFIT service charge | | $ 126 | $ 813 | $ 1,386 | $ 1,386 | $ 1,701 |
| **Total** | $ 161,105 | $ 150,551 | $ 126,903 | $ 130,321 | $ 130,321 | $ 130,636 |

**Account 4225 - Late Payment Charges**

| | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year[3] | Bridge Year[3] | Test Year |
|---|---|---|---|---|---|---|
| **Reporting Basis** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **MIFRS** | **MIFRS** |
| Late Payment - per month | $ 80,834 | $ 83,639 | $ 95,563 | $ 86,685 | $ 86,685 | $ 86,685 |
| Collection of account charge – no disconnecti | | | | $ 3,000 | $ 3,000 | $ 3,000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **Total** | $ 80,834 | $ 83,639 | $ 95,563 | $ 89,685 | $ 89,685 | $ 89,685 |

**Other Income and Expenses**

| | 2009 Actual | 2010 Actual | 2011 Actual[2] | Bridge Year[3] | Bridge Year[3] | Test Year |
|---|---|---|---|---|---|---|
| **Reporting Basis** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **MIFRS** | **MIFRS** |
| 4325 - Revenues from Merchandise | $ 270,835 | $ 122,480 | $ 218,034 | $ 212,138 | $ 212,138 | $ 210,938 |
| 4330 - Costs and Expenses of Merchandising | -$ 44,419 | -$ 21,431 | -$ 11,061 | -$ 167,000 | -$ 167,000 | -$ 167,000 |
| 4355/4360 - Gains/Losses on Capital Items | -$ 6,110 | $ 15,671 | $ 15,000 | $ 14,000 | $ 14,000 | $ 8,000 |
| 4375 - Revenues from non-utility operations | $ 21,774 | $ 279,576 | $ 203,499 | $ 200,000 | $ 200,000 | $ 200,000 |
| 4380 - Expenses of non-utility operations | -$ 19,974 | -$ 250,819 | -$ 182,206 | -$ 200,000 | -$ 200,000 | -$ 200,000 |
| 4390 - Miscellaneous non-operating income | $ 4,342 | $ 3,684 | $ 22,760 | $ 20,000 | $ 20,000 | $ 20,000 |
| **Total** | $ 226,448 | $ 149,161 | $ 266,026 | $ 79,138 | $ 79,138 | $ 71,938 |

**Notes:**

1 List and specify any other interest revenue

2 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2012 for financial reporting purposes, 2011 must be presented on both a CGAAP and MIFRS (or alternate accounting standard) basis.

3 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2013 for financial reporting purposes, 2012 must be presented on both a CGAAP and MIFRS (or alternate accounting standard) basis.

# OTHER REVENUE VARIANCE ANALYSIS

Attachment 1 provides the full detail in Other Revenue accounts for the Test and Bridge Years.

## 2013 Test Year vs. 2012 Bridge Year

Other revenue in 2013 is projected to be consistent with 2012. The slight decrease is due mostly to a decrease in gains on disposition of Capital Assets which is offset by an approximate $2,000 increase in Distribution Services Revenue due to a small increase in customers.

## 2012 Bridge Year vs. 2011 Actual

Other revenue in 2012 is projected to be approximately $280,000 lower than in 2011. Approximately $90,000 of the variance is due to lower interest and dividend income. In addition to a lower return on cash balances, the amount of working capital projected in 2012 is lower than in 2011. In 2012 the projected income resulting from merchandising and jobbing is less in 2012 compared to 2011 due to the decrease in contributed capital year over year.

## 2011 Actual vs. 2010 Actual

Other revenue in 2011 was $155,000 higher than in 2010. There was a $67,000 increase in interest income and $105,000 increase in the net merchandising and jobbing income. These increases were partially offset by lower Notification and Disconnect/Reconnect Charges.

## 2010 Actual vs. 2009 Actual

Other revenue in 2010 was approximately $240,000 lower than in 2009. The most significant decrease was a reduction of interest in the amount of $135,000. In the 2009 Board Approved EDR, there was a $175,000 adjustment to interest related to the recovery of Regulatory Asset balances. In addition, there was also a $125,000 decrease in merchandising and jobbing income due to a decrease in contributed capital. As in the subsequent year, Notification and Disconnect/Reconnect Charges were lower, which combined with a $13,000 decrease in Specific Charges for Access to Power Poles.

## 2009 Actual vs. 2009 Board-Approved

Other revenue in 2009 was $20,000 more than the Board-approved amount. There were large variances in two accounts. Merchandising and jobbing income was $185,000 higher than anticipated, and interest income was $100,000 lower than the Board Approved amount. The balance of the $65,000 difference was due to the following factors: $9,000 of the variance was due to smaller Late Payment revenue and an additional $27,500 was due to lower Disconnect/Reconnect charges for non-payment. Both of these factors are beneficial from a consumer point of view. Lower revenues were also collected for Notification Charges and Account Setup/Change of Occupancy charges than had been originally approved.

# Westario Power (ED-2002-0515)

**2013 EDR Application () version: 1**
**October 9, 2012**

## C9 Other Service Revenues

*Enter volumes and rates for other distributor services*

| | | 2009 Approved | | | 2009 Actual | | | 2010 Actual | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Service** | **USA #** | **Volume** | **Rate** | **Revenue** | **Volume** | **Rate** | **Revenue** | **Volume** | **Rate** | **Revenue** |
| Standard Supply Service -- Administrative Charge | 4080 | 226,500 | $0.25 | 56,625 | 225,872 | $0.25 | 56,468 | 232,292 | $0.25 | 58,073 |
| Arrears Certificate | 4084 | 70 | $15.00 | 1,050 | 55 | $15.00 | 825 | 30 | $15.00 | 450 |
| Statement of Account | 4084 | 65 | $15.00 | 975 | 74 | $15.00 | 1,110 | 32 | $15.00 | 480 |
| Pulling post-dated cheques | 4084 | | $15.00 | | 2 | $15.00 | 30 | | $15.00 | |
| Duplicate invoices for previous billing | 4084 | | $15.00 | | | $15.00 | | | $15.00 | |
| Request for other billing information | 4084 | | $15.00 | | | $15.00 | | | $15.00 | |
| Easement Letter | 4084 | | $15.00 | | | $15.00 | | | $15.00 | |
| Income tax letter | 4084 | | $15.00 | | | $15.00 | | 2 | $15.00 | 30 |
| Notification Charge | 4084 | 9,000 | $15.00 | 135,000 | 8,231 | $15.00 | 123,465 | 7,749 | $15.00 | 116,235 |
| Account history | 4235 | | $15.00 | | | $15.00 | | | $15.00 | |
| Credit reference/credit check (plus credit agency costs) | 4235 | 85 | $15.00 | 1,275 | 100 | $15.00 | 1,500 | 71 | $15.00 | 1,065 |
| Returned Cheque charge (plus bank charges) | 4235 | 200 | $15.00 | 3,000 | 175 | $15.00 | 2,625 | 137 | $15.00 | 2,055 |
| Charge to certify cheque | 4235 | | $15.00 | | | $15.00 | | | $15.00 | |
| Legal letter charge | 4084 | | $15.00 | | | $15.00 | | | $15.00 | |
| Account set up charge / change of occupancy charge | 4235 | 3,500 | $30.00 | 105,000 | 3,359 | $30.00 | 100,770 | 3,422 | $30.00 | 102,660 |
| Special Meter reads | 4235 | | $30.00 | | 6 | $30.00 | 180 | | $30.00 | |
| Meter dispute charge plus Measurement Canada fees (if meter found cor | 4235 | | $30.00 | | | $30.00 | | 4 | $30.00 | 120 |
| Late Payment - per month | 4225 | 6,000,000 | 1.50% | 90,000 | 5,388,905 | 1.50% | 80,834 | 5,575,925 | 1.50% | 83,639 |
| Collection of account charge – no disconnection | 4225 | | $30.00 | | | $30.00 | | | $30.00 | |
| Collection of account charge – no disconnection – after regular hours | 4225 | | $165.00 | | | $165.00 | | | $165.00 | |
| Disconnect/Reconnect at meter – during regular hours | 4235 | 1,300 | $65.00 | 84,500 | 862 | $65.00 | 56,030 | 685 | $65.00 | 44,525 |
| Disconnect/Reconnect at meter – after regular hours | 4235 | | $185.00 | | | $185.00 | | | $185.00 | |
| Disconnect/Reconnect at pole – during regular hours | 4235 | | $185.00 | | | $185.00 | | | $185.00 | |
| Disconnect/Reconnect at pole – after regular hours | 4235 | | $415.00 | | | $415.00 | | | $415.00 | |
| Install / remove load control device – during regular hours | 4235 | | $65.00 | | | $65.00 | | | $65.00 | |
| Install / remove load control device – after regular hours | 4235 | | $185.00 | | | $185.00 | | | $185.00 | |
| Service call – customer-owned equipment | 4235 | | $30.00 | | | $30.00 | | | $30.00 | |
| Service call – after regular hours | 4235 | | $165.00 | | | $165.00 | | | $165.00 | |
| Temporary service install and remove – overhead – no transformer | 4235 | | $500.00 | | | $500.00 | | | $500.00 | |
| Temporary service install and remove – underground – no transformer | 4235 | | $300.00 | | | $300.00 | | | $300.00 | |
| Temporary service install and remove – overhead – with transformer | 4235 | | $1,000.00 | | | $1,000.00 | | | $1,000.00 | |
| Specific Charge for Access to the Power Poles – per pole/year | 4210 | 5,800 | $22.35 | 129,630 | 5,501 | $22.35 | 122,947 | 4,906 | $22.35 | 109,649 |
| Retailer Service Agreement -- standard charge | 4082 | | $100.00 | | 3 | $100.00 | 300 | 1 | $100.00 | 100 |
| Retailer Service Agreement -- monthly fixed charge (per retailer) | 4082 | 120 | $20.00 | 2,400 | 137 | $20.00 | 2,740 | 162 | $20.00 | 3,240 |
| Retailer Service Agreement -- monthly variable charge (per customer) | 4082 | 34,000 | $0.50 | 17,000 | 37,895 | $0.50 | 18,948 | 34,449 | $0.50 | 17,225 |
| Distributor-Consolidated Billing -- monthly charge (per customer) | 4082 | 34,000 | $0.30 | 10,200 | 37,319 | $0.30 | 11,196 | 32,882 | $0.30 | 9,865 |
| Retailer-Consolidated Billing -- monthly credit (per customer) | 4082 | | ($0.30) | | | ($0.30) | | | ($0.30) | |
| Service Transaction Request -- request fee (per request) | 4084 | 1,775 | $0.25 | 444 | 1,317 | $0.25 | 329 | 1,718 | $0.25 | 430 |
| Service Transaction Request -- processing fee (per processed request) | 4084 | 1,300 | $0.50 | 650 | 974 | $0.50 | 487 | 1,474 | $0.50 | 737 |
| Interval Meter Load Management Tool | 4235 | | | | | | | | | |
| Customer Information request -- non-EBT (more than twice a year, per re | 4084 | | | | | | | | | |
| Miscellaneous Service Revenue | 4235 | | | | | | | | | |
| Misc Revenue - microFIT service charge | 4235 | | | | | | | 24 | $5.25 | 126 |
| **TOTAL** | | | | **637,749** | | | **580,783** | | | **550,703** |

# Westario Power (ED-2002-0515)

**2013 EDR Application () version: 1**

**October 9, 2012**

## C9 Other Service Revenues

*Enter volumes and rates for other distributor services*

| Service | USA # | 2011 Actual Volume | 2011 Actual Rate | 2011 Actual Revenue | 2012 Projection Volume | 2012 Projection Rate | 2012 Projection Revenue |
|---|---|---|---|---|---|---|---|
| Standard Supply Service -- Administrative Charge | 4080 | 240,444 | $0.25 | 60,111 | 250,500 | $0.25 | 62,625 |
| Arrears Certificate | 4084 | 23 | $15.00 | 345 | 15 | $15.00 | 225 |
| Statement of Account | 4084 | 25 | $15.00 | 375 | 15 | $15.00 | 225 |
| Pulling post-dated cheques | 4084 | | $15.00 | | | $15.00 | |
| Duplicate invoices for previous billing | 4084 | | $15.00 | | | $15.00 | |
| Request for other billing information | 4084 | | $15.00 | | | $15.00 | |
| Easement Letter | 4084 | | $15.00 | | | $15.00 | |
| Income tax letter | 4084 | 4 | $15.00 | 60 | | $15.00 | |
| Notification Charge | 4084 | 6,820 | $15.00 | 102,300 | 7,600 | $15.00 | 114,000 |
| Account history | 4235 | | $15.00 | | | $15.00 | |
| Credit reference/credit check (plus credit agency costs) | 4235 | 63 | $15.00 | 945 | 50 | $15.00 | 750 |
| Returned Cheque charge (plus bank charges) | 4235 | 144 | $15.00 | 2,160 | 100 | $15.00 | 1,500 |
| Charge to certify cheque | 4235 | | $15.00 | | | $15.00 | |
| Legal letter charge | 4084 | | $15.00 | | | $15.00 | |
| Account set up charge / change of occupancy charge | 4235 | 3,272 | $30.00 | 98,160 | 3,350 | $30.00 | 100,500 |
| Special Meter reads | 4235 | | $30.00 | | | $30.00 | |
| Meter dispute charge plus Measurement Canada fees (if meter found cor | 4235 | 2 | $30.00 | 60 | | $30.00 | |
| Late Payment - per month | 4225 | 6,370,867 | 1.50% | 95,563 | 5,779,000 | 1.50% | 86,685 |
| Collection of account charge – no disconnection | 4225 | | $30.00 | | 100 | $30.00 | 3,000 |
| Collection of account charge – no disconnection – after regular hours | 4225 | | $165.00 | | | $165.00 | |
| Disconnect/Reconnect at meter – during regular hours | 4235 | 381 | $65.00 | 24,765 | 400 | $65.00 | 26,000 |
| Disconnect/Reconnect at meter – after regular hours | 4235 | | $185.00 | | | $185.00 | |
| Disconnect/Reconnect at pole – during regular hours | 4235 | | $185.00 | | 1 | $185.00 | 185 |
| Disconnect/Reconnect at pole – after regular hours | 4235 | | $415.00 | | | $415.00 | |
| Install / remove load control device – during regular hours | 4235 | | $65.00 | | | $65.00 | |
| Install / remove load control device – after regular hours | 4235 | | $185.00 | | | $185.00 | |
| Service call – customer-owned equipment | 4235 | | $30.00 | | | $30.00 | |
| Service call – after regular hours | 4235 | | $165.00 | | | $165.00 | |
| Temporary service install and remove – overhead – no transformer | 4235 | | $500.00 | | | $500.00 | |
| Temporary service install and remove – underground – no transformer | 4235 | | $300.00 | | | $300.00 | |
| Temporary service install and remove – overhead – with transformer | 4235 | | $1,000.00 | | | $1,000.00 | |
| Specific Charge for Access to the Power Poles – per pole/year | 4210 | 4,905 | $22.35 | 109,627 | 4,698 | $22.35 | 105,000 |
| Retailer Service Agreement -- standard charge | 4082 | 3 | $100.00 | 300 | 1 | $100.00 | 100 |
| Retailer Service Agreement -- monthly fixed charge (per retailer) | 4082 | 191 | $20.00 | 3,820 | 163 | $20.00 | 3,260 |
| Retailer Service Agreement -- monthly variable charge (per customer) | 4082 | 26,981 | $0.50 | 13,491 | 22,000 | $0.50 | 11,000 |
| Distributor-Consolidated Billing -- monthly charge (per customer) | 4082 | 26,871 | $0.30 | 8,061 | 22,000 | $0.30 | 6,600 |
| Retailer-Consolidated Billing -- monthly credit (per customer) | 4082 | | ($0.30) | | | ($0.30) | |
| Service Transaction Request -- request fee (per request) | 4084 | 1,236 | $0.25 | 309 | 1,000 | $0.25 | 250 |
| Service Transaction Request -- processing fee (per processed request) | 4084 | 1,118 | $0.50 | 559 | 1,000 | $0.50 | 500 |
| Interval Meter Load Management Tool | 4235 | | | | | | |
| Customer Information request -- non-EBT (more than twice a year, per re | 4084 | | | | | | |
| Miscellaneous Service Revenue | 4235 | | | | | | |
| Misc Revenue - microFIT service charge | 4235 | 155 | $5.25 | 814 | 264 | $5.25 | 1,386 |
| **TOTAL** | | | | **521,824** | | | **523,791** |

# Westario Power (ED-2002-0515)

**2013 EDR Application () version: 1**
**October 9, 2012**

## C9 Other Service Revenues

*Enter volumes and rates for other distributor services*

*USA Account #s per sheet Y6*

| | | 2013 Projection (existing rates) | | | 2013 Projection (proposed rates) | | |
|---|---|---|---|---|---|---|---|
| **Service** | **USA #** | **Volume** | **Rate** | **Revenue** | **Volume** | **Rate** | **Revenue** |
| Standard Supply Service -- Administrative Charge | 4080 | 263,025 | $0.25 | 65,756 | 263,025 | $0.25 | 65,756 |
| Arrears Certificate | 4084 | 10 | $15.00 | 150 | 10 | $15.00 | 150 |
| Statement of Account | 4084 | 15 | $15.00 | 225 | 15 | $15.00 | 225 |
| Pulling post-dated cheques | 4084 | | $15.00 | | | $15.00 | |
| Duplicate invoices for previous billing | 4084 | | $15.00 | | | $15.00 | |
| Request for other billing information | 4084 | | $15.00 | | | $15.00 | |
| Easement Letter | 4084 | | $15.00 | | | $15.00 | |
| Income tax letter | 4084 | | $15.00 | | | $15.00 | |
| Notification Charge | 4084 | 7,600 | $15.00 | 114,000 | 7,600 | $15.00 | 114,000 |
| Account history | 4235 | | $15.00 | | | $15.00 | |
| Credit reference/credit check (plus credit agency costs) | 4235 | 50 | $15.00 | 750 | 50 | $15.00 | 750 |
| Returned Cheque charge (plus bank charges) | 4235 | 100 | $15.00 | 1,500 | 100 | $15.00 | 1,500 |
| Charge to certify cheque | 4235 | | $15.00 | | | $15.00 | |
| Legal letter charge | 4084 | | $15.00 | | | $15.00 | |
| Account set up charge / change of occupancy charge | 4235 | 3,350 | $30.00 | 100,500 | 3,350 | $30.00 | 100,500 |
| Special Meter reads | 4235 | | $30.00 | | | $30.00 | |
| Meter dispute charge plus Measurement Canada fees (if meter found cor | 4235 | | $30.00 | | | $30.00 | |
| Late Payment - per month | 4225 | 5,779,000 | 1.50% | 86,685 | 5,779,000 | 1.50% | 86,685 |
| Collection of account charge – no disconnection | 4225 | 100 | $30.00 | 3,000 | 100 | $30.00 | 3,000 |
| Collection of account charge – no disconnection – after regular hours | 4225 | | $165.00 | | | $165.00 | |
| Disconnect/Reconnect at meter – during regular hours | 4235 | 400 | $65.00 | 26,000 | 400 | $65.00 | 26,000 |
| Disconnect/Reconnect at meter – after regular hours | 4235 | | $185.00 | | | $185.00 | |
| Disconnect/Reconnect at pole – during regular hours | 4235 | 1 | $185.00 | 185 | 1 | $185.00 | 185 |
| Disconnect/Reconnect at pole – after regular hours | 4235 | | $415.00 | | | $415.00 | |
| Install / remove load control device – during regular hours | 4235 | | $65.00 | | | $65.00 | |
| Install / remove load control device – after regular hours | 4235 | | $185.00 | | | $185.00 | |
| Service call – customer-owned equipment | 4235 | | $30.00 | | | $30.00 | |
| Service call – after regular hours | 4235 | | $165.00 | | | $165.00 | |
| Temporary service install and remove – overhead – no transformer | 4235 | | $500.00 | | | $500.00 | |
| Temporary service install and remove – underground – no transformer | 4235 | | $300.00 | | | $300.00 | |
| Temporary service install and remove – overhead – with transformer | 4235 | | $1,000.00 | | | $1,000.00 | |
| Specific Charge for Access to the Power Poles – per pole/year | 4210 | 4,698 | $22.35 | 105,000 | 4,698 | $22.35 | 105,000 |
| Retailer Service Agreement -- standard charge | 4082 | 1 | $100.00 | 100 | 1 | $100.00 | 100 |
| Retailer Service Agreement -- monthly fixed charge (per retailer) | 4082 | 160 | $20.00 | 3,200 | 160 | $20.00 | 3,200 |
| Retailer Service Agreement -- monthly variable charge (per customer) | 4082 | 20,000 | $0.50 | 10,000 | 20,000 | $0.50 | 10,000 |
| Distributor-Consolidated Billing -- monthly charge (per customer) | 4082 | 22,000 | $0.30 | 6,600 | 22,000 | $0.30 | 6,600 |
| Retailer-Consolidated Billing -- monthly credit (per customer) | 4082 | | ($0.30) | | | ($0.30) | |
| Service Transaction Request -- request fee (per request) | 4084 | 1,000 | $0.25 | 250 | 1,000 | $0.25 | 250 |
| Service Transaction Request -- processing fee (per processed request) | 4084 | 1,000 | $0.50 | 500 | 1,000 | $0.50 | 500 |
| Interval Meter Load Management Tool | 4235 | | | | | | |
| Customer Information request -- non-EBT (more than twice a year, per re | 4084 | | | | | | |
| Miscellaneous Service Revenue | 4235 | | | | | | |
| Misc Revenue - microFIT service charge | 4235 | 324 | $5.25 | 1,701 | 324 | $5.25 | 1,701 |
| **TOTAL** | | | | **526,103** | | | **526,103** |

# REVENUE OFFSETS

Attachment 1 shows the revenue amounts which offset the base revenue requirement for 2013.

All sources of other revenue fully offset the base revenue requirement.

**Westario Power (ED-2002-0515)**
**2013 EDR Application (EB-2012-0176) version: 1**
**October 9, 2012**

**Exhibit 3**
**Tab 2**
**Schedule 3**
**Attachment 1**

## C10 Revenue Offset Projections

*Enter other amounts needed to complete projections*

*Service Projections from Sheet C8*

| Account Grouping | Account Description | 2012 | | | 2013 (existing rates) | | | 2013 (proposed rates) | | | Offset Input | | | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Service Projection | Other (+ / - ) | Total | Service Projection | Other (+ / - ) | Total | Service Projection | Other (+ / - ) | Total | % | or | $ | Offset Amount |
| 3050-Revenues From Services - Distribution | 4080-Distribution Services Revenue | 62,625 | | 62,625 | 65,756 | | 65,756 | 65,756 | | 65,756 | 100% | | | 65,756 |
| | 4082-Retail Services Revenues | 20,960 | | 20,960 | 19,900 | | 19,900 | 19,900 | | 19,900 | 100% | | | 19,900 |
| | 4084-Service Transaction Requests (STR) Revenues | 115,200 | | 115,200 | 115,125 | | 115,125 | 115,125 | | 115,125 | 100% | | | 115,125 |
| | 4090-Electric Services Incidental to Energy Sales | | | | | | | | | | | | | |
| 3100-Other Operating Revenues | 4205-Interdepartmental Rents | | | | | | | | | | | | | |
| | 4210-Rent from Electric Property | 105,000 | | 105,000 | 105,000 | | 105,000 | 105,000 | | 105,000 | 100% | | | 105,000 |
| | 4215-Other Utility Operating Income | | | | | | | | | | | | | |
| | 4220-Other Electric Revenues | | | | | | | | | | | | | |
| | 4225-Late Payment Charges | 89,685 | | 89,685 | 89,685 | | 89,685 | 89,685 | | 89,685 | 100% | | | 89,685 |
| | 4230-Sales of Water and Water Power | | | | | | | | | | | | | |
| | 4235-Miscellaneous Service Revenues | 130,321 | | 130,321 | 130,636 | | 130,636 | 130,636 | | 130,636 | 100% | | | 130,636 |
| | 4240-Provision for Rate Refunds | | | | | | | | | | | | | |
| | 4245-Government Assistance Directly Credited to Income | | | | | | | | | | | | | |
| 3150-Other Income & Deductions | 4305-Regulatory Debits | | | | | | | | | | | | | |
| | 4310-Regulatory Credits | | | | | | | | | | | | | |
| | 4315-Revenues from Electric Plant Leased to Others | | | | | | | | | | | | | |
| | 4320-Expenses of Electric Plant Leased to Others | | | | | | | | | | | | | |
| | 4325-Revenues from Merchandise, Jobbing, Etc. | 212,138 | | 212,138 | 210,938 | | 210,938 | 210,938 | | 210,938 | 100% | | | 210,938 |
| | 4330-Costs and Expenses of Merchandising, Jobbing, Etc. | (167,000) | | (167,000) | (167,000) | | (167,000) | (167,000) | | (167,000) | 100% | | | (167,000) |
| | 4335-Profits and Losses from Financial Instrument Hedges | | | | | | | | | | | | | |
| | 4340-Profits and Losses from Financial Instrument Investments | | | | | | | | | | | | | |
| | 4345-Gains from Disposition of Future Use Utility Plant | | | | | | | | | | | | | |
| | 4350-Losses from Disposition of Future Use Utility Plant | | | | | | | | | | | | | |
| | 4355-Gain on Disposition of Utility and Other Property | 24,000 | | 24,000 | 8,000 | | 8,000 | 8,000 | | 8,000 | 100% | | | 8,000 |
| | 4360-Loss on Disposition of Utility and Other Property | (10,000) | | (10,000) | | | | | | | | | | |
| | 4365-Gains from Disposition of Allowances for Emission | | | | | | | | | | | | | |
| | 4370-Losses from Disposition of Allowances for Emission | | | | | | | | | | | | | |
| | 4375-Revenues from Non-Utility Operations | 200,000 | | 200,000 | 200,000 | | 200,000 | 200,000 | | 200,000 | 100% | | | 200,000 |
| | 4380-Expenses of Non-Utility Operations | (200,000) | | (200,000) | (200,000) | | (200,000) | (200,000) | | (200,000) | 100% | | | (200,000) |
| | 4390-Miscellaneous Non-Operating Income | 20,000 | | 20,000 | 20,000 | | 20,000 | 20,000 | | 20,000 | 100% | | | 20,000 |
| | 4395-Rate-Payer Benefit Including Interest | | | | | | | | | | | | | |
| | 4398-Foreign Exchange Gains and Losses, Including Amortization | | | | | | | | | | | | | |
| 3200-Investment Income | 4405-Interest and Dividend Income | 55,000 | | 55,000 | 55,000 | | 55,000 | 55,000 | | 55,000 | 100% | | | 55,000 |
| 3150-Other Income & Deductions | 4324-Special Purpose Charge Recovery | | | | | | | | | | | | | |
| | 4376-4375-Revenues from Non-Utility Operations - Generation Facility Revenues - Sub-Account | | | | | | | | | | | | | |
| | 4381-4380-Expenses of Non-Utility Operations - Generation Facility Expenses - Sub-Account | | | | | | | | | | | | | |
| **TOTAL** | | **657,929** | | **657,929** | **653,041** | | **653,041** | **653,041** | | **653,041** | | | | **653,041** |

# <u>Exhibit 4</u>:

# OPERATING COSTS

Exhibit 4: Operating Costs

# Tab 1 (of 11): Manager's Summary

# MANAGER'S SUMMARY

The operating costs presented in this Exhibit represent the annual expenditures required to sustain WPI's distribution operations. WPI follows the OEB's Accounting Procedures Handbook (the "APH") in allocating costs to the proper USoA account.

Historically, WPI has followed the Canadian Generally Accepted Accounting Principles ("CGAAP") in preparation of its financial statements. As stated through this application, Westario Power will be converting to International Financial Reporting Standards ("IFRS") in 2013 and has prepared this application under Modified IFRS ("MIFRS"). For clarity and ease of comparison to historical data, this Exhibit presents all information including the 2012 Bridge year and 2013 Test year under CGAAP. In Exhibit 10, the 2012 Bridge and 2013 Test years will be presented under MIFRS with full explanation of changes from CGAAP.

WPI has not included any one-time or non-regulatory expenses in the 2012 Bridge year and 2013 Test year such as charitable contributions. In WPI's audited financial statements for the years 2009, 2010, and 2011; charitable contributions were included.

## *OM&A Test Year Levels and Cost Trends*

The Applicant's Operations, Maintenance and Administration ("OM&A") expenditures from 2009 Board Approved to the 2013 Test Year are summarized in Table 1 below. For comparative purposes, the information below is presented in CGAAP for all years. The impacts of MIFRS on the financial results are detailed in Exhibit 10 of this application. Overall the expenses have increased 13.41% or an annual compound rate of 3.2% from 2009 Actuals to 2013 Test year.

## Table 1: 2009-2013 OM&A Expenses (excerpt from Appendix 2-I)

| | **Last Rebasing Year (2009 BA)** | **Last Rebasing Year (2009 Actuals)** | **2010 Actuals** | **2011 Actuals** | **2012 Bridge Year** | **2013 Test Year** |
|---|---|---|---|---|---|---|
| ***Reporting Basis*** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** |
| Operations | 480,400 | 233,669 | 213,163 | 265,336 | 289,000 | 334,000 |
| Maintenance | 1,160,575 | 1,452,469 | 1,236,425 | 1,217,086 | 1,427,000 | 1,558,000 |
| **Subtotal** | **$1,640,975** | **$ 1,691,138** | **$1,449,588** | **$1,482,422** | **$1,716,000** | **$1,892,000** |
| %Change (year over year) | | | -14.3% | 2.3% | 15.8% | 10.3% |
| %Change (Test Year vs. Last Rebasing Year - Actual) | | | | | | |
| Billing and Collecting | 1,242,900 | 1,366,180 | 1,165,395 | 1,125,350 | 1,130,000 | 1,191,000 |
| Community Relations | 35,500 | 14,696 | 3,636 | 12,288 | 45,000 | 46,000 |
| Administrative and General | 1,818,350 | 1,505,456 | 1,675,704 | 1,986,959 | 2,158,500 | 2,062,500 |
| **Subtotal** | **$3,096,750** | **$2,886,332** | **$2,844,735** | **$3,124,597** | **$3,333,500** | **$3,299,500** |
| %Change (year over year) | | | -1.4% | 9.8% | 6.7% | -1.0% |
| %Change (Test Year vs. Last Rebasing Year - Actual) | | | | | | |
| **Total** | **$4,737,725** | **$4,577,470** | **$4,294,323** | **$4,607,019** | **$5,049,500** | **$5,191,500** |
| %Change (year over year) | | | -6.2% | 7.3% | 9.6% | 2.8% |

## Table 2: 2009-2013 Summary OM&A Expense Variances (excerpt from Appendix 2-I)

| | Last Rebasing Year (2009 BA) | Last Rebasing Year (2009 Actuals) | Variance 2009 BA – 2009 Actuals | 2010 Actuals | Variance 2010 Actuals vs. 2009 Actuals | 2011 Actuals | Variance 2011 Actuals vs. 2010 Actuals | 2012 Bridge Year | Variance 2012 Bridge vs. 2011 Actuals | 2013 Test Year | Variance 2013 Test vs. 2012 Bridge |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Operations | $480,400 | $238,669 | $241,731 | $213,163 | -$25,506 | $265,336 | $ 52,173 | $289,000 | $ 23,664 | $334,000 | $ 45,000 |
| Maintenance | $1,160,575 | $1,452,469 | - $291,894 | $1,236,425 | - $216,044 | $1,217,086 | -$19,339 | $1,427,000 | $209,914 | $1,558,000 | $131,000 |
| Billing and Collecting | $1,242,900 | $1,366,180 | -$ 123,280 | $1,165,395 | -$ 200,785 | $1,125,350 | -$40,045 | $1,130,000 | $ 4,650 | $1,191,000 | $ 61,000 |
| Community Relations | $ 35,500 | $ 14,696 | $ 20,804 | $ 3,636 | -$ 11,060 | $ 12,288 | $ 8,652 | $ 45,000 | $ 32,712 | $ 46,000 | $ 1,000 |
| Administrative and General | $1,818,350 | $1,505,456 | $ 312,894 | $1,675,704 | $ 170,248 | $1,986,959 | $311,255 | $2,158,500 | $171,541 | $2,062,500 | -$96,000 |
| Total OM&A Expenses | $4,737,725 | $4,577,470 | $ 160,255 | $4,294,323 | -$ 283,147 | $4,607,019 | $312,696 | $5,049,500 | $442,481 | $5,191,500 | $142,000 |
| Variance from previous year | | | | -$ 283,147 | | $ 312,696 | | $ 442,481 | | $ 142,000 | |
| Percent change (year over year) | | | | -6% | | 7% | | 10% | | 3% | |
| Percent Change: Test year vs. Most Current Actual | | | 12.69% | | | | | | | | |
| Simple average of % variance for all years | | | | | 13.41% | | | | | 3.38% | |
| Compound Annual Growth Rate for all years | | | | | | | | | | 3.20% | |
| Compound Growth Rate (2011 Actuals vs. 2009 Actuals) | | | 0.65% | | | | | | | | |

**Departmental OM&A Costs**

## Corporate and Administrative

Corporate and administrative expenses include expenses incurred in connection with the general administration of the utility's operations including legal, human resources, internal control processes, enterprise risk management and corporate communications. Within WPI, the following functional areas are considered to be part of general administration and, as such, all expenses incurred within these functional areas are accounted for as administrative and general expenses:

- Executive Salaries and Expenses (5605);
- Management Salaries and Expenses (5610)

Included in the above are costs related to the Board of Directors, Executive and the Manager of Customer Service and the Accounting Supervisor.

### *Shared Services*

The Shared Services department supports all back office operations of the company. The department is responsible for all aspects of the company's financial functions including accounts payable, payroll and financial reporting. In addition, the department is responsible for all retail related billing, OEB data collection and reporting as well as monthly financial statements.

In addition, the Shared Services department provides regulatory guidance to the company and maintains compliance with its regulatory requirements. WPI uses internal resources when possible to perform the majority of these functions which also enhances the development of in-house regulatory competency. Third party consultants are used on a periodic basis for one time or comprehensive filings.

### *Customer Service*

The Customer Service department handles all call centre activities, credit and collections, accounts receivable management, smart meter activities and billing and retail settlement. The department is focused on providing a high level of customer service while maintaining efficient operations. Customer satisfaction levels are tracked through an annual telephone survey. The overall customer satisfaction rating was 81 per cent in 2011.

## Operations and Maintenance

The expenses for this department include all costs relating to the operation (5000-5096) and maintenance (5105-5195) of WPI's distribution system. This includes direct labour costs (labour, burden & benefits), indirect labour costs (engineering burden), fleet costs and non-capital material spending to support both scheduled and reactive maintenance events. WPI's maintenance strategy is, to the extent possible, to minimize reactive and emergency-type work through an effective planned maintenance program, including predictive and preventative actions.

WPI's customer responsiveness and system reliability are monitored continually to ensure that its maintenance strategy is effective. WPI's Distribution Asset Management Plan completed in 2011/2012 is a tool used by operations to ensure maintenance is completed where required. This effort is coordinated with WPI's capital project work so that where maintenance programs have identified matters which require capital investments, WPI may adjust its capital spending priorities to address those matters.

**Predictive Maintenance:**

Predictive maintenance activities involve the testing of elements of the distribution system. These activities include transformer oil analysis, planned visual inspections and pole testing. These evaluation tools are all administered using an evaluation system with appropriate frequency levels. Any identified deficiencies found are prioritized and addressed within a suitable time frame. WPI adheres to ESA Regulation 22/04 in regards to maintenance schedules and frequency of inspections.

**Preventative Maintenance:**

Preventative maintenance activities include inspection, servicing and repair of network components. This includes overhead and pad-mounted load break switch maintenance and cleaning/inspection of underground vaults. Also included are regular inspection and repair of substation components and ancillary equipment. The work is performed using a combination of time and condition based methodologies. WPI adheres to ESA Regulation 22/04 in regards to maintenance schedules and frequency of inspections.

**Vegetation Management**

Vegetation management is an integral component of WPI's preventive line maintenance program. The objective of the WPI vegetation management program is to maintain adequate clearances between overhead conductors or equipment and surrounding vegetation, such as trees, vines, and brush. Maintaining proper clearances between surrounding plant life and line conductors/equipment enhances employee and public safety and also reduces the probability of outages due to vegetation contacts. Vegetation management includes activities such as tree trimming or removal and brush clearing. WPI tenders its vegetation management program to qualified competent contractors on a fixed-price basis, and in evaluating bids considers issues such as price, vendor reputation, vendor's approach to health and safety, and vendor's plan for completing the contract in a timely fashion.

**Emergency Maintenance:**

This item includes unexpected system repairs to the electrical system that must be addressed immediately. The costs include those related to repairs caused by storm damage, emergency tree trimming and on-call premiums. WPI evaluates its maintenance data to adjust predictive and preventative actions. The ultimate objective is to reduce this emergency maintenance. An answering service company has been contracted to contact "on call" lineperson and supervisory staff in the event of service problems outside of normal business hours.

**Service Work:**

The majority of costs related to this work pertain to service upgrades requested by customers, and requests to provide safety coverage for work (overhead line cover ups). This includes service disconnections and reconnections by WPI for all service classes; assisting pre-approved contractors; the making of final connections after Electrical Safety Authority ("ESA") inspection for service upgrades; and changes of service locations.

**Metering:**

Metering includes costs relating to the installation, testing, and commissioning of new and existing simple and complex metering installations. Testing of complex metering installations ensures the accuracy of the installation and verifies meter multipliers for billing purposes.

**Substation Services:**

Substation services activities address the maintenance of all equipment at WPIs 27 municipal substations. This includes labour, non-capital material spending and third party support costs for both scheduled and emergency maintenance events. As with the maintenance activities, substation maintenance strategy focuses on minimizing, to the extent possible, emergency type work by improving the effectiveness of WPI's planned maintenance program (including predictive and preventative actions) for its substations as well as maximizing the useful life of these assets.

**Engineering Services**

Engineering delivers design and drafting services for capital projects and provides distribution system asset information to other departments within WPI. In addition, engineering has implemented and continues to maintain the mapping and RAMSYS database and AutoCAD.

**Health and Safety and the Environment**

Costs include Health & Safety program supplies as well labour costs associated with safety meetings and training. WPI is committed to maximizing productivity and reducing risk of injury by initiating safety and health measures that focus on preventative actions. The commitment to safety and health is significant, and involves documenting unsafe behaviors, monitoring conformance to established standards and policies, determining the effectiveness of safety training and monitoring the resolution of safety recommendations/audits; commitment to continuous improvement in training; and identifying and correcting root causes for system deficiencies.

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# Appendix 2-I
## Summary of Recoverable OM&A Expenses

| | Last Rebasing Year (2009 BA) | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|---|
| ***Reporting Basis*** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** |
| Operations | $ 480,400 | $ 238,669 | $ 213,163 | $ 265,336 | $ 289,000 | $ 334,000 |
| Maintenance | $ 1,160,575 | $ 1,452,469 | $ 1,236,425 | $ 1,217,086 | $ 1,427,000 | $ 1,558,000 |
| **SubTotal** | **$ 1,640,975** | **$ 1,691,138** | **$ 1,449,588** | **$ 1,482,422** | **$ 1,716,000** | **$ 1,892,000** |
| %Change (year over year) | | | -14.3% | 2.3% | 15.8% | 10.3% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | 11.9% |
| Billing and Collecting | $ 1,242,900 | $ 1,366,180 | $ 1,165,395 | $ 1,125,350 | $ 1,130,000 | $ 1,191,000 |
| Community Relations | $ 35,500 | $ 14,696 | $ 3,636 | $ 12,288 | $ 45,000 | $ 46,000 |
| Administrative and General | $ 1,818,350 | $ 1,505,456 | $ 1,675,704 | $ 1,986,959 | $ 2,158,500 | $ 2,062,500 |
| **SubTotal** | **$ 3,096,750** | **$ 2,886,332** | **$ 2,844,735** | **$ 3,124,597** | **$ 3,333,500** | **$ 3,299,500** |
| %Change (year over year) | | | -1.4% | 9.8% | 6.7% | -1.0% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | 14.3% |
| **Total** | **$ 4,737,725** | **$ 4,577,470** | **$ 4,294,323** | **$ 4,607,019** | **$ 5,049,500** | **$ 5,191,500** |
| %Change (year over year) | | | -6.2% | 7.3% | 9.6% | 2.8% |

| | Last Rebasing Year (2009 BA) | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|---|
| Operations | $ 480,400 | $ 238,669 | $ 213,163 | $ 265,336 | $ 289,000 | $ 334,000 |
| Maintenance | $ 1,160,575 | $ 1,452,469 | $ 1,236,425 | $ 1,217,086 | $ 1,427,000 | $ 1,558,000 |
| Billing and Collecting | $ 1,242,900 | $ 1,366,180 | $ 1,165,395 | $ 1,125,350 | $ 1,130,000 | $ 1,191,000 |
| Community Relations | $ 35,500 | $ 14,696 | $ 3,636 | $ 12,288 | $ 45,000 | $ 46,000 |
| Administrative and General | $ 1,818,350 | $ 1,505,456 | $ 1,675,704 | $ 1,986,959 | $ 2,158,500 | $ 2,062,500 |
| **Total** | **$ 4,737,725** | **$ 4,577,470** | **$ 4,294,323** | **$ 4,607,019** | **$ 5,049,500** | **$ 5,191,500** |
| %Change (year over year) | | | -6.2% | 7.3% | 9.6% | 2.8% |

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## Appendix 2-I
## Summary of Recoverable OM&A Expenses

| | Last Rebasing Year (2009 BA) | Last Rebasing Year (2009 Actuals) | Variance 2009 BA – 2009 Actuals | 2010 Actuals | Variance 2010 Actuals vs. 2009 Actuals | 2011 Actuals | Variance 2011 Actuals vs. 2010 Actuals | 2012 Bridge Year | Variance 2012 Bridge vs. 2011 Actuals | 2013 Test Year | Variance 2013 Test vs. 2012 Bridge |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operations** | $ 480,400 | $ 238,669 | $ 241,731 | $ 213,163 | -$ 25,506 | $ 265,336 | $ 52,173 | $ 289,000 | $ 23,664 | $ 334,000 | $ 45,000 |
| **Maintenance** | $ 1,160,575 | $ 1,452,469 | -$ 291,894 | $ 1,236,425 | -$ 216,044 | $ 1,217,086 | -$ 19,339 | $ 1,427,000 | $ 209,914 | $ 1,558,000 | $ 131,000 |
| **Billing and Collecting** | $ 1,242,900 | $ 1,366,180 | -$ 123,280 | $ 1,165,395 | -$ 200,785 | $ 1,125,350 | -$ 40,045 | $ 1,130,000 | $ 4,650 | $ 1,191,000 | $ 61,000 |
| **Community Relations** | $ 35,500 | $ 14,696 | $ 20,804 | $ 3,636 | -$ 11,060 | $ 12,288 | $ 8,652 | $ 45,000 | $ 32,712 | $ 46,000 | $ 1,000 |
| **Administrative and General** | $ 1,818,350 | $ 1,505,456 | $ 312,894 | $ 1,675,704 | $ 170,248 | $ 1,986,959 | $ 311,255 | $ 2,158,500 | $ 171,541 | $ 2,062,500 | -$ 96,000 |
| **Total OM&A Expenses** | $ 4,737,725 | $ 4,577,470 | $ 160,255 | $ 4,294,323 | -$ 283,147 | $ 4,607,019 | $ 312,696 | $ 5,049,500 | $ 442,481 | $ 5,191,500 | $ 142,000 |
| **Variance from previous year** | | | | -$ 283,147 | | $ 312,696 | | $ 442,481 | | $ 142,000 | |
| **Percent change (year over year)** | | | | -6% | | 7% | | 10% | | 3% | |
| **Percent Change: Test year vs. Most Current Actual** | | | | | | 12.69% | | | | | |
| **Simple average of % variance for all years** | | | | | | 13.41% | | | | | 3.38% |
| **Compound Annual Growth Rate for all years** | | | | | | | | | | | 3.20% |
| **Compound Growth Rate (2011 Actuals vs. 2009 Actuals)** | | | | | | 0.65% | | | | | |

**Note:**

1 "BA" = Board-Approved
2 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
3 Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-H.

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

| Account Description | Last Rebasing Year (2009 Actuals) | 2010 Actual | 2011 Actual[2] CGAAP | 2011 Actual[2] | Bridge Year 2012[3] CGAAP | Bridge Year 2012[3] IFRS | Test Year 2013 CGAAP | Test Year 2013 IFRS |
|---|---|---|---|---|---|---|---|---|
| ***Reporting Basis*** | | | | | | | | |
| ***Operations*** | | | | | | | | |
| 5005 Operation Supervision and Engineering | | | | | | | | |
| 5010 Load Dispatching | $ 47 | | -$ 77 | | | | | |
| 5012 Station Buildings and Fixtures Expense | | | | | | | | |
| 5014 Transformer Station Equipment - Operation Labour | | | | | | | | |
| 5015 Transformer Station Equipment - Operation Supplies and Expenses | | | | | | | | |
| 5016 Distribution Station Equipment - Operation Labour | | | $ 520 | | | | | |
| 5017 Distribution Station Equipment - Operation Supplies and Expenses | | | | | | | | |
| 5020 Overhead Distribution Lines and Feeders - Operation Labour | | | -$ 1,945 | | | | | |
| 5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses | | | | | | | | |
| 5030 Overhead Sub-transmission Feeders - Operation | | | | | | | | |
| 5035 Overhead Distribution Transformers - Operation | $ 185 | $ 672 | | | | | | |
| 5040 Underground Distribution Lines and Feeders - Operation Labour | $ 182,539 | $ 165,988 | $ 193,401 | | $ 193,000 | $ 204,000 | $ 216,000 | $ 231,000 |
| 5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses | | | | | | | | |
| 5050 Underground Sub-transmission Feeders - Operation | | | | | | | | |
| 5055 Underground Distribution Transformers - Operation | | | | | | | | |
| 5060 Street Lighting and Signal System Expense | | | | | | | | |
| 5065 Meter Expense | $ 53,790 | $ 46,228 | $ 71,983 | | $ 81,000 | $ 150,000 | $ 113,000 | $ 194,000 |
| 5070 Customer Premises - Operation Labour | | | | | | | | |
| 5075 Customer Premises - Operation Materials and Expenses | | | | | | | | |
| 5085 Miscellaneous Distribution Expenses | $ 2,108 | $ 275 | $ 1,454 | | $ 15,000 | $ 15,000 | $ 5,000 | $ 15,000 |
| 5090 Underground Distribution Lines and Feeders - Rental Paid | | | | | | | | |
| 5095 Overhead Distribution Lines and Feeders - Rental Paid | | | | | | | | |
| 5096 Other Rent | | | | | | | | |
| **Total - Operations** | $ 238,669 | $ 213,163 | $ 265,336 | $ - | $ 289,000 | $ 369,000 | $ 334,000 | $ 440,000 |

| Account Description | Last Rebasing Year (2009 Actuals) | 2010 Actual | 2011 Actual[2] CGAAP | 2011 Actual[2] | Bridge Year 2012[3] CGAAP | Bridge Year 2012[3] IFRS | Test Year 2013 CGAAP | Test Year 2013 IFRS |
|---|---|---|---|---|---|---|---|---|
| ***Maintenance*** | | | | | | | | |
| 5105 Maintenance Supervision and Engineering | $ 13,845 | $ 18,611 | $ 16,906 | | $ 18,000 | $ 18,000 | $ 18,000 | $ 18,000 |
| 5110 Maintenance of Buildings and Fixtures - Distribution Stations | $ 6,436 | $ 3,895 | $ 5,573 | | | | | |
| 5112 Maintenance of Transformer Station Equipment | | | | | | | | |
| 5114 Maintenance of Distribution Station Equipment | $ 279,502 | $ 122,608 | $ 270,915 | | $ 241,000 | $ 304,000 | $ 222,000 | $ 254,000 |
| 5120 Maintenance of Poles, Towers and Fixtures | $ 83,421 | $ 97,137 | $ 75,811 | | $ 110,000 | $ 149,000 | $ 146,000 | $ 220,000 |
| 5125 Maintenance of Overhead Conductors and Devices | $ 293,181 | $ 183,688 | $ 197,254 | | $ 124,000 | $ 214,000 | $ 141,000 | $ 251,000 |
| 5130 Maintenance of Overhead Services | $ 101,546 | $ 117,956 | $ 81,891 | | $ 111,000 | $ 202,000 | $ 134,000 | $ 244,000 |

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

| Account Description | Last Rebasing Year (2009 Actuals) | 2010 Actual | 2011 Actual² CGAAP | 2011 Actual² | Bridge Year 2012³ CGAAP | Bridge Year 2012³ IFRS | Test Year 2013 CGAAP | Test Year 2013 IFRS |
|---|---|---|---|---|---|---|---|---|
| 5135 Overhead Distribution Lines and Feeders - Right of Way | $ 310,591 | $ 278,753 | $ 132,971 | | $ 431,000 | $ 545,000 | $ 447,000 | $ 580,000 |
| 5145 Maintenance of Underground Conduit | $ 47,790 | $ 48,051 | $ 39,006 | | $ 42,000 | $ 68,000 | $ 71,000 | $ 115,000 |
| 5150 Maintenance of Underground Conductors and Devices | | | | | | | | |
| 5155 Maintenance of Underground Services | $ 145,595 | $ 189,232 | $ 230,736 | | $ 183,000 | $ 320,000 | $ 195,000 | $ 341,000 |
| 5160 Maintenance of Line Transformers | $ 107,605 | $ 112,303 | $ 102,204 | | $ 107,000 | $ 180,000 | $ 124,000 | $ 215,000 |
| 5165 Maintenance of Street Lighting and Signal Systems | | | | | | | | |
| 5170 Sentinel Lights - Labour | $ 185 | $ 817 | $ 3,208 | | | | | |
| 5172 Sentinel Lights - Materials and Expenses | | $ 7,910 | | | | | | |
| 5175 Maintenance of Meters | $ 62,772 | $ 54,668 | $ 59,217 | | $ 60,000 | $ 60,000 | $ 60,000 | $ 60,000 |
| 5178 Customer Installations Expenses - Leased Property | | | | | | | | |
| 5195 Maintenance of Other Installations on Customer Premises | | $ 796 | $ 1,394 | | | | | |
| **Total - Maintenance** | $ 1,452,469 | $ 1,236,425 | $ 1,217,086 | $ - | $ 1,427,000 | $ 2,060,000 | $ 1,558,000 | $ 2,298,000 |
| **Account Description** | **Last Rebasing Year (2009 Actuals)** | **2010 Actual** | **2011 Actual² CGAAP** | **2011 Actual²** | **Bridge Year 2012³ CGAAP** | **Bridge Year 2012³ IFRS** | **Test Year 2013 CGAAP** | **Test Year 2013 IFRS** |
| ***Billing and Collecting*** | | | | | | | | |
| 5305 Supervision | $ 13,845 | $ 18,611 | $ 16,906 | | $ 18,000 | $ 18,000 | $ 18,000 | $ 18,000 |
| 5310 Meter Reading Expense | $ 272,932 | $ 275,348 | $ 272,000 | | $ 272,000 | $ 272,000 | $ 276,000 | $ 276,000 |
| 5315 Customer Billing | $ 367,012 | $ 416,168 | $ 367,868 | | $ 352,000 | $ 352,000 | $ 356,000 | $ 356,000 |
| 5320 Collecting | $ 365,185 | $ 387,666 | $ 398,059 | | $ 392,000 | $ 392,000 | $ 435,000 | $ 435,000 |
| 5325 Collecting - Cash Over and Short | | | | | | | | |
| 5330 Collection Charges | | | | | $ 34,000 | $ 34,000 | $ 37,000 | $ 37,000 |
| 5335 Bad Debt Expense | $ 347,206 | $ 67,602 | $ 70,517 | | $ 62,000 | $ 62,000 | $ 69,000 | $ 69,000 |
| 5340 Miscellaneous Customer Accounts Expenses | | | | | | | | |
| **Total - Billing and Collecting** | $ 1,366,180 | $ 1,165,395 | $ 1,125,350 | $ - | $ 1,130,000 | $ 1,130,000 | $ 1,191,000 | $ 1,191,000 |
| **Account Description** | **Last Rebasing Year (2009 Actuals)** | **2010 Actual** | **2011 Actual² CGAAP** | **2011 Actual²** | **Bridge Year 2012³ CGAAP** | **Bridge Year 2012³ IFRS** | **Test Year 2013 CGAAP** | **Test Year 2013 IFRS** |
| ***Community Relations*** | | | | | | | | |
| 5405 Supervision | | | | | | | | |
| 5410 Community Relations - Sundry | | | | | $ 25,000 | $ 25,000 | $ 25,000 | $ 25,000 |
| 5415 Energy Conservation | | $ 350 | | | | | | |
| 5420 Community Safety Program | $ 10,936 | $ 3,286 | $ 12,288 | | $ 14,000 | $ 14,000 | $ 14,000 | $ 14,000 |
| 5425 Miscellaneous Customer Service and Informational Expenses | $ 3,760 | | | | $ 6,000 | $ 6,000 | $ 7,000 | $ 7,000 |
| 5505 Supervision | | | | | | | | |
| 5510 Demonstrating and Selling Expense | | | | | | | | |
| 5515 Advertising Expenses | | | | | | | | |
| 5520 Miscellaneous Sales Expense | | | | | | | | |
| **Total - Community Relations** | $ 14,696 | $ 3,636 | $ 12,288 | $ - | $ 45,000 | $ 45,000 | $ 46,000 | $ 46,000 |

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

| Account Description | Last Rebasing Year (2009 Actuals) | 2010 Actual | 2011 Actual[2] CGAAP | 2011 Actual[2] | Bridge Year 2012[3] CGAAP | Bridge Year 2012[3] IFRS | Test Year 2013 CGAAP | Test Year 2013 IFRS |
|---|---|---|---|---|---|---|---|---|
| ***Administrative and General Expenses*** | | | | | | | | |
| 5605 Executive Salaries and Expenses | $ 343,007 | $ 355,289 | $ 421,135 | | $ 542,000 | $ 542,000 | $ 525,000 | $ 525,000 |
| 5610 Management Salaries and Expenses | $ 296,653 | $ 345,079 | $ 423,368 | | $ 408,000 | $ 439,000 | $ 373,000 | $ 444,000 |
| 5615 General Administrative Salaries and Expenses | $ 130,243 | $ 150,725 | $ 159,152 | | $ 120,000 | $ 303,000 | $ 136,000 | $ 310,000 |
| 5620 Office Supplies and Expenses | $ 280,974 | $ 286,317 | $ 315,157 | | $ 478,000 | $ 499,000 | $ 507,000 | $ 507,000 |
| 5625 Administrative Expense Transferred - Credit | | | | | | | | |
| 5630 Outside Services Employed | $ 159,276 | $ 194,979 | $ 155,412 | | $ 248,000 | $ 201,000 | $ 161,000 | $ 161,000 |
| 5635 Property Insurance | $ 106,444 | $ 101,469 | $ 116,789 | | $ 122,000 | $ 80,000 | $ 105,000 | $ 87,000 |
| 5640 Injuries and Damages | $ 135 | | $ 160,000 | | $ 1,000 | $ 1,000 | $ 1,000 | $ 1,000 |
| 5645 OMERS Pensions and Benefits | | | | | | | | |
| 5646 Employee Pensions and OPEB | | | | | | | | |
| 5647 Employee Sick Leave | | | | | | | | |
| 5650 Franchise Requirements | | | | | | | | |
| 5655 Regulatory Expenses | $ 85,751 | $ 98,974 | $ 116,652 | | $ 107,000 | $ 107,000 | $ 120,000 | $ 120,000 |
| 5660 General Advertising Expenses | $ 3,040 | $ 13,568 | $ 5,771 | | | | | |
| 5665 Miscellaneous General Expenses | $ 27,690 | $ 37,222 | $ 33,812 | | $ 37,000 | $ 37,000 | $ 37,000 | $ 37,000 |
| 5670 Rent | | | | | | | | |
| 5672 Lease Payment Charge | | | | | | | | |
| 5675 Maintenance of General Plant | $ 72,243 | $ 92,082 | $ 69,211 | | $ 85,000 | $ 113,000 | $ 85,000 | $ 113,000 |
| 5680 Electrical Safety Authority Fees | | | | | | | | |
| 5681 Special Purpose Charge Expense | | | | | | | | |
| 5685 Independent Electricity System Operator Fees and Penalties | | | | | | | | |
| 5695 OM&A Contra Account | | | | | | | | |
| 6205 Donations | | | | | | | | |
| 6205 Donations, Sub-account LEAP Funding | | | $ 10,500 | | $ 10,500 | $ 10,500 | $ 12,500 | $ 12,500 |
| **Total - Administrative and General Expenses** | $ 1,505,456 | $ 1,675,704 | $ 1,986,959 | $ - | $ 2,158,500 | $ 2,332,500 | $ 2,062,500 | $ 2,317,500 |
| **Total OM&A** | $ 4,577,470 | $ 4,294,323 | $ 4,607,019 | $ - | $ 5,049,500 | $ 5,936,500 | $ 5,191,500 | $ 6,292,500 |
| **Adjustments for non-recoverable items** | | | | | | | | |
| 5681 Special Purpose Charge Expense | | | | | | | | |
| 6205 Donations[1] | $ 12,290 | $ 30,504 | $ 9,763 | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Recoverable OM&A** | $ 4,565,180 | $ 4,263,819 | $ 4,597,256 | $ - | $ 5,049,500 | $ 5,936,500 | $ 5,191,500 | $ 6,292,500 |

[1] Account 6205 - Donations is generally non-recoverable. However, the sub-account LEAP funding of account 6205 is generally recoverable.

**Note:**

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

1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.

2 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2012 for financial reporting purposes, 2011 must be presented on both a CGAAP and MIFRS (or alternate accounting standard) basis.

3 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2013 for financial reporting purposes, 2012 must be presented on both a CGAAP and MIFRS (or alternate accounting standard) basis.

# COST PER CUSTOMER AND PER FTEE

The table below sets out the OM&A costs per customer and Full Time equivalent employees

**Table 1: 2009-2013 Summary OM&A Recoverable Costs per Customer and FTEE (excerpt from Appendix 2-L)**

| | Last Rebasing Year (2009 Board-Approved) | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|---|
| Reporting Basis | CGAAP | CGAAP | CGAAP | CGAAP | CGAAP | CGAAP |
| Number of Customers | 21,572.00 | 21,720.00 | 21,999.00 | 22,293.00 | 22,589.00 | 22,876.00 |
| Total Recoverable OM&A from Appendix 2-I | 4,737,725 | 4,577,470 | 4,294,323 | 4,607,019 | 5,049,500 | 5,191,500 |
| OM&A cost per customer | 219.62 | 210.7490792 | 195.205373 | 206.6576504 | 223.5380052 | 226.9408988 |
| Number of FTEEs | 48 * | 37 | 37 | 34 | 35 | 36 |
| Customers/FTEEs | 449.42 | 587.03 | 594.57 | 655.68 | 645.40 | 635.44 |
| OM&A Cost per FTEE | 98,702.60 | 123,715.41 | 116,062.78 | 135,500.56 | 144,271.43 | 144,208.33 |

*Note: the number of FTEE's included in the applicants 2009 EDR (EB-2008-0250) included 9 Board of Directors. As Board of Directors have been excluded in 2009 to 2013 Bridge Year, the normalized number of FTEE's as per the 2009 Board Approved is 39 (48 minus 9).

The number of customers for each of the years in the table above reflects the average number of all customer classes as found in WPI's Load Forecast as set out in Exhibit 3.

The number of FTEEs includes full time employees only as WPI does not have any part time employees. The number of FTEEs was determined by taking an average number of employees at January 1 and December 31 of each year, and does not include vacant positions.

In the table below, the applicant has summarized statistics from the OEB 2011 Yearbook of Electricity Distributors identifying utilities that are of similar customer size, and similar revenue requirements.

**Table 3: Comparison of Costs per Customer as per OEB 2011 Yearbook of Electricity Distributors**

| Income Statement For the year ended December 31, 2011 | COLLUS Power Corporation | Erie Thames Powerlines Corporation | Festival Hydro Inc. | Innisfil Hydro Distribution Systems Limited | Norfolk Power Distribution Inc. | North Bay Hydro Distribution Limited | St. Thomas Energy Inc. | Welland Hydro-Electric System Corp. | Woodstock Hydro Services Inc. | Westario Power Inc. | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Power and Distribution Revenue | $35,016,067 | $50,926,172 | $62,762,082 | $29,632,289 | $44,183,275 | $60,315,271 | $33,329,915 | $47,474,354 | $31,900,027 | $45,662,061 | $44,120,151 |
| Cost of Power and Related Costs | $29,031,935 | $42,724,654 | $52,635,545 | $21,570,056 | $32,764,997 | $48,303,086 | $26,618,052 | $38,654,201 | $23,961,554 | $36,641,937 | $35,290,602 |
| | $5,984,131 | $8,201,518 | $10,126,537 | $8,062,233 | $11,418,278 | $12,012,186 | $6,711,863 | $8,820,153 | $7,938,474 | $9,020,124 | $8,829,550 |
| | | | | | | | | | | | |
| Other Income | $31,855 | $714,701 | $383,021 | $115,922 | $270,969 | $302,294 | $313,371 | $287,766 | $281,997 | $395,796 | $309,769 |
| | | | | | | | | | | | |
| Expenses | | | | | | | | | | | |
| Operating | $338,927 | $307,305 | $616,923 | $947,442 | $1,118,833 | $809,655 | $558,750 | $1,161,145 | $766,170 | $265,336 | $689,049 |
| Maintenance | $1,818,120 | $868,332 | $922,897 | $528,872 | $1,073,061 | $1,126,685 | $364,539 | $1,232,248 | $715,982 | $1,217,086 | $986,782 |
| Administrative | $1,919,440 | $4,530,786 | $2,427,410 | $2,686,956 | $2,590,494 | $3,397,226 | $2,767,661 | $2,884,346 | $2,324,943 | $3,114,097 | $2,864,336 |
| Other | $6,833 | $108,295 | $85,188 | $44,349 | $56,442 | -$1,078,539 | $108,911 | $52,845 | $128,818 | $68,184 | -$41,867 |
| Depreciation and Amortization | $1,053,169 | $1,456,074 | $2,498,627 | $1,894,236 | $2,625,509 | $2,956,995 | $1,386,336 | $1,751,140 | $2,161,742 | $2,010,837 | $1,979,467 |
| Financing | $285,649 | $1,057,607 | $1,305,015 | $672,042 | $1,638,214 | $1,138,338 | $890,441 | $997,984 | $2,328,904 | $1,595,858 | $1,191,005 |
| | $4,083,320 | $5,814,718 | $4,052,418 | $4,207,619 | $4,838,831 | $4,255,027 | $3,799,861 | $5,330,583 | $3,935,913 | $4,664,703 | $4,498,299 |
| Total Customers | 15723 | 18090 | 19885 | 14826 | 19032 | 23850 | 16436 | 21768 | 15181 | 22257 | 18705 |
| | $260 | $321 | $204 | $284 | $254 | $178 | $231 | $245 | $259 | $210 | $245 |
| Net Income Before Taxes | $593,849 | $587,820 | $2,653,499 | $1,404,258 | $2,586,694 | $3,964,119 | $948,597 | $1,028,213 | -$206,088 | $1,144,522 | $1,470,548 |
| PILs and Income Taxes | | | | | | | | | | | |
| Current | $147,729 | $38,641 | $628,000 | $437,400 | $276,500 | $709,730 | $283,808 | $188,437 | $307,000 | $501,000 | $351,824 |
| Future | -$22,291 | $0 | $0 | -$144,000 | $0 | $0 | $0 | $0 | -$344,000 | -$280,000 | -$79,029 |
| | $125,438 | $38,641 | $628,000 | $293,400 | $276,500 | $709,730 | $283,808 | $188,437 | -$37,000 | $221,000 | $272,795 |
| | | | | | | | | | | | |
| Net Income | $468,411 | $549,179 | $2,025,499 | $1,110,858 | $2,310,194 | $3,254,389 | $664,789 | $839,776 | -$169,088 | $923,522 | $1,197,753 |

Based on the table above, WPI had an average OM&A cost per customer of $210 in 2011, which was the third lowest in the group and 14.3% lower than the group average. The OM&A costs that are proposed for the 2013 Test Year are equivalent to $226.94 per customer; which is approximately $18 per customer or 7.3% lower than the average of WPI's peer group for 2011.

Westario Power has a unique service territory in that it serves fifteen small communities within Grey, Bruce, Huron and Wellington Counties with Hydro One servicing all areas in between. While the urban service area that WPI covers is approximately 65 square kilometres, the distance north to south (Southampton to Harriston) is approximately 80 km, and the distance west to east (Kincardine to Hanover) is approximately 60 km. Due to WPIs geographical area, additional costs are incurred most notably for fleet costs and drive time, which are then allocated to the appropriate USoA account. WPI takes every opportunity to maximize productivity and find efficiencies in order to contain annual costs as it pertains to its geographical service area.

Detailed information with respect to OM&A costs, arranged by USoA account, is provided in Exhibit 4, Tab 1, Schedule 1 Attachment 2. Detailed information with respect to OM&A variances, arranged by USofA account is provided in Exhibit 4, Tab 3, Schedule 1, Attachment 1.

The variance threshold used to determine the OM&A accounts that require variance analysis has been prescribed by the Filing Requirements as $50,000. In addition to providing the prescribed variances, WPI has provided further analysis on expenses less than $50,000 in order to be transparent in our analysis.

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

| | Last Rebasing Year (2009 Board-Approved) | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|---|
| Reporting Basis | CGAAP | CGAAP | CGAAP | CGAAP | CGAAP | CGAAP |
| Number of Customers | 21,572.00 | 21,720.00 | 21,999.00 | 22,293.00 | 22,589.00 | 22,876.00 |
| Total Recoverable OM&A from Appendix 2-I | $ 4,737,725 | $ 4,577,470 | $ 4,294,323 | $ 4,607,019 | $ 5,049,500 | $ 5,191,500 |
| OM&A cost per customer | $ 219.62 | $210.75 | $195.21 | $206.66 | $223.54 | $226.94 |
| Number of FTEEs | 48 | 37 | 37 | 34 | 35 | 36 |
| Customers/FTEEs | 449.42 | 587.03 | 594.57 | 655.68 | 645.40 | 635.44 |
| OM&A Cost per FTEE | 98,702.60 | 123,715.41 | 116,062.78 | 135,500.56 | 144,271.43 | 144,208.33 |

**Notes:**

1. If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
2. The method of calculating the number of customers must be identified.
3. The method of calculating the number of FTEEs must be identified. See also Appendix 2-K
4. The number of customers and the number of FTEEs should correspond to mid-year or average of January 1 and December 31 figures.

Exhibit 4: Operating Costs

# Tab 2 (of 11): Summary and Cost Driver Tables

# COST DRIVERS

For the purposes of identifying cost drivers, the applicant has established a materiality threshold of $50,000, which is consistent with the materiality threshold for the variance analysis. The cumulative amount of costs that have not been identified as cost drivers, are shown in 'Other' in Table 1 below:

**Appendix 2-J**
**OM&A Cost Driver Table**

| OM&A | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|
| *Reporting Basis* | CGAAP | CGAAP | CGAAP | CGAAP | CGAAP |
| **Opening Balance** | $ 4,737,725 | $ 4,577,473 | $ 4,294,320 | $ 4,607,019 | $ 5,049,500 |
| UG Distribution Lines and Feeders | -$ 286,861 | | | | |
| Mtnce of Distribution Stations | | -$ 159,435 | $ 150,505 | | |
| Mtnce of OH Conductors and Devices | $ 161,981 | -$ 109,493 | | -$ 72,254 | |
| OH Lines and Feeders (ROW) | $ 69,691 | | -$ 145,782 | $ 298,029 | |
| Mtnce of OH & UG Services | | $ 60,047 | | | |
| Collecting | -$ 51,215 | | | | |
| Bad Debt Expense | $ 197,206 | -$ 279,604 | | | |
| General Admin and Executive Salaries and Expenses included in OM&A | -$ 192,797 | $ 81,190 | $ 152,562 | $ 66,850 | |
| Office Supplies and Expenses | -$ 87,676 | | | $ 162,843 | |
| Outside Service - Employed | | | | $ 92,588 | -$ 87,000 |
| Injuries and Damages | | | $ 160,000 | | |
| Other | $ 29,419 | $ 124,142 | -$ 4,586 | -$ 105,575 | $ 229,000 |
| **Closing Balance** | $ 4,577,473 | $ 4,294,320 | $ 4,607,019 | $ 5,049,500 | $ 5,191,500 |

An explanation of cost drivers for each of the years is detailed below:

## <u>2009 Actual vs. 2009 Board Approved:</u>

**Cost Driver #1: Underground Distribution Lines and Feeders ($286,861)**

The reason for the decrease in actual costs related to Underground Distribution Lines and Feeders is two-fold. In the applicant's 2009 COS application (EB-2008-0250) costs had been allocated to this account for the field asset collection program and costs associated with underground locates. In regards to the field asset collection, efforts in this program were allocated to OH Conductors and Devices and the costs were allocated to that account accordingly. In addition, prior to 2009 the applicant had conducted all aspect of cable locating in house. In an effort to reduce costs all cable locating operations were contracted out commencing in 2009. The actual costs associated for cable locating in 2009 were less than had originally been anticipated.

**Cost Driver #2: Maintenance of OH Conductors and Devices +$161,981**

As identified above, costs relating to the field asset collection program were reallocated to this account as opposed to the Underground Distribution Lines and Feeders account as per the applicant's original application.

**Cost Driver #3: Overhead Lines and Feeders +69,691**

Costs incurred in this account include costs related to tree trimming and line clearing operations. On pages 11 and 12 of the Board's Decision and Order dated April 27, 2009 costs were reduced by $50,000 from the applied for amount for this account. In order to ensure that the applicant remained compliant with its responsibilities under Ontario Regulation 22/04 and to ensure the safe and reliable operation of its distribution plant, the applicant continued with its planned tree trimming program in 2009.

**Cost Driver #4: Collecting ($51,215)**

Costs decreased in 2009 due to the decrease in costs associated with the delivery of disconnection notices and decreases in collection charges from WPI's third party collection agency.

**Cost Driver #5: Bad Debt Expense +$197,206**

In 2008 WPI created a customer service procedure to address bad debt and accounts to be written off. Based on the new procedure, there was a significant increase in the Bad Debt Expense due to aged accounts receivables being written off and a revision to the calculation of the Allowance for Doubtful Accounts.

**Cost Driver #6: Executive, Management and General Admin Salaries ($192,797)**

In 2009 there was a decrease in this category mostly due to the fact that there were two senior positions vacant. The Manager of Operations position was vacant for nine months of the year, and the Chief Financial Officer position was vacant for six months of the year. The salary and benefits for each of these positions were not incurred for some part of 2009 resulting in a decrease in costs relative to the 2009 Board Approved budget for this category of costs.

**Cost Driver #7: Office Supplies and Expenses ($87,676)**

The decrease in costs between 2009 Board Approved and 2009 Actuals is primarily due to less than anticipated communication costs in the amount of $19K, computer software related costs in the amount of $37K, hardware costs of $9K.

## 2010 Actuals vs. 2009 Actuals:

In the fall of 2010, WPI suffered a fatality in the line department. The incident had a significant impact on the employees of WPI and the operations as a whole. Due to this, a number of projects that had been planned for completion in 2010 were rescheduled or put on hold. Accounts that were mostly affected by this were Maintenance of Distribution Stations (decrease of $159,435) and Maintenance of OH Conductors and Devices (decrease of $109,493). The balance of the cost drivers for 2010 are described below.

**Cost Driver #1: Maintenance of OH & Underground Services +$60,047**

Costs attributed to this account include trouble calls, replacing wire for service upgrades, and services isolations. The nature of this work is cyclical and for the most part is customer driven. WPI experienced more requests for service upgrades (60 to 100 or 200 amp services) than had been recorded in the previous year.

**Cost Driver #2: Bad Debt Expense ($279,604)**

Due to the changes implemented in 2008 and 2009, this account decreased due to the one-time charge that was incurred in 2009.

**Cost Driver #3: Executive, Management and General Admin Salaries +$81,190**

Costs increased in 2010 over the previous year due to the full year impact of the hiring of a Chief Financial Officer and Manager of Operations in 2009.

## 2011 Actuals vs. 2010 Actuals:

**Cost Driver #1: Maintenance of Distribution Stations +$150,505**

Due to the projects that had been put on hold in 2010 due to the fatality, ongoing costs associated with the regular maintenance of distribution stations recommenced in 2011.

**Cost Driver #2: Overhead Lines and Feeders ($145,782)**

In 2011, WPI conducted a vegetation study, details of which are described in Exhibit 4, Tab 3, Schedule 1 page 12. Until such time as the vegetation study was completed, actual tree trimming was put on hold unless there was an immediate risk to safety or there was an emergency situation. Once the vegetation study was completed, a shortened tree trimming program commenced with the assistance of a third party contractor.

**Cost Driver #3: Executive, Management and Admin Salaries +$152,562**

The increase in costs in 2011 for this account is due to the costs associated with the replacement of a Management employee. These costs incurred were on a one time basis.

**Cost Driver #4: Injuries and Damages +$160,000**

The applicant was fined in 2011 by the Ministry of Labour for violations under the Occupational Health and Safety Act in connection to the fatality suffered in 2010. While the actual amount ($137,500) was assessed and paid in 2012; an estimated amount was accrued in 2011.

## 2012 Bridge vs. 2011 Actual

**Cost Driver #1: Maintenance of OH Conductors and Devices ($72,254)**

This account is used to record the repair and maintenance of the overhead lines. Also included in this account are weather related failures and equipment failures. Due to the ongoing capital and maintenance programs as described in the DAMP, we are seeing a downward trend in this account as fewer equipment failures are being experienced.

**Cost Driver #2: Overhead Lines and Feeders +$298,029**

As detailed in 2011 above, a vegetation study was conducted in 2011 and much of the tree trimming projects in 2011 were put on hold until the study was complete. As detailed in Exhibit 4, Tab 3, Schedule 1 page 12, approximately 40% of trees affecting over 10,000 customers requires trimming in the next three years. This plan has been implemented in 2012, and is expected to continue over the next five years.

**Cost Driver #3: Executive, Management and Admin Salaries +$66,850**

Increased costs are primarily due to the Executive Assistant retiring in Q2 of 2012 and a replacement employee was hired to shadow the position for a period of four months to ensure a smooth transition. Additionally, a manager had been on Maternity Leave for a period in 2011; therefore full costs associated with this position were not realized in 2011; however full costs are included in 2012.

**Cost Driver #4: Office Supplies and Expenses +$162,843**

The cost increase associated for this account are for costs related to IT support services. In the past, WPI paid Canadian Niagara Power Inc. ('CNPI') for support services based on a fixed monthly charge that had been mutually agreed upon by both parties. Due to the increased level of service required to support WPI's hardware and software components; most notably to support the Smart Meter initiative, the applicant has signed a five year agreement with CNPI for support services and fees for services for IT. The new fee schedule includes fees for IT support services based on the market rate for SAP support personnel and general IT service technicians. Full details of this expenditure are detailed in Exhibit 4, Tab 2, Schedule 3 page 22.

**Cost Driver #5: Outside Services Employed +$92,588**

Costs in this account relate to costs for outside services including but not limited to accounting, legal, regulatory and safety and environment. In 2012 the applicant underwent a WSIB Workwell Audit. In order to assist in the preparation of the audit and to assist in the various components of the applicants Health & Safety program, significant one-time costs were incurred for Health and Safety related consulting fees.

## 2013 Test vs. 2012 Bridge:

**Cost Driver #1: Outside Services Employed ($87,000)**

As explained in the paragraph above, this variance accounts for consulting fees to assist with the applicants Health and Safety program in the previous year. The decrease in 2013 is due to the applicant's expectation that costs in this account will remain fairly static on a go forward basis.

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# Appendix 2-J
# OM&A Cost Driver Table

| **OM&A** | **Last Rebasing Year (2009 Actuals)** | **2010 Actuals** | **2011 Actuals** | **2012 Bridge Year** | **2013 Test Year** |
|---|---|---|---|---|---|
| ***Reporting Basis*** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** | **CGAAP** |
| **Opening Balance** | $ 4,737,725 | $ 4,577,473 | $ 4,294,320 | $ 4,607,019 | $ 5,049,500 |
| UG Distribution Lines and Feeders | -$ 286,861 | | | | |
| Mtnce of Distribution Stations | | -$ 159,435 | $ 150,505 | | |
| Mtnce of OH Conductors and Devices | $ 161,981 | -$ 109,493 | | -$ 72,254 | |
| OH Lines and Feeders (ROW) | $ 69,691 | | -$ 145,782 | $ 298,029 | |
| Mtnce of OH & UG Services | | $ 60,047 | | | |
| Collecting | -$ 51,215 | | | | |
| Bad Debt Expense | $ 197,206 | -$ 279,604 | | | |
| Salaries and Expenses included in OM&A | -$ 192,797 | $ 81,190 | $ 152,562 | $ 66,850 | |
| Office Supplies and Expenses | -$ 87,676 | | | $ 162,843 | |
| Outside Service - Employed | | | | $ 92,588 | -$ 87,000 |
| Injuries and Damages | | | $ 160,000 | | |
| Other | $ 29,419 | $ 124,142 | -$ 4,586 | -$ 105,575 | $ 229,000 |
| **Closing Balance** | $ 4,577,473 | $ 4,294,320 | $ 4,607,019 | $ 5,049,500 | $ 5,191,500 |

**Notes:**

1 For each year, a detailed explanation for each cost driver and associated amount is required.

2 The closing balance for each year becomes the opening balance for the next year.

3 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of

4 Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the Board-Approved amount.

# REGULATORY COSTS

Details of the Applicant's regulatory costs appear in Table 2 below:

## Table 2 – Regulatory Cost Schedule

**Appendix 2-M**
**Regulatory Cost Schedule**

| | Regulatory Cost Category | USoA Account | Ongoing or One-time Cost? [2] | Last Rebasing Year (2009 Board Approved) | Most Current Actuals Year 2011 | 2012 Bridge Year | Annual % Change | 2013 Test Year | Annual % Change |
|---|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (D) | (E) | (F) | (G) | (H) = [(G)-(F)]/(F) | (I) | (J) = [(I)-(G)]/(G) |
| 1 | OEB Annual Assessment | 5655 | On-Going | $ 55,170 | $ 56,092 | $ 58,878 | 4.97% | $ 60,000 | 1.91% |
| 2 | OEB Section 30 Costs (Applicant-originated) | 5655 | On-Going | $ 73 | $ 109 | $ 581 | 433.03% | | -100.00% |
| 3 | OEB Section 30 Costs (OEB-initiated) | 5655 | On-Going | $ 1,064 | $ 800 | $ 800 | 0.00% | $ 800 | 0.00% |
| 4 | Expert Witness costs for regulatory matters | 5655 | On-Going | | | | | | |
| 5 | Legal costs for regulatory matters | 5655 | On-Time | $ 3,055 | $ 4,583 | $ 4,583 | 0.00% | $ 10,000 | 118.20% |
| 6 | Consultants' costs for regulatory matters | 5655 | On-Time | $ 19,045 | $ 49,768 | $ 30,168 | -39.38% | $ 32,500 | 7.73% |
| 7 | Operating expenses associated with staff resources allocated to regulatory matters | 5655 | | | | | | | |
| 8 | Operating expenses associated with other resources allocated to regulatory matters [1] | 5655 | | | | | | | |
| 9 | Other regulatory agency fees or assessments | 5655 | | | | | | | |
| 10 | Any other costs for regulatory matters (please define) | 5655 | On-Going | $ 1,304 | $ 31 | $ 3,856 | 12338.71% | $ 3,000 | -22.20% |
| | Intervenor costs | 5655 | On-Going | $ 6,041 | $ 5,269 | $ 8,134 | 54.37% | $ 6,200 | -23.78% |
| 11 | Intervenor costs | 5655 | On-Time | | | | | $ 7,500 | |
| 12 | Sub-total - Ongoing Costs [3] | | | $ 63,652 | $ 62,301 | $ 72,249 | 15.97% | $ 70,000 | -3.11% |
| 13 | Sub-total - One-time Costs [4] | | | $ 22,100 | $ 54,351 | $ 34,751 | -36.06% | $ 50,000 | 43.88% |
| 14 | Total | | | $ 85,752 | $ 116,652 | $ 107,000 | -8.27% | $ 120,000 | 12.15% |

The OEB Annual Assessment, the OEB Hearing Assessments (Applicant Initiated) and OEB Section 30 Costs (OEB initiated) have been forecast in the 2013 Test Year based on historic actuals.

There has been an increase to costs in the most current actual (2011) vs. the Board Approved (2009) most notably due to additional costs incurred for consultants assisting with regulatory matters. The additional costs incurred in 2011 are representative of assistance required in the 2012 IRM process for the recovery of PILs (Account 1562) and the inclusion of an LRAM rate rider in the 2012 rates.

The Applicant estimates regulatory costs of approximately $200K to complete this 2013 cost of service rate application for its four year rebasing cycle. As a result, 25% of this cost has been included in the 2013 Test Year as detailed in Table 3 below:

**Table 3 – 25% of One Time Costs Associated with the 2013 Cost of Service Application**

| | | Historical Year(s) | 2013 Test Year |
|---|---|---|---|
| **4** | Expert Witness costs for regulatory matters | | $ - |
| **5** | Legal costs for Regulatory Matters | | $ 10,000 |
| **6** | Consultants' costs for regulatory matters | | $ 32,500 |
| **7** | Operating expenses associated with staff resources allocated to regulatory matters | | $ - |
| **8** | Operating expenses associated with other resources allocated to regulatory matters [1] | | $ - |
| **11** | Intervenor costs | | $ 7,500 |

The projected regulatory costs related to the 2013 Cost of Service application of $200K are based on a written hearing. Westario reserves the right to revise its regulatory costs if the Board determines the post filing process to include a settlement conference and/or an oral hearing.

As a result, total rate filing costs of $200K are estimated for the Applicant's upcoming four-year rebasing cycle. 25% of this amount ($50K) has been included in the Applicant's test year costs, in addition to $70K in annual baseline regulatory costs, consistent with actual costs in the most recent two historical years. The total regulatory cost is presented at Exhibit 4, Tab 2, Schedule 2, Appendix 1.

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# Appendix 2-M
# Regulatory Cost Schedule

| | Regulatory Cost Category | USoA Account | USoA Account Balance | Ongoing or One-time Cost? [2] | Last Rebasing Year (2009 Board Approved) | Most Current Actuals Year 2011 | 2012 Bridge Year | Annual % Change | 2013 Test Year | Annual % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C ) | (D) | (E) | (F) | (G) | (H) = [(G)-(F)]/(F) | (I) | (J) = [(I)-(G)]/(G) |
| 1 | OEB Annual Assessment | 5655 | | On-Going | $ 55,170 | $ 56,092 | $ 58,878 | 4.97% | $ 60,000 | 1.91% |
| 2 | OEB Section 30 Costs (Applicant-originated) | | | On-Going | $ 73 | $ 109 | $ 581 | 433.03% | | -100.00% |
| 3 | OEB Section 30 Costs (OEB-initiated) | | | On-Going | $ 1,064 | $ 800 | $ 800 | 0.00% | $ 800 | 0.00% |
| 4 | Expert Witness costs for regulatory matters | | | On-Going | | | | | | |
| 5 | Legal costs for regulatory matters | | | On-Time | $ 3,055 | $ 4,583 | $ 4,583 | 0.00% | $ 10,000 | 118.20% |
| 6 | Consultants' costs for regulatory matters | | | On-Time | $ 19,045 | $ 49,768 | $ 30,168 | -39.38% | $ 32,500 | 7.73% |
| 7 | Operating expenses associated with staff resources allocated to regulatory matters | | | | | | | | | |
| 8 | Operating expenses associated with other resources allocated to regulatory matters [1] | | | | | | | | | |
| 9 | Other regulatory agency fees or assessments | | | | | | | | | |
| 10 | Any other costs for regulatory matters (please define) | | | On-Going | $ 1,304 | $ 31 | $ 3,856 | 12338.71% | $ 3,000 | -22.20% |
| | Intervenor costs | | | On-Going | $ 6,041 | $ 5,269 | $ 8,134 | 54.37% | $ 6,200 | -23.78% |
| 11 | Intervenor costs | | | On-Time | | | | | $ 7,500 | |
| 12 | Sub-total - Ongoing Costs [3] | | $ - | | $ 63,652 | $ 62,301 | $ 72,249 | 15.97% | $ 70,000 | -3.11% |
| 13 | Sub-total - One-time Costs [4] | | $ - | | $ 22,100 | $ 54,351 | $ 34,751 | -36.06% | $ 50,000 | 43.88% |
| 14 | Total | | $ - | | $ 85,752 | $ 116,652 | $ 107,000 | -8.27% | $ 120,000 | 12.15% |

1 Please identify the resources involved.
2 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.
3 Sum of all ongoing costs identified in rows 1 to 11 inclusive.
4 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) | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|
| 4 | Expert Witness costs for regulatory matters | | $ - | $ - |
| 5 | Legal costs for Regulatory Matters | | | $ 10,000 |
| 6 | Consultants' costs for regulatory matters | | $ - | $ 32,500 |
| 7 | Operating expenses associated with staff resources allocated to regulatory matters | | $ - | $ - |
| 8 | Operating expenses associated with other resources allocated to regulatory matters [1] | | $ - | $ - |
| 11 | Intervenor costs | | $ - | $ 7,500 |

# ONE-TIME COSTS

WPI has not included any one-time costs in the operating budget, with the exception of costs related to the filing of its cost of service application. $200,000 is being amortized over a period of four years. Further details on this topic can be found at Exhibit 4, Tab 2, Schedule 2.

Exhibit 4: Operating Costs

# Tab 3 (of 11): OM&A Variance Analysis

# OM&A VARIANCES TABLE AND ANALYSIS

## *Variance Analysis on OM&A Costs*

The section below presents a variance analysis by account for the change in OM&A expense for the test year in respect to each of the bridge year and historical years.

### Account 5016 / 5017 / 5114 / 5110

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5016 | Distribution Station Equipment - Operations Labour | 0 | 0 | 0 | 520 | 0 | 0 |
| 5017 | Distribution Station Equipment - Operations Supplies | 0 | 0 | 0 | 0 | 0 | 0 |
| 5114 | Maintenance of Dist Station Equipment | 246,800 | 279,502 | 122,608 | 270,915 | 241,000 | 222,000 |
| 5110 | Maintenance of Building & Fixtures - Dist Stations | 0 | 6,436 | 3,895 | 5,573 | 0 | 0 |
| | | | | | | | |
| Subtotal | | 246,800 | 285,938 | 126,503 | 277,008 | 241,000 | 222,000 |

### Total for Account 5016 / 5017 / 5114 / 5110

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 246,800 | | |
| Actual | 2009 | 285,938 | 39,138 | 15.9% |
| | 2010 | 126,503 | (159,435) | (55.8%) |
| | 2011 | 277,008 | 150,505 | 119.0% |
| Projected | 2012 | 241,000 | (36,008) | (13.0%) |
| | 2013 | 222,000 | (19,000) | (7.9%) |

Westario Power owns and maintains 27 substations. The substations undergo a complete maintenance once every four years, based on the advice of WPI's substation contractor.

These costs, above, are shown grouped together, as they are representative of work performed to manage the one asset, namely substations and associated property.

Maintenance of the distribution system substations is performed jointly by a certified substation contractor and Westario Power personnel.

In 2010 some station jobs where postponed due to scheduling difficulties, resulting in a decrease for that year. The jobs cancelled in 2010 where completed in 2011 resulting in increased expenditures.

Year to year maintenance varies as the repairs and maintenance performed is based on the contractor's assessment and recommendations. Costs can vary depending on the nature of the work involved and the number of substations maintained. However, the 2009 – 2013 average is closely in line with the amount approved in the 2009 COS application.

## Account 5035 / 5160

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5035 | OH Dist Transformers - Operations | 0 | 185 | 672 | 0 | 0 | 0 |
| 5160 | Maintenance of Line Transformers | 108,000 | 107,605 | 112,303 | 102,204 | 107,000 | 124,000 |
| | | | | | | | |
| Subtotal | | 108,000 | 107,790 | 112,975 | 102,204 | 107,000 | 124,000 |

## Total for Account 5035 / 5160

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 108,000 | | |
| Actual | 2009 | 107,790 | (210) | (0.2%) |
| | 2010 | 112,975 | 5,185 | 4.8% |
| | 2011 | 102,204 | (10,771) | (9.5%) |
| Projected | 2012 | 107,000 | 4,796 | 4.7% |
| | 2013 | 124,000 | 17,000 | 15.9% |

These costs, above, are shown grouped together, as they are representative of work performed to manage overhead and underground line transformers. Events such as weather related failures or equipment failures are allocated here. Since these are unplanned events, the costs vary from year-to-year.

The 5160 account is used for transformer inspections and disposal, and PCB oil disposal. While costs of disposing PDB transformers has been completed, the costs allocated to this account represent the regulatory requirement of ongoing inspections of transformers and the oil disposal from the pole-tran conversions that will be on going for the next six years.

## Account 5040 / 5045

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5040 | UG Dist Lines & Feeders – Operations Labour | 469,400 | 182,539 | 165,988 | 193,401 | 193,000 | 216,000 |
| 5045 | UG Dist Lines & Feeders - Operations Supplies and Expenses | 10,000 | 0 | 0 | 0 | | |
| | | | | | | | |
| Subtotal | | 479,400 | 182,539 | 165,988 | 193,401 | 193,000 | 216,000 |

## Total for Account 5040 / 5045

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 479,400 | | |
| Actual | 2009 | 182,539 | (296,861) | (61.9%) |
| | 2010 | 165,988 | (16,551) | (9.1%) |
| | 2011 | 193,401 | 27,413 | 16.5% |
| Projected | 2012 | 193,000 | (401) | (0.2%) |
| | 2013 | 216,000 | 23,000 | 11.9% |

Commencing in 2009 cable locating has been contracted out to a third party provider, resulting in a significant decrease in costs. Costs have increased in 2011 projected through 2013 due to the fact that a local telecommunication provider is installing underground fibre-optic cable to every house in many of the communities that WPI services.

Underground Locate Volumes:

Increase from 2008 to 2009: 141% increase

Increase from 2009 to 2010: 15% decrease

Increase from 2010 to 2011: 24% increase

Included in the 2009 COS application were costs associated with the on-going field asset collection program. While the amount approved was allocated to Account 5040 in the 2009 application in 2009 the work associated with the field asset collection was in fact focused on overhead plant, resulting in both a decrease to Account 5040 and an increase in costs in Account 5125.

## Account 5065 / 5175

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5065 | Meter Expenses | 0 | 53,790 | 46,228 | 71,983 | 81,000 | 113,000 |
| 5175 | Maintenance of Meters | 95,000 | 62,772 | 54,668 | 59,217 | 60,000 | 60,000 |
| | | | | | | | |
| Subtotal | | 95,000 | 116,562 | 100,896 | 131,200 | 141,000 | 173,000 |

## Total for Account 5065 / 5175

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 95,000 | | |
| Actual | 2009 | 116,562 | 21,562 | 22.7% |
| | 2010 | 100,896 | (15,666) | (13.4%) |
| | 2011 | 131,200 | 30,304 | 30.0% |
| Projected | 2012 | 141,000 | 9,800 | 7.5% |
| | 2013 | 173,000 | 32,000 | 22.7% |

The above costs include revenue meters, wholesale meters for IESO compliance and interval metering for customers 50 kW or greater.

Many of these costs are as a result of regularly scheduled maintenance, but emergency call outs for faulty meters add to this cost. In addition, there are a total of six wholesale meters that expire in 2012 and eighteen that expire in 2013. These amounts are included in the above. In addition, based on our initial experience with smart meters, WPI is experiencing failure rates that had not been occurring with the old conventional meters. The increase in failure rates is also reflective of the increase in expenditures for both 2012 and 2013.

## Total for Account 5085

| Acct | Description | | | |
|---|---|---|---|---|
| 5085 | Misc Distribution Expense | $ | Var $ | Var % |
| | 2009 COS | 0 | | |
| Actual | 2009 | 2,108 | 2,108 | 100.00% |
| | 2010 | 275 | (1,833) | (87.0%) |
| | 2011 | 1,454 | 1,179 | 428.7% |
| Projected | 2012 | 15,000 | 13,546 | 931.6% |
| | 2013 | 5,000 | (10,000) | (66.7%) |

These costs include ongoing licensing fees for software related to mapping of the distribution system. The increase in 2012 is due to additional software training and technical support for new employees.

## Total for Account 5105

| Acct | Description | | | |
|---|---|---|---|---|
| 5105 | Maintenance Supervision Engineering | $ | Var $ | Var % |
| | 2009 COS | 16,775 | | |
| Actual | 2009 | 13,845 | (2,930) | (17.5%) |
| | 2010 | 18,611 | 4,766 | 34.4% |
| | 2011 | 16,906 | (1,705) | (9.2%) |
| Projected | 2012 | 18,000 | 1,094 | 6.5% |
| | 2013 | 18,000 | 0 | 0.0% |

Costs in this account are primarily industry-related membership fees. Actual expenditures in 2009 were not quite what had been expected, and in addition, an unanticipated refund of $2,200 was received in 2009 for a refund of 2008 membership fees. The 2012 bridge year and 2013 test year includes the anticipated annual increase for the membership fees.

## Total for Account 5120

| Acct | Description | | | |
|---|---|---|---|---|
| 5120 | Maintenance of Poles, Towers and Fixtures | $ | Var $ | Var % |
| | 2009 COS | 77,400 | | |
| Actual | 2009 | 83,421 | 6,021 | 7.8% |
| | 2010 | 97,137 | 13,716 | 16.4% |
| | 2011 | 75,811 | (21,326) | (22.0%) |
| Projected | 2012 | 110,000 | 34,189 | 45.1% |
| | 2013 | 146,000 | 36,000 | 32.7% |

This account is used to track costs for pole pulling after a joint use attacher has transferred their plant to the new pole, for pole hole backfilling, and for miscellaneous supplies. Volume of work depends on the speed at which the joint use attacher transfers, and whether WPI is provided notification. This work is also dependant on the volume of capital works and the locations.

In 2009 and 2010, there was an increase in old poles breaking that had to be replaced and adjacent poles were often replaced at the same time to improve the reliability of the system and ensure that standards were consistent with Ontario Regulation 22/04. Expenditures in 2011 decreased when elective changes were delayed due to a manpower shortage. Based on our recent pole audit and as detailed in our Distribution Asset Management Program (DAMP) in Exhibit 2, Tab 4 Schedule 4 Attachment 1; an increase in the number of pole replacements is being undertaken to improve the safety and reliability of the distribution system. To accommodate this, the amounts for the Bridge and Test years have been increased.

## Total for Account 5125

| Acct | Description | | | |
|---|---|---|---|---|
| 5125 | Maintenance of OH Conductors & Devices | $ | Var $ | Var % |
| | 2009 COS | 131,200 | | |
| Actual | 2009 | 293,181 | 161,981 | 123.5% |
| | 2010 | 183,688 | (109,493) | (37.3%) |
| | 2011 | 197,254 | 13,566 | 7.4% |
| Projected | 2012 | 124,000 | (73,254) | (37.1%) |
| | 2013 | 141,000 | 16,000 | 12.8% |

This account is used to track costs for the repair and maintenance of the overhead lines.

As referenced above in Account 5040, included in the 2009 COS application were costs associated with the field asset collection program. While the amount approved was allocated to Account 5040; in 2009 the work associated with the field asset collection was focused on overhead plant, resulting in both a decrease to Account 5040 and an increase in costs in Account 5125.

Also included in this account are weather related failures or equipment failures. Since these are events unplanned, the costs vary for each period. Due to ongoing capital and maintenance programs as described in the DAMP, we are seeing a decreased number of outages and after hours callouts, reflected in lower than historical costs for 2012 and 2013.

## Account 5130 / 5155

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5130 | Maintenance of OH Services | 106,600 | 101,546 | 117,956 | 81,891 | 111,000 | 134,000 |
| 5155 | Maintenance of UG Services | 112,000 | 145,595 | 189,232 | 230,736 | 183,000 | 195,000 |
| | | | | | | | |
| Subtotal | | 218,600 | 247,141 | 307,188 | 312,627 | 294,000 | 329,000 |

## Total for Account 5130 / 5155

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 218,600 | | |
| Actual | 2009 | 247,141 | 28,541 | 13.1% |
| | 2010 | 307,188 | 60,047 | 24.3% |
| | 2011 | 312,627 | 5,439 | 1.8% |
| Projected | 2012 | 294,000 | (18,627) | (5.9%) |
| | 2013 | 329,000 | 35,000 | 11.93% |

This group of accounts represents the maintenance of overhead services and underground secondary services. Costs attributed to this account include trouble calls, replacing wire for service upgrades, and service isolations. Also included is work to repair secondary cable faults and associated material/hardware. Nature of the work is cyclical and demand for the most part is customer driven. The budgets are based on historical counts.

With home inspections becoming more common, there have been many customers that have upgraded their services from 60 amp panels to 100 or 200 amp panels. It is expected that this trend will continue for 2012 and 2013. The number of secondary underground faults has also continued to increase.

# Total for Account 5135

| Acct | Description | | | |
|---|---|---|---|---|
| 5135 | OH Dist Lines and Feeders - Right of Way | $ | Var $ | Var % |
| | 2009 COS | 240,900 | | |
| Actual | 2009 | 310,591 | 69,691 | 28.9% |
| | 2010 | 278,753 | (31,838) | (10.3%) |
| | 2011 | 132,971 | (145,782) | (52.3%) |
| Projected | 2012 | 431,000 | 298,029 | 224.1% |
| | 2013 | 447,000 | 16,000 | 3.7% |

This account is allocated for Tree Trimming and Line Clearing Operations. Every year Westario Power undertakes tree trimming and line clearing operations to manage vegetation growth near power lines. This improves reliability and provides for a level of public and worker safety.

In the Board's Decision and Order for the applicants 2009 EDR, the Board reduced the applied for costs of this account by $50,000 to $240,900. While the Board Approved amount was reduced to $240,900, WPI continued with its planned tree trimming program in 2009 to ensure public safety and the reliability of the overhead system. There was a slight decrease in 2010 spending due to the lack of resources and scheduling conflicts to complete our planned tree trimming program mainly due to the fatality suffered in Q3 of 2010.

In mid-2011 a vegetation study was undertaken by an independent third party to access the vegetation within proximity to WPI's overhead infrastructure. The study reviewed the kilometers of overhead line, trees and customers per distribution feeder. Each feeder was provided with a rating of 0 thru 5 (with 5 being the worst).

A summary of the results is provided below:

| *Per Feeder* | | | | *Rating* |
|---|---|---|---|---|
| Kilometres | # of Trees | Density | # of Customers | |
| 53.3 | 4,060 | 827.4 | 2,458 | 5 |
| 42.8 | 1,883 | 510.0 | 1,957 | 4.5 |
| 83 | 4,036 | 1,169 | 6,005 | 4 |
| 21.3 | 941 | 423.7 | 2,599 | 3.5 |
| 59.9 | 2,510 | 662.6 | 4,538 | 3 |
| 55.4 | 1,231 | 570.4 | 2,657 | 2 |
| 7.2 | 199 | 84 | 612 | 1 |
| 8.2 | 36 | 22.7 | 554 | 0 |

Based on the above table, approximately 40% of the trees, affecting over 10,000 customers have been rated as a four or more; therefore requiring trimming in the next three years. In order to ensure that vegetation within WPI's service territory is maintained on a five year growth cycle, a systematic approach to tree trimming has been adopted.

The decrease in spending from 2010 to 2011 was due to the fact that planned tree trimming projects were put on hold until such time as the vegetation study was completed. Once the study was complete, a third party conducted tree clearing services in Q4 of 2011.

To implement the recommendations of the vegetation study, the budgets for 2012, and 2013, have been increased over past spending patterns.

## Total for Account 5145

| Acct | Description | | | |
|---|---|---|---|---|
| 5145 | Maintenance of UG Conduit | $ | Var $ | Var % |
| | 2009 COS | 0 | | |
| Actual | 2009 | 47,790 | 47,790 | 100.00% |
| | 2010 | 48,051 | 261 | 0.5% |
| | 2011 | 39,006 | (9,045) | (18.8%) |
| Projected | 2012 | 42,000 | 2,994 | 7.7% |
| | 2013 | 71,000 | 29,000 | 69.0% |

This account represents miscellaneous duct and foundation repairs. While there has been a consistent historical trend, the amount has been increased for 2013 due to the increased number of fiber glass foundations that need to be replaced due to fact that they have become brittle over time and pose a significant public safety hazard.

## Total for Account 5305

| Acct | Description | | | |
|---|---|---|---|---|
| 5305 | Supervision | $ | Var $ | Var % |
| | 2009 COS | 16,775 | | |
| Actual | 2009 | 13,845 | (2,930) | (17.5%) |
| | 2010 | 18,611 | 4,766 | 34.4% |
| | 2011 | 16,906 | (1,705) | (9.2%) |
| Projected | 2012 | 18,000 | 1,094 | 6.5% |
| | 2013 | 18,000 | 0 | 0.0% |

Costs in this account are primarily industry-related membership fees. Actual expenditures in 2009 were not quite what had been expected, and in addition, an unanticipated refund of $2,200 was received in 2009 for a refund of 2008 membership fees. The 2012 bridge year and 2013 test year includes the anticipated annual increase for the membership fees.

# Total for Account 5310

| Acct | Description | | | |
|---|---|---|---|---|
| 5310 | Meter Reading Expense | $ | Var $ | Var % |
| | 2009 COS | 272,000 | | |
| Actual | 2009 | 272,932 | 932 | 0.3% |
| | 2010 | 275,348 | 2,416 | 0.9% |
| | 2011 | 272,000 | (3,348) | (1.2%) |
| Projected | 2012 | 272,000 | 0 | 0.0% |
| | 2013 | 276,000 | 4,000 | 1.5% |

The above account records all meter reading costs as well as the monitoring of the Applicant's Wholesale Metering Points by a third party. Costs in this account are usually fairly static, with slight increases due to additional requests for final meter reads.

For the years 2011, and 2012 WPI has capped its meter reading expenses at the board approved 2009 COS amount since historically this has proved quite accurate. The amounts expended above this have been allocated as smart meter OM&A costs as part of the smart meter recovery as per Exhibit 9, Tab 3, Schedule 2. WPI no longer requires manual meter reading of residential and General Service <50 KW meters. However, there have been additional costs incurred with the implementation of smart meters and ongoing costs are included in the bridge amount above.

## Total for Account 5315

| Acct | Description | | | |
|---|---|---|---|---|
| 5315 | Customer Billing | $ | Var $ | Var % |
| | 2009 COS | 387,725 | | |
| Actual | 2009 | 367,012 | (20,713) | (5.3%) |
| | 2010 | 416,168 | 49,156 | 13.4% |
| | 2011 | 367,868 | (48,300) | (11.6%) |
| Projected | 2012 | 352,000 | (15,868) | (4.3%) |
| | 2013 | 356,000 | 4,000 | 1.1% |

The increase in 2010 was due to a number of factors including an increase in postage costs and an increase in negotiated wage rates. In addition, the Manager of Customer Service was on a paid personal leave, which required the applicant to incur additional expenses related to increased overtime for staff and an additional resource to complete the job duties that were the responsibility of the Manager of Customer Service.

The decrease from the approved amount in the 2009 COS application to the bridge year can also be attributed to the retirement of a Billing Clerk and some efficiencies that have been gained in work flow processes due to the conversion to Smart Meters.

## Total for Account 5320

| Acct | Description | | | |
|---|---|---|---|---|
| 5320 | Collecting | $ | Var $ | Var % |
| | 2009 COS | 416,400 | | |
| Actual | 2009 | 365,185 | (51,215) | (12.3%) |
| | 2010 | 387,666 | 22,481 | 6.2% |
| | 2011 | 398,059 | 10,393 | 2.7% |
| Projected | 2012 | 392,000 | (6,059) | (1.5%) |
| | 2013 | 435,000 | 43,000 | 11.0% |

Variances in Collecting are partially due to a negotiated wage increase in each year. The 2009 decreases in costs from the approved 2009 COS resulted from lowering the costs of delivering disconnect notifications and decreases in collection charges from WPI's third party collection agency. In 2010 the was an increase due to rising third party collection agency costs, negotiated wage increases and in increase in aged accounts receivable items (rights to sue resulting in judgments at Small Claims Court). For 2011 and 2012 the costs have been held relatively stable mostly due to slight decrease in the costs of delivering disconnection notices.

Increases in 2013 are due to negotiated salary increases, anticipated increases in the disconnect notification charges paid to a third party and increased charges paid to a third party collection agency.

## Total for Account 5335

| Acct | Description | | | |
|---|---|---|---|---|
| 5335 | Bad Debt Expense | $ | Var $ | Var % |
| | 2009 COS | 150,000 | | |
| Actual | 2009 | 347,206 | 197,206 | 131.5% |
| | 2010 | 67,602 | (279,604) | (80.5%) |
| | 2011 | 70,517 | 2,915 | 4.3% |
| Projected | 2012 | 62,000 | (8,517) | (12.1%) |
| | 2013 | 69,000 | 7,000 | 11.3% |

In 2008, WPI created a customer service procedure to address bad debt and accounts to be written off. Based on the new procedure, 2009 saw a significant increase in the Bad Debt Expense due to aged accounts receivable being written off and a revision to the calculation of the Allowance for Doubtful Accounts. In 2010 and 2011, with increased monitoring and the new procedure in place, bad debt expense has been more manageable though there was a slight increase in 2011 due to a moderate increase in personal bankruptcies.

As the bad debt procedure has been in place since 2008, the applicant feels that the numbers presented from 2010 to 2012 are more indicative of the future trend. The 2013 projected amount is based on a historically three year rolling average, which the applicant feels is appropriate given that there has been a consistent trend over the last three years.

# Account 5410 / 5420 / 5425

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5410 | Community Relations – Sundry | 20,500 | 0 | 0 | 0 | 25,000 | 25,000 |
| 5420 | Community Safety Program | 15,000 | 10,936 | 3,286 | 12,288 | 14,000 | 14,000 |
| 5425 | Misc Customer Service and Informational Expenses | 0 | 3,760 | 0 | 0 | 6,000 | 7,000 |
| | | 35,500 | 14,696 | 3,286 | 12,288 | 45,000 | 46,000 |

# Total for Account 5410 / 5420 / 5425

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 35,500 | | |
| Actual | 2009 | 14,696 | (20,804) | (58.6%) |
| | 2010 | 3,286 | (11,410) | (77.6%) |
| | 2011 | 12,288 | 9,002 | 274.0% |
| Projected | 2012 | 45,000 | 32,712 | 266.2% |
| | 2013 | 46,000 | 1,000 | 2.2% |

WPI is committed to having a presence in the communities that it serves, along with conservation and safety programs to school aged children. Variances in this account in 2010 and 2011 are as a result of the timing of purchases for promotional materials and literature for a third party to provide school safety programs to the schools within our service territory. Safety programs offered to school aged children and each Public School within WPI's service territory is visited every three years.

In 2009-2011, expenses related to Community Relations – sundry were recorded in 5665. These expenditures are primarily for community events and promotional items. The 2012 bridge year and 2013 test year have budgeted these items in 5410. These costs are corporate initiatives to enhance employee and community relations and promote WPI in the local community it serves.

In 2009, WPI partnered with Share the Warmth and increased awareness on WPI's pre-authorized chequing program by forwarding bill inserts to customers; costs of which are recorded in account 5425. For 2012 and 2013, additional costs are included for the annual customer satisfaction survey. This survey is performed annually to provide a quantitative measurement of customer's perceptions and attitudes (reliability of service, quality of customer service, customer awareness of WPI's Conservation & Demand Management Programs, etc.).

# Total for Account 5415

| Acct | Description | | | |
|---|---|---|---|---|
| 5415 | Energy Conservation | $ | Var $ | Var % |
| | 2009 COS | 0 | | |
| Actual | 2009 | 0 | 0 | |
| | 2010 | 350 | 350 | 100.00% |
| | 2011 | 0 | (350) | (100.0%) |
| Projected | 2012 | 0 | 0 | |
| | 2013 | | 0 | |

Although no funds were allocated for these programs, there was a 2010 LDC expense for senior management to attend a conference relating to 4 year CD & M program changes.

## Account 5605 / 5610 / 5615

| Acct | Description | 2009 COS | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| 5605 | Executive Salaries and Expenses | 130,000 | 343,007 | 355,289 | 421,135 | 542,000 | 525,000 |
| 5610 | Management Salaries and Expenses | 689,400 | 296,653 | 345,079 | 423,368 | 408,000 | 373,000 |
| 5615 | General Admin Salaries and Expenses | 143,300 | 130,243 | 150,725 | 159,152 | 120,000 | 136,000 |
| | | ------------ | ----------- | ------------ | ----------- | ----------- | ----------- |
| Subtotal | | 962,700 | 769,903 | 851,093 | 1,003,655 | 1,070,000 | 1,034,000 |

## Total for Account 5605 / 5610 / 5615

| Acct | Description | | | |
|---|---|---|---|---|
| | | $ | Var $ | Var % |
| | 2009 COS | 962,700 | | |
| Actual | 2009 | 769,903 | (192,797) | (20.0%) |
| | 2010 | 851,093 | 81,190 | 10.5% |
| | 2011 | 1,003,655 | 152,562 | 17.9% |
| Projected | 2012 | 1,070,000 | 66,345 | 6.6% |
| | 2013 | 1,034,000 | (36,000) | (3.4%) |

A variance analysis for costs associated with accounts 5605, 5610, and 5615 is included in Exhibit 4, Tab 4.

## Total for Account 5620

| Acct | Description | | | |
|---|---|---|---|---|
| 5620 | Office Supplies and Expenses | $ | Var $ | Var % |
| | 2009 COS | 368,650 | | |
| Actual | 2009 | 280,974 | (87,676) | (23.8%) |
| | 2010 | 286,317 | 5,343 | 1.9% |
| | 2011 | 315,157 | 28,840 | 10.1% |
| Projected | 2012 | 478,000 | 162,843 | 51.7% |
| | 2013 | 507,000 | 29,000 | 6.1% |

Increases to this account have been as a result of steady increases in costs of office supplies, telecommunication costs for mobile services and increasing costs related to licensing and support for Information Technology.

The decrease in costs between 2009 Board Approved and 2009 Actuals is primarily due to less than anticipated communication costs in the amount of $19K, computer software related costs in the amount of $37K, hardware costs of $9K.

The increase in costs in 2012 can be primarily related to an increase in IT related services costs. In the past, WPI paid Canadian Niagara Power Inc. ('CNPI') for support services based on a fixed monthly charge that had been mutually agreed upon by both parties. Due to the increased level of service required to support WPI's hardware and software components; most notably to support the Smart Meter initiative, the applicant has signed a five year agreement with CNPI for support services and fees for services for IT. The new fee schedule includes fees for IT support services based on the market rate for SAP support personnel and general IT service technicians. The IT services agreements were detailed in CNPI's 2013 COS application (EB-2012-0112, Exhibit 3, Tab 3, Schedule 2) as follows:

***Support Services under the IT Services Agreements***

*Delivery of the support services under the IT Services Agreements is provided by CNPI's IT department staff. Requests from either associated company are received via the IT help desk system, reviewed, prioritized and assigned to an appropriate member of the IT department. All time and material for support requests are accurately tracked within this system. This includes timely completion of incoming requests as well as ensuring any requests common to all organizations participating in the use of SAP are delivered in a consistent manner. Cost sharing of system improvements is utilized.*

***Fees for Services under the IT Services Agreements***

*The fees have been calculated to include the fully allocated costs associated with the agreed services plus a return on invested capital. Fees set forth in the services agreements are defined in three distinct areas:*

- *Asset Utilization: Calculated utilizing a fixed monthly rate and covers the cost of capital and related administration of the system assets utilized by the associate.*

- *Help Desk Services: Calculated on an hourly basis submitted within the ticketing system and covers SAP specific support.*

- *New Development (SAP): Calculated on an hourly basis. A formal specification document is created in partnership with CNPI support staff and associate staff. Based on the scope, and a statement of work which is invoiced on an hourly basis, will be submitted and approved by the associate before work begins on the request. This would include system improvements such as new functionality related to business processes or reports as required by the associated company.*

With the implementation of the renewed IT services agreement with CNPI costs have increased due to the applicant's share of a recent SAP upgrade, asset utilization, and increased labour rates associated with help desk services and new development services.

## Total for Account 5630

| Acct | Description | | | |
|---|---|---|---|---|
| 5630 | Outside Services - Employed | $ | Var $ | Var % |
| | 2009 COS | 178,500 | | |
| Actual | 2009 | 159,276 | (19,224) | (10.8%) |
| | 2010 | 194,979 | 35,703 | 22.4% |
| | 2011 | 155,412 | (39,567) | (20.3%) |
| Projected | 2012 | 248,000 | 92,588 | 59.6% |
| | 2013 | 161,000 | (87,000) | (35.1%) |

This account relates to costs for outside services including but not limited to accounting, legal, regulatory and safety and environment. The increase from 2009 to 2010 included one-time costs related to a potential merger and increased legal fees related to the fatality suffered in late 2010. The decrease in costs in 2011 from 2010 is primarily driven by the one-time costs incurred in 2010. In early 2012 the applicant underwent a Work Well Audit as performed by WSIB. To assist in the preparation of the Work Well Audit and to assist in various components of the applicants Health and Safety program, significant onetime costs were incurred. It is anticipated that on a go forward basis, costs related to outside services should remain fairly static, therefore the amount included in the 2013 test year is indicative of anticipated costs on a go forward basis.

## Total for Account 5635

| Acct | Description | | | |
|---|---|---|---|---|
| 5635 | Property Insurance | $ | Var $ | Var % |
| | 2009 COS | 101,125 | | |
| Actual | 2009 | 106,444 | 5,319 | 5.3% |
| | 2010 | 101,469 | (4,975) | (4.7%) |
| | 2011 | 116,789 | 15,320 | 15.1% |
| Projected | 2012 | 122,000 | 5,211 | 4.5% |
| | 2013 | 105,000 | (17,000) | (13.9%) |

Insurance costs have increased based on WPI's claim history and the insurance company's assessment of the Applicant's risk factor. In 2012, the company switched insurance providers and as a result, the 2013 figures have been adjusted downwards to account for the new rates.

## Total for Account 5640

| Acct | Description | | | |
|---|---|---|---|---|
| 5640 | Injuries and Damages | $ | Var $ | Var % |
| | 2009 COS | 0 | | |
| Actual | 2009 | 135 | 135 | |
| | 2010 | 0 | (135) | (100%) |
| | 2011 | 160,000 | 160,000 | |
| Projected | 2012 | 1,000 | (159,000) | (99.4%) |
| | 2013 | 1,000 | 0 | |

Costs recorded in this account are claims and damages that are not covered by the applicant's insurance company and/or claims that are less than the insurance deductable. Included in 2011 are onetime costs associated with the penalty levied against the applicant by the Ministry of Labour for the fatality in late 2010.

## Total for Account 5655

| Acct | Description | | | |
|---|---|---|---|---|
| 5655 | Regulatory Expenses | $ | Var $ | Var % |
| | 2009 COS | 120,000 | | |
| Actual | 2009 | 85,751 | (34,249) | (28.5%) |
| | 2010 | 98,974 | 13,223 | 15.4% |
| | 2011 | 116,652 | 17,678 | 17.9% |
| Projected | 2012 | 107,000 | (9,652) | (8.3%) |
| | 2013 | 120,000 | 13,000 | 12.1% |

Please see Exhibit 4, Tab 2, Schedule 3 for an explanation of all regulatory costs and year over year variances.

## Total for Account 5660

| Acct | Description | | | |
|---|---|---|---|---|
| 5660 | General Advertising Expenses | $ | Var $ | Var % |
| | 2009 COS | 3,000 | | |
| Actual | 2009 | 3,040 | 40 | 1.3% |
| | 2010 | 13,586 | 10,546 | 346.9% |
| | 2011 | 5,771 | (7,815) | (57.5%) |
| Projected | 2012 | 0 | (5,771) | (100.0%) |
| | 2013 | 0 | 0 | |

There are minimal dollar amount variations in this account. Although a dollar amount is provided for the 2009 test year, it was based on known advertising amounts. Often this account fluctuated based on number of outage notifications that are provided to WPI's customers. In 2009, expenditures for job postings were incurred in this account. In 2010, an ad for $8,100 was placed for a line supervisor position. In 2011, approximately $2,500 was spent on advertising for payment methods due to the postal strike. In 2012, no costs are anticipated to be incurred in 5660 as advertising related to time-of-use is deferred with smart meters. In addition, outage notifications are charged to the relevant expense for the type of repair work that is being performed (i.e. substation maintenance, etc.).

## Total for Account 5665

| Acct | Description | | | |
|---|---|---|---|---|
| 5665 | Miscellaneous General Expenses | $ | Var $ | Var % |
| | 2009 COS | 33,550 | | |
| Actual | 2009 | 27,690 | (5,860) | (17.5%) |
| | 2010 | 37,222 | 9,532 | 34.4% |
| | 2011 | 33,812 | (3,410) | (9.2%) |
| Projected | 2012 | 37,000 | 3,188 | 9.4% |
| | 2013 | 37,000 | 0 | 0.0% |

Costs in this account are primarily industry-related membership fees. Anticipated expenditures from the 2009 test year were not met based on 2009 actuals. In addition, a refund of $2,200 was received in 2009 for a refund of 2008 membership fees. 2010 expenditures were higher as WPI celebrated its' 10 year Anniversary and the successful completion of the EUSA Silver Effort Level Safety Award. In order to commemorate these significant milestones, additional funds were spent. In 2011, the costs are down as not as many corporate sponsorships took place; however this was offset by the fact that membership costs continue to rise. The 2012 bridge year and 2013 test year includes the anticipated annual increase for the membership fees.

## Total for Account 5675

| Acct | Description | | | |
|---|---|---|---|---|
| 5675 | Maintenance of General Plant | $ | Var $ | Var % |
| | 2009 COS | 48,325 | | |
| Actual | 2009 | 72,243 | 23,918 | 49.5% |
| | 2010 | 92,082 | 19,839 | 27.5% |
| | 2011 | 69,211 | (22,871) | (24.8%) |
| Projected | 2012 | 85,000 | 15,789 | 22.8% |
| | 2013 | 85,000 | 0 | 0.0% |

The applicant moved to a new facility in 2007 which was built to accommodate all inside and outside workers as well as warehousing and fleet. By centralizing its operations, WPI was able to eliminate the necessity of additional locations. At the time that the 2009 COS figures were projected, best estimates were provided as little historical data was available on the new facility. The increase from 2009 Board Approved to 2009 Actual is due to an increase in actual costs over what had been originally projected.

The increases in 2010 over 2009 can be attributed to onetime costs including a water leak outside the facility which resulted in approximately $7,000 in repairs, and the air balancing of the HVAC units was completed, resulting in approximately $5,000 in expenditures.

Previous to 2011, lawn care at the substations was recorded in this account. Subsequent to 2010, lawn care at the substations has been recorded in 5114. The 2010 costs for substation lawn care was approximately $18,000.

In the 2012 bridge year and 2013 test year, the anticipated expenses are higher due to increased costs related to HVAC maintenance and cleaning services as well as providing for a realistic amount for snow removal in the event of a ‘normal winter’. In addition, the warranty on the applicant’s facility has expired, therefore ongoing repair costs are expected to increase as the building ages.

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

| Account | Description | Last Board-approved Rebasing Year (2009 Year) | Most Current Actuals Year 2011 | Test Year 2013 | Test Year Versus Last Rebasing: Variance ($) | Test Year Versus Last Rebasing: Percentage | Test Year Versus Most Current Actuals: Variance ($) | Test Year Versus Most Current Actuals: Percentage |
|---|---|---|---|---|---|---|---|---|
| Reporting Basis | | CGAAP | CGAAP | CGAAP | | | | |
| *Operations* | | | | | | | | |
| 5005 | Operation Supervision and Engineering | | $ - | $ - | $ - | | $ - | |
| 5010 | Load Dispatching | | -$ 77 | $ - | $ - | | $ 77 | -100.00% |
| 5012 | Station Buildings and Fixtures Expense | | $ - | $ - | $ - | | $ - | |
| 5014 | Transformer Station Equipment - Operation Labour | | $ - | $ - | $ - | | $ - | |
| 5015 | Transformer Station Equipment - Operation Supplies and Expenses | | $ - | $ - | $ - | | $ - | |
| 5016 | Distribution Station Equipment - Operation Labour | | $ 520 | $ - | $ - | | -$ 520 | -100.00% |
| 5017 | Distribution Station Equipment - Operation Supplies and Expenses | | $ - | $ - | $ - | | $ - | |
| 5020 | Overhead Distribution Lines and Feeders - Operation Labour | | -$ 1,945 | $ - | $ - | | $ 1,945 | -100.00% |
| 5025 | Overhead Distribution Lines and Feeders - Operation Supplies and Expenses | | $ - | $ - | $ - | | $ - | |
| 5030 | Overhead Sub-transmission Feeders - Operation | | $ - | $ - | $ - | | $ - | |
| 5035 | Overhead Distribution Transformers - Operation | | $ - | $ - | $ - | | $ - | |
| 5040 | Underground Distribution Lines and Feeders - Operation Labour | $ 469,400 | $ 193,401 | $ 216,000 | -$ 253,400 | -53.98% | $ 22,599 | 11.69% |
| 5045 | Underground Distribution Lines and Feeders - Operation Supplies and Expenses | $ 10,000 | $ - | $ - | -$ 10,000 | -100.00% | $ - | |
| 5050 | Underground Sub-transmission Feeders - Operation | | $ - | $ - | $ - | | $ - | |
| 5055 | Underground Distribution Transformers - Operation | | $ - | $ - | $ - | | $ - | |
| 5060 | Street Lighting and Signal System Expense | | $ - | $ - | $ - | | $ - | |
| 5065 | Meter Expense | | $ 71,983 | $ 113,000 | $ 113,000 | | $ 41,017 | 56.98% |
| 5070 | Customer Premises - Operation Labour | | $ - | $ - | $ - | | $ - | |
| 5075 | Customer Premises - Operation Materials and Expenses | $ 1,000 | $ - | $ - | -$ 1,000 | -100.00% | $ - | |
| 5085 | Miscellaneous Distribution Expenses | | $ 1,454 | $ 5,000 | $ 5,000 | | $ 3,546 | 243.88% |
| 5090 | Underground Distribution Lines and Feeders - Rental Paid | | $ - | $ - | $ - | | $ - | |
| 5095 | Overhead Distribution Lines and Feeders - Rental Paid | | $ - | $ - | $ - | | $ - | |
| 5096 | Other Rent | | $ - | $ - | $ - | | $ - | |
| **Total - Operations** | | $ 480,400 | $ 265,336 | $ 334,000 | -$ 146,400 | -30.47% | $ 68,664 | 25.88% |
| **Account** | **Description** | | | | | | | |
| *Maintenance* | | | | | | | | |
| 5105 | Maintenance Supervision and Engineering | $ 16,775 | $ 16,906 | $ 18,000 | $ 1,225 | 7.30% | $ 1,094 | 6.47% |
| 5110 | Maintenance of Buildings and Fixtures - Distribution Stations | $ 25,900 | $ 5,573 | $ - | -$ 25,900 | -100.00% | -$ 5,573 | -100.00% |
| 5112 | Maintenance of Transformer Station Equipment | | $ - | $ - | $ - | | $ - | |
| 5114 | Maintenance of Distribution Station Equipment | $ 246,800 | $ 270,915 | $ 222,000 | -$ 24,800 | -10.05% | -$ 48,915 | -18.06% |
| 5120 | Maintenance of Poles, Towers and Fixtures | $ 77,400 | $ 75,811 | $ 146,000 | $ 68,600 | 88.63% | $ 70,189 | 92.58% |
| 5125 | Maintenance of Overhead Conductors and Devices | $ 131,200 | $ 197,254 | $ 141,000 | $ 9,800 | 7.47% | -$ 56,254 | -28.52% |
| 5130 | Maintenance of Overhead Services | $ 106,600 | $ 81,891 | $ 134,000 | $ 27,400 | 25.70% | $ 52,109 | 63.63% |
| 5135 | Overhead Distribution Lines and Feeders - Right of Way | $ 240,900 | $ 132,971 | $ 447,000 | $ 206,100 | 85.55% | $ 314,029 | 236.16% |
| 5145 | Maintenance of Underground Conduit | $ - | $ 39,006 | $ 71,000 | $ 71,000 | | $ 31,994 | 82.02% |
| 5150 | Maintenance of Underground Conductors and Devices | | $ - | $ - | $ - | | $ - | |
| 5155 | Maintenance of Underground Services | $ 112,000 | $ 230,736 | $ 195,000 | $ 83,000 | 74.11% | -$ 35,736 | -15.49% |
| 5160 | Maintenance of Line Transformers | $ 108,000 | $ 102,204 | $ 124,000 | $ 16,000 | 14.81% | $ 21,796 | 21.33% |
| 5165 | Maintenance of Street Lighting and Signal Systems | | $ - | $ - | $ - | | $ - | |
| 5170 | Sentinel Lights - Labour | | $ 3,208 | $ - | $ - | | -$ 3,208 | -100.00% |
| 5172 | Sentinel Lights - Materials and Expenses | | $ - | $ - | $ - | | $ - | |
| 5175 | Maintenance of Meters | $ 95,000 | $ 59,217 | $ 60,000 | -$ 35,000 | -36.84% | $ 783 | 1.32% |
| 5178 | Customer Installations Expenses - Leased Property | | $ - | $ - | $ - | | $ - | |
| 5195 | Maintenance of Other Installations on Customer Premises | | $ 1,394 | $ - | $ - | | -$ 1,394 | -100.00% |
| **Total - Maintenance** | | $ 1,160,575 | $ 1,217,086 | $ 1,558,000 | $ 397,425 | 34.24% | $ 340,914 | 28.01% |
| **Account** | **Description** | | | | | | | |
| *Billing and Collecting* | | | | | | | | |
| 5305 | Supervision | $ 16,775 | $ 16,906 | $ 18,000 | $ 1,225 | 7.30% | $ 1,094 | 6.47% |
| 5310 | Meter Reading Expense | $ 272,000 | $ 272,000 | $ 276,000 | $ 4,000 | 1.47% | $ 4,000 | 1.47% |
| 5315 | Customer Billing | $ 387,725 | $ 367,868 | $ 356,000 | -$ 31,725 | -8.18% | -$ 11,868 | -3.23% |
| 5320 | Collecting | $ 416,400 | $ 398,059 | $ 435,000 | $ 18,600 | 4.47% | $ 36,941 | 9.28% |
| 5325 | Collecting - Cash Over and Short | | $ - | $ - | $ - | | $ - | |
| 5330 | Collection Charges | | $ - | $ 37,000 | $ 37,000 | | $ 37,000 | |
| 5335 | Bad Debt Expense | $ 150,000 | $ 70,517 | $ 69,000 | -$ 81,000 | -54.00% | -$ 1,517 | -2.15% |
| 5340 | Miscellaneous Customer Accounts Expenses | | $ - | $ - | $ - | | $ - | |
| **Total - Billing and Collecting** | | $ 1,242,900 | $ 1,125,350 | $ 1,191,000 | -$ 51,900 | -4.18% | $ 65,650 | 5.83% |
| **Account** | **Description** | | | | | | | |
| *Community Relations* | | | | | | | | |
| 5405 | Supervision | | $ - | $ - | $ - | | $ - | |
| 5410 | Community Relations - Sundry | $ 20,500 | $ - | $ 25,000 | $ 4,500 | 21.95% | $ 25,000 | |
| 5415 | Energy Conservation | $ - | $ - | $ - | $ - | | $ - | |
| 5420 | Community Safety Program | $ 15,000 | $ 12,288 | $ 14,000 | -$ 1,000 | -6.67% | $ 1,712 | 13.93% |
| 5425 | Miscellaneous Customer Service and Informational Expenses | | $ - | $ 7,000 | $ 7,000 | | $ 7,000 | |
| 5505 | Supervision | | $ - | $ - | $ - | | $ - | |
| 5510 | Demonstrating and Selling Expense | | $ - | $ - | $ - | | $ - | |
| 5515 | Advertising Expenses | | $ - | $ - | $ - | | $ - | |
| 5520 | Miscellaneous Sales Expense | | $ - | $ - | $ - | | $ - | |
| **Total - Community Relations** | | $ 35,500 | $ 12,288 | $ 46,000 | $ 10,500 | 29.58% | $ 33,712 | 274.35% |
| **Account** | **Description** | | | | | | | |
| *Administrative and General Expenses* | | | | | | | | |
| 5605 | Executive Salaries and Expenses | $ 130,000 | $ 421,135 | $ 525,000 | $ 395,000 | 303.85% | $ 103,865 | 24.66% |
| 5610 | Management Salaries and Expenses | $ 689,400 | $ 423,368 | $ 373,000 | -$ 316,400 | -45.89% | -$ 50,368 | -11.90% |
| 5615 | General Administrative Salaries and Expenses | $ 143,300 | $ 159,152 | $ 136,000 | -$ 7,300 | -5.09% | -$ 23,152 | -14.55% |
| 5620 | Office Supplies and Expenses | $ 368,650 | $ 315,157 | $ 507,000 | $ 138,350 | 37.53% | $ 191,843 | 60.87% |
| 5625 | Administrative Expense Transferred - Credit | | $ - | $ - | $ - | | $ - | |
| 5630 | Outside Services Employed | $ 178,500 | $ 155,412 | $ 161,000 | -$ 17,500 | -9.80% | $ 5,588 | 3.60% |
| 5635 | Property Insurance | $ 101,125 | $ 116,789 | $ 105,000 | $ 3,875 | 3.83% | -$ 11,789 | -10.09% |

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

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5640 Injuries and Damages | $ 2,500 | $ 160,000 | $ 1,000 | -$ 1,500 | -60.00% | -$ 159,000 | -99.38% |
| 5645 OMERS Pensions and Benefits | | $ - | $ - | $ - | | $ - | |
| 5646 Employee Pensions and OPEB | | $ - | $ - | $ - | | $ - | |
| 5647 Employee Sick Leave | | $ - | $ - | $ - | | $ - | |
| 5650 Franchise Requirements | | $ - | $ - | $ - | | $ - | |
| 5655 Regulatory Expenses | $ 120,000 | $ 116,652 | $ 120,000 | $ - | 0.00% | $ 3,348 | 2.87% |
| 5660 General Advertising Expenses | $ 3,000 | $ 5,771 | $ - | -$ 3,000 | -100.00% | -$ 5,771 | -100.00% |
| 5665 Miscellaneous General Expenses | $ 33,550 | $ 33,812 | $ 37,000 | $ 3,450 | 10.28% | $ 3,188 | 9.43% |
| 5670 Rent | | $ - | $ - | $ - | | $ - | |
| 5672 Lease Payment Charge | | $ - | $ - | $ - | | $ - | |
| 5675 Maintenance of General Plant | $ 48,325 | $ 69,211 | $ 85,000 | $ 36,675 | 75.89% | $ 15,789 | 22.81% |
| 5680 Electrical Safety Authority Fees | | $ - | $ - | $ - | | $ - | |
| 5681 Special Purpose Charge Expense | | $ - | $ - | $ - | | $ - | |
| 5685 Independent Electricity System Operator Fees and Penalties | | $ - | $ - | $ - | | $ - | |
| 5695 OM&A Contra Account | | $ - | $ - | $ - | | $ - | |
| 6205 Donations | | $ - | $ - | $ - | | $ - | |
| 6205 Donations, Sub-account LEAP Funding | | $ 10,500 | $ 12,500 | $ 12,500 | | $ 2,000 | 19.05% |
| **Total - Administrative and General Expenses** | $ 1,818,350 | $ 1,986,959 | $ 2,062,500 | $ 244,150 | 13.43% | $ 75,541 | 3.80% |
| **Total OM&A** | $ 4,737,725 | $ 4,607,019 | $ 5,191,500 | $ 453,775 | 9.58% | $ 584,481 | 12.69% |
| **Adjustments for non-recoverable items** | | | | | | | |
| 5681 Special Purpose Charge Expense | | | | $ - | | $ - | |
| 6205 Donations[1] | | | | $ - | | $ - | |
| | | | | $ - | | $ - | |
| | | | | $ - | | $ - | |
| | | | | $ - | | $ - | |
| **Total Recoverable OM&A** | $ 4,737,725 | $ 4,607,019 | $ 5,191,500 | $ 453,775 | 9.58% | $ 584,481 | 12.69% |

[1] Account 6205 - Donations is generally non-recoverable. However, the sub-account LEAP funding of account 6205 is generally recoverable.

**Note:**

1. If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2013 for financial reporting purposes, Column D "Most Current Actual Year" must be provided on CGAAP.
2. If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2012 for financial reporting purposes, Column D "Most Current Actual Year" must be provided on that standard.

Exhibit 4: Operating Costs

# Tab 4 (of 11): Employee Compensation

# STAFFING AND COMPENSATION LEVELS

## Overview

This Schedule provides an overview of WPI's compensation framework including determination of headcount, wages and other benefits. Appendix 2K (Employee Costs) located at Attachment 1 to this Schedule provides a summary of total compensation costs from 2009 Actual to the 2013 Test Year.

Establishing headcount and wages is part of Westario Power's business planning process. As such there is a thorough review and approval process. The starting assumption is that current staffing levels are sufficient and any increases need to be justified.

Overall compensation for all employees of WPI is designed to reflect the market in order to be competitive so as to attract and retain qualified personnel. Total compensation includes base salary/pay, incentive pay, overtime and non financial benefits. These are the gross amounts paid to employees including both capital and OM&A labour.

The following table summarizes the year over year totals in FTEs for the period of 2009 to 2013 Test Year by category. The number of FTE's has been calculated based on the average of the number of employees at the beginning of the year and the end of the year. As WPI does not employ any part-time employees, a FTE is defined as an individual in a full time position. Vacant positions are not accounted for in the Actual Years in Table 1 on the following page.

**Table 1: Full Time Equivalent**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | 10 | N/A | N/A | N/A | N/A | N/A |
| Management | 8 | 6.5 | 8.0 | 9.0 | 10 | 10 |
| Non-Union | N/A | N/A | N/A | N/A | N/A | N/A |
| Union | 30 | 30.5 | 29 | 25 | 25 | 26 |

## Executive

The 2009 Board Approved Head Count included a total of 9 FTE's for the Board of Directors of WPI. This has been removed from the 2009 Actual inclusive to the 2013 Test Year.

The executive salaries are aggregated with management salaries, in accordance with Board policy that states: *Where there are three or fewer employees in any category, the Applicant may aggregate this category with the category to which it is most closely related.*

## Management

The Management category consists of Departmental Managers and Supervisors. The increase in FTE's from 2009 to 2010 was due to two factors. The Manager of Operations position was vacated in April 2009 and refilled in March 2010. Westario Power Inc. suffered a fatality in September 2010 and as a result, an additional Line Supervisor was hired to supervise the outside line staff in October 2010.

While there appears to be an increase in FTE's from 2010 to 2011, there were no additions during the year. The increase is due to the calculation of determining the number of FTE's based on the average number of employees at the beginning and end of the year.

During the 2011 Business Planning and Budget process, it was determined that a new management position needed to be created. This new position was designed to oversee the design, planning and system optimization functions for the Operations department and to oversee the technical and design staff in place. This role had been carried out by another manager, however, due to increased regulatory initiatives and the necessity to focus on health and safety programs, it was determined that an additional management resource was required. While approved in 2011, this position was not filled until March of 2012.

For the Bridge and Test years, it has been determined that the current 10 FTE's is appropriate for the Executive and Management positions and is necessary to maintain the utility's demands and operations.

## Base Pay Compensation – Executive and Management

WPI uses the HAY Job Evaluation Method for establishing the midpoint salaries using a policy line recommended by HayGroup management consultants. The HAY method is the most widely used methodology in the world and is applied in both public and private organizations. HAY is also used by the Canadian Human Rights Commission when they investigate pay equity complaints. Position evaluations for the President and CEO, Executive and Management positions were established by HAYGroup.

The policy line that is recommended by HAYGroup is reviewed and approved by the Audit Committee on an annual basis to ensure that salaries are reflective of base compensation for comparable-sized positions in the national marketplace.

With the exception of the Line Superintendent and Line Supervisor positions, Executive and Management are not paid overtime compensation. Table 2 below provides a variance analysis for the average management salaries for the period 2009 to the 2013 test year.

**Table 2: Average Yearly Base Wages**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | $26,246 | N/A | N/A | N/A | N/A | N/A |
| Management | $82,788 | $82,222 | $82,395 | $87,572 | $100,163 | $103,513 |
| Increase | | (0.01%) | 0.02% | 6.28% | 14.37% | 3.34% |

While the table above appears to indicate that there are significant increases in the average base wages in 2011 and 2012, the variances are as a result of how the average base salary has been calculated. Because the numbers in Table 2 have been calculated based on total executive and management salaries divided by the number of FTEs, it does not account for the fact that there can be gaps in employment during the year in which no base wage costs are incurred; however there is no change in the number of

FTEs as there is no vacancy at the end or the beginning of the year. To clarify, Table 3 below provides an illustration of vacancies over the period of 2009 to 2011.

**Table 3: Management Vacancies**

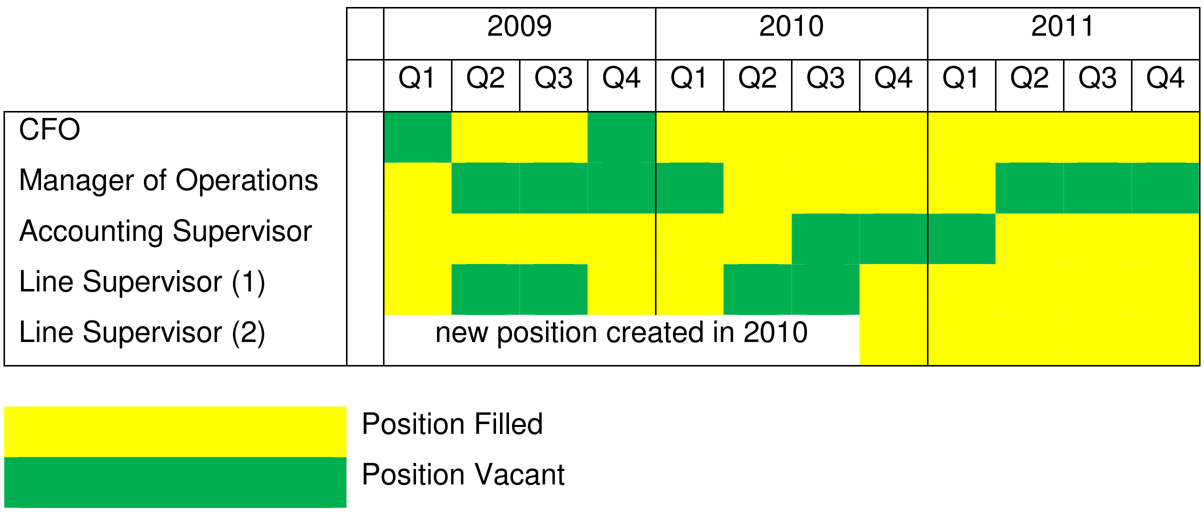


Table 4 below illustrates the effect of assuming that all management and executive positions were filled for a full twelve months during the calendar year for the period of 2009 to 2013 test year, which provides a more appropriate measure of the true increases in salaries over the time period.

**Table 4: Average Yearly Base Wages – Adjusted for FTE's**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | $26,246 | N/A | N/A | N/A | N/A | N/A |
| Management | $82,788 | $91,266 | $93,500 | $97,928 | $101,476 | $103,513 |
| Increase | | 10.24% | 2.44% | 4.73% | 3.6% | 2.0% |

**Short-Term Incentive Compensation Available to Executive and Management**

Short-Term Incentive compensation is commonly referred to as the annual “STI” payment. All executive and management are eligible to participate annually in this program.

For the STI, Executives and Management are rewarded for the achievement of goals specifically related to their job, and for the achievement of overall corporate goals. The corporate goals are identified and tracked and are reported to the Board of Directors on a regular basis.

Executives have a greater weighting of corporate goals for their STI reflecting their greater influence on overall corporate achievement.

As part of the STI calculation, employees are incented upon the successful achievement of targets related to a number of customer-focused metrics (e.g. customer service, reliability, safety). These metrics are key to ensuring that the organization continues to focus on its customers and provides a level of service and reliability consistent with the needs of the customer.

STI’s span a calendar year and the assessments are done in the second quarter of the following year, when results are known. The President and CEO’s STI payment is reviewed and approved by the Audit Committee and Board of Directors. All other payments to the balance of Executive and Management employees are reviewed and approved by the President and CEO.

Table 5 summarized the average annual incentive per employee:

**Table 5 – Compensation – Average Yearly STI**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | $4,501 | N/A | N/A | N/A | N/A | N/A |
| Management | $4,925 | $7,372 | $10,233 | $6,800 | $8,000 | $8,000 |
| Non-Union | N/A | N/A | N/A | N/A | N/A | N/A |
| Union | N/A | N/A | N/A | N/A | N/A | N/A |

## Unionized Positions

The unionized workforce at WPI is represented by the Canadian Union of Public Employees (“CUPE”). Unionized staff consists of the various trade positions (commonly referred to as “outside” workers) and administrative and clerical staff (commonly referred to as “inside” workers). Both inside and outside workers are covered under a single Collective Agreement.

The decrease in unionized positions in the period 2009-2013 is due to a reduction in the headcount of the “outside” workers. Due to the fatality that WPI suffered in 2010 the composition of the “outside” workers changed dramatically. In addition to known retirements of journeymen linemen, there were a number of resignations of “outside” staff. Due to the young demographic of the “outside” workers and the current apprentice to journeyman lineman ratio it has been determined that the current FTE compliment is appropriate for 2012; however, an additional FTE for the "outside" workers is budgeted for 2013.

The current collective agreement is in effect from May 1, 2011 to April 30, 2015. The current collective agreement provides for annual salary adjustments of 3% in 2011-2013 and 3.5% in 2014.

## Benefits

In order to attract and retain staff at all levels, WPI offers a comprehensive employee benefits package. These benefits include extended health and dental coverage; long term disability; life insurance; various forms of leaves; and a company-sponsored defined benefit retirement plan (OMERS). These benefits are also designed to ensure and address the health and overall wellness needs of staff.

Benefits also include the company cost of Canada Pension Plan contributions, Employment Insurance, Employer Health Tax and Workers Safety Insurance premiums. For unionized staff, benefits are a negotiated item. Changes to the plan may only be achieved through the collective bargaining process.

Table 6 sets out the year-over-year changes in the annual cost of providing employee benefits. Increases over the 2009-2013 period reflect both inflationary expenses and the current demographic of WPI employees.

**Table 6 – Average Cost of Employee Benefits**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | $2,503 | N/A | N/A | N/A | N/A | N/A |
| Management | $12,903 | $20,585 | $20,901 | $22,696 | $24,586 | $24,401 |
| Non-Union | N/A | N/A | N/A | N/A | N/A | N/A |
| Union | $9,015 | $12,791 | $13,379 | $13,854 | $15,141 | $15,835 |

## Pension Expenses

WPI contributes to an employee pension benefit as provided through the Ontario Municipal Employees Retirement Savings Plan (“OMERS”). Pension contributions increase proportionately to increases in base earnings and are allowed on incentive pay but not on overtime earnings.

Table 7 below summarized the year over year changes in the annual cost of employee pension benefits and the effect of having partial year vacancies.

**Table 7 – Total Cost of Pension Premiums**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | N/P* | N/A | N/A | N/A | N/A | N/A |
| Management | N/P | $45,793 | $62,584 | $82,050 | $109,700 | $112,580 |
| Non-Union | N/A | N/A | N/A | N/A | N/A | N/A |
| Union | N/P | $147,256 | $127,500 | $99,696 | $105,832 | $109,604 |

*Note: N/P – Information was not provided in 2009 EDR (EB-2008-0250)

**Post –Retirement Benefits**

WPI provides post-retirement life insurance benefits to a limited number of eligible employees and retirees. Eligibility was determined at the date of amalgamation (November 2001); with employees hired after that date eligible for post-retirement benefits.

Table 8 summarizes the post-retirement benefits that have been expensed or credited on an annual basis as determined by the net effect of the actual expense and the actuarial liability. Positions identified as 'Non-Union' include all retirees.

**Table 8 – Total Cost of Post-Retirement Benefits**

| Year | 2009 Board Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Bridge | 2013 Test |
|---|---|---|---|---|---|---|
| Executive | N/P* | N/A | N/A | N/A | N/A | N/A |
| Management | N/P | ($773) | $791 | ($773) | ($342) | ($383) |
| Non-Union | N/P | ($7,473) | $7,651 | ($7,984) | ($3,532) | ($3,947) |
| Union | N/P | ($3,896) | $3,957 | ($2,833) | ($1,253) | ($1,403) |

*Note: N/P – Information was not provided in 2009 EDR (EB-2008-0250)

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 4 |
| **Schedule:** | 1 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-K
# Employee Costs

| | Last Rebasing Year (2009 Board-Approved) | Last Rebasing Year (2009 Actuals) | 2010 Actuals | 2011 Actuals | 2012 Bridge Year | 2013 Test Year |
|---|---|---|---|---|---|---|
| *Reporting Basis* | CGAAP | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS |
| **Number of Employees (FTEs including Part-Time)[1]** | | | | | | |
| Executive | $ 10 | | | | | |
| Management | $ 8 | 6.5 | 8.0 | 9.0 | 10.0 | 10.0 |
| Non-Union | | | | | | |
| Union | $ 30 | 30.5 | 29.0 | 25.0 | 25.0 | 26.0 |
| Total | 48 | 37.0 | 37.0 | 34.0 | 35.0 | 36.0 |
| **Number of Part-Time Employees** | | | | | | |
| Executive | | | | | | |
| Management | | | | | | |
| Non-Union | | | | | | |
| Union | | | | | | |
| Total | - | - | - | - | - | - |
| **Total Salary and Wages** | | | | | | |
| Executive | | | | | | |
| Management | | $ 709,268 | $ 774,942 | $ 947,806 | $ 1,001,627 | $ 1,035,133 |
| Non-Union | | | | | | |
| Union | | $ 1,893,975 | $ 1,677,232 | $ 1,496,630 | $ 1,460,874 | $ 1,573,067 |
| Total | $ - | $ 2,603,243 | $ 2,452,174 | $ 2,444,436 | $ 2,462,501 | $ 2,608,200 |
| **Current Benefits** | | | | | | |
| Executive | | | | | | |
| Management | | $ 133,805 | $ 156,760 | $ 192,918 | $ 245,864 | $ 244,009 |
| Non-Union | | | | | | |
| Union | | $ 390,120 | $ 388,003 | $ 346,338 | $ 378,525 | $ 411,707 |
| Total | $ - | $ 523,925 | $ 544,763 | $ 539,256 | $ 624,389 | $ 655,716 |
| **Accrued Pension and Post-Retirement Benefits** | | | | | | |
| Executive | | | | | | |
| Management | | -$ 773 | $ 791 | -$ 773 | -$ 342 | -$ 383 |
| Non-Union | | -$ 7,473 | $ 7,651 | -$ 7,984 | -$ 3,532 | -$ 3,947 |
| Union | | -$ 3,865 | $ 3,957 | -$ 2,833 | -$ 1,253 | -$ 1,403 |
| Total | $ - | -$ 12,111 | $ 12,399 | -$ 11,590 | -$ 5,127 | -$ 5,733 |
| **Total Benefits (Current + Accrued)** | | | | | | |
| Executive | $ - | $ - | $ - | $ - | $ - | $ - |
| Management | $ - | $ 133,032 | $ 157,551 | $ 192,145 | $ 245,522 | $ 243,626 |
| Non-Union | $ - | -$ 7,473 | $ 7,651 | -$ 7,984 | -$ 3,532 | -$ 3,947 |
| Union | $ - | $ 386,255 | $ 391,960 | $ 343,505 | $ 377,272 | $ 410,304 |
| Total | $ - | $ 511,814 | $ 557,162 | $ 527,666 | $ 619,262 | $ 649,983 |
| **Total Compensation (Salary, Wages, & Benefits)** | | | | | | |
| Executive | $ - | $ - | $ - | $ - | $ - | $ - |
| Management | $ - | $ 842,300 | $ 932,493 | $ 1,139,951 | $ 1,247,149 | $ 1,278,759 |
| Non-Union | $ - | -$ 7,473 | $ 7,651 | -$ 7,984 | -$ 3,532 | -$ 3,947 |
| Union | $ - | $ 2,280,230 | $ 2,069,192 | $ 1,840,135 | $ 1,838,146 | $ 1,983,371 |
| Total | $ - | $ 3,115,057 | $ 3,009,336 | $ 2,972,102 | $ 3,081,763 | $ 3,258,183 |
| **Compensation - Average Yearly Base Wages** | | | | | | |
| Executive | $ 26,246 | | | | | |
| Management | $ 82,788 | $ 82,222 | $ 82,395 | $ 87,572 | $ 100,163 | $ 103,513 |
| Non-Union | | | | | | |
| Union | $ 53,321 | $ 52,421 | $ 52,812 | $ 54,803 | $ 58,435 | $ 60,503 |
| Total | | | | | | |
| **Compensation - Average Yearly Overtime** | | | | | | |
| Executive | | | | | | |
| Management | $ 5,474 | $ 8,208 | $ 1,854 | $ 7,036 | $ 2,400 | $ 2,400 |
| Non-Union | | | | | | |
| Union | $ 8,240 | $ 8,705 | $ 3,659 | $ 4,197 | $ 3,000 | $ 3,000 |
| Total | | | | | . | |
| **Compensation - Average Yearly Incentive Pay** | | | | | | |
| Executive | $ 4,501 | | | | | |
| Management | $ 4,925 | $ 7,372 | $ 10,233 | $ 6,800 | $ 8,000 | $ 8,000 |
| Non-Union | | | | | | |
| Union | | | | | | |
| Total | | | | | | |
| **Compensation - Average Yearly Benefits** | | | | | | |
| Executive | $ 2,503 | | | | | |
| Management | $ 12,903 | $ 20,585 | $ 19,595 | $ 21,435 | $ 24,586 | $ 24,401 |
| Non-Union | | | | | | |
| Union | $ 9,015 | $ 12,791 | $ 13,379 | $ 13,854 | $ 15,141 | $ 15,835 |
| Total | | | | | | |
| | | | | | | |
| **Total Compensation** | $ - | $ 3,115,057 | $ 3,009,336 | $ 2,972,102 | $ 3,081,763 | $ 3,258,183 |
| **Total Compensation Capitalized (CGAAP)** | | $ 1,199,688 | $ 933,294 | $ 1,087,684 | $ 1,290,843 | |
| **Total Compensation Charged to OM&A (CGAAP)** | $ - | $ 1,915,369.00 | $ 2,076,042.00 | $ 1,884,418.00 | $ 1,790,920.00 | |
| **Total Compensation Capitalized (MIFRS)** | | | | | $ 784,502 | $ 813,279 |
| **Total Compensation Charged to OM&A (MIFRS)** | | | | $ 2,972,102.00 | $ 2,297,261.00 | $ 2,444,904.00 |

[1] If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.

**Note:**

# WESTARIO POWER INC.

REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS

**As At January 1, 2010**

**FINAL—April 13, 2011**

# TABLE OF CONTENTS

# EXECUTIVE SUMMARY

## PURPOSE

MEARIE Actuarial Services and Dion, Durrell + Associates Inc. were engaged by Westario Power Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2010. The nature of these benefits is defined benefit.

This report is prepared in accordance with The Canadian Institute of Chartered Accountants (the "CICA") guidelines outlined in Employee Future Benefits, Section 3461 of the CICA Handbook-Accounting ("CICA Section 3461"). CICA Section 3461 was first applied to the Corporation with effect from January 1, 2001.

The most recent full valuation was prepared as at January 1, 2007 based on the then appropriate assumptions.

The purpose of this valuation is threefold:

i) to determine the Corporation's liabilities in respect of post-retirement non-pension benefits at January 1, 2010;

ii) to determine the benefit expense for fiscal year 2010; and

iii) to provide all other pertinent information necessary for compliance with CICA Section 3461.

The intended users of this report include the Corporation and their auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

## SUMMARY OF KEY RESULTS

The key results of this actuarial valuation as at January 1, 2010 with comparative results from the previous valuation as at January 1, 2007 are shown below:

| | **January 1, 2007 ($000s)** | **January 1, 2010 ($000s)** |
|---|---|---|
| Accrued Benefit Obligation (ABO) | | |
| a) People in receipt of benefits | 337 | 362 |
| b) Fully eligible actives | 26 | 28 |
| c) Not fully eligible actives | 45 | 42 |
| **Total ABO** | **408** | **432** |
| Current Service Cost: *for following 12 months* | 2 | 2 |
| Benefit Expense: *for following 12 months* | 74 | 40 |
| Prepaid Benefit Liability: *at January 1* | | 334 |

The January 1, 2010 Prepaid Benefit Liability is based on the Corporation's financial statements as at December 31, 2009.

# ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by the Corporation as at January 1, 2010, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we have reviewed the assumptions and consider them to be appropriate for the purposes of the valuation outlined herein;
3. The actuarial methods employed, as outlined in Section C, are appropriate for the purpose and consistent with sound actuarial principles;
4. All known substantive commitments with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
5. The valuation conforms to the standards set out in the Canadian Institute of Chartered Accountants Accounting Handbook Section 3461.

We are not aware of any subsequent events from January 1, 2010 up to the date of this report that would have a significant effect on our valuation.

The latest date on which the next actuarial valuation should be performed is January 1, 2013. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

**DION, DURRELL + ASSOCIATES INC.**

**Stanley Caravaggio FSA, FCIA**

**Connie Cheung**
Actuarial Analyst

Toronto, Ontario
April 13, 2011

# SECTION A—
# VALUATION RESULTS

Table A - 1 shows the key valuation results for the prior valuation and the current valuation.

Table A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown a change to the assumed retirement age from age 60 to 57, and an increase/decrease in the withdrawal rate by 2%.

Table A - 3 presents the determination of the actuarial gain/(loss) from the previous valuation at January 1, 2007.

## VALUATION RESULTS

**Table A.1—Valuation Results**
**(in thousands of dollars)**

| | January 1, 2007 | January 1, 2010 |
|---|---|---|
| 1. Accrued Benefit Obligation | | |
| a) People in receipt of benefits | 337 | 362 |
| b) Fully eligible actives | 26 | 28 |
| c) Not fully eligible actives | 45 | 42 |
| **Total ABO** | **408** | **432** |
| 2. Benefit Expense | | |
| a) Current Service Cost | 2 | 2 |
| b) Interest Cost | 20 | 22 |
| c) Expected Return on Assets | - | - |
| d) Amortization of Transition Amount | 38 | - |
| e) Amortization of Prior Service Cost | - | - |
| f) Amortization of (Gain)/Losses | 14 | 16 |
| **Total Benefit Expense** *for following 12 months* | **74** | **40** |
| 3. Benefit Payments *for following 12 months* | 26 | 28 |

## SENSITIVITY ANALYSIS

**Table A.2—Sensitivity Analysis**
**(in thousands of dollars)**

| | January 1, 2010 | | | |
|---|---|---|---|---|
| | **Valuation Results** | **Retirement Age 57** | **4% Withdrawal** | **0% Withdrawal** |
| 1. Accrued Benefit Obligation | | | | |
| a) People in receipt of benefits | 362 | 362 | 362 | 362 |
| b) Fully eligible actives | 28 | 28 | 28 | 28 |
| c) Not fully eligible actives | 42 | 39 | 40 | 45 |
| **Total ABO** | **432** | **429** | **430** | **435** |
| 2. Current Service Cost *for following 12 months* | 2 | 1 | 1 | 2 |
| 3. Interest Cost *for following 12 months* | 22 | 22 | 22 | 22 |
| 4. Expected Average Remaining Service Lifetime of the Current Active Employees (years) | 6 | 4 | 6 | 7 |

## DEVELOPMENT OF NET GAINS OR LOSSES

**Table A.3—Development of Net Gains or Losses**
**(in thousands of dollars)**

| | |
|---|---|
| Expected ABO at December 31, 2009 | 385 |
| Actual ABO at January 1, 2010 | 432 |
| Actuarial Loss/(Gain) | 47 |
| **Amortization of Unamortized Actuarial Loss** | |
| Unamortized Net Actuarial Loss (Gain) at December 31, 2009 | 51 |
| Actuarial Loss (Gain) for Current Year at January 1, 2010 | 47 |
| Total Loss (Gain) at January 1, 2010 | 98 |
| *Less:* Actual Amortization for 2010 | 16 |
| Expected Unamortized Actuarial Loss (Gain) at December 31, 2010 | 82 |

Please note that the actual ABO at January 1, 2010 is approximately $47,000 higher than the expected ABO at December 31, 2009. This is due to a combination of the following factors:

- A change in the mortality table assumption (a decrease of approximately $5,000 in the total ABO)
- Deviations from the expected demographic changes of the valued group, the retiree mortality experience and other miscellaneous factors (an increase of approximately $52,000 in the total ABO)

CICA Section 3461 requires entities to adopt a systematic method for recognizing actuarial gains and losses in income. Furthermore, once adopted, CICA Section 3461 requires that the method of recognizing actuarial gains/(losses) be applied consistently from year to year. In prior valuations, the Corporation has amortized the entire amount of actuarial (gains)/losses over the Expected Average Remaining Service Lifetime ("EARSL") of the active employees in the valuation. The EARSL of the current active group is 6 years. Therefore, the actual amount of actuarial losses to be recognized for 2010 is approximately $16,000.

# SECTION B—
# PLAN PARTICIPANTS

Table B – 1 sets out the summary information with respect to the plan participants valued in the report, along with comparisons to the participants in the previous valuation at January 1, 2007.

Table B – 2 reconciles the number of participants in the last valuation to the number of participants in the current valuation.

## PARTICIPANT DATA

**Table B.1—Participant Data**

Membership data as at January 1, 2010 was received from the Corporation via e-mail and included information such as sex, date of birth, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

We have reviewed the data and compared it to the data used in the prior valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of birth prior to date of hire
- Salaries less than $20,000 per year, or greater than $250,000 per year
- Ages under 18 or over 100
- Abnormal levels of benefits and/or premiums
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

**Active Employees**

| *As of January 1* | 2007 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| Number of Employees | 10 | 8 | 18 | 7 | 7 | 14 |
| Average Length of Service | 20.3 | 21.1 | 20.6 | 25.8 | 24.6 | 25.2 |

| *As of January 1, 2010* | Current Age | | | | | |
|---|---|---|---|---|---|---|
| | **Active Lives—Not fully eligible** | | | **Active Lives—Fully eligible** | | |
| | **Count** | | | **Count** | | |
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| **Age Band** | | | | | | |
| Less than 30 | - | - | - | - | - | - |
| 30-35 | - | - | - | - | - | - |
| 36-40 | - | 1 | 1 | - | - | - |
| 41-45 | - | - | - | - | - | - |
| 46-50 | 1 | 1 | 2 | - | - | - |
| 51-55 | 4 | 3 | 7 | - | 1 | 1 |
| 56-60 | - | - | - | 2 | 1 | 3 |
| 61-65 | - | - | - | - | - | - |
| 66-70 | - | - | - | - | - | - |
| 71-75 | - | - | - | - | - | - |
| Greater than 75 | - | - | - | - | - | - |
| **Total** | **5** | **5** | **10** | **2** | **2** | **4** |

| *As of January 1, 2010* | Average Service | | | | | |
|---|---|---|---|---|---|---|
| | **Active Lives—Not fully eligible** | | | **Active Lives—Fully eligible** | | |
| | **Service** | | | **Service** | | |
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| **Age Band** | | | | | | |
| Less than 30 | - | - | - | - | - | - |
| 30-35 | - | - | - | - | - | - |
| 36-40 | - | 11.08 | 11.08 | - | - | - |
| 41-45 | - | - | - | - | - | - |
| 46-50 | 16.75 | 11.00 | 13.88 | - | - | - |
| 51-55 | 28.29 | 32.31 | 30.01 | - | 29.08 | 29.08 |
| 56-60 | - | - | - | 25.33 | 23.75 | 24.81 |
| 61-65 | - | - | - | - | - | - |
| 66-70 | - | - | - | - | - | - |
| 71-75 | - | - | - | - | - | - |
| Greater than 75 | - | - | - | - | - | - |
| **Total** | **25.98** | **23.80** | **24.89** | **25.33** | **26.42** | **25.88** |

**People in Receipt of Benefits (Including People on LTD)**

| *As of January 1* | **2007** | | | **2010** | | |
|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| Number of Members | 19 | 10 | 29 | 20 | 11 | 31 |

| *As of January 1, 2010* | **Expected Annual Benefit Payments** | | |
|---|---|---|---|
| **Age Band** | **Male** | **Female** | **Total** |
| Less than 30 | $ - | $ - | $ - |
| 30-35 | - | - | - |
| 36-40 | - | - | - |
| 41-45 | - | - | - |
| 46-50 | - | - | - |
| 51-55 | - | - | - |
| 56-60 | 372 | 87 | 459 |
| 61-65 | 773 | 67 | 840 |
| 66-70 | 670 | 393 | 1,063 |
| 71-75 | 2,567 | 633 | 3,200 |
| Greater than 75 | 14,640 | 7,744 | 22,384 |
| **Total** | **$ 19,022** | **$ 8,924** | **$ 27,946** |

## PARTICIPATION DATA

**Table B.2—Participation Data**

| | Actives | Retirees |
|---|---|---|
| *As at January 1, 2007* | **18** | **29** |
| New Entrants | - | - |
| Active | - | 2 |
| LTD | - | - |
| Terminated | (2)[1/] | - |
| Deceased | - | - |
| Retired | (2) | - |
| ***As at January 1, 2010*** | **14** | **31** |

[1/] 1 individual who terminated during the year 2010 is included as terminated.

# SECTION C—
# SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

## ACTUARIAL METHOD

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered.  To accomplish this, it is necessary to:

- make assumptions as to the discount rates, salary rate increases, mortality and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The ABO and Current Service Cost were determined using the projected benefit method, pro-rated on service.  This is the method stipulated by CICA Section 3461 when future salary levels or cost escalation affect the amount of the employee's future benefits.  Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period.  CICA Section 3461 stipulates that the attribution period commences at the employee's hire date and ends at the earliest age at which the employee could retire and qualify for the post-retirement non-pension benefits valued herein.

For each employee not yet fully eligible for benefits, the ABO is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period.  The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The ABO at January 1, 2010 is based on membership data and management's best estimate assumptions at January 1, 2010.

## ACCOUNTING POLICIES

The Corporation amortizes the full amount of any actuarial gains and losses over the expected average remaining service lifetime of the active employees.

## MANAGEMENT'S BEST ESTIMATE ASSUMPTIONS

The following are management's best estimate economic and demographic assumptions as at January 1, 2010.

## ECONOMIC ASSUMPTIONS

### Consumer Price Index

The consumer price index is assumed to be 2.00% per annum.

This is the same assumption used in the previous valuation.

### Discount Rate

The rate used to discount future benefits is assumed to be 5.25% per annum. This rate reflects the market interest rates at the measurement date on high quality debt instruments with consideration given to the timing and amount of projected benefit payments.

The assumption used in the previous valuation was 5.00% per annum.

### Salary Increase Rate

The rate used to increase salaries is assumed to be 3.00% per annum. This rate reflects management's best estimate assumption and is the same assumption used in the previous valuation.

## DEMOGRAPHIC ASSUMPTIONS

### Mortality table

Mortality is assumed to be in accordance with the 1994 Uninsured Pensioner Mortality (UP-94) table, with a projection of mortality improvements to the year 2020 based upon Projection Scale AA. The use of these rates seems reasonable given this is the mortality table to be used in accordance with the Canadian Institute of Actuaries' Standard of Practice for Determining Pension Commuted Values, effective April, 2009 to February, 2011.

Mortality rates are applied on a sex-distinct basis.

The previous valuation used the 1994 Uninsured Pensioner Mortality (UP-94) table, with a projection of mortality improvements to the year 2015 based upon Projection Scale AA.

### Rates of Withdrawal

Termination of employment prior to age 55 was assumed to be equal to 2.00% per annum. This is the same assumption used in the previous valuation.

### Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60). This assumption remains unchanged from the previous valuation.

### Expenses and Taxes

We have assumed 10% of benefits is required for the cost of sponsoring the program for life insurance. This is the same assumption that was used in the previous valuation.

# SECTION D—
# SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

## GOVERNING DOCUMENTS

The program is governed by Collective agreement between Westario Power Services Inc. and the Canadian Union of Public Employees and its Local 255 from May 1, 2007 until April 30, 2011.

Based on discussions with the Corporation, although no formal documentation exists with respect to post-retirement non-pension benefits for management and non-union employees, it is our understanding that the benefit provisions for post-retirement non-pension benefits for union employees are extended to management and non-union employees of the Corporation.

What follows is only a summary of the post retirement non-pension benefit program. For a complete description, please refer to the above-noted document.

## ELIGIBILITY

Upon retirement, all employees of Westario Power Inc. who were hired prior to June 1, 2000 are eligible for post-retirement life insurance.

## PARTICIPANT CONTRIBUTIONS

The Corporation shall pay 100% of the cost of the post-retirement life insurance for the eligible retirees.

## LENGTH OF SERVICE

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

## SUMMARY OF BENEFITS

### Life Insurance

All eligible employees are entitled to receive lifetime post-retirement life insurance, as per the MEARIE plan, administered by Great West Life, based upon the following table:

| Plan Option | Amount of Coverage | Eligibility |
|---|---|---|
| **1** | Flat $2,000. | If employee retires with less than 10 years of service in the Plan. |
| **2** | 50% of final annual earnings reducing by 2.5% of final annual earnings each year thereafter for 10 years, to a final benefit equal to 25.0% of final annual earnings.<br><br>Reduction occurs on anniversary date of retirement. | If employee was ever insured under Employee Plan options 2, 3 or 4, **or** if employee retires with 10 or more years of service in Plan but was never in superseded plan. |
| **3** | 50% of final annual earnings | If employee was insured under superseded plan and was hired on or after May 1, 1967 and elected coverage under Option 1 only. |
| **4** | 70% of the final amount insured for under the life plan immediately prior to retirement. | If employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under Option 1 only. |
| **5** | Amount of retirement insurance coverage in force under superseded plan grandfathered. | Frozen group of insured whose retirement occurred under superseded plan. |

# SECTION E— EMPLOYER CERTIFICATION

**Post-Retirement Non-Pension Benefit Plan**
**of Westario Power Inc.**
**Actuarial Valuation as at January 1, 2010**

I hereby confirm as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Westario Power Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

i) the membership data summarized in Section B is accurate and complete;

ii) the assumptions upon which this report is based as summarized in Section C are management best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) the summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on January 1, 2010.

**WESTARIO POWER INC.**

____________________ __________________________________

Date Signature

____________________ __________________________________

Name Title

Exhibit 4: Operating Costs

# Tab 5 (of 11): Corporate Cost Allocation

# SHARED SERVICES & CORPORATE COST ALLOCATION

Westario Power Inc. is wholly owned by eight municipalities, and one private equity owner, Fortis Ontario Inc. WPI does not have any affiliate relationships; therefore there are no shared services or corporate cost allocations to report.

Exhibit 4: Operating Costs

# Tab 6 (of 11): Purchase of Non-Affiliate Services

# PURCHASES FROM SUPPLIERS

Westario Power's procurement policy seeks to ensure that required services and products are purchased at fair and reasonable prices. WPI's current Purchasing Policy is attached as Exhibit 4, Tab 6, Schedule 2.

Purchases between $1,000 and $100,000 require written quotations from at least three approved vendors. Purchases over $100,000 require a competitive bidding process. For reasons of quality and/or engineering design requirements, some items may be designated as sole source items.

The table below contains information on the purchases of non-affiliate services in respect of all procurement transactions above $25,000, as well as a brief description of the service or product provided and the procurement method.

| NAME OF SUPPLIER | TYPE OF EXPENSE | 2009 | 2010 | 2011 | Procurement Method |
|---|---|---|---|---|---|
| SHEPHERDS UTILITY EQUIPMENT | Tools, clothing, safety items | 27,514.91 | 56,213.72 | 34,639.31 | Quote |
| BELL MOBILITY | Cellular Phones, Smart Meter LAN | 0.00 | 25,192.04 | 26,468.32 | Service Contract |
| CANADA POST CORPORATION | Postage | 165,244.64 | 185,933.08 | 187,025.27 | Sole Provider |
| THE MEARIE GROUP | Employee Benefits, Insurance Coverage | 280,017.25 | 280,758.75 | 283,600.79 | Quote |
| WESTBURNE RUDDY ELECTRIC | Materials and Equipment | 136,673.68 | 76,745.85 | 71,875.26 | Quote |
| HD SUPPLY UTILITIES | Materials and Equipment | 336,509.94 | 193,298.81 | 325,810.35 | Quote |
| IDEAL SUPPLY CO LTD | Materials, Equipment, Safety Items | 54,041.36 | 54,223.24 | 28,972.13 | Quote, Local Provider |
| OLAMETER INC | Smart Meter Installation and Support | 150,159.31 | 96,977.20 | 0.00 | RFP |
| J.D. MCARTHUR TIRE SERVICES IN | Fleet - maintenance | 0.00 | 33,943.54 | 0.00 | Quote, Local Provider |
| UNITED RENTALS OF CANADA | Equipment, Safety Items | 31,261.68 | 0.00 | 35,665.99 | Quote |
| MUNICIPALITY OF BROCKTON | Municipal Services and Property Taxes | 38,865.03 | 37,916.90 | 37,353.95 | Sole Provider |
| WEBER CONTRACTING #7 LTD. | Directional Boring | 50,310.82 | 62,061.63 | 49,556.17 | RFP |
| WAYNE'S ELECTRIC | Smart Meter Insallation and Support | 0.00 | 63,946.00 | 0.00 | RFP |
| TILTRAN/ASCENT SOLUTIONS INC | Substation Maintenance | 215,036.29 | 171,248.11 | 119,311.64 | Service Contract |
| ELSTER CANADIAN METER | Smart Meters, Hardware, Software and Support | 1,700,490.21 | 335,318.19 | 453,506.74 | RFP |
| BELL ALIANT | Smart Meter Collectors | 33,720.00 | 0.00 | 0.00 | RFP |
| MOLONEY ELECTRIC INC. | Materials | 258,915.68 | 113,447.20 | 83,701.00 | Quote |
| NORAMCO WIRE & CABLE | Wire/Cable | 149,998.06 | 125,495.90 | 162,923.60 | Quote |
| CANADIAN NIAGARA POWER INC. | IT related services, Smart Meter, Consulting | 173,172.23 | 132,669.80 | 80,730.10 | Service Contract |
| KEN JACKSON CONSTRUCTION LIMIT | Vac Truck Services | 42,214.09 | 28,052.54 | 0.00 | Quote |
| RODAN ENERGY SOLUTIONS INC. | Metering Services | 167,892.55 | 80,485.07 | 420,365.25 | RFP |
| ELECTRICITY DISTRIBUTORS ASSOC | EDA Membership | 37,200.00 | 39,310.00 | 40,000.00 | Sole Provider |
| JARDINE LLOYD THOMPSON CANADA | Property Insurance | 43,974.36 | 47,862.36 | 57,883.00 | Quote |
| ONTARIO MUNICIPAL EMPLOYEES | OMERS pension contributions | 166,444.70 | 170,196.61 | 186,291.34 | Sole Provider |
| UTILISMART CORPORATION | Wholesale/Retail Settlement | 81,738.00 | 82,882.30 | 82,704.00 | Service Contract |
| ACCURATE METER READING | Meter Reading Services | 166,172.94 | 0.00 | 0.00 | RFP |
| KPMG | Audit and Consulting Fees | 39,250.00 | 52,425.00 | 61,200.00 | RFP |
| WAJAX INDUSTRIES LIMITED | Fleet | 0.00 | 0.00 | 284,407.00 | RFP |
| POSI-PLUS TECHNOLOGIES INC. | Fleet | 0.00 | 230,741.75 | 0.00 | RFP |
| VALMONT NEWMARK INDUSTRIES, IN | Materials | 191,251.82 | 48,522.79 | 100,880.26 | Quote |
| UTIL-ASSIST | Smart Meter and GEA Consulting Fees | 0.00 | 34,925.38 | 0.00 | RFP |
| PICKARD CONSTRUCTION | Directional Boring and Hydro Vac Services | 75,391.93 | 90,302.34 | 301,325.45 | RFP and/or Quote |
| SUPER SUCKER HYDRO VAC SERVICE | Hydro Vac Services | 64,621.86 | 47,420.05 | 70,067.54 | Quote |
| GLENTEL INC. | Two Way Radio System | 0.00 | 80,255.72 | 0.00 | RFP |
| DELL CANADA INC. | Computer hardware & software | 0.00 | 29,360.83 | 46,979.05 | Quote |
| CARTE INTERNATIONAL | Materials | 47,908.80 | 0.00 | 0.00 | Quote |
| PHH VEHICLE MANAGEMENT -T10084 | Fleet Maintenance and Repair | 316,697.31 | 244,199.56 | 206,104.60 | Quote |
| HICKS MORLEY BARRISTERS & SOLI | Legal Services | 0.00 | 0.00 | 33,428.30 | Long Term Provider |
| PRESTIGE CONTRACTING | Lawn maintenance and snow removal | 0.00 | 30,122.66 | 30,954.76 | RFP |
| CANADA POWER PRODUCTS | Materials | 83,430.00 | 83,430.00 | 51,500.00 | Quote |
| DURHAM MANAGEMENT CONSULTANTS | Consulting Services and Training | 0.00 | 44,244.90 | 0.00 | Quote |
| ELENCHUS RESEARCH ASSOCIATES I | Consulting Services | 42,275.01 | 0.00 | 0.00 | Quote |
| JESSTEC INDUSTRIES INC. | Smart Meter materials | 106,433.05 | 0.00 | 0.00 | RFP |
| ALTEC INDUSTRIES INC | Fleet - Chipper | 32,328.72 | 0.00 | 0.00 | RFP |
| G-TEL | Cable Locating Services | 156,569.76 | 142,329.43 | 177,362.00 | Service Contract |
| HESPRO | Consulting Services - environmental | 0.00 | 0.00 | 30,529.09 | Service Contract |
| ADVANCE CONSTRUCTION EQUIPMENT | Fleet - Forklift | 66,420.00 | 0.00 | 0.00 | RFP |
| GREY BRUCE METER SERVICES INC. | Meter reading, disconnect/reconnect services | 185,223.78 | 324,931.40 | 181,015.71 | Sole Provider |
| LESLIE MOTORS LTD | Fleet | 30,193.01 | 0.00 | 0.00 | RFP |
| UTS CONSULTANTS INC. | Consulting and Engineering Services | 0.00 | 43,709.10 | 106,046.47 | Quote |
| GUELPH UTILITY POLE | Materials | 0.00 | 29,073.60 | 0.00 | Quote |
| SERIO CONSULTING CANADA INC. | SAP Consulting | 0.00 | 60,156.62 | 0.00 | Sole Provider |
| HALLMAN MOTORS LTD | Fleet | 0.00 | 27,561.95 | 0.00 | RFP |
| UTILITY RISK MANAGEMENT LTD. | Software licensing | 0.00 | 20,000.00 | 0.00 | Quote |
| K-LINE MAINTENANCE & CONSTRUCT | Capital rebuild | 0.00 | 0.00 | 437,394.09 | RFP |
| DAVID HAWKINS LINE SERVICE INC | Capital rebuild, tree trimming | 0.00 | 0.00 | 90,320.51 | RFP |
| D.L. HANNON INC. | Capital rebuild | 0.00 | 0.00 | 45,214.00 | RFP |
| UTILITY SCANNING SOLUTIONS LTD | Pole Testing | 0.00 | 0.00 | 49,608.00 | Quote |
| DAVEY TREE EXPERT CO. | Tree trimming | 0.00 | 0.00 | 37,900.00 | RFP |

**Exhibit 4**

**Tab 6**

**Schedule 2**

**Purchasing Policy**

| | | |
|---|---|---|
| **Purchasing Policy** | Document No.: | CP-001-01 |
| | Page: | 1 of 8 |
| | Issued: | May 15/01 |
| | Issue No.: | 1.0 |
| | Reviewed: | June 29, 2011 |

## 1.0 Introduction

Through its Vision, Westario Power is committed to providing the highest quality customer service and system reliability, at the lowest possible cost, in response to an ever-changing environment. The manner in which Westario Power purchases goods and services has a significant impact on its ability to achieve these objectives.

The purpose of this document is to provide a clear and concise statement of the Company's policy as it relates to the procurement of goods and services.

## 2.0 Policy Objectives

Consistent with Westario Power's Vision and Values, the objectives of this policy are:

- To enhance the reliability of the distribution system by obtaining the quality of materials and services best suited to their planned use.
- To provide value to customers by purchasing goods and services at a cost consistent with the quality and service conditions required.
- To meet commitments to customers by ensuring that materials and services are delivered in a timely manner.
- To increase productivity by minimizing the cost and time associated with the procurement of goods and services.
- To reduce the cost of inventorying material by maintaining the lowest possible level of inventory consistent with the utility's commitments to customers, emergency planning, economic order quantities, and market conditions.
- To help utility personnel better serve customers by keeping personnel informed about new materials, new processes, new techniques, economic conditions, and forecasts on supply and prices.

## 3.0 Authorities

### *3.1 Primary Authority*

Primary authority for all purchases shall rest with the CEO. The CEO is authorized to delegate authority for specific purchases as needed, provided that the procedures and practices established shall conform to the principles in this policy. The CEO shall monitor the purchase of goods and services made under such delegation to ensure compliance with this policy.

The CEO is authorized to approve purchases of goods and services, without restriction to purchase cost, provided that:

- Purchases are made within the guidelines for pricing and awarding of purchases contained herein.

- Purchases are made within the approved guidelines for the receipt of contributed capital.
- In the case of Westario Power funded purchases, expenditures are within approved budgets.
- In the case of customer funded purchases, and for the purpose of obtaining an earlier delivery at the customer's request, the CEO may approve a purchase from an alternative supplier provided that the alternative item has comparable operating costs, and that the acceptance of the additional capital cost of the item has been obtained from the customer in writing and the customer pays for the incremental cost prior to the procurement process taking place.
- In event of an emergency affecting public or worker safety, or comprising a long-term significant threat to the delivery of electricity to customers, the CEO is authorized to approve purchases of goods and services to the limit of reinstatement. Such works shall be communicated to the Board of Directors at the earliest opportunity.

### *3.2 Corporate Management Team*

In event of an emergency affecting public or worker safety, or comprising a long term significant threat to the delivery of electricity to customers, and in the absence of the CEO, the Corporate Management Team, comprising the majority of Managers of all divisions, is authorized to approve purchases of goods and services to the limit of reinstatement. Such works shall be communicated to the Board of Directors and CEO at the earliest opportunity.

All purchases by the Corporate Management Team under this provision shall require the concurrence of the majority of Managers conducted under a recorded vote.

### *3.3 Managers*

Managers are authorized to approve the purchase of goods and services provided that:

- Purchases are made within the guidelines for pricing and awarding of purchases contained herein.
- Purchases are made within the approved guidelines for the receipt of contributed capital.
- In the case of Westario Power funded purchases, expenditures are within the division's approved budgets.

In addition, the Accounting Supervisor is authorized to approve the purchase of stock items needed to maintain established levels of inventory provided that:

- Purchases are made within the guidelines for pricing and awarding of purchases contained herein.
- The need for the item has been reviewed to determine if the recommended quantity is appropriate given the current schedule of works.

## 4.0 Material Designations

### *4.1 Stock Items*

Items, which have a repeated frequency of use, may be designated as Stock Items.

The designation of material as stock items shall be the responsibility of the Accounting Supervisor in consultation with the requesting Manager.

The Accounting Supervisor shall periodically review the designation of stock items to determine if the need to retain an item in stock is warranted. This review will also include an assessment of the reorder point for items to confirm their appropriateness.

### *4.2 Non-Stock Items*

Items designated as Non-Stock are purchased on an as needed basis under the authority of the requesting Manager.

### *4.3 Sole Source Items*

For reasons of quality and/or engineering design requirements, it may be necessary to specify that only some brands of materials will be accepted. In these cases, the requesting Manager may designate the material as Sole Source items. An explanation of the reason(s) for the designation, along with supporting documentation, shall be maintained by the Accounting Supervisor.

Sole Source designated items may be stock or non-stock items.

## 5.0 Partnership Agreements

Westario Power recognizes that in order to meet its Vision, the cost of goods and services must be balanced with their quality and timely delivery. The relationship we have with suppliers can have a significant effect on this triad. It takes an investment of time and commitment by both parties to develop an understanding of what each needs and how to achieve mutually beneficial results.

Westario Power encourages the development of long-term (1 to 3 years) partnership agreements with suppliers. In establishing partnership agreements, the following elements will be addressed:

- Term of agreement
- Scope of goods/services provided.
- Mechanism for price adjustment
- Compliance to technical standards
- Mechanism for accommodating future amendments to technical requirements
- Process for pricing items not originally covered in the agreement
- Delivery schedules and lead time guarantees

- Warranty policies
- Terms of payment
- Alternate methods for cost improvements and asset utilization
- Assessment of the mutual benefits to both parties
- References to previous partnership agreements, including contact names
- Mechanisms to ensure competitive pricing

Partnerships are not necessarily based on lowest cost. . Both parties undertake to understand the business of the other to improve the cost to both parties.

Partnership agreements require the approval of the CEO prior to execution.

## 6.0 Pricing and Awarding Guidelines

It will be the general practice of Westario Power to obtain as many competitive prices as possible for goods and services. Not withstanding this objective, and the designation of Sole Source items, a minimum of three prices will be sought through the following quotation and tender processes. Should there not be three vendors available to supply the required goods or services, backup documentation must remain on file, to support having gone to fewer than three suppliers.

### *6.1(a) Purchases Under $1,000*

Recognizing the cost associated with obtaining price quotations, and the need to sometimes make quick purchases of small, non-stock items to maintain daily work flows, Managers are authorized to make these purchases of up to $1,000 directly without a formal pricing exercise and without following the requisition and purchase order process.

Managers, who in turn may delegate to their staff, are authorized and encouraged to make these purchases using a Westario Power credit card, purchase card or petty cash. Receipts for all purchases must be included and/or approved by manager.

It shall still be the responsibility of each Manager to ensure that, wherever possible, purchases provide the best value to Westario Power and its customers.

### 6.1(b) Retail Purchases

All retail purchases (non stock items) required on an as needed basis must be signed by staff on the bill of sale with an explanation of the reason for purchase. All such purchases must be approved by signature under the authority of the requesting manager.

### *6.2 Invited Quotations (value not exceeding $100,000)*

Goods and services with a total value not exceeding $100,000 shall be priced through invited quotations. Where suppliers are invited to bid, and specifications are issued, the bidder meeting the specification and having the lowest cost shall be awarded the bid.

When other factors, such as service, delivery, compatibility, or variation from specification, must be considered, the bids will be evaluated and the best bid, considering all factors, shall be accepted subject to approval by the requesting Manager and the terms specified under Authorities.

### *6.3 Sealed Tenders (value above $100,000)*

Goods and services with a total value above $100,000 may be priced through sealed tenders. Where sealed tenders are invited, all tender documentation is to be forwarded to the attention of the Chief Financial Officer ('CFO'). It is the responsibility of the CFO to ensure that the terms and conditions of the sealed tender are met.

Each of the sealed bids will be evaluated by the requesting manager considering all factors associated with the proposal. The lowest, or any, bid may or may not be accepted. The requesting Manager will make a recommendation for final approval based on the information received.

Awarding of contracts for goods or services requested under sealed tender require the approval of the CEO prior to execution.

### *6.4 Corporate Image*

Purchases should not be used for items impacting the image of Westario Power (i.e. letterhead, business cards, advertising, marketing materials, marketing brochures, etc.) without prior consent of the CEO.

## 7.0 Responsibilities

The Accounting Supervisor shall be responsible for the administration of the purchasing of all goods and services. These responsibilities include:

- Ensuring that all purchases conform to the Purchasing Policy of the Company.
- Coordinating the needs of all divisions and, where possible, adopting standardized materials used by the utility so as to reduce to a minimum the types of goods used.
- Requesting from all Managers estimated requirements for future periods of time so as to determine the appropriate levels of inventory and ensure material availability in advance of actual need.
- Establishing and periodically reviewing levels of stock items to be maintained.
- Reviewing stock usage and, in conjunction with the suitable division, determining obsolete items. In the event that any of the same can be used by any other division, arranging to make same available. In the event that any such goods can no longer be

used, arranging for the disposal of such goods at the best possible benefit to the Company subject to the approval of the CEO.
- Issuing all purchase orders for goods and services.
-
- Except where a Sole Source item is required or when it is more cost effective to make purchases under $1,000 directly, making all purchases on a competitive basis, consistent with price, quality, delivery, service, and operating costs.
- Providing reports and recommendations to management as deemed necessary to meet the purchasing objectives of the Company.
- Establishing a relationship of mutual confidence and satisfaction between the utility and its suppliers. The reputation of Westario Power for fair dealing should be promoted by giving all sales personnel and suppliers, a full, fair, prompt and courteous hearing on any subject that is justified by the nature of their product.

## 8.0 Records

It shall be the policy of the Company to keep records of bids and purchases to document the procedures followed in the purchase. Records shall be kept in accordance with Westario Power's Records Management Retention Policy.

## 9.0 Exclusions

### *9.1 Current and Former employees*

In order to maintain the reputation of the Company for fair dealings with all suppliers, it shall be the policy of Westario Power not to purchase goods or services from current Westario Power employees, or from former Westario Power employees for two years after leaving Westario Power's employment, unless authorized by the CEO or Board of Directors.

### *9.2 Board Members, Employees and Relatives of Employees*

Westario Power's Code of Ethics Policy applies to the purchase of goods and services from Board members, employees and relatives of employees.

## 10.0 The Process

### *10.1 Pricing, Availability and Delivery Request*

The request for pricing, availability and delivery for goods and services originates with the completion of a Goods and Services Requisition (Pricing Request component) by the division requesting the items.

The Goods and Services Requisition must include:

- Description of item(s)

- Quantity of each item
- Date required
- Budget ID and/or Work Order
- Division contact name for inquiries
- The signature of the Manager

Completed Goods and Services Requisitions shall be forwarded to the Shared Services Division for processing. Only Goods and Services Requisitions, which bear the signature of the Manager, will be accepted for processing by the Shared Services Division. The Manager's signature in the Purchase Request portion of a Goods and Services Requisition will be understood as confirmation that the purchase meets the conditions for authority to purchase under Section 3.3 Authority – Managers.

The Shared Services Division will obtain pricing and delivery information in accordance with Section 6.0, Pricing and Awarding Guidelines. The Shared Services Division may confirm the pricing and delivery schedule with the requester prior to completion of the purchase orderif noted on the requisition form.

### *10.2 Purchase Request*

The Finance Division shall prepare a Purchase Order for the items requested after assuring that sufficient quantities are not currently on hand. Purchase Orders shall be signed by the Accounting Supervisor or designate.

### *10.3 Purchase Order Routing*

Purchase Order routing and tracking shall be completed in accordance with the 'Requisition and PO Work Flow' as established by the Accounting Supervisor.

### *10.4 Receiving*

All goods acquired by purchase order should be received through the Shared Services Division and all services acquired by purchase order should be received by the appropriate department and matched with the purchase order so that accurate receiving reports can be made.

The Shared Services Division will then advise any division which has specifically requested the material of its arrival.

When goods are received they shall be immediately inspected to ensure that they meet the specification and that they have not been damaged during shipment. Over-shipments must receive the appropriate approvals before the excess quantity may be processed.

### *10.5 Quality Control*

Certain items, which are received, require formal quality control. To accomplish this, a quality control inspection form must be completed with the appropriate approvals by the division or person responsible.

### *10.6 Invoices*

Payment of accounts can only be made when receipt of goods and services have been acknowledged. Finance will check all invoices to ensure that all necessary information confirms to corresponding purchase orders before processing invoices for payment. Finance will, upon receipt of the invoice, make approval for payment where possible (exceptions being hold of payment re: price discrepancy, specification discrepancy, etc.) When any discrepancies are encountered, Finance shall inform the supplier and request an immediate solution to the problem.

Prior to payment processing, a Manager must approve and code to the proper GL account payments for any purchases that did not receive Manager approval since they were not made on a PO requisition.

Proper signing authority, in accordance with approved Corporate Banking Resolution must be adhered to before any payments are processed or issued.

# CHARITABLE DONATIONS

The applicant has a corporate donation policy that covers corporate donations and sponsorships made by the Company. The intent of the policy is to position the applicant and employees as committed community partners. The goal of corporate donations is to strengthen the long-term relationship between WPI and its customers and maintain the company's role as a corporate citizen.

There are no amounts for charitable donations included in WPI's proposed distribution expenses for the 2013 test year.

Exhibit 4: Operating Costs

# Tab 7 (of 11): Depreciation and Amortization

# DEPRECIATION RATES AND METHODOLOGY

In this application, WPI is proposing to change the useful lives of assets and depreciation rates effective January 1, 2013. The Board's Kinectrics Report was used as a guideline in updating the depreciation rates. The schedules in this section are based on existing depreciation rates as previously approved by the Board in WPI's 2009 cost of service application. Details of the proposed depreciation rates and updated schedules are included in Exhibit 10.

Amortization on capital assets is calculated as follows:

- amortization is calculated on a straight line basis over the estimated remaining useful life of the assets at the end of the previous year;
- for amortization on capital additions during the current year, amortization is calculated using the "half year rule" for all additions and dispositions of capital assets regardless of when the asset was either capitalized or removed from service. WPI has consistently used this methodology. The fixed asset module within SAP tracks and calculates depreciation;
- in the Bridge Year and Test Year, the 'half year rule' is applied; i.e. six months of depreciation expense is included, consistent with the 2009 cost of service application.

Exhibit 4, Tab 7, Schedule 1, Attachment 1details the amortization expenses by OEB asset account and the amortization rate.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 7 |
| **Schedule:** | 1 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-CE
## Depreciation and Amortization Expense

**Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013**

**Year 2011 CGAAP**

| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2011 (a) | Less Fully Depreciated (b) | Net for Depreciation (c) | Additions (d) | Total for Depreciation (e) = (c) + ½ x (d) [1] | Years (f) | Depreciation Rate (g) = 1 / (f) | 2011 Depreciation Expense (h) = (e) / (f) | 2011 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance [2] (m) = (h) - (l) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1612 | Land Rights (Formally known as Account 1906) | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1805 | Land | $ 227,769 | | $ 227,768.86 | $ - | $ 227,768.86 | | | $ - | $ - | $ - |
| 1808 | Buildings | $ 2,486,318 | | $ 2,486,318.00 | $ - | $ 2,486,318.00 | 50.00 | 2.00% | $ 49,726 | -$ 49,887 | -$ 160 |
| 1810 | Leasehold Improvements | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1815 | Transformer Station Equipment >50 kV | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1820 | Distribution Station Equipment <50 kV | $ 3,818,490 | | $ 3,818,489.54 | $ 450,639 | $ 4,043,809.28 | 30.00 | 3.33% | $ 134,794 | -$ 136,439 | -$ 1,646 |
| 1825 | Storage Battery Equipment | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1830 | Poles, Towers & Fixtures | $ 6,563,767 | | $ 6,563,767.39 | $ 542,315 | $ 6,834,924.98 | 23.00 | 4.35% | $ 297,171 | -$ 294,873 | $ 2,298 |
| 1835 | Overhead Conductors & Devices | $ 9,073,534 | | $ 9,073,534.28 | $ 673,323 | $ 9,410,195.87 | 23.00 | 4.35% | $ 409,139 | -$ 411,445 | -$ 2,306 |
| 1840 | Underground Conduit | $ 2,706,286 | | $ 2,706,285.59 | $ 338,350 | $ 2,875,460.76 | 23.00 | 4.35% | $ 125,020 | -$ 124,188 | $ 832 |
| 1845 | Underground Conductors & Devices | $ 8,297,546 | | $ 8,297,546.35 | $ 551,064 | $ 8,573,078.57 | 23.00 | 4.35% | $ 372,743 | -$ 372,006 | $ 736 |
| 1850 | Line Transformers | $ 7,500,291 | | $ 7,500,290.76 | $ 507,270 | $ 7,753,925.76 | 23.00 | 4.35% | $ 337,127 | -$ 338,711 | -$ 1,584 |
| 1855 | Services (Overhead & Underground) | $ 3,957,038 | | $ 3,957,038.32 | $ 473,444 | $ 4,193,760.26 | 23.50 | 4.26% | $ 178,458 | -$ 178,825 | -$ 367 |
| 1860 | Meters | $ 1,820,050 | $ 305,370 | $ 1,514,679.54 | $ 64,884 | $ 1,547,121.54 | 24.50 | 4.08% | $ 63,148 | -$ 61,785 | $ 1,363 |
| 1860 | Meters (Smart Meters) | $ - | | $ - | $ 105,634 | $ 52,817.00 | 25.00 | 4.00% | $ 2,113 | -$ 2,150 | -$ 38 |
| 1905 | Land | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1908 | Buildings & Fixtures | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1910 | Leasehold Improvements | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1915 | Office Furniture & Equipment (10 years) | $ 251,887 | $ 111,863 | $ 140,024.35 | $ 10,589 | $ 145,318.75 | 10.00 | 10.00% | $ 14,532 | -$ 14,531 | $ 1 |
| 1915 | Office Furniture & Equipment (5 years) | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1920 | Computer Equipment - Hardware | $ 275,946 | $ 275,946 | $ 0.03 | $ - | $ 0.03 | 5.00 | 20.00% | $ 0 | $ - | $ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | $ 52,212 | $ 52,212 | -$ 0.37 | $ - | -$ 0.37 | 5.00 | 20.00% | -$ 0 | $ - | -$ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | $ 108,451 | | $ 108,451.22 | $ 45,385 | $ 131,143.96 | 5.00 | 20.00% | $ 26,229 | -$ 26,228 | $ 1 |
| 1925 | Computer Software (Formally known as Account 1925) | $ 854,691 | $ 701,981 | $ 152,710.24 | $ 89,765 | $ 197,592.66 | 3.00 | 33.33% | $ 65,864 | -$ 65,863 | $ 1 |
| 1930 | Transportation Equipment | $ 1,838,671 | $ 507,931 | $ 1,330,740.03 | $ 284,250 | $ 1,472,865.03 | 8.00 | 12.50% | $ 184,108 | -$ 184,108 | -$ 0 |
| 1935 | Stores Equipment | $ 90,937 | $ 7,978 | $ 82,959.21 | $ - | $ 82,959.21 | 10.00 | 10.00% | $ 8,296 | -$ 8,296 | $ 0 |
| 1940 | Tools, Shop & Garage Equipment | $ 278,276 | $ 102,262 | $ 176,014.02 | $ 18,505 | $ 185,266.50 | 10.00 | 10.00% | $ 18,527 | -$ 18,526 | $ 1 |
| 1945 | Measurement & Testing Equipment | $ 63,139 | | $ 63,138.50 | $ 4,405 | $ 65,341.04 | 10.00 | 10.00% | $ 6,534 | -$ 6,533 | $ 1 |
| 1950 | Power Operated Equipment | $ 100,272 | $ 20,299 | $ 79,972.96 | $ - | $ 79,972.96 | 10.00 | 10.00% | $ 7,997 | -$ 7,997 | -$ 0 |
| 1955 | Communications Equipment | $ 176,173 | $ 77,145 | $ 99,028.24 | $ - | $ 99,028.24 | 5.00 | 20.00% | $ 19,806 | -$ 20,382 | -$ 576 |
| 1955 | Communication Equipment (Smart Meters) | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1960 | Miscellaneous Equipment | $ 43,493 | $ 6,562 | $ 36,931.47 | $ - | $ 36,931.47 | 10.00 | 10.00% | $ 3,693 | -$ 3,693 | -$ 0 |
| 1975 | Load Management Controls Utility Premises | $ 258,631 | $ 258,631 | -$ 0.50 | $ - | -$ 0.50 | 10.00 | 10.00% | -$ 0 | $ - | -$ 0 |
| 1980 | System Supervisor Equipment | $ - | | $ - | $ - | $ - | | | $ - | $ - | $ - |
| 1985 | Miscellaneous Fixed Assets | $ 1,427 | $ 1,427 | $ - | $ - | $ - | 10.00 | 10.00% | $ - | $ - | $ - |
| 1995 | Contributions & Grants | -$ 7,555,737 | -$ 632,720 | -$ 6,923,016.97 | -$ 632,720 | -$ 7,239,377.16 | 23.00 | 4.35% | -$ 314,756 | $ 315,631 | $ 876 |
| etc. | | | | $ - | | $ - | | | $ - | | $ - |
| | | | | $ - | | $ - | | | $ - | | $ - |
| | **Total** | $ 43,289,558 | $ 1,796,887 | $ 41,492,671.06 | $ 3,527,103 | $ 43,256,222.67 | | | $ 2,010,268 | -$ 2,010,837 | -$ 569 |

**Notes:**

1 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

2 The applicant must provide an explanation of material variances in evidence

**General:** **Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 7 |
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| **Date:** | October 9, 2012 |

# Appendix 2-CF
## Depreciation and Amortization Expense

**Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013**

**Year 2012 CGAAP**

| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2012 (a) | Less Fully Depreciated (b) | Net for Depreciation (c) | Additions (d) | Total for Depreciation (e) = (c) + ½ x (d) [1] | Years (f) | Depreciation Rate (g) = 1 / (f) | 2012 Depreciation Expense (h) = (e) / (f) | 2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance [2] (m) = (h) - (l) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1612 | Land Rights (Formally known as Account 1906) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1805 | Land | $ 227,769 | | $ 227,769 | $ - | $ 227,769 | - | 0.00% | $ - | $ - | $ - |
| 1808 | Buildings | $ 2,486,318 | | $ 2,486,318 | $ 5,000 | $ 2,488,818 | 50.00 | 2.00% | $ 49,776 | -$ 49,937 | -$ 161 |
| 1810 | Leasehold Improvements | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1815 | Transformer Station Equipment >50 kV | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1820 | Distribution Station Equipment <50 kV | $ 4,269,129 | | $ 4,269,129 | $ 417,529 | $ 4,477,894 | 30.00 | 3.33% | $ 149,263 | -$ 147,775 | $ 1,488 |
| 1825 | Storage Battery Equipment | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1830 | Poles, Towers & Fixtures | $ 7,106,083 | | $ 7,106,083 | $ 888,906 | $ 7,550,536 | 23.00 | 4.35% | $ 328,284 | -$ 327,658 | $ 626 |
| 1835 | Overhead Conductors & Devices | $ 9,746,857 | | $ 9,746,857 | $ 838,997 | $ 10,166,356 | 23.00 | 4.35% | $ 442,015 | -$ 441,852 | $ 163 |
| 1840 | Underground Conduit | $ 3,044,636 | | $ 3,044,636 | $ 290,681 | $ 3,189,976 | 23.00 | 4.35% | $ 138,695 | -$ 136,788 | $ 1,907 |
| 1845 | Underground Conductors & Devices | $ 8,848,611 | | $ 8,848,611 | $ 454,468 | $ 9,075,845 | 23.00 | 4.35% | $ 394,602 | -$ 392,366 | $ 2,236 |
| 1850 | Line Transformers | $ 8,007,561 | | $ 8,007,561 | $ 592,656 | $ 8,303,889 | 23.00 | 4.35% | $ 361,039 | -$ 360,782 | $ 257 |
| 1855 | Services (Overhead & Underground) | $ 4,430,482 | | $ 4,430,482 | $ 637,257 | $ 4,749,111 | 23.50 | 4.26% | $ 202,090 | -$ 201,040 | $ 1,050 |
| 1860 | Meters | $ 1,579,564 | | $ 1,579,564 | $ 89,310 | $ 1,624,219 | 24.50 | 4.08% | $ 66,295 | -$ 67,812 | -$ 1,517 |
| 1860 | Meters (Smart Meters) | $ 105,634 | | $ 105,634 | $ 38,652 | $ 124,960 | 15.00 | 6.67% | $ 8,331 | -$ 8,418 | -$ 87 |
| 1905 | Land | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1908 | Buildings & Fixtures | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1910 | Leasehold Improvements | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1915 | Office Furniture & Equipment (10 years) | $ 262,476 | $ 114,122 | $ 148,354 | $ 5,000 | $ 150,854 | 10.00 | 10.00% | $ 15,085 | -$ 15,084 | $ 1 |
| 1915 | Office Furniture & Equipment (5 years) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1920 | Computer Equipment - Hardware | $ 275,946 | $ 275,946 | $ 0 | $ - | $ 0 | 5.00 | 20.00% | $ 0 | $ - | $ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | $ 52,212 | $ 52,212 | -$ 0 | $ - | -$ 0 | 5.00 | 20.00% | -$ 0 | $ - | -$ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | $ 153,837 | $ 29,316 | $ 124,521 | $ 22,000 | $ 135,521 | 5.00 | 20.00% | $ 27,104 | -$ 27,104 | $ 0 |
| 1925 | Computer Software (Formally known as Account 1925) | $ 944,456 | $ 758,615 | $ 185,841 | $ 50,000 | $ 210,841 | 3.00 | 33.33% | $ 70,280 | -$ 70,279 | $ 1 |
| 1930 | Transportation Equipment | $ 1,984,171 | $ 370,253 | $ 1,613,918 | $ 450,000 | $ 1,838,918 | 8.00 | 12.50% | $ 229,865 | -$ 229,861 | $ 4 |
| 1935 | Stores Equipment | $ 85,037 | $ 2,078 | $ 82,959 | $ - | $ 82,959 | 10.00 | 10.00% | $ 8,296 | -$ 8,296 | -$ 0 |
| 1940 | Tools, Shop & Garage Equipment | $ 296,781 | $ 109,125 | $ 187,656 | $ 72,000 | $ 223,656 | 10.00 | 10.00% | $ 22,366 | -$ 22,364 | $ 2 |
| 1945 | Measurement & Testing Equipment | $ 67,544 | $ 1,095 | $ 66,449 | $ - | $ 66,449 | 10.00 | 10.00% | $ 6,645 | -$ 6,645 | -$ 0 |
| 1950 | Power Operated Equipment | $ 89,272 | $ 9,299 | $ 79,973 | $ - | $ 79,973 | 10.00 | 10.00% | $ 7,997 | -$ 7,997 | $ 0 |
| 1955 | Communications Equipment | $ 176,173 | $ 74,263 | $ 101,910 | $ - | $ 101,910 | 5.00 | 20.00% | $ 20,382 | -$ 20,382 | $ 0 |
| 1955 | Communication Equipment (Smart Meters) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1960 | Miscellaneous Equipment | $ 43,493 | $ 20,070 | $ 23,423 | $ 40,000 | $ 43,423 | 10.00 | 10.00% | $ 4,342 | -$ 4,342 | $ 0 |
| 1975 | Load Management Controls Utility Premises | $ 258,631 | $ 258,631 | -$ 1 | $ - | -$ 1 | 10.00 | 10.00% | -$ 0 | $ - | -$ 0 |
| 1980 | System Supervisor Equipment | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1985 | Miscellaneous Fixed Assets | $ 1,427 | $ 1,427 | $ - | $ - | $ - | 10.00 | 10.00% | $ - | $ - | $ - |
| 1995 | Contributions & Grants | -$ 8,188,457 | -$ 632,720 | -$ 7,555,737 | -$ 433,861 | -$ 7,772,668 | 23.00 | 4.35% | -$ 337,942 | $ 336,986 | -$ 956 |
| etc. | | | | $ - | | $ - | | 0.00% | $ - | | $ - |
| | | | | $ - | | $ - | | 0.00% | $ - | | $ - |
| | **Total** | $ 46,355,641 | $ 1,443,732.00 | $ 44,911,909 | $ 4,458,595 | $ 47,141,207 | | | $ 2,214,810 | -$ 2,209,796 | $ 5,014 |

**Notes:**

1 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

2 The applicant must provide an explanation of material variances in evidence

**General:** **Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 7 |
| **Schedule:** | 1 |
| **Page:** | 3 |
| **Date:** | October 9, 2012 |

# Appendix 2-CF
## Depreciation and Amortization Expense

**Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013**

**Year** **2013** **CGAAP**

| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2013 (a) | Less Fully Depreciated (b) | Net for Depreciation (c) | Additions (d) | Total for Depreciation (e) = (c) + ½ x (d) [1] | Years (f) | Depreciation Rate (g) = 1 / (f) | 2013 Depreciation Expense (h) = (e) / (f) | 2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance [2] (m) = (h) - (l) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1612 | Land Rights (Formally known as Account 1906) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1805 | Land | $ 227,769 | | $ 227,769 | $ - | $ 227,769 | - | 0.00% | $ - | $ - | $ - |
| 1808 | Buildings | $ 2,491,318 | | $ 2,491,318 | $ 9,000 | $ 2,495,818 | 50.00 | 2.00% | $ 49,916 | -$ 50,077 | -$ 161 |
| 1810 | Leasehold Improvements | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1815 | Transformer Station Equipment >50 kV | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1820 | Distribution Station Equipment <50 kV | $ 4,775,968 | | $ 4,775,968 | $ 594,855 | $ 5,073,396 | 30.00 | 3.33% | $ 169,113 | -$ 166,136 | $ 2,977 |
| 1825 | Storage Battery Equipment | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1830 | Poles, Towers & Fixtures | $ 7,994,989 | | $ 7,994,989 | $ 958,576 | $ 8,474,277 | 23.25 | 4.30% | $ 364,485 | -$ 364,607 | -$ 122 |
| 1835 | Overhead Conductors & Devices | $ 10,585,854 | | $ 10,585,854 | $ 893,675 | $ 11,032,692 | 23.25 | 4.30% | $ 474,524 | -$ 476,505 | -$ 1,981 |
| 1840 | Underground Conduit | $ 3,335,317 | | $ 3,335,317 | $ 409,989 | $ 3,540,311 | 23.25 | 4.30% | $ 152,271 | -$ 150,801 | $ 1,470 |
| 1845 | Underground Conductors & Devices | $ 9,303,079 | | $ 9,303,079 | $ 505,661 | $ 9,555,909 | 23.25 | 4.30% | $ 411,007 | -$ 411,569 | -$ 562 |
| 1850 | Line Transformers | $ 8,600,217 | | $ 8,600,217 | $ 627,227 | $ 8,913,830 | 23.25 | 4.30% | $ 383,391 | -$ 385,180 | -$ 1,789 |
| 1855 | Services (Overhead & Underground) | $ 5,067,739 | | $ 5,067,739 | $ 658,066 | $ 5,396,772 | 24.00 | 4.17% | $ 224,866 | -$ 226,946 | -$ 2,080 |
| 1860 | Meters | $ 1,579,564 | | $ 1,579,564 | $ - | $ 1,579,564 | 24.50 | 4.08% | $ 64,472 | -$ 67,812 | -$ 3,340 |
| 1860 | Meters (Smart Meters) | $ 144,286 | | $ 144,286 | $ 316,432 | $ 302,502 | 15.00 | 6.67% | $ 20,167 | -$ 20,245 | -$ 78 |
| 1905 | Land | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1908 | Buildings & Fixtures | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1910 | Leasehold Improvements | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1915 | Office Furniture & Equipment (10 years) | $ 267,476 | $ 124,075 | $ 143,401 | $ 2,000 | $ 144,401 | 10.00 | 10.00% | $ 14,440 | -$ 14,437 | $ 3 |
| 1915 | Office Furniture & Equipment (5 years) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1920 | Computer Equipment - Hardware | $ 275,946 | $ 275,946 | $ 0 | $ - | $ 0 | 5.00 | 20.00% | $ 0 | $ - | $ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | $ 52,212 | $ 52,212 | -$ 0 | $ - | -$ 0 | 5.00 | 20.00% | -$ 0 | $ - | -$ 0 |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | $ 175,837 | $ 49,324 | $ 126,513 | $ 28,600 | $ 140,813 | 5.00 | 20.00% | $ 28,163 | -$ 28,162 | $ 1 |
| 1925 | Computer Software (Formally known as Account 1925) | $ 994,456 | $ 812,525 | $ 181,931 | $ 45,000 | $ 204,431 | 3.00 | 33.33% | $ 68,144 | -$ 68,144 | -$ 0 |
| 1930 | Transportation Equipment | $ 2,284,171 | $ 451,171 | $ 1,833,000 | $ 400,000 | $ 2,033,000 | 8.00 | 12.50% | $ 254,125 | -$ 254,125 | $ 0 |
| 1935 | Stores Equipment | $ 85,037 | $ 2,078 | $ 82,959 | $ - | $ 82,959 | 10.00 | 10.00% | $ 8,296 | -$ 8,296 | -$ 0 |
| 1940 | Tools, Shop & Garage Equipment | $ 368,781 | $ 125,031 | $ 243,750 | $ 72,000 | $ 279,750 | 10.00 | 10.00% | $ 27,975 | -$ 27,972 | $ 3 |
| 1945 | Measurement & Testing Equipment | $ 67,544 | $ 1,095 | $ 66,449 | $ - | $ 66,449 | 10.00 | 10.00% | $ 6,645 | -$ 6,645 | -$ 0 |
| 1950 | Power Operated Equipment | $ 89,272 | $ 9,299 | $ 79,973 | $ - | $ 79,973 | 10.00 | 10.00% | $ 7,997 | -$ 7,997 | $ 0 |
| 1955 | Communications Equipment | $ 176,173 | $ 75,704 | $ 100,469 | $ - | $ 100,469 | 5.00 | 20.00% | $ 20,094 | -$ 20,092 | $ 2 |
| 1955 | Communication Equipment (Smart Meters) | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1960 | Miscellaneous Equipment | $ 83,493 | $ 60,070 | $ 23,423 | $ 45,000 | $ 45,923 | 10.00 | 10.00% | $ 4,592 | -$ 4,592 | $ 0 |
| 1975 | Load Management Controls Utility Premises | $ 258,631 | $ 258,631 | -$ 1 | $ - | -$ 1 | 10.00 | 10.00% | -$ 0 | $ - | -$ 0 |
| 1980 | System Supervisor Equipment | $ - | | $ - | $ - | $ - | - | 0.00% | $ - | $ - | $ - |
| 1985 | Miscellaneous Fixed Assets | $ 1,427 | $ 1,427 | $ - | $ - | $ - | 10.00 | 10.00% | $ - | $ - | $ - |
| 1995 | Contributions & Grants | -$ 8,622,318 | -$ 688,000 | -$ 7,934,318 | -$ 417,663 | -$ 8,143,150 | 23.00 | 4.35% | -$ 354,050 | $ 354,039 | -$ 11 |
| etc. | | | | $ - | | $ - | | 0.00% | $ - | | $ - |
| | | | | $ - | | $ - | | 0.00% | $ - | | $ - |
| | **Total** | $ 50,664,236 | $ 1,610,588 | $ 49,053,648 | $ 5,148,418 | $ 51,627,857 | | | $ 2,400,633 | -$ 2,406,301 | -$ 5,668 |
| | **Smart Meter Additions** | | | | | | | | | | |
| | **Meters (Smart Meters)** | | | $ - | $ 3,626,141 | $ 3,626,141 | 15.00 | 6.67% | $ 241,743 | -$ 241,743 | -$ 0 |
| | **Computer Hardware (Smart Meters)** | | | $ - | $ 62,873 | $ 62,873 | 5.00 | 20.00% | $ 12,575 | -$ 12,575 | -$ 0 |
| | **Computer Software (Smart Meters)** | | | $ - | $ 274,217 | $ 274,217 | 3.00 | 33.33% | $ 91,406 | -$ 54,843 | $ 36,563 |
| | **Revised Total** | $ 50,664,236 | $ 1,610,588 | $ 49,053,648 | $ 9,111,649 | $ 55,591,088 | | | $ 2,746,356 | -$ 2,715,462 | $ 30,894 |

**Notes:**

1 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

2 The applicant must provide an explanation of material variances in evidence

**General:** **Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 7 |
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| **Date:** | October 9, 2012 |

# Appendix 2-CG
## Depreciation and Amortization Expense

**Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013**

**Year 2012 MIFRS**

| Account | Description | Opening NBV as at Jan 1, 2012 [5] (a) | Additions (d) | Average Remaining Life of Opening NBV [4] (i) | Years (new additions only) [3] (f) | Depreciation Rate on New Additions (g) = 1 / (f) | Depreciation Expense on Opening NBV (j) = (a) / (i) | Depreciation Expense on Additions [1] (h)=((d)*0.5)/(f) | 2012 Depreciation Expense (k) = (j) + (h) | 2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance [2] (m) = (k) - (l) | Depreciation Expense on 2012 Full Year Additions (n)=((d))/(f) | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2012 Full Year Depreciation [6] (p) = (j) + (n) - (o) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | | | | | 0.00% | $ - | $ - | $ - | | $ - | $ - | | $ - |
| 1612 | Land Rights (Formally known as Account 1906) | | | | | 0.00% | $ - | $ - | $ - | | $ - | $ - | | $ - |
| 1805 | Land | $ 227,769 | | | | 0.00% | $ - | $ - | $ - | | $ - | $ - | | $ - |
| 1808 | Buildings | $ 2,261,121 | $ 5,000 | 45.29 | 50.00 | 2.00% | $ 49,929 | $ 50 | $ 49,979 | $ 49,979 | $ - | $ 100 | | $ 50,029 |
| 1810 | Leasehold Improvements | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1815 | Transformer Station Equipment >50 kV | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1820 | Distribution Station Equipment <50 kV | $ 2,500,546 | $ 463,809 | 8.68 | 45.00 | 2.22% | $ 287,923 | $ 5,153 | $ 293,076 | $ 293,076 | $ 0 | $ 10,307 | $ 73,277 | $ 224,953 |
| 1825 | Storage Battery Equipment | | | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1830 | Poles, Towers & Fixtures | $ 4,758,021 | $ 734,446 | 49.73 | 60.00 | 1.67% | $ 95,680 | $ 6,120 | $ 101,800 | $ 101,800 | $ 0 | $ 12,241 | | $ 107,921 |
| 1835 | Overhead Conductors & Devices | $ 6,407,009 | $ 707,985 | 53.70 | 65.00 | 1.54% | $ 119,317 | $ 5,446 | $ 124,763 | $ 124,763 | $ 0 | $ 10,892 | | $ 130,209 |
| 1840 | Underground Conduit | $ 2,085,078 | $ 239,152 | 75.52 | 85.00 | 1.18% | $ 27,611 | $ 1,407 | $ 29,018 | $ 29,018 | -$ 0 | $ 2,814 | | $ 30,425 |
| 1845 | Underground Conductors & Devices | $ 6,197,090 | $ 368,494 | 49.89 | 60.00 | 1.67% | $ 124,218 | $ 3,071 | $ 127,289 | $ 127,289 | -$ 0 | $ 6,142 | | $ 130,360 |
| 1850 | Line Transformers | $ 5,316,092 | $ 504,230 | 25.31 | 40.00 | 2.50% | $ 210,065 | $ 6,303 | $ 216,368 | $ 216,368 | -$ 0 | $ 12,606 | | $ 222,671 |
| 1855 | Services (Overhead & Underground) | $ 3,115,662 | $ 527,103 | 43.57 | 55.00 | 1.82% | $ 71,504 | $ 4,792 | $ 76,296 | $ 76,296 | -$ 0 | $ 9,584 | | $ 81,088 |
| 1860 | Meters | $ 1,225,937 | | 24.48 | 30.00 | 3.33% | $ 50,089 | $ - | $ 50,089 | $ 50,089 | $ - | $ - | | $ 50,089 |
| 1860 | Meters (Smart Meters) | $ 103,522 | $ 29,737 | 14.69 | 15.00 | 6.67% | $ 7,047 | $ 991 | $ 8,038 | $ 8,038 | $ 0 | $ 1,982 | | $ 9,029 |
| 1905 | Land | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1908 | Buildings & Fixtures | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1910 | Leasehold Improvements | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1915 | Office Furniture & Equipment (10 years) | $ 76,448 | $ 5,000 | 10.00 | 10.00 | 10.00% | $ 7,645 | $ 250 | $ 7,895 | $ 7,895 | $ - | $ 500 | | $ 8,145 |
| 1915 | Office Furniture & Equipment (5 years) | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1920 | Computer Equipment - Hardware | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | $ 75,389 | $ 22,000 | 5.00 | 5.00 | 20.00% | $ 15,078 | $ 2,200 | $ 17,278 | $ 17,278 | $ - | $ 4,400 | | $ 19,478 |
| 1925 | Computer Software (Formally known as Account 1925) | $ 130,884 | $ 50,000 | 4.11 | 5.00 | 20.00% | $ 31,848 | $ 5,000 | $ 36,848 | $ 36,848 | $ - | $ 10,000 | -$ 1,612 | $ 43,460 |
| 1930 | Transportation Equipment | $ 794,677 | $ 450,000 | 9.95 | 12.50 | 8.00% | $ 79,893 | $ 18,000 | $ 97,893 | $ 97,893 | $ - | $ 36,000 | $ 2,918 | $ 112,975 |
| 1935 | Stores Equipment | $ 58,871 | $ - | 10.00 | 10.00 | 10.00% | $ 5,887 | $ - | $ 5,887 | $ 5,887 | $ - | $ - | | $ 5,887 |
| 1940 | Tools, Shop & Garage Equipment | $ 112,401 | $ 72,000 | 10.00 | 10.00 | 10.00% | $ 11,240 | $ 3,600 | $ 14,840 | $ 14,840 | $ 0 | $ 7,200 | | $ 18,440 |
| 1945 | Measurement & Testing Equipment | $ 32,554 | $ - | 10.00 | 10.00 | 10.00% | $ 3,255 | $ - | $ 3,255 | $ 3,255 | $ 0 | $ - | | $ 3,255 |
| 1950 | Power Operated Equipment | $ 51,905 | $ - | 10.00 | 10.00 | 10.00% | $ 5,191 | $ - | $ 5,191 | $ 5,190 | $ 1 | $ - | | $ 5,191 |
| 1955 | Communications Equipment | $ 70,183 | $ - | 8.47 | 10.00 | 10.00% | $ 8,288 | $ - | $ 8,288 | $ 8,288 | $ - | $ - | | $ 8,288 |
| 1955 | Communication Equipment (Smart Meters) | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1960 | Miscellaneous Equipment | $ 14,623 | $ 40,000 | 10.00 | 10.00 | 10.00% | $ 1,462 | $ 2,000 | $ 3,462 | $ 3,462 | $ 0 | $ 4,000 | | $ 5,462 |
| 1975 | Load Management Controls Utility Premises | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1980 | System Supervisor Equipment | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1985 | Miscellaneous Fixed Assets | | $ - | | | 0.00% | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| 1995 | Contributions & Grants | -$ 6,468,651 | -$ 433,861 | 47.32 | 51.25 | 1.95% | -$ 136,703 | -$ 4,233 | -$ 140,936 | -$ 140,936 | $ 0 | -$ 8,466 | | -$ 145,169 |
| etc. | | | | | | 0.00% | $ - | $ - | $ - | | $ - | $ - | | $ - |
| | | | | | | 0.00% | $ - | $ - | $ - | | $ - | $ - | | $ - |
| | **Total** | $ 29,147,131 | $ 3,785,095 | | | | $ 1,076,467 | $ 60,151 | $ 1,136,618 | $ 1,136,616 | $ 2 | $ 120,301 | $ 74,583.00 | $ 1,122,185 |

**Notes:**

1 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

2 The applicant must provide an explanation of material variances in evidence

3 The applicant should ensure that the years for new additions of assets are the asset useful lives determined by management in accordance with IFRS.

4 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding 2012 additions) under IFRS. For example, Asset A had a useful life of 20 years under CGAAP. On January 1, 2012, the date of transition, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) under CGAAP as of January 1, 2012. Due to the transition to IFRS, management re-assessed the asset useful lives under IFRS principles and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of opening balance of Asset A is determined to be 27 years (30 years less 3 years) under IFRS as of January 1, 2012.

5 NBV must exclude assets still on the books but which have been fully amortized or depreciated.

6 This column refers to the calculated full year depreciation but excludes the depreciation expense on assets fully depreciated during the year. This column is used for the purpose of calculating depreciation expense in the following year on the next worksheet.

**General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 4 |
| **Tab:** | 7 |
| **Schedule:** | 1 |
| **Page:** | 5 |
| **Date:** | October 9, 2012 |

# Appendix 2-CH
## Depreciation and Amortization Expense

**Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013**

**Year 2013 MIFRS**

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2013 Depreciation Expense [1] (h)=2012 Full Year Depreciation + ((d)*0.5)/(f) | 2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance [2] (m) = (h) - (l) |
|---|---|---|---|---|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | | | 0.00% | $ - | | $ - |
| 1612 | Land Rights (Formally known as Account 1906) | | | 0.00% | $ - | | $ - |
| 1805 | Land | | | 0.00% | $ - | | $ - |
| 1808 | Buildings | $ 9,000 | 50.00 | 2.00% | $ 50,119 | $ 50,119 | $ - |
| 1810 | Leasehold Improvements | $ - | - | 0.00% | $ - | $ - | $ - |
| 1815 | Transformer Station Equipment >50 kV | $ - | - | 0.00% | $ - | $ - | $ - |
| 1820 | Distribution Station Equipment <50 kV | $ 520,121 | 45.00 | 2.22% | $ 230,732 | $ 230,732 | -$ 0 |
| 1825 | Storage Battery Equipment | $ - | - | 0.00% | $ - | $ - | $ - |
| 1830 | Poles, Towers & Fixtures | $ 781,179 | 60.00 | 1.67% | $ 114,431 | $ 114,430 | $ 1 |
| 1835 | Overhead Conductors & Devices | $ 748,211 | 65.00 | 1.54% | $ 135,965 | $ 135,965 | -$ 0 |
| 1840 | Underground Conduit | $ 335,057 | 85.00 | 1.18% | $ 32,395 | $ 32,396 | -$ 1 |
| 1845 | Underground Conductors & Devices | $ 404,073 | 60.00 | 1.67% | $ 133,727 | $ 133,727 | -$ 0 |
| 1850 | Line Transformers | $ 529,371 | 40.00 | 2.50% | $ 229,288 | $ 229,328 | -$ 40 |
| 1855 | Services (Overhead & Underground) | $ 532,665 | 55.00 | 1.82% | $ 85,930 | $ 85,957 | -$ 27 |
| 1860 | Meters | $ - | 30.00 | 3.33% | $ 50,089 | $ 50,099 | -$ 10 |
| 1860 | Meters (Smart Meters) | $ 168,851 | 15.00 | 6.67% | $ 14,658 | $ 14,566 | $ 92 |
| 1905 | Land | $ - | - | 0.00% | $ - | $ - | $ - |
| 1908 | Buildings & Fixtures | $ - | - | 0.00% | $ - | $ - | $ - |
| 1910 | Leasehold Improvements | $ - | - | 0.00% | $ - | $ - | $ - |
| 1915 | Office Furniture & Equipment (10 years) | $ 2,000 | 10.00 | 10.00% | $ 8,245 | $ 8,245 | $ - |
| 1915 | Office Furniture & Equipment (5 years) | $ - | - | 0.00% | $ - | $ - | $ - |
| 1920 | Computer Equipment - Hardware | $ - | - | 0.00% | $ - | $ - | $ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | $ - | - | 0.00% | $ - | $ - | $ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | $ 28,600 | 5.00 | 20.00% | $ 22,338 | $ 22,337 | $ 1 |
| 1925 | Computer Software (Formally known as Account 1925) | $ 45,000 | 5.00 | 20.00% | $ 47,960 | $ 47,960 | $ - |
| 1930 | Transportation Equipment | $ 400,000 | 15.00 | 6.67% | $ 126,308 | $ 126,308 | $ 0 |
| 1935 | Stores Equipment | $ - | 10.00 | 10.00% | $ 5,887 | $ 5,887 | $ - |
| 1940 | Tools, Shop & Garage Equipment | $ 72,000 | 10.00 | 10.00% | $ 22,040 | $ 22,040 | $ 0 |
| 1945 | Measurement & Testing Equipment | $ - | 10.00 | 10.00% | $ 3,255 | $ 3,255 | $ 0 |
| 1950 | Power Operated Equipment | $ - | 10.00 | 10.00% | $ 5,191 | $ 5,190 | $ 1 |
| 1955 | Communications Equipment | $ - | 10.00 | 10.00% | $ 8,288 | $ 8,288 | $ - |
| 1955 | Communication Equipment (Smart Meters) | $ - | - | 0.00% | $ - | $ - | $ - |
| 1960 | Miscellaneous Equipment | $ 45,000 | 10.00 | 10.00% | $ 7,712 | $ 7,712 | $ 0 |
| 1975 | Load Management Controls Utility Premises | $ - | - | 0.00% | $ - | $ - | $ - |
| 1980 | System Supervisor Equipment | $ - | - | 0.00% | $ - | $ - | $ - |
| 1985 | Miscellaneous Fixed Assets | $ - | - | 0.00% | $ - | $ - | $ - |
| 1995 | Contributions & Grants | -$ 373,740 | 51.25 | 1.95% | -$ 148,815 | -$ 147,888 | -$ 927 |
| etc. | | | | 0.00% | $ - | | $ - |
| | | | | 0.00% | $ - | | $ - |
| | **Total** | $ 4,247,388 | | | $ 1,185,743 | $ 1,186,653 | -$ 910 |
| | **Smart Meter Additions** | | | | | | |
| | Meters (Smart Meters) | | 15.00 | 6.67% | $ 241,743 | $ 241,743 | $ - |
| | Computer Hardware (Smart Meters) | | 5.00 | 20.00% | $ 12,575 | $ 12,575 | $ - |
| | Computer Software (Smart Meters) | | 5.00 | 20.00% | $ 54,843 | $ 54,843 | $ - |
| | Depreciation expense adjustment resulting from amortization of Account 1575 | | | | $ 116,677 | | |
| | **Total Depreciation expense to be included in the test year revenue requirement** | | | | **$ 1,611,581.32** | | |

**Notes:**

1 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

2 The applicant must provide an explanation of material variances in evidence

**General:** **Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

Exhibit 4: Operating Costs

# Tab 8 (of 11): Income & Capital Taxes

# OVERVIEW OF PROVISION IN LIEU OF TAXES (PILS)

WPI is required to make payments in lieu of income taxes ("taxes") based on its taxable income. Previously WPI paid taxes on its taxable capital but no longer does. The Large Corporations Tax ended effective January 1, 2006 and the Ontario Capital Tax ended July 1, 2010. WPI files Federal/Provincial tax returns annually. There have been no special circumstances that would require specific tax planning measures to minimize taxes payable. There are no outstanding audits, reassessments or disputes relating the tax returns filed by WPI.

There are no non-utility activities included in WPI's financial results, therefore the entire amount of PILs payable is considered in the proposed allowance to be included in the revenue requirement.

WPI has used the OEB Tax Work Form model to calculate the amount of taxes for inclusion in its 2013 rates. This model is included at Exhibit 4, Tab 8, Schedule 3 Attachment 1. Both the CGAAP and MIFRS PILS models have been reviewed by the applicant's external auditor to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

Table 1 on the following page summarizes WPI's taxes for the 2011 Historical Year, 2012 Bridge Year and 2013 Test Year. Under MIFRS, WPI's PILs amount to $zero, while under CGAAP, the amount of Grossed-Up PILs that is being forgone due to the conversion to MIFRS is $339,447.

**Table 1: Summary of Taxes**

| | 2011 Historical Year | 2012 Bridge Year | CGAAP 2013 Test Year | MIFRS 2013 Test Year |
|---|---|---|---|---|
| Net Income before Taxes (NIBT) | 1,144,522 | 1,408,481 | 1,492,949 | 1,521,008 |
| Taxable Income | 1,878,665 | 709,166 | 1,113,812 | (26,161) |
| Taxes | 472,663 | 152,929 | 260,160 | 0 |
| Effective Rate | 25.16% | 21.56% | 23.35% | |

Table 2 shows the legislated tax rates used in calculating the tax amounts:

**Table 2: Summary of Taxes**

| **Tax Rates<br>Federal & Provincial<br>As of June 20, 2012** | **Effective January-01-11** | **Effective January-01-12** | **Effective January-01-13** | **Effective January-01-14** |
|---|---|---|---|---|
| **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% |

# HISTORICAL PILS

WPI's Previously Approved PILs Model and Latest Filed Tax Return are presented as Attachment 1 and 2 respectively.

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## Model Overview

*Select a worksheet link*

| Tab | ShortName | Title | Instruction | Link |
|---|---|---|---|---|
| **P** | | **PILS Calculationa** | | P0 Administration |
| P0 | Admin | Administration | Enter administrative information about the Application | P0 Administration |
| P1 | UCC | Undepreciated Capital Costs (UCC) | Enter actual balances and projected asset additions & retirements | P1 Undepreciated Capital Costs (UCC) |
| P2 | CEC | Cumulative Eligible Capital (CEC) | Enter actual balance, projected changes and deduction rates | P2 Cumulative Eligible Capital (CEC) |
| P3 | Interest | Interest Expense | Enter deemed and projected actual interest amounts | P3 Interest Expense |
| P4 | LCF | Loss Carry-Forward (LCF) | Enter details of historical losses available to offset projected taxable income | P4 Loss Carry-Forward (LCF) |
| P5 | Reserves | Reserve Balances | Enter balance amounts and projected changes in tax and accounting reserves | P5 Reserve Balances |
| P6 | TxblIncome | Taxable Income | Enter amounts required to calculate taxable income | P6 Taxable Income |
| P7 | CapitalTax | Capital Taxes | Enter rate base amounts | P7 Capital Taxes |
| P8 | TotalPILs | Total PILs Expense | Enter tax credit amounts | P8 Total PILs Expense |
| **Y** | | **Reference Information** | | Y1 Tax Rates and Exemptions |
| Y1 | TaxRates | Tax Rates and Exemptions | Enter applicable rates and exemption amounts | Y1 Tax Rates and Exemptions |
| Y2 | CCA | Capital Cost Allowances (CCA) | Enter asset classes and applicable rates for CCA deductions | Y2 Capital Cost Allowances (CCA) |
| **Z** | | **Model Parameters** | | Z1 Model Variables |
| Z1 | ModelVariables | Model Variables | | Z1 Model Variables |
| Z0 | Disclaimer | Software Terms of Use | | Z0 Software Terms of Use |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**
**August 15, 2008**

## P0 Administration

*Enter administrative information about the Application*

| | | |
|---|---|---|
| **Application Version** | | |
| **Name of Applicant** | | Westario Power Inc. |
| **License Number** | | ED-2002-0515 |
| **Test Year** | | 2009 |
| **File Number(s)** | | EB-2008-0250 |
| **Date of Application** | | 15-Aug-2008 |
| **Contact:** | | |
| | **Name** | Lisa Milne |
| | **email** | lisa.milne@westario.com |
| | **phone** | 519-507-6666 ext 216 |
| **Date of previous Test Year approval** | | 28-Jun-2006 |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**
**August 15, 2008**

## P1 Undepreciated Capital Costs (UCC)

*Enter actual balances and projected asset additions & retirements*

| Class | Description | UCC Balance 31 Dec/07 [1] | Less: Non-Distribution Portion | Add: UCC Balance Transfers | UCC 2008 Opening Balance |
|---|---|---|---|---|---|
| 1 | Distribution System - post 1987 | 11,494,426 | | | **11,494,426** |
| 2 | Distribution System - pre 1988 | 5,909,904 | | | **5,909,904** |
| 8 | General Office/Stores Equip | 337,995 | | 319,795 | **657,790** |
| 10 | Computer Hardware/ Vehicles | | | 660,464 | **660,464** |
| 10.1 | Certain Automobiles | | | | |
| 12 | Computer Software | | | 21,087 | **21,087** |
| 13.1 | Leasehold Improvement # 1 | | | | |
| 13.2 | Leasehold Improvement # 2 | | | | |
| 13.3 | Leasehold Improvement # 3 | | | | |
| 13.4 | Leasehold Improvement # 4 | | | | |
| 14 | Franchise | | | | |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | | |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | | |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | | | 16,062 | **16,062** |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | | |
| 47 | Distribution System post Feb 22/05 | 6,466,668 | | | **6,466,668** |
| 1 | Distribution System - post 1987 | 2,370,473 | | | **2,370,473** |
| 50 | | | | 21,254 | **21,254** |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | **TOTAL** | **26,579,466** | | **1,038,662** | **27,618,128** |

[1] per Schedule 8 of 2007 corporate tax return

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-025(**

**August 15, 2008**

## P1 Undepreciated Capital Costs (UCC)

*Enter actual balances and projected asset additions*

| Class | Description | 2008 Projected Additions | 2008 Projected Retirements | UCC Before 1/2 Yr Adjustment | 1/2 Year Reduction | Reduced UCC | Rate % | 2008 CCA |
|---|---|---|---|---|---|---|---|---|
| 1 | Distribution System - post 1987 | | | 11,494,426 | | 11,494,426 | 4.0% | 459,777 |
| 2 | Distribution System - pre 1988 | | | 5,909,904 | | 5,909,904 | 6.0% | 354,594 |
| 8 | General Office/Stores Equip | 63,360 | | 721,150 | 31,680 | 689,470 | 20.0% | 137,894 |
| 10 | Computer Hardware/ Vehicles | 189,900 | | 850,364 | 94,950 | 755,414 | 30.0% | 226,624 |
| 10.1 | Certain Automobiles | | | | | | 30.0% | |
| 12 | Computer Software | 37,800 | | 58,887 | 18,900 | 39,987 | 100.0% | 39,987 |
| 13.1 | Leasehold Improvement # 1 | | | | | | 25 years | |
| 13.2 | Leasehold Improvement # 2 | | | | | | 4 years | |
| 13.3 | Leasehold Improvement # 3 | | | | | | | |
| 13.4 | Leasehold Improvement # 4 | | | | | | | |
| 14 | Franchise | | | | | | 6 years | |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | | | | 8.0% | |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | | | | 30.0% | |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | | | 16,062 | | 16,062 | 45.0% | 7,228 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | | | | 30.0% | |
| 47 | Distribution System post Feb 22/05 | 2,138,200 | | 8,604,868 | 1,069,100 | 7,535,768 | 8.0% | 602,861 |
| 1 | Distribution System - post 1987 | | | 2,370,473 | | 2,370,473 | 6.0% | 142,228 |
| 50 | | | | 21,254 | | 21,254 | 55.0% | 11,690 |
| | | | | | | | 55.0% | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | **TOTAL** | **2,429,260** | | **30,047,388** | **1,214,630** | **28,832,758** | | **1,982,884** |

[1] per Schedule 8 of 2007 corporate tax return

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-025(**

**August 15, 2008**

## P1 Undepreciated Capital Costs (UCC)

*Enter actual balances and projected asset additions*

| Class | Description | UCC 31 Dec/08 |
|---|---|---|
| 1 | Distribution System - post 1987 | 11,034,649 |
| 2 | Distribution System - pre 1988 | 5,555,310 |
| 8 | General Office/Stores Equip | 583,256 |
| 10 | Computer Hardware/ Vehicles | 623,740 |
| 10.1 | Certain Automobiles | |
| 12 | Computer Software | 18,900 |
| 13.1 | Leasehold Improvement # 1 | |
| 13.2 | Leasehold Improvement # 2 | |
| 13.3 | Leasehold Improvement # 3 | |
| 13.4 | Leasehold Improvement # 4 | |
| 14 | Franchise | |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | 8,834 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | |
| 47 | Distribution System post Feb 22/05 | 8,002,007 |
| 1 | Distribution System - post 1987 | 2,228,245 |
| 50 | | 9,564 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | **TOTAL** | **28,064,504** |

*[1] per Schedule 8 of 2007 corporate tax return*

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-025(**

**August 15, 2008**

## P1 Undepreciated Capital Costs (UCC)

*Enter actual balances and projected asset additions*

| Class | Description | 2009 Projected Additions | 2009 Projected Retirements | UCC Before 1/2 Yr Adjustment | 1/2 Year Reduction | Reduced UCC | Rate % | 2009 CCA |
|---|---|---|---|---|---|---|---|---|
| 1 | Distribution System - post 1987 | | | 11,034,649 | | 11,034,649 | 4.0% | 441,386 |
| 2 | Distribution System - pre 1988 | | | 5,555,310 | | 5,555,310 | 6.0% | 333,319 |
| 8 | General Office/Stores Equip | 161,500 | | 744,756 | 80,750 | 664,006 | 20.0% | 132,801 |
| 10 | Computer Hardware/ Vehicles | 41,800 | | 665,540 | 20,900 | 644,640 | 30.0% | 193,392 |
| 10.1 | Certain Automobiles | | | | | | 30.0% | |
| 12 | Computer Software | 35,400 | | 54,300 | 17,700 | 36,600 | 100.0% | 36,600 |
| 13.1 | Leasehold Improvement # 1 | | | | | | | |
| 13.2 | Leasehold Improvement # 2 | | | | | | | |
| 13.3 | Leasehold Improvement # 3 | | | | | | | |
| 13.4 | Leasehold Improvement # 4 | | | | | | | |
| 14 | Franchise | | | | | | | |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | | | | 8.0% | |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | | | | 30.0% | |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | | | 8,834 | | 8,834 | 45.0% | 3,975 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | | | | 30.0% | |
| 47 | Distribution System post Feb 22/05 | 2,325,700 | | 10,327,707 | 1,162,850 | 9,164,857 | 8.0% | 733,189 |
| 1 | Distribution System - post 1987 | 16,000 | | 2,244,245 | 8,000 | 2,236,245 | 6.0% | 134,175 |
| 50 | | | | 9,564 | | 9,564 | 55.0% | 5,260 |
| | | | | | | | 55.0% | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | **TOTAL** | **2,580,400** | | **30,644,904** | **1,290,200** | **29,354,704** | | **2,014,097** |

*[1] per Schedule 8 of 2007 corporate tax return*

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-025(**
**August 15, 2008**

## P1 Undepreciated Capital Costs (UCC)

*Enter actual balances and projected asset additions*

| Class | Description | UCC 31 Dec/09 |
|---|---|---|
| 1 | Distribution System - post 1987 | 10,593,263 |
| 2 | Distribution System - pre 1988 | 5,221,991 |
| 8 | General Office/Stores Equip | 611,955 |
| 10 | Computer Hardware/ Vehicles | 472,148 |
| 10.1 | Certain Automobiles | |
| 12 | Computer Software | 17,700 |
| 13.1 | Leasehold Improvement # 1 | |
| 13.2 | Leasehold Improvement # 2 | |
| 13.3 | Leasehold Improvement # 3 | |
| 13.4 | Leasehold Improvement # 4 | |
| 14 | Franchise | |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | 4,859 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | |
| 47 | Distribution System post Feb 22/05 | 9,594,518 |
| 1 | Distribution System - post 1987 | 2,110,070 |
| 50 | | 4,304 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | **TOTAL** | **28,630,808** |

*[1] per Schedule 8 of 2007 corporate tax return*

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## P2 Cumulative Eligible Capital (CEC)

*Enter actual balance, projected changes and deduction rates*

| | 2008 | | | 2009 | | |
|---|---|---|---|---|---|---|
| **CEC Opening Balance [1]** | | | 1,177,170 | | | 1,094,768 |
| Eligible Capital Property (ECP) Acquisitions | | | | | | |
| Other Adjustments | | | | | | |
| Subtotal | | x 3/4 = | | | x 3/4 = | |
| Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after December 20, 2002 | | x 1/2 = | | | x 1/2 = | |
| | | | | | | |
| Amount transferred on amalgamation or wind-up of subsidiary | | | | | | |
| Subtotal before deductions | | | 1,177,170 | | | 1,094,768 |
| ECP Dispositions (net) | | | | | | |
| Other Adjustments | | | | | | |
| Subtotal | | x 3/4 = | | | x 3/4 = | |
| Balance before tax deduction | | | 1,177,170 | | | 1,094,768 |
| ***Tax Deduction*** | *Rate:* | *7.0%* | 82,402 | *Rate:* | *7.0%* | 76,634 |
| **CEC Ending Balance** | | | 1,094,768 | | | 1,018,134 |

*[1] 2008 amount per ending balance on Schedule 10 of 2007 corporate rax return*

# Westario Power Inc. (ED-2002-0515)

## PILs Calculations for 2009 EDR Application (EB-2008-0250)

## August 15, 2008

# P3 Interest Expense

*Enter deemed and projected actual interest amounts*

| | 2008 | 2009 | |
|---|---|---|---|
| **Deemed Interest Expense (A)** | 683,993 | 1,086,808 | |
| | | | |
| 3900-Interest Expense | 813,450 | 842,083 | |
| Add: Capitalized Interest (USA #6040) | | | *Enter credit to P&L as positive number* |
| Add: Capitalized Interest (USA #6042) | | | *Enter credit to P&L as positive number* |
| Less: non-debt interest expense (USA #6035) | -38,100 | -40,000 | |
| | | | *Enter other adjustments for tax purposes* |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| **Total Interest Projected (B)** | **775,350** | **802,083** | |
| | | | |
| **Excess Interest Expense** | **91,357** | | *(B) less (A); if negative: zero* |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**
**August 15, 2008**

## P4 Loss Carry-Forward (LCF)

*Enter details of historical losses available to offset projected taxable income*

| | Balance 31 Dec/07 [1] | Less: Non-Distribution Portion | Utility Balance 31 Dec/07 | 2008 | 2009 |
|---|---|---|---|---|---|
| ***Non-Capital LCF:*** | | | | | |
| Opening Balance | | | | | |
| Application of LCF to reduce taxable income | | | | | |
| | | | | | |
| **Ending Balance** | | | | | |
| ***Net Capital LCF:*** | | | | | |
| Opening Balance | | | | | |
| Application of LCF to reduce taxable capital gains | | | | | |
| | | | | | |
| **Ending Balance** | | | | | |

*[1] per Schedule 7-1 of 2007 corporate tax return*

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**
**August 15, 2008**

## P5 Reserve Balances

*Enter balance amounts and projected changes in tax and accounting reserves*

| | Balance 31 Dec/07 [1] | Less: Non-Distribution Portion | Utility Balance 31 Dec/07 | Changes ( + / - ) in 2008 | Balance 31 Dec/08 | Changes ( + / - ) in 2009 | Balance 31 Dec/09 |
|---|---|---|---|---|---|---|---|
| Capital Gains Reserves ss.40(1) | | | | | | | |
| ***Tax Reserves not deducted for book purposes:*** | | | | | | | |
| Reserve for doubtful accounts ss. 20(1)(l) | | | | | | | |
| Reserve for goods and services not delivered ss. 20(1)(m) | | | | | | | |
| Reserve for unpaid amounts ss. 20(1)(n) | | | | | | | |
| Debt & Share Issue Expenses ss. 20(1)(e) | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **TOTAL** | | | | | | | |
| ***Accounting Reserves not deducted for tax purposes:*** | | | | | | | |
| General Reserve for Inventory Obsolescence (non-specific) | | | | | | | |
| General reserve for bad debts | | | | | | | |
| *Accrued Employee Future Benefits:* | | | | | | | |
| - Medical and Life Insurance | | | | | | | |
| - Short & Long-term Disability | | | | | | | |
| - Accumulated Sick Leave | | | | | | | |
| - Termination Cost | | | | | | | |
| - Other Post-Employment Benefits | 296,913 | | 296,913 | 45,937 | 342,850 | 4,800 | 347,650 |
| Provision for Environmental Costs | | | | | | | |
| Restructuring Costs | | | | | | | |
| Accrued Contingent Litigation Costs | | | | | | | |
| Accrued Self-Insurance Costs | | | | | | | |
| Other Contingent Liabilities | | | | | | | |
| Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4) | | | | | | | |
| Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1) | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **TOTAL** | **296,913** | | **296,913** | **45,937** | **342,850** | **4,800** | **347,650** |

[1] *per Schedule 13 of 2007 corporate tax return*

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## P6 Taxable Income

*Enter amounts required to calculate taxable income*

| | T2 S1 line # | 2006 EDR Approved Tax Return | 2006 EDR Approved Less: Non-Distribution Portion | 2006 EDR Approved Utility Only | 2008 Projection | 2009 Projection [1] | 2009 Test [1] |
|---|---|---|---|---|---|---|---|
| **Income before PILs/Taxes (Accounting) [2]** | | 1,129,392 | | 1,129,392 | 1,268,814 | 1,127,249 | 1,181,672 |
| ***Additions:*** | | | | | | | |
| Interest and penalties on taxes | 103 | 1,000 | | 1,000 | 1,000 | 1,000 | 1,000 |
| Amortization of tangible assets | 104 | 1,271,615 | | 1,271,615 | 1,720,456 | 1,829,713 | 1,829,713 |
| Amortization of intangible assets | 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 | 3,653 | | 3,653 | | | |
| Loss in equity of subsidiaries and affiliates | 110 | | | | | | |
| Loss on disposal of assets | 111 | | | | | | |
| Charitable donations | 112 | 365 | | 365 | | | |
| Taxable Capital Gains | 113 | | | | 3,750 | 250 | 250 |
| Political Donations | 114 | | | | | | |
| Deferred and prepaid expenses | 116 | 150,000 | | 150,000 | | | |
| 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 | 10,000 | | 10,000 | 10,000 | 10,000 | 10,000 |
| Non-deductible automobile expenses | 122 | | | | | | |
| Non-deductible life insurance premiums | 123 | | | | | | |
| Non-deductible company pension plans | 124 | | | | | | |
| Tax reserves beginning of year | 125 | | | | | | |
| Reserves from financial statements- balance at end of year | 126 | | | | 342,850 | 347,650 | 347,650 |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## P6 Taxable Income

*Enter amounts required to calculate taxable income*

| | T2 S1 line # | 2006 EDR Approved Tax Return | 2006 EDR Approved Less: Non-Distribution Portion | 2006 EDR Approved Utility Only | 2008 Projection | 2009 Projection [1] | 2009 Test [1] |
|---|---|---|---|---|---|---|---|
| **Income before PILs/Taxes (Accounting) [2]** | | 1,129,392 | | 1,129,392 | 1,268,814 | 1,127,249 | 1,181,672 |
| | | | | | | | |
| 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 | | | | | | |
| | | | | | | | |
| Actual Debt Interest | | | | | 813,450 | 842,083 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Total Additions** | | **1,436,633** | | **1,436,633** | **2,891,506** | **3,030,696** | **2,188,613** |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## P6 Taxable Income

*Enter amounts required to calculate taxable income*

| | T2 S1 line # | 2006 EDR Approved Tax Return | 2006 EDR Approved Less: Non-Distribution Portion | 2006 EDR Approved Utility Only | 2008 Projection | 2009 Projection [1] | 2009 Test [1] |
|---|---|---|---|---|---|---|---|
| **Income before PILs/Taxes (Accounting) [2]** | | 1,129,392 | | 1,129,392 | 1,268,814 | 1,127,249 | 1,181,672 |
| | | | | | | | |
| ***Deductions:*** | | | | | | | |
| Gain on disposal of assets per financial statements | 401 | | | | 7,500 | 500 | 500 |
| Dividends not taxable under section 83 | 402 | | | | | | |
| Capital cost allowance from Schedule 8 | 403 | 1,096,493 | | 1,096,493 | 1,982,884 | 2,014,097 | 2,014,097 |
| Terminal loss from Schedule 8 | 404 | | | | | | |
| Cumulative eligible capital deduction from Schedule 10 CEC | 405 | | | | 82,402 | 76,634 | 76,634 |
| Allowable business investment loss | 406 | | | | | | |
| Deferred and prepaid expenses | 409 | | | | | | |
| Scientific research expenses claimed in year | 411 | | | | | | |
| Tax reserves end of year | 413 | | | | | | |
| Reserves from financial statements - balance at beginning of year | 414 | | | | 296,913 | 342,850 | 342,850 |
| Contributions to deferred income plans | 416 | | | | | | |
| Book income of joint venture or partnership | 305 | | | | | | |
| Equity in income from subsidiary or affiliates | 306 | | | | | | |
| Expenses Capitalized for Regulatory Purposes | 393 | 255,000 | | 255,000 | | | |
| Ontario Capital Tax paid | 394 | | | | 44,453 | 41,681 | 41,681 |
| Excess Interest | 395 | 26,822 | | 26,822 | | | |
| Deemed Debt Interest | | | | | 683,993 | 1,086,808 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Total Deductions** | | **1,378,315** | | **1,378,315** | **3,098,144** | **3,562,569** | **2,475,761** |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**
**August 15, 2008**

## P6 Taxable Income

*Enter amounts required to calculate taxable income*

| | T2 S1 line # | 2006 EDR Approved Tax Return | 2006 EDR Approved Less: Non-Distribution Portion | 2006 EDR Approved Utility Only | 2008 Projection | 2009 Projection [1] | 2009 Test [1] |
|---|---|---|---|---|---|---|---|
| **Income before PILs/Taxes (Accounting) [2]** | | 1,129,392 | | 1,129,392 | 1,268,814 | 1,127,249 | 1,181,672 |
| | | | | | | | |
| **NET INCOME FOR TAX PURPOSES** | | **1,187,710** | | **1,187,710** | **1,062,176** | **595,376** | **894,524** |
| Charitable donations from Schedule 2 | | 365 | | 365 | | | |
| Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82) | | | | | | | |
| Non-capital losses of preceding taxation years from Schedule 4 | | | | | | | |
| Net-capital losses of preceding taxation years from Schedule 4 | | | | | | | |
| Limited partnership losses of preceding taxation years from Schedule 4 | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **TAXABLE INCOME** | | **1,187,345** | | **1,187,345** | **1,062,176** | **595,376** | **894,524** |

*[1] = "Earnings before Tax' (sheet E1); = "Earnings before Tax' (sheet E2); = "Deemed Return On Equity' (sheet E3)*
*[2] 'Projection' = 'Earnings before Tax' (sheets E1 & E2); 'Test' = Deemed Return On Equity (sheet E3)*

# Westario Power Inc. (ED-2002-0515)

## PILs Calculations for 2009 EDR Application (EB-2008-0250)

## August 15, 2008

## P7 Capital Taxes

*Enter rate base amounts*

*Rates and exemptions from sheet Y1*

| | 2008 | 2009 | |
|---|---|---|---|
| ***OCT (Ontario Capital Tax):*** | | | |
| Rate Base | 32,256,716 | 33,524,934 | *'Calculated Value' from sheet E3* |
| Less: Exemption | 12,500,000 | 15,000,000 | |
| Deemed Taxable Capital | 19,756,716 | 18,524,934 | |
| Tax Rate | 0.225% | 0.225% | |
| **OCT payable** | **44,453** | **41,681** | |
| | | | |
| ***Federal LCT (Large Corporations Tax):*** | | | |
| Rate Base | 32,256,716 | 33,524,934 | |
| Less: Exemption | 50,000,000 | 50,000,000 | |
| Deemed Taxable Capital | | | |
| Tax Rate | | | |
| **LCT payable** | | | |

# Westario Power Inc. (ED-2002-0515)

## PILs Calculations for 2009 EDR Application (EB-2008-0250)

## August 15, 2008

## P8 Total PILs Expense

*Enter tax credit amounts*

| | 2008 Projection | 2009 Projection [1] | 2009 Test [1] | |
|---|---|---|---|---|
| Regulatory Taxable Income | 1,062,176 | 595,376 | 894,524 | *from sheet P6* |
| Combined Income Tax Rate | 28.55% | 21.17% | 26.55% | *"t" (from sheet Y1)* |
| Total Income Taxes | 303,221 | 126,027 | 237,460 | |
| Investment & Miscellaneous Tax Credits | | | | *Input amounts* |
| **Income Tax Payable** | **303,221** | **126,027** | **237,460** | *"i"* |
| Large Corporations Tax (LCT) | | | | *from sheet P7* |
| Ontario Capital Tax (OCT) | 44,453 | 41,681 | 41,681 | *from sheet P7* |
| Grossed-up Income Tax | | | 323,277 | *= i / (1 - t)* |
| Grossed-up LCT | | | | *= LCT / (1 - t)* |
| **Total PILs Expense** | **347,674** | **167,708** | **364,958** | ***Enter these results on sheet E4*** |

*[1] 'Projection' per existing distribution rates; 'Test' based on proposed revenue requirement*

# Westario Power Inc. (ED-2002-0515)

## PILs Calculations for 2009 EDR Application (EB-2008-0250)

## August 15, 2008

# Y1 Tax Rates and Exemptions

*Enter applicable rates and exemption amounts*

### 2008 INCOME TAXES

| Income Range | | Income Tax Rates | | | SBD |
|---|---|---|---|---|---|
| From | To | Federal | Ontario | Combined | Clawback |
| $0 | $400,000 | 11.00% | 5.50% | 16.50% | |
| $400,000 | $500,000 | 19.50% | 5.50% | 25.00% | |
| $500,000 | $1,500,000 | 19.50% | 14.00% | 33.50% | 4.25% |
| $1,500,000 | | 19.50% | 14.00% | 33.50% | |

### 2008 CAPITAL TAXES

| | LCT | OCT |
|---|---|---|
| Exemption | $50,000,000 | $12,500,000 |
| Capital Tax Rate | | 0.225% |
| Surtax Rate | | |

### 2009 INCOME TAXES

| Income Range | | Income Tax Rates | | | SBD |
|---|---|---|---|---|---|
| From | To | Federal | Ontario | Combined | Clawback |
| $0 | $400,000 | 11.00% | 5.50% | 16.50% | |
| $400,000 | $500,000 | 19.00% | 5.50% | 24.50% | |
| $500,000 | $1,500,000 | 19.00% | 14.00% | 33.00% | 4.25% |
| $1,500,000 | | 19.00% | 14.00% | 33.00% | |

### 2009 CAPITAL TAXES

| | LCT | OCT |
|---|---|---|
| Exemption | $50,000,000 | $15,000,000 |
| Capital Tax Rate | | 0.225% |
| Surtax Rate | | |

# Westario Power Inc. (ED-2002-0515)

## PILs Calculations for 2009 EDR Application (EB-2008-0250)

## August 15, 2008

# Y2 Capital Cost Allowances (CCA)

*Enter asset classes and applicable rates for CCA deductions*

| Class | Description | Rate | Years | ½ Year Rule |
|---|---|---|---|---|
| 1 | Distribution System - post 1987 | 4.0% | | YES |
| 2 | Distribution System - pre 1988 | 6.0% | | YES |
| 8 | General Office/Stores Equip | 20.0% | | YES |
| 10 | Computer Hardware/ Vehicles | 30.0% | | YES |
| 10.1 | Certain Automobiles | 30.0% | | YES |
| 12 | Computer Software | 100.0% | | YES |
| 13.1 | Leasehold Improvement # 1 | | 25 | YES |
| 13.2 | Leasehold Improvement # 2 | | 4 | YES |
| 13.3 | Leasehold Improvement # 3 | | | YES |
| 13.4 | Leasehold Improvement # 4 | | | YES |
| 14 | Franchise | | 6 | NO |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | 8.0% | | YES |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | 30.0% | | YES |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | 45.0% | | YES |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | 30.0% | | YES |
| 47 | Distribution System post Feb 22/05 | 8.0% | | YES |
| 1 | Distribution System - post 1987 | 6.0% | | YES |
| 50 | | 55.0% | | YES |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

# Westario Power Inc. (ED-2002-0515)

**PILs Calculations for 2009 EDR Application (EB-2008-0250)**

**August 15, 2008**

## Z1 Model Variables

| | |
|---|---|
| CRLF | |
| CRLF2 | |
| ApprovedYr | 2006 EDR Approved |
| RMpilsVer | β1.0 |
| FakeBlank | |
| FolderPath | C:\Users\carterj\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.O |
| | |
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**SOFTWARE TERMS OF USE**

Elenchus Research Associates' intent in licensing *RateMaker PILs* (the "Model") is to provide utilities with a generic tool to assist in the development of cost of service applications for electricity distribution rates under the Forward Test Year approach. Certain adaptations of the Model may be required to meet regulatory requirements for any given rate application. It is the responsibility of the utility to ensure all data and documentation included in such an application, including output from the Model, will fulfill regulatory requirements. In particular, utilities should consult their tax adviser(s) to ensure the Model produces a complete and accurate calculation of expected PILs in accordance with applicable tax rules and legislation. Please see Appendix A in the *RateMaker.xls* documentation for complete terms of the software license.

| | |
|---|---|
| *Terms accepted?* | **YES** |

Canada Revenue Agency / Agence du revenu du Canada

# INFORMATION RETURN FOR CORPORATIONS FILING ELECTRONICALLY

- You have to complete this return to allow your transmitter to electronically file your corporation income tax return to us at the Canada Revenue Agency. You have to complete this return for each tax year.
- By completing part B and signing part C, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part D must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy for yourself. Under the Act, you have to keep your copy for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

**This return is for your records. Do not send it to us unless we ask for it.**

## Part A – Identification

Name of corporation
Westario Power Inc.

| Business Number | Tax year | From Y M D | To Y M D |
|---|---|---|---|
| 89276 4416 RC0003 | | 2011-01-01 | 2011-12-31 |

## Part B – Declaration

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:

| | |
|---|---|
| Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFI (line 300) | 1,898,218 |
| Part I tax payable (line 700) | |
| Part II surtax payable (line 708) | |
| Part III.1 tax payable (line 710) | |
| Part IV tax payable (line 712) | |
| Part IV.1 tax payable (line 716) | |
| Part VI tax payable (line 720) | |
| Part VI.1 tax payable (line 724) | |
| Part XIV tax payable (line 728) | |
| Net provincial and territorial tax payable (line 760) | |
| Provincial tax on large corporations (line 765) | |

## Part C – Certification and authorization

I, Milne (Last name in block letters), Lisa (First name in block letters), President & CEO (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part D to electronically file the corporation income tax return identified in Part A. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

| 2012-05-23 | | (519) 507-6937 |
|---|---|---|
| Date (yyyy/mm/dd) | Signature of an authorized signing officer of the corporation | Telephone number |

## Part D – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part A.

Name of person or firm: KPMG LLP    Electronic filer number:

*Privacy Act*, Personal Information Bank number CRA PPU 047



Canada

Canada Revenue Agency / Agence du revenu du Canada

**200**

# T2 CORPORATION INCOME TAX RETURN

EXEMPT FROM TAX

**055** Do not use this area

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

Parts, sections, subsections, paragraphs, and subparagraphs mentioned on this return refer to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax 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*.

## Identification

**Business Number (BN)** . . . . . . . . . . **001** 89276 4416 RC0003

**Corporation's name**
**002** Westario Power Inc.

**Address of head office**
Has this address changed since the last time we were notified? . . . . . . . . . . . . **010** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
**011** 24 Eastridge Road
**012** RR 2
City: **015** Walkerton
Province, territory, or state: **016** ON
Country (other than Canada): **017**
Postal code/Zip code: **018** N0G 2V0

**Mailing address** (if different from head office address)
Has this address changed since the last time we were notified? . . . . . . . . . . . **020** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
**021** c/o
**022**
**023**
City: **025**
Province, territory, or state: **026**
Country (other than Canada): **027**
Postal code/Zip code: **028**

**Location of books and records**
Has the location of books and records changed since the last time we were notified . . . . . . . . . . . . . . . . . . . . . **030** 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
**031** 24 Eastridge Road
**032** RR 2
City: **035** Walkerton
Province,territory, or state: **036** ON
Country (other than Canada): **037**
Postal code/Zip code: **038** N0G 2V0

**040** **Type of corporation at the end of the tax year**
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change. **043** ____ YYYY MM DD

**To which tax year does this return apply?**
Tax year start **060** 2011-01-01 (YYYY MM DD)
Tax year-end **061** 2011-12-31 (YYYY MM DD)

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

If **yes**, provide the date control was acquired . . . . . . . . . . . . . **065** ____ YYYY MM DD

**Is the date on line 061 a deemed tax year-end in accordance with:**
subparagraph 88(2)(a)(iv)? . . . . . . . . **064** 1 Yes [ ] 2 No [X]
subsection 249(3.1)? . . . . . . . . . . . **066** 1 Yes [ ] 2 No [X]

**Is the corporation a professional corporation that is a member of a partnership?** . . . . . . . . . . . . . . . . **067** 1 Yes [ ] 2 No [X]

**Is this the first year of filing after:**
Incorporation? . . . . . . . . . . . . . . . **070** 1 Yes [ ] 2 No [X]
Amalgamation? . . . . . . . . . . . . . . . **071** 1 Yes [ ] 2 No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

**Has there been a wind-up of a subsidiary under section 88 during the current tax year?** . . . . . . . . . . . . . . **072** 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 24.

**Is this the final tax year before amalgamation?** . . . . . . . . . . **076** 1 Yes [ ] 2 No [X]

**Is this the final return up to dissolution?** . . . . . . . . . . . . . . . . . **078** 1 Yes [ ] 2 No [X]

**If an election was made under section 261, state the functional currency used** . . . . . . . . . . . . . . . . **079**

**Is the corporation a resident of Canada?**
**080** 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
**081**

**Is the non-resident corporation claiming an exemption under an income tax treaty?** . . . . . . . . . . . **082** 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 91.

**If the corporation is exempt from tax under section 149, tick one of the following boxes:**
**085**
1 [ ] Exempt under paragraph 149(1)(e) or (l)
2 [ ] Exempt under paragraph 149(1)(j)
3 [ ] Exempt under paragraph 149(1)(t)
4 [X] Exempt under other paragraphs of section 149

**Do not use 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.

| | | Yes | Schedule |
|---|---|---|---|
| Is the corporation related to any other corporations? | 150 | | 9 |
| Is the corporation an associated CCPC? | 160 | | 23 |
| Is the corporation an associated CCPC that is claiming the expenditure limit? | 161 | | 49 |
| Does the corporation have any non-resident shareholders? | 151 | | 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 | 162 | | 11 |
| If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee? | 163 | | 44 |
| Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? | 164 | | 14 |
| Is the corporation claiming a deduction for payments to a type of employee benefit plan? | 165 | | 15 |
| Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989? | 166 | | T5004 |
| Is the corporation a member of a partnership for which a partnership identification number has been assigned? | 167 | | T5013 |
| Was the resident corporation the beneficiary of a non-resident discretionary trust or did it make a contribution to a non-resident discretionary trust at any time during the tax year? | 168 | | 22 |
| Did the corporation have any foreign affiliates during the year? | 169 | | 25 |
| Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*? | 170 | | 29 |
| Has the corporation had any non-arm's length transactions with a non-resident? | 171 | | T106 |
| For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares? | 173 | X | 50 |
| Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year? | 172 | | ——— |
| Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes? | 201 | X | 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? | 202 | X | 2 |
| Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund? | 203 | X | 3 |
| Is the corporation claiming any type of losses? | 204 | | 4 |
| Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction? | 205 | | 5 |
| Has the corporation realized any capital gains or incurred any capital losses during the tax year? | 206 | | 6 |
| i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440? | 207 | | 7 |
| Does the corporation have any property that is eligible for capital cost allowance? | 208 | X | 8 |
| Does the corporation have any property that is eligible capital property? | 210 | X | 10 |
| Does the corporation have any resource-related deductions? | 212 | | 12 |
| Is the corporation claiming deductible reserves? | 213 | | 13 |
| Is the corporation claiming a patronage dividend deduction? | 216 | | 16 |
| Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? | 217 | | 17 |
| Is the corporation an investment corporation or a mutual fund corporation? | 218 | | 18 |
| Is the corporation carrying on business in Canada as a non-resident corporation? | 220 | | 20 |
| Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits? | 221 | | 21 |
| Does the corporation have any Canadian manufacturing and processing profits? | 227 | | 27 |
| Is the corporation claiming an investment tax credit? | 231 | X | 31 |
| Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures? | 232 | | T661 |
| Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000? | 233 | X | ——— |
| Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000? | 234 | X | ——— |
| Is the corporation claiming a surtax credit? | 237 | | 37 |
| Is the corporation subject to gross Part VI tax on capital of financial institutions? | 238 | | 38 |
| Is the corporation claiming a Part I tax credit? | 242 | | 42 |
| Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid? | 243 | | 43 |
| Is the corporation agreeing to a transfer of the liability for Part VI.1 tax? | 244 | | 45 |
| Is the corporation subject to Part II - Tobacco Manufacturers' surtax? | 249 | | 46 |
| For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax? | 250 | | 39 |
| Is the corporation claiming a Canadian film or video production tax credit refund? | 253 | | T1131 |
| Is the corporation claiming a film or video production services tax credit refund? | 254 | | T1177 |
| Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.) | 255 | | 92 |

## Attachments – continued from page 2

| | | Yes | Schedule |
|---|---|---|---|
| Did the corporation have any foreign affiliates that are not controlled foreign affiliates? | 256 | | T1134-A |
| Did the corporation have any controlled foreign affiliates? | 258 | | T1134-B |
| Did the corporation own specified foreign property in the year with a cost amount over $100,000? | 259 | | T1135 |
| Did the corporation transfer or loan property to a non-resident trust? | 260 | | T1141 |
| Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year? | 261 | | T1142 |
| Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada? | 262 | | T1145 |
| Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts? | 263 | | T1146 |
| Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? | 264 | | T1174 |
| Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year? | 265 | X | 55 |
| Has the corporation made an election under subsection 89(11) not to be a CCPC? | 266 | | T2002 |
| Has the corporation revoked any previous election made under subsection 89(11)? | 267 | | T2002 |
| Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year? | 268 | | 53 |
| 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? | 269 | | 54 |

## Additional information

| | | 1 Yes | 2 No |
|---|---|---|---|
| Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? | 270 | | X |
| Is the corporation inactive? | 280 | | X |

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution US

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

| | | | % |
|---|---|---|---|
| 284 | Hydro Services | 285 | 100.000 % |
| 286 | | 287 | % |
| 288 | | 289 | % |

| |  | 1 Yes | 2 No |
|---|---|---|---|
| Did the corporation immigrate to Canada during the tax year? | 291 | | X |
| Did the corporation emigrate from Canada during the tax year? | 292 | | X |
| Do you want to be considered as a quarterly instalment remitter if you are eligible? | 293 | | |

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 294 ________ 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 GIFI. | | 300 | | 1,898,218 | A |
| **Deduct:** | Charitable donations from Schedule 2 | 311 | 19,553 | | |
| | Gifts to Canada, a province, or a territory from Schedule 2 | 312 | | | |
| | Cultural gifts from Schedule 2 | 313 | | | |
| | Ecological gifts from Schedule 2 | 314 | | | |
| | Gifts of medicine from Schedule 2 | 315 | | | |
| | Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 | 320 | | | |
| | Part VI.1 tax deduction* | 325 | | | |
| | Non-capital losses of previous tax years from Schedule 4 | 331 | | | |
| | Net capital losses of previous tax years from Schedule 4 | 332 | | | |
| | Restricted farm losses of previous tax years from Schedule 4 | 333 | | | |
| | Farm losses of previous tax years from Schedule 4 | 334 | | | |
| | Limited partnership losses of previous tax years from Schedule 4 | 335 | | | |
| | Taxable capital gains or taxable dividends allocated from a central credit union | 340 | | | |
| | Prospector's and grubstaker's shares | 350 | | | |
| | Subtotal | | 19,553 | 19,553 | B |
| | Subtotal (amount A **minus** amount B) (if negative, enter "0") | | | 1,878,665 | C |
| **Add:** | Section 110.5 additions or subparagraph 115(1)(a)(vii) additions | 355 | | | D |
| **Taxable income** (amount C **plus** amount D) | | 360 | | 1,878,665 | |
| Income exempt under paragraph 149(1)(t) | | 370 | | | |
| **Taxable income** for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370) | | | | | Z |

* This amount is equal to 3.2 times the Part VI.1 tax payable at line 724 on page 8.

## Small business deduction

**Canadian-controlled private corporations (CCPCs) throughout the tax year**

| | | | |
|---|---|---|---|
| Income from active business carried on in Canada from Schedule 7 | 400 | 1,898,218 | A |
| Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 1/(0.38 - X**) 3.77358 times the amount on line 636*** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax | 405 | | B |
| Business limit (see notes 1 and 2 below) | 410 | 500,000 | C |

**Notes:**

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

**Business limit reduction:**

Amount C 500,000 x (415 **** 73,217 D) / 11,250 = 3,254,089 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 ______ F

**Small business deduction**

Amount A, B, C, or F, whichever is the least ______ x 17 % = 430 ______ G

Enter amount G on line 1 on page 7.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** General rate reduction percentage for the tax year. It has to be pro-rated.

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

****** Large corporations**

- 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.

## General tax reduction for Canadian-controlled private corporations

**Canadian-controlled private corporations throughout the tax year**

| | | | |
|---|---|---|---|
| Taxable income from line 360 on page 3 | | | A |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | B | |
| Amount QQ from Part 13 of Schedule 27 | | C | |
| Amount used to calculate the credit union deduction from Schedule 17 | | D | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | E | |
| Aggregate investment income from line 440 on page 6* | | F | |
| Total of amounts B to F | | ▶ | G |
| Amount A **minus** amount G (if negative, enter "0") | | | H |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Amount H | | x | Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year | / 365 | x | 9 % | = | I |
| Amount H | | x | Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year | / 365 | x | 10 % | = | J |
| Amount H | | x | Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year | 365 / 365 | x | 11.5 % | = | K |
| Amount H | | x | Number of days in the tax year after December 31, 2011 / Number of days in the tax year | / 365 | x | 13 % | = | L |

**General tax reduction for Canadian-controlled private corporations** – Total of amounts I to L ........ M

Enter amount M on line 638 on page 7.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

## General tax reduction

**Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.**

| | | | |
|---|---|---|---|
| Taxable income from page 3 (line 360 or amount Z, whichever applies) | | | N |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | O | |
| Amount QQ from Part 13 of Schedule 27 | | P | |
| Amount used to calculate the credit union deduction from Schedule 17 | | Q | |
| Total of amounts O to Q | | ▶ | R |
| Amount N **minus** amount R (if negative, enter "0") | | | S |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Amount S | | x | Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year | / 365 | x | 9 % | = | T |
| Amount S | | x | Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year | / 365 | x | 10 % | = | U |
| Amount S | | x | Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year | 365 / 365 | x | 11.5 % | = | V |
| Amount S | | x | Number of days in the tax year after December 31, 2011 / Number of days in the tax year | / 365 | x | 13 % | = | W |

**General tax reduction** – Total of amounts T to W ........ X

Enter amount X on line 639 on page 7.

## Refundable portion of Part I tax

**Canadian-controlled private corporations throughout the tax year**

| | | | | |
|---|---|---|---|---|
| Aggregate investment income from Schedule 7 | **440** | x 26 2/3 % = | | A |
| Foreign non-business income tax credit from line 632 on page 7 | | | | |
| **Deduct:** Foreign investment income from Schedule 7 | **445** | x 9 1/3 % = | | |
| | | (if negative, enter "0") | ▶ | B |
| Amount A **minus** amount B (if negative, enter "0") | | | | C |
| Taxable income from line 360 on page 3 | | 1,878,665 | | |
| **Deduct:** | | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | | |
| Foreign non-business income tax credit from line 632 on page 7 | x 25 / 9 = | | | |
| Foreign business income tax credit from line 636 on page 7 | x 1(0.38 - X*) / 3.77358 = | | | |
| | | ▶ 1,878,665 | | |
| | | x 26 2/3 % = | 500,977 | D |
| Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) | | | | E |
| **Refundable portion of Part I tax** – Amount C, D, or E, whichever is the least | **450** | | | F |

* General rate reduction percentage for the tax year. It has to be pro-rated.

## Refundable dividend tax on hand

| | | | | |
|---|---|---|---|---|
| Refundable dividend tax on hand at the end of the previous tax year | **460** | | | |
| **Deduct:** Dividend refund for the previous tax year | **465** | | ▶ | G |
| **Add** the total of: | | | | |
| Refundable portion of Part I tax from line 450 above | | | | |
| Total Part IV tax payable from Schedule 3 | | | | |
| Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation | **480** | | ▶ | H |
| **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 taxable dividends were paid in the tax year**

| | | | | |
|---|---|---|---|---|
| Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 | 785,224 | x 1 / 3 | 261,741 | I |
| Refundable dividend tax on hand at the end of the tax year from line 485 above | | | | J |
| **Dividend refund** – Amount I or J, whichever is less (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 38 % | 550 | | A |
| **Recapture of investment tax credit from Schedule 31** | 602 | | B |

**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 | 1,878,665 | | |
| **Deduct:** | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | |
| Net amount | 1,878,665 ► | 1,878,665 | 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) | | | D |

**Deduct:**

| | | | |
|---|---|---|---|
| Small business deduction from line 430 on page 4 | | | 1 |
| Federal tax abatement | 608 | | |
| Manufacturing and processing profits deduction from Schedule 27 | 616 | | |
| Investment corporation deduction | 620 | | |
| Taxed capital gains 624 | | | |
| Additional deduction – credit unions from Schedule 17 | 628 | | |
| Federal foreign non-business income tax credit from Schedule 21 | 632 | | |
| Federal foreign business income tax credit from Schedule 21 | 636 | | |
| General tax reduction for CCPCs from amount M on page 5 | 638 | | |
| General tax reduction from amount X on page 5 | 639 | | |
| Federal logging tax credit from Schedule 21 | 640 | | |
| Federal qualifying environmental trust tax credit | 648 | | |
| Investment tax credit from Schedule 31 | 652 | | |
| Subtotal | | ► | E |

| | | |
|---|---|---|
| **Part I tax payable** – Line D **minus** line E | | F |

Enter amount F on line 700 on page 8.

## Summary of tax and credits

**Federal tax**

| | | |
|---|---|---|
| Part I tax payable from page 7 | 700 | |
| Part II surtax payable from Schedule 46 | 708 | |
| 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:**

Provincial or territorial jurisdiction . . . 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

| | | |
|---|---|---|
| Net provincial or territorial tax payable (except Quebec and Alberta) | 760 | |
| Provincial tax on large corporations (Nova Scotia Schedule 342) | 765 | |
| Total tax payable | 770 | A |

**Deduct other credits:**

| | | | |
|---|---|---|---|
| Investment tax credit refund from Schedule 31 | 780 | | |
| Dividend refund from page 6 | 784 | | |
| Federal capital gains refund from Schedule 18 | 788 | | |
| Federal qualifying environmental trust tax credit refund | 792 | | |
| Canadian film or video production tax credit refund (Form T1131) | 796 | | |
| Film or video production services tax credit refund (Form T1177) | 797 | | |
| Tax withheld at source | 800 | | |
| Total payments on which tax has been withheld | 801 | | |
| Provincial and territorial capital gains refund from Schedule 18 | 808 | | |
| Provincial and territorial refundable tax credits from Schedule 5 | 812 | | |
| Tax instalments paid | 840 | 540,000 | |
| Total credits | 890 | 540,000 | 540,000 B |

Refund code 894 1 Overpayment 540,000

Balance (line A **minus** line B) -540,000

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid

Enclosed payment 898

### Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

## Certification

I, 950 Milne (Last name in block letters) 951 Lisa (First name in block letters) 954 President & CEO (Position, office, or rank)

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

955 2012-05-23 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (519) 507-6937 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 1 Yes ☒ 2 No ☐

958 Name in block letters 959 Telephone number

## Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

*Privacy Act*, Personal Information Bank number CRA PPU 047

# Schedule of Instalment Remittances

Name of corporation contact

Telephone number

| Effective interest date | Description (instalment remittance, split payment, assessed credit) | Amount of credit |
|---|---|---|
| | Instalments | 540,000 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | | |
|---|---|---|
| **Total amount of instalments claimed (carry the result to line 840 of the T2 Return)** | 540,000 | **A** |
| **Total instalments credited to the taxation year per T9** | 540,000 | **B** |

## Transfer

| | Account number | Taxation year end | Amount | Effective interest date | Description |
|---|---|---|---|---|---|
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 100**

Form identifier 100

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Balance sheet information

| Account | Description | GIFI | | Current year | Prior year |
|---|---|---|---|---|---|
| | **Assets** | | | | |
| | Total current assets | 1599 | + | 13,008,749 | 13,882,447 |
| | Total tangible capital assets | 2008 | + | 47,245,691 | 44,009,695 |
| | Total accumulated amortization of tangible capital assets | 2009 | – | 17,079,279 | 15,334,485 |
| | Total intangible capital assets | 2178 | + | 2,214,322 | 2,214,322 |
| | Total accumulated amortization of intangible capital assets | 2179 | – | | |
| | Total long-term assets | 2589 | + | 6,918,524 | 4,202,709 |
| | * Assets held in trust | 2590 | + | | |
| | **Total assets** (mandatory field) | 2599 | = | 52,308,007 | 48,974,688 |
| | **Liabilities** | | | | |
| | Total current liabilities | 3139 | + | 10,082,175 | 7,460,521 |
| | Total long-term liabilities | 3450 | + | 17,103,574 | 16,522,696 |
| | * Subordinated debt | 3460 | + | | |
| | * Amounts held in trust | 3470 | + | | |
| | **Total liabilities** (mandatory field) | 3499 | = | 27,185,749 | 23,983,217 |
| | **Shareholder equity** | | | | |
| | **Total shareholder equity** (mandatory field) | 3620 | + | 25,122,258 | 24,991,471 |
| | **Total liabilities and shareholder equity** | 3640 | = | 52,308,007 | 48,974,688 |
| | **Retained earnings** | | | | |
| | **Retained earnings/deficit – end** (mandatory field) | 3849 | = | 6,853,661 | 6,715,363 |

***** Generic item

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 125**

Form identifier 125

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Income statement information

| Description | GIFI | |
|---|---|---|
| Operating name | 0001 | |
| Description of the operation | 0002 | |
| Sequence Number | 0003 | 01 |

| Account | Description | GIFI | | Current year | Prior year |
|---|---|---|---|---|---|
| | **Income statement information** | | | | |
| | Total sales of goods and services | 8089 | + | 46,057,857 | 45,988,102 |
| | Cost of sales | 8518 | – | 44,913,335 | 43,866,920 |
| | **Gross profit/loss** | 8519 | = | 1,144,522 | 2,121,182 |
| | Cost of sales | 8518 | + | 44,913,335 | 43,866,920 |
| | Total operating expenses | 9367 | + | | |
| | **Total expenses** (mandatory field) | 9368 | = | 44,913,335 | 43,866,920 |
| | Total revenue (mandatory field) | 8299 | + | 46,057,857 | 45,988,102 |
| | Total expenses (mandatory field) | 9368 | – | 44,913,335 | 43,866,920 |
| | **Net non-farming income** | 9369 | = | 1,144,522 | 2,121,182 |
| | **Farming income statement information** | | | | |
| | Total farm revenue (mandatory field) | 9659 | + | | |
| | Total farm expenses (mandatory field) | 9898 | – | | |
| | **Net farm income** | 9899 | = | | |
| | **Net income/loss before taxes and extraordinary items** | 9970 | = | 1,144,522 | 2,121,182 |
| | **Total other comprehensive income** | 9998 | = | | |
| | **Extraordinary items and income (linked to Schedule 140)** | | | | |
| | Extraordinary item(s) | 9975 | – | | |
| | Legal settlements | 9976 | – | | |
| | Unrealized gains/losses | 9980 | + | | |
| | Unusual items | 9985 | – | | |
| | Current income taxes | 9990 | – | 501,000 | 478,000 |
| | Deferred income tax provision | 9995 | – | -280,000 | -175,000 |
| | Total – Other comprehensive income | 9998 | + | | |
| | **Net income/loss after taxes and extraordinary items** (mandatory field) | 9999 | = | 923,522 | 1,818,182 |

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 141**

# NOTES CHECKLIST

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.

## Part 1 – Information on the accountant who prepared or reported on the financial statements

Does the accountant have a professional designation? . . . . . 095 1 Yes [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . . . 097 1 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 shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

**Note:** If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

## 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 . . . . . 1 [X]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

## Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? . . . . . 099 1 Yes [ ] 2 No [X]

## Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: 110

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

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 1 Yes [X] 2 No [ ]

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? . . . . . 104 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . . 105 1 Yes [ ] 2 No [X]

Is contingent liability information mentioned in the notes? . . . . . 106 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . 107 1 Yes [ ] 2 No [X]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 1 Yes [ ] 2 No [X]

## Part 4 – Other information (continued)

**Impairment and fair value changes**

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . 200 1 Yes [ ] 2 No [X]

If **yes**, enter the amount recognized:

| | | In net income<br>Increase (decrease) | | In OCI<br>Increase (decrease) |
|---|---|---|---|---|
| Property, plant, and equipment | 210 | | 211 | |
| Intangible 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) during the tax year? . . . 250 1 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 the tax year? . . . 260 1 Yes [ ] 2 No [X]

**Adjustments to opening equity**

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . 265 1 Yes [ ] 2 No [X]

If **yes**, you have to maintain a separate reconciliation.

**SCHEDULE 100**

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Assets – lines 1000 to 2599

| | | | | | |
|---|---|---|---|---|---|
| 1001 | 5,846,690 | 1060 | 2,450,997 | 1066 | 67,012 |
| 1120 | 43,100 | 1480 | 4,281,239 | 1484 | 319,711 |
| 1599 | 13,008,749 | 1900 | 47,245,691 | 1901 | -17,079,279 |
| 2008 | 47,245,691 | 2009 | -17,079,279 | 2012 | 2,214,322 |
| 2178 | 2,214,322 | 2300 | 12,663 | 2420 | 6,525,861 |
| 2421 | 380,000 | 2589 | 6,918,524 | 2599 | 52,308,007 |

## Liabilities – lines 2600 to 3499

| | | | | | |
|---|---|---|---|---|---|
| 2620 | 8,396,930 | 2920 | 587,764 | 2961 | 1,097,481 |
| 3139 | 10,082,175 | 3240 | 144,000 | 3262 | 14,463,668 |
| 3320 | 2,495,906 | 3450 | 17,103,574 | 3499 | 27,185,749 |

## Shareholder equity – lines 3500 to 3640

| | | | | | |
|---|---|---|---|---|---|
| 3500 | 18,269,168 | 3580 | -571 | 3600 | 6,853,661 |
| 3620 | 25,122,258 | 3640 | 52,308,007 | | |

## Retained earnings – lines 3660 to 3849

| | | | | | |
|---|---|---|---|---|---|
| 3660 | 6,715,363 | 3680 | 923,522 | 3700 | -785,224 |
| 3849 | 6,853,661 | | | | |

**SCHEDULE 125**

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Description

Sequence number . . . . . . . **0003** 01

### Revenue – lines 8000 to 8299

| | | | | | |
|---|---|---|---|---|---|
| 8000 | 46,057,857 | 8089 | 46,057,857 | 8299 | 46,057,857 |

### Cost of sales – lines 8300 to 8519

| | | | | | |
|---|---|---|---|---|---|
| 8320 | 44,913,335 | 8518 | 44,913,335 | 8519 | 1,144,522 |

### Operating expenses – lines 8520 to 9369

| | | | |
|---|---|---|---|
| 9368 | 44,913,335 | 9369 | 1,144,522 |

### Farming revenue – lines 9370 to 9659

| | |
|---|---|
| 9659 | 0 |

### Farming expenses – lines 9660 to 9899

| | |
|---|---|
| 9898 | 0 |

### Extraordinary items and taxes – lines 9970 to 9999

| | | | | | |
|---|---|---|---|---|---|
| 9970 | 1,144,522 | 9990 | 501,000 | 9995 | -280,000 |
| 9999 | 923,522 | | | | |

Canada Revenue Agency / Agence du revenu du Canada

# NET INCOME (LOSS) FOR INCOME TAX PURPOSES

## SCHEDULE 1

| Corporation's name | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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 | | | | 923,522 | A |
| **Add:** | | | | | |
| Provision for income taxes – current | | 101 | 501,000 | | |
| Provision for income taxes – deferred | | 102 | -280,000 | | |
| Interest and penalties on taxes | | 103 | 83 | | |
| Amortization of tangible assets | | 104 | 2,010,837 | | |
| Loss on disposal of assets | | 111 | 6,110 | | |
| Charitable donations and gifts from Schedule 2 | | 112 | 19,553 | | |
| Deferred and prepaid expenses | | 116 | 2,392,676 | | |
| Non-deductible meals and entertainment expenses | | 121 | 4,527 | | |
| Subtotal of additions | | | 4,654,786 ► | 4,654,786 | |
| **Other additions:** | | | | | |
| **Miscellaneous other additions:** | | | | | |
| 600 Contingent Penalty Liability | | 290 | 160,000 | | |
| 603 Post retirement - end of year | 335,164 | | | | |
| Total | 335,164 | 293 | 335,164 | | |
| 604 Apprentice credits 2010 | 30,618 | | | | |
| Amortization of LTA | 36,393 | | | | |
| Swap Valuation 2010 | 1,761,722 | | | | |
| Total | 1,828,733 | 294 | 1,828,733 | | |
| Subtotal of other additions | | 199 | 2,323,897 ► | 2,323,897 | |
| **Total additions** | | 500 | 6,978,683 ► | 6,978,683 | |
| **Deduct:** | | | | | |
| Capital cost allowance from Schedule 8 | | 403 | 2,779,289 | | |
| Cumulative eligible capital deduction from Schedule 10 | | 405 | 66,281 | | |
| Subtotal of deductions | | | 2,845,570 ► | 2,845,570 | |
| **Other deductions:** | | | | | |
| **Miscellaneous other deductions:** | | | | | |
| 700 Capital tax recovered in f/s | | 390 | 9,185 | | |
| 701 Carrying charges and other expenses deducted for tax | | 391 | 1,753,170 | | |
| 703 Long term asset deductible for tax | 2,438 | | | | |
| Total | 2,438 | 393 | 2,438 | | |
| 704 Swap Valuation - prior year | 1,025,090 | | | | |
| Post retirement - beg of year | 346,753 | | | | |
| 2012 ATTC inlcuded in income | 21,781 | | | | |
| Total | 1,393,624 | 394 | 1,393,624 | | |
| Subtotal of other deductions | | 499 | 3,158,417 ► | 3,158,417 | |
| **Total deductions** | | 510 | 6,003,987 ► | 6,003,987 | |
| **Net income (loss) for income tax purposes** – enter on line 300 of the T2 return | | | | 1,898,218 | |

T2 SCH 1 E (10)

Canada

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 |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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*.

## Part 1 – Charitable donations

| Charity/Recipient | Amount ($100 or more only) |
|---|---|
| Various | 19,200 |
| Subtotal | 19,200 |
| **Add:** Total donations of less than $100 each | 353 |
| Total donations in current tax year | 19,553 |

| | | 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 | 240 | | | |
| **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) 210: 19,553 | | | | |
| Subtotal (line 250 **plus** line 210) | | 19,553 | 19,553 | 19,553 |
| **Deduct:** Adjustment for an acquisition of control (for donations made after March 22, 2004) | 255 | | | |
| Total charitable donations available | | 19,553 A | 19,553 | 19,553 |
| **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) | 260 | 19,553 | 19,553 | 19,553 |
| Charitable donations closing balance | 280 | | | |

* 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.

## Amounts carried forward – Charitable donations

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** (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 21st 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 % | | | 1,423,664 | 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) | 227 | | | D |
| The amount of the recapture of capital cost allowance in respect of charitable gifts | 230 | | | |
| Proceeds of disposition, less outlays and expenses** | | | | E |
| Capital cost** | | | | F |
| Amount E or F, whichever is less | 235 | | | |
| Amount on line 230 or 235, whichever is less | | | | G |
| Subtotal (**add** amounts C, D, and G) | | | | H |
| Amount H **multiplied** by 25 % | | | | I |
| Subtotal (amount B **plus** amount I) | | | 1,423,664 | J |
| **Maximum allowable deduction for charitable donations** (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less) | | | 19,553 | 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 | 339 | | |
| 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* | 310 | | |
| Subtotal (line 350 **plus** line 310) | | | |
| **Deduct:** Adjustment for an acquisition of control (for gifts made after March 22, 2004) | 355 | | |
| 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). | 360 | | |
| Gifts to Canada, a province, or a territory closing balance | 380 | | |

* 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* | 439 | | | |
| 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 | 450 | | | |
| Total current-year gifts of certified cultural property | 410 | | | |
| Subtotal (line 450 **plus** line 410) | | | | |
| **Deduct:** Adjustment for an acquisition of control (for gifts made after March 22, 2004) | 455 | | | |
| 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 | 480 | | | |

* 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.

## Amount carried forward – Gifts of certified cultural property

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** | | | | |

* 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 5 – Gifts of certified ecologically sensitive land

| | | Federal | Québec | Alberta |
|---|---|---|---|---|
| Gifts of certified ecologically sensitive land at the end of the previous tax year | | | | |
| **Deduct:** Gifts of certified ecologically sensitive land expired after five tax years* | 539 | | | |
| Gifts of certified ecologically sensitive land at the beginning of the tax year | 540 | | | |
| **Add:** Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary | 550 | | | |
| Total 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) | 560 | | | |
| Gifts of certified ecologically sensitive land closing balance | 580 | | | |

* 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.

## Amounts carried forward – Gifts of certified ecologically sensitive land

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** | | | | |

* 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 for gifts of medicine

| | | Federal | | Québec | | Alberta | |
|---|---|---|---|---|---|---|---|
| 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 | 639 | | | | | | |
| Additional deduction for gifts of medicine at the beginning of the tax year | 640 | | | | | | |
| **Add:** Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary | 650 | | | | | | |
| Additional deduction for gifts of medicine for the current year: | | | | | | | |
| Proceeds of disposition | 602 | | 1 | | 1 | | 1 |
| Cost of gifts of medicine | 601 | | 2 | | 2 | | 2 |
| Subtotal (line 1 **minus** line 2) | | | 3 | | 3 | | 3 |
| Line 3 **multiplied** by 50 % | | | 4 | | 4 | | 4 |
| Eligible amount of gifts | 600 | | 5 | | 5 | | 5 |

Federal

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for the current year **610** ______

Québec

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for the current year ______

Alberta

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for 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)

| | | Federal | Québec | Alberta |
|---|---|---|---|---|
| Subtotal (line 650 **plus** line 610) | | | | |
| **Deduct:** Adjustment for an acquisition of control | 655 | | | |
| 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 | 680 | | | |

## Amounts carried forward – Additional deduction for gifts of medicine

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | | | |
| **Total** | | | | |

* These donations expired in the current year.

## Québec – Gifts of musical instruments

| | | |
|---|---|---|
| Gifts of musical instruments at the end of the previous tax year | | A |
| **Deduct:** Gifts of musical instruments expired after twenty tax years | | B |
| Gifts of musical instruments at the beginning of the tax year | | C |
| **Add:** | | |
| Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary | | D |
| Total current-year gifts of musical instruments | | E |
| Subtotal (line D **plus** line E) | | F |
| **Deduct:** Adjustment for an acquisition of control | | G |
| Total gifts of musical instruments available | | H |
| **Deduct:** Amount applied against taxable income | | I |
| Gifts of musical instruments closing balance | | J |

## Amounts carried forward – Gifts of musical instruments

| Year of origin: | | Québec |
|---|---|---|
| 1st prior year | 2010-12-31 | |
| 2nd 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 | 2002-05-06 | |
| 11th prior year | 2001-12-31 | |
| 12th prior year | 2000-12-31 | |
| 13th prior year | 1999-12-31 | |
| 14th prior year | 1998-12-31 | |
| 15th prior year | 1997-12-31 | |
| 16th prior year | 1996-12-31 | |
| 17th prior year | 1995-12-31 | |
| 18th prior year | 1994-12-31 | |
| 19th prior year | 1993-12-31 | |
| 20th prior year | 1992-12-31 | |
| 21st prior year* | 1991-12-31 | |
| **Total** | | |

* These gifts expired in the current year.

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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 |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

## Part 1 – Dividends received in the tax year

**Do not include dividends received from foreign non-affiliates.**

| | | Complete if payer corporation is connected | | | |
|---|---|---|---|---|---|
| Name of payer corporation (from which the corporation received the dividend) 200 | A | B Enter 1 if payer corporation is connected 205 | C Business Number of connected corporation 210 | 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/MM/DD 220 | E Non-taxable dividend under section 83 230 |
| | | | | | |
| | | | | **Total** (enter on line 402 of Schedule 1) | |

**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.

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

**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 connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

## Part 2 – Calculation of Part IV tax payable

| | | | |
|---|---|---|---|
| Part IV tax before deductions (amount J in Part 1) | | | |
| **Deduct:** | | | |
| Part IV.I tax payable on dividends subject to Part IV tax | | 320 | |
| | | Subtotal | |
| **Deduct:** | | | |
| Current-year non-capital loss claimed to reduce Part IV tax | 330 | | |
| Non-capital losses from previous years claimed to reduce Part IV tax | 335 | | |
| Current-year farm loss claimed to reduce Part IV tax | 340 | | |
| Farm losses from previous years claimed to reduce Part IV tax | 345 | | |
| Total losses 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 paid in the tax year that qualify for a dividend refund

| | A<br>Name of connected recipient corporation<br>400 | B<br>Business Number<br>410 | C<br>Tax year end of connected recipient corporation in which the dividends in column D were received<br>YYYY/MM/DD<br>420 | D<br>Taxable dividends paid to connected corporations<br>430 | D1<br>Eligible dividends (included in column D) |
|---|---|---|---|---|---|
| 1 | The Corporation of the Municipality of Brockton | 88070 7625 RC0001 | 2011-12-31 | 99,008 | |
| 2 | The Corporation of the Town of Hanover | 10812 6947 RC0001 | 2011-12-31 | 118,489 | |
| 3 | The Corporation of the Municipality of Kincardine | 87830 9020 RC0001 | 2011-12-31 | 105,824 | |
| 4 | The Corporation of the Town of Saugeen Shores | 87894 8629 RC0001 | 2011-12-31 | 196,147 | |

**Note**

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

**Total** 519,468

| | | | |
|---|---|---|---|
| Total taxable dividends paid in the tax year to other than connected corporations | | 450 | 265,756 |
| Eligible dividends (included in line 450) | 450a | | |
| Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column D above **plus** line 450) | | 460 | 785,224 |

## Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460 above) is different from the total dividends paid in the tax year.

| | | | |
|---|---|---|---|
| Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) | | | 785,224 |
| Other dividends paid in the tax year (total of 510 to 540) | | | |
| Total dividends paid in the tax year | | 500 | 785,224 |
| **Deduct:** | | | |
| Dividends paid out of capital dividend account | 510 | | |
| Capital gains dividends | 520 | | |
| 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 | | |
| Subtotal | | ► | |
| Total taxable dividends paid in the tax year that qualify for a dividend refund | | | 785,224 |

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**SCHEDULE 8**

# CAPITAL COST ALLOWANCE (CCA)

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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 Class number (See Note) 200 | Description | 2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201 | 3 Cost of acquisitions during the year (new property must be available for use)* 203 | 4 Net adjustments** 205 | 5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207 | 6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211 | 7 Reduced undepreciated capital cost | 8 CCA rate % **** 212 | 9 Recapture of capital cost allowance (line 107 of Schedule 1) 213 | 10 Terminal loss (line 404 of Schedule 1) 215 | 11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ***** 217 | 12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1 | | 10,203,615 | | | 0 | | 10,203,615 | 4 | 0 | 0 | 408,145 | 9,795,470 |
| 2. | 1b | | 1,968,877 | | | 0 | | 1,968,877 | 6 | 0 | 0 | 118,133 | 1,850,744 |
| 3. | 2 | | 4,908,672 | | | 0 | | 4,908,672 | 6 | 0 | 0 | 294,520 | 4,614,152 |
| 4. | 8 | | 2,553,930 | 800,694 | | 2,600 | 399,047 | 2,952,977 | 20 | 0 | 0 | 590,595 | 2,761,429 |
| 5. | 8 | WPSI | 163,735 | | | 0 | | 163,735 | 20 | 0 | 0 | 32,747 | 130,988 |
| 6. | 10 | WPSI | 430,277 | 284,250 | | 19,875 | 132,188 | 562,464 | 30 | 0 | 0 | 168,739 | 525,913 |
| 7. | 12 | WPSI | 52,166 | 303,031 | | 0 | 151,516 | 203,681 | 100 | 0 | 0 | 203,681 | 151,516 |
| 8. | 45 | WPSI | 2,672 | | | 0 | | 2,672 | 45 | 0 | 0 | 1,202 | 1,470 |
| 9. | 47 | | 10,328,614 | 2,966,691 | | 5,160 | 1,480,766 | 11,809,379 | 8 | 0 | 0 | 944,750 | 12,345,395 |
| 10. | 50 | WPSI | 7,812 | 45,385 | | 0 | 22,693 | 30,504 | 55 | 0 | 0 | 16,777 | 36,420 |
| | | Totals | 30,620,370 | 4,400,051 | | 27,635 | 2,186,210 | 32,806,576 | | | | 2,779,289 | 32,213,497 |

**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 straignt-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.

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**SCHEDULE 10**

# CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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

**Cumulative eligible capital - Balance at the end of the preceding taxation year** (if negative, enter "0") **200** 946,865 A

**Add:** Cost of eligible capital property acquired during the taxation year . . . . . . . . . . **222**

Other adjustments . . . . . . . . . . . . . . **226**

Subtotal (line 222 plus line 226) x 3 / 4 = B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 . . **228** x 1 / 2 = C

amount B minus amount C (if negative, enter "0") ▶ D

Amount transferred on amalgamation or wind-up of subsidiary . . . . . . . . . . . . . . . . . . . . . . . . **224** E

Subtotal (add amounts A, D, and E) **230** 946,865 F

**Deduct:** Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year . . . . . . . **242** G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) . . . . . **244** H

Other adjustments . . . . . . . . . . . . . . . . . . . . . . . . . . . **246** I

(add amounts G,H, and I) x 3 / 4 = **248** J

**Cumulative eligible capital balance** (amount F minus amount J) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 946,865 K

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

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **249**

amount K 946,865

**less** amount from line 249

**Current year deduction** . . . . . . . . . . . . . . 946,865 x 7.00 % = **250** 66,281 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 66,281 ▶ 66,281 L

**Cumulative eligible capital – Closing balance** (amount K minus amount L) (if negative, enter "0") . . . . . **300** 880,584 M

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

## Part 2 – Amount to be included in income arising from disposition

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

| | | | | | |
|---|---|---|---|---|---|
| Amount from line K (show as positive amount) | | | | | N |
| Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 | | | **400** | 1 | |
| Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) | | | **401** | 2 | |
| Total of CEC deductions claimed for taxation years beginning before July 1, 1988 | **402** | 3 | | | |
| Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 | **408** | 4 | | | |
| Line 3 minus line 4 (if negative, enter "0") | | ▶ | | 5 | |
| Total of lines 1, 2 and 5 | | | | 6 | |
| Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400 | | 7 | | | |
| Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000 | | 8 | | | |
| Subtotal (line 7 plus line 8) | **409** | ▶ | | 9 | |
| Line 6 minus line 9 (if negative, enter "0") | | | | ▶ | O |
| Line N minus line O (if negative, enter "0") | | | | | P |
| Line 5 | | | x 1 / 2 = | | Q |
| Line P minus line Q (if negative, enter "0") | | | | | R |
| Amount R | | | x 2 / 3 = | | S |
| Amount N or amount O, whichever is less | | | | | T |
| **Amount to be included in income** (amount S plus amount T) (enter this amount on line 108 of Schedule 1) | | | | **410** | |

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**SCHEDULE 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.
2. All legislative references on this schedule are to 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.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
   - qualified property (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.*
6. 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.
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.
6. 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 Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Part 1 – Investments, expenditures and percentages

| | Specified percentage |
|---|---|
| **Investments** | |
| Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region . . . . . | 10 % |
| **Expenditures** | |
| If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion 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 limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate. | |
| If you are a corporation that is not a CCPC that incurred qualified expenditures for SR&ED in any area in Canada . . . . . | 20 % |
| If 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 employment . . . . . | 10 % |
| If 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

Is the corporation a qualifying corporation? . . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and the taxable income (before any loss carrybacks) for its previous tax year cannot be more than its qualifying income limit for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

**Note:** A CCPC calculating a refundable ITC, 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 both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2).
A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;
b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
c) any combination of persons referred to in a) or b) above.

## Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

Is 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)? . . . . . **102** 1 Yes [ ] 2 No [X]

Contributions to agricultural organizations for SR&ED . . . . . **103** ______

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.

# QUALIFIED PROPERTY

## Part 4 – Eligible investments for qualified property from the current tax year

| | CCA* class number 105 | Description of investment 110 | Date available for use 115 | Location used (province or territory) 120 | Amount of investment 125 |
|---|---|---|---|---|---|
| 1. | | | | | |

*CCA: capital cost allowance

**Total investment –** enter in formula on line 240 in Part 5

## Part 5 – Calculation of current-year credit and account balances – ITC from investments in qualified property

ITC at the end of the previous tax year

**Deduct:**

Credit deemed as a remittance of co-op corporations 210

Credit expired 215

Subtotal ▶

ITC at the beginning of the tax year 220

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Total current-year credit: total of column 125 x 10 % = 240

Credit allocated from a partnership 250

Subtotal ▶

Total credit available

**Deduct:**

Credit deducted from Part I tax (enter on line B1 in Part 30) 260

Credit carried back to the previous year(s) (from Part 6) A

Credit transferred to offset Part VII tax liability 280

Subtotal ▶

Credit balance before refund B

**Deduct:**

Refund of credit claimed on investments from qualified property (from Part 7) 310

**ITC closing balance of investments from qualified property** 320

## Part 6 – Request for carryback of credit from investments in qualified property

| | Year | Month | Day | | |
|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied 901 | |
| 2nd previous tax year | | | | Credit to be applied 902 | |
| 3rd previous tax year | | | | Credit to be applied 903 | |

**Total** (enter on line A in Part 5)

## Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) C

Credit balance before refund (amount B from Part 5) D

**Refund** ( 40 % of amount C or D, whichever is less) E

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

## 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) | | ► 350 | |
| Capital expenditures (from line 558 on Form T661) | | 360 | |
| Repayments made in the year (from line 560 on Form T661) | | 370 | |
| **Total** (this must equal the amount from line 570 on Form T661)* | | 380 | |

* 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.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? . . . . . . . 385 1 Yes ☐ 2 No ☒

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). . . . 390 1,708,046

Enter your taxable capital employed in Canada for the previous tax year 42,540,872
minus $10 million. If this amount is nil or negative, enter "0".
If this amount is over $40 million, enter $40 million. . . . 398 32,540,872

* 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** (10**A**)) 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.

Amount A ____ Amount B ____

**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:**

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 . . . . . . . . . . . . . . . . . . . . . . **400** ____ H*

**Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:**

Line G or H ____ x Number of days in the tax year 365 / 365 = . . . . . . . . . . . . ____ I

**Your SR&ED expenditure limit for the year** (enter the amount from line G, H, or I, whichever applies) . . . . . . . . . . . . **410** ____

* Amount G or H cannot be more than $3,000,000.

## Part 11 – Calculation of investment tax credits on SR&ED expenditures

| | | | | | | |
|---|---|---|---|---|---|---|
| Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)* | 420 | | x | 35 % = | | J |
| Line 350 minus line 410 (if negative, enter "0") | 430 | | x | 20 % = | | K |
| Line 410 minus line 350 (if negative, enter "0") | | | L | | | |
| Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above* | 440 | | x | 35 % = | | M |
| Line 360 minus line L (if negative, enter "0") | 450 | | x | 20 % = | | N |

**Repayments** (amount from line 370 in Part 8) . . . . . . . . . . . . . . . . . . . . ______

| | | | | | | |
|---|---|---|---|---|---|---|
| If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. | 460 | | x | 35 % = | | |
| | 480 | | x | 20 % = | | |
| | | | | Total | | O |

**Current-year SR&ED ITC** (total of lines J, K, M, N, and O; enter on line 540 in Part 12) . . . . . . . . . . . . . . . . . . . . . . . . ______

* 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 | 510 | | | |
| Credit expired | 515 | | | |
| Subtotal | | | | |
| ITC at the beginning of the tax year | | | 520 | |
| **Add:** | | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 530 | | | |
| Total current-year credit | 540 | | | |
| Credit allocated from a partnership | 550 | | | |
| Subtotal | | | | |
| Total credit available | | | | |
| **Deduct:** | | | | |
| Credit deducted from Part I tax (enter on line B2 in Part 30) | 560 | | | |
| Credit carried back to the previous year(s) (from Part 13) | | | P | |
| Credit transferred to offset Part VII tax liability | 580 | | | |
| Subtotal | | | | |
| Credit balance before refund | | | | Q |
| **Deduct:** | | | | |
| Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies) | | | 610 | |
| **ITC closing balance on SR&ED** | | | 620 | |

## Part 13 – Request for carryback of credit from SR&ED expenditures

| | Year | Month | Day | | | |
|---|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | 911 | |
| 2nd previous tax year | | | | Credit to be applied | 912 | |
| 3rd previous tax year | | | | Credit to be applied | 913 | |
| | | | | **Total** (enter on line P in Part 12) | | |

## 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)? | **650** 1 Yes [ ] 2 No [X] | | | |
| Credit balance before refund (amount Q from Part 12) | | R | | |
| Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11) | | S | | |
| Refundable credits (amount R or S, whichever is less)* | | | | T |
| Amount J from Part 11 | | U | | |
| **Subtract:** Amount T or U, whichever is less | | | | V |
| Net amount (if negative, enter "0") | | | | W |
| Amount W ______ x 40 % | | | | X |
| **Add:** Amount V | | | | Y |
| **Refund of ITC** (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12) | | | | Z |

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount 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 | | BB | | |
| **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.

**Calculation 1 – If you meet all of the above conditions**

| | Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above **700** | 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) **710** | Amount from column 700 or 710, whichever is less |
|---|---|---|---|
| 1. | | | |

**Subtotal** (enter this amount on line LL in Part 17) ______ II

**Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at line JJ in Part 16.**

| | **A** Rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720** | **B** 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 **730** | **C** 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.) **740** |
|---|---|---|---|
| 1. | | | |

**Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line JJ below.**

| | **D** Amount determined by the formula (A x B) – C | **E** ITC earned by the transferee for the qualified expenditures that were transferred **750** | **F** Amount from column D or E, whichever is less |
|---|---|---|---|
| 1. | | | |

**Subtotal** (enter this amount on line MM in Part 17) ______ JJ

**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 amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have 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 KK below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line NN in Part 17) **760** ______ KK

## 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 | | MM |
| Recaptured ITC for calculation 3 from line KK in Part 16 above | | NN |
| **Total recapture of SR&ED investment tax credit** – Add lines LL, MM and NN | | OO |

Enter amount OO at line A1 in Part 29.

# PRE-PRODUCTION MINING

## Part 18 – Pre-production mining expenditures

**Exploration information**

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

| | List of minerals 800 |
|---|---|
| 1. | |

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there is no mineral title, identify the project and mining division only.

| | Project name 805 | Mineral title 806 | Mining division 807 |
|---|---|---|---|
| 1. | | | |

**Pre-production mining expenditures ***

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

| | | | |
|---|---|---|---|
| Prospecting | 810 | | PP |
| Geological, geophysical, or geochemical surveys | 811 | | QQ |
| Drilling by rotary, diamond, percussion, or other methods | 812 | | RR |
| Trenching, digging test pits, and preliminary sampling | 813 | | SS |

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

| | | | |
|---|---|---|---|
| Clearing, removing overburden, and stripping | 820 | | 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 825 | Amount 826 |
|---|---|---|
| 1. | | |

| | | | |
|---|---|---|---|
| Add amounts at column 826 | ▶ | | VV |
| Total pre-production mining expenditures (add amounts PP to VV) | 830 | | |
| **Deduct:** Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above | 832 | | |
| Excess (line 830 minus line 832) (if negative, enter "0") | | | WW |
| **Add**: Repayments of government and non-government assistance | 835 | | XX |
| **Pre-production mining expenditures** (amount WW plus amount XX) | | | YY |

* A pre-production mining expenditure is defined under subsection 127(9).

## Part 19 – Calculation of current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year . . . . . . . . . .

**Deduct:**

Credit deemed as a remittance of co-op corporations . . . . . . **841**

Credit expired . . . . . . **845**

Subtotal ▶

ITC at the beginning of the tax year . . . . . . **850**

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary . . . . . . **860**

Expenditures from line YY in Part 18: **870** x 10 % = . . . . . . **880**

Total credit available . . . . . .

**Deduct:**

Credit deducted from Part I tax (enter on line B3 in Part 30) . . . . . . **885**

Credit carried back to the previous year(s) (from Part 20) . . . . . . CCC

Subtotal ▶

**ITC closing balance from pre-production mining expenditures** . . . . . . **890**

## Part 20 – Request for carryback of credit from pre-production mining expenditures

| | Year | Month | Day | | |
|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | **921** |
| 2nd previous tax year | | | | Credit to be applied | **922** |
| 3rd previous tax year | | | | Credit to be applied | **923** |

**Total** (enter on line CCC in Part 19)

## APPRENTICESHIP JOB CREATION

## Part 21 – Calculation of total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice. Attach additional schedules if more space is needed.

| | A<br>Contract number<br>(SIN or name of apprentice)<br>**601** | B<br>Name of eligible trade<br>**602** | C<br>Eligible salary and wages*<br>**603** | D<br>Column C x 10 %<br>**604** | E<br>Lesser of column D or $ 2,000<br>**605** |
|---|---|---|---|---|---|
| 1. | Chas Thomas | Powerline worker | 51,457 | 5,146 | 2,000 |
| 2. | Allison Frook | Powerline worker | 40,537 | 4,054 | 2,000 |
| | | | | **Total current-year credit** (enter at line 640) | 4,000 |

* Net of any other government or non-government assistance received or to be received.

## Part 22 – Calculation of current-year credit and account balances – ITC from apprenticeship job creation expenditures

| | | | | |
|---|---|---|---|---|
| ITC at the end of the previous tax year | | | | |
| **Deduct:** | | | | |
| Credit deemed as a remittance of co-op corporations | 612 | | | |
| Credit expired after 20 tax years | 615 | | | |
| Subtotal | | | ▶ | |
| ITC at the beginning of the tax year | | | 625 | |
| **Add:** | | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 630 | | | |
| ITC from repayment of assistance | 635 | | | |
| Total current-year credit (total of column 605) | 640 | 4,000 | | |
| Credit allocated from a partnership | 655 | | | |
| Subtotal | | 4,000 | ▶ | 4,000 |
| Total credit available | | | | 4,000 |
| **Deduct:** | | | | |
| Credit deducted from Part I tax (enter on line B4 in Part 30) | 660 | | | |
| Credit carried back to the previous year(s) (from Part 23) | | | DDD | |
| Subtotal | | | ▶ | |
| **ITC closing balance from apprenticeship job creation expenditures** | | | 690 | 4,000 |

## Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

| | Year | Month | Day | | | |
|---|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | 931 | |
| 2nd previous tax year | | | | Credit to be applied | 932 | |
| 3rd previous tax year | | | | Credit to be applied | 933 | |
| | | | | **Total** (enter on line DDD in Part 22) | | |

# CHILD CARE SPACES

## Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

### Cost of depreciable property from the current tax year

| | CCA* class number 665 | Description of investment 675 | Date available for use 685 | Amount of investment 695 |
|---|---|---|---|---|
| 1. | | | | |

| | | | |
|---|---|---|---|
| Total cost of depreciable property from the current tax year | 715 | | EEE |
| **Add:** Specified child care start-up expenditures from the current tax year | 705 | | FFF |
| Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) | | | GGG |
| **Deduct:** Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line GGG) | 725 | | HHH |
| Excess (amount GGG **minus** amount HHH) (if negative, enter "0") | | | III |
| **Add**: Repayments of government and non-government assistance | 735 | | JJJ |
| **Total eligible expenditures for child care spaces** (amount III **plus** amount JJJ) | 745 | | |

* CCA: capital cost allowance

## Part 25 – Calculation of current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

| | | | | | |
|---|---|---|---|---|---|
| Eligible expenditures (line 745) | | | x 25 % | = | KKK |
| Number of child care spaces | 755 | | x $ 10,000 | = | LLL |
| **ITC from child care spaces expenditures** (amount KKK or LLL, whichever is less) | | | | | MMM |

## Part 26 – Calculation of current-year credit and account balances – ITC from child care spaces expenditures

| | | | |
|---|---|---|---|
| ITC at the end of the previous tax year | | | |
| **Deduct:** | | | |
| Credit deemed as a remittance of co-op corporations | 765 | | |
| Credit expired after 20 tax years | 770 | | |
| | Subtotal | | ▶ |
| ITC at the beginning of the tax year | | 775 | |
| **Add:** | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 777 | | |
| Total current-year credit (amount MMM above) | 780 | | |
| Credit allocated from a partnership | 782 | | |
| | Subtotal | | ▶ |
| Total credit available | | | |
| **Deduct:** | | | |
| Credit deducted from Part I tax (enter on line B5 in Part 30) | 785 | | |
| Credit carried back to the previous year(s) (from Part 27) | | NNN | |
| | Subtotal | | ▶ |
| **ITC closing balance from child care spaces expenditures** | | 790 | |

## Part 27 – Request for carryback of credit from child care space expenditures

| | Year Month Day | | | |
|---|---|---|---|---|
| 1st previous tax year | 2010-12-31 | Credit to be applied | 941 | |
| 2nd previous tax year | 2009-12-31 | Credit to be applied | 942 | |
| 3rd previous tax year | 2008-12-31 | Credit to be applied | 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 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)) . . . . . . . . . . . . . . . . . . . . . . . . . . **792** ______ ZZZ

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 . . . . . . . . . . . . . . . . . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ OOO

### 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. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ QQQ

## 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

**Total recapture of investment tax credit** – Add lines A1 and A2 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ A3
Enter amount A3 on line 602 of the T2 return.

## 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

ITC 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) . . . . . . . . . . . . . . . . . . ______ B3

ITC 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) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ B6
Enter amount B6 at line 652 of the T2 return.

*Privacy Act*, Personal Information Bank number CRA PPU 047

# Summary of Investment Tax Credit Carryovers

## Continuity 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) |
|---|---|---|---|---|
| 4,000 | | | | 4,000 |

**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 | | | | |
| 2002-05-06 | | | | * |
| 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 | | | | * |
| **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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**SCHEDULE 50**

# SHAREHOLDER INFORMATION

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

| | Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100 | Business Number (If a corporation is not registered, enter "NR") 200 | Social insurance number 300 | Trust number 350 | Percentage common shares 400 | Percentage preferred shares 500 |
|---|---|---|---|---|---|---|
| | | **Provide only one number per shareholder** | | | | |
| 1 | The Corporation of the Municipality of Brockton | 88070 7625 RC0001 | | | 12.610 | |
| 2 | The Corporation of the Town of Hanover | 10812 6947 RC0001 | | | 15.090 | |
| 3 | The Corporation of the Municipality of Kincardine | 87830 9020 RC0001 | | | 13.480 | |
| 4 | The Corporation of the Town of Saugeen Shores | 87894 8629 RC0001 | | | 24.870 | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |



Canadä

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 55**

# PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

**Do not use this area**

- 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.
- 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.
- Parts, subsections, and paragraphs mentioned in this schedule refer to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

## Part 1 – Canadian-controlled private corporations and deposit insurance corporations

| | | | | |
|---|---|---|---|---|
| Taxable dividends paid in the tax year **not included** in Schedule 3 | | | | |
| Taxable dividends paid in the tax year **included** in Schedule 3 | | 785,224 | | |
| Total taxable dividends paid in the tax year | 100 | 785,224 | | |
| Total eligible dividends paid in the tax year | | | 150 | |
| GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0") | | | 160 | |
| Excessive eligible dividend designation (line 150 **minus** line 160) | | | | A |
| **Part III.1 tax on excessive eligible dividend designations – CCPC or DIC *** (amount A **multiplied** by 20 %) | | | 190 | |

Enter the amount from line 190 on line 710 of the T2 return.

## Part 2 – Other corporations

| | | | | |
|---|---|---|---|---|
| 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 | 200 | | | |
| Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54) | | | | B |
| **Part III.1 tax on excessive eligible dividend designations – Other corporations *** (amount B **multiplied** by 20 %) | | | 290 | |

Enter the amount from line 290 on line 710 of the T2 return.

* 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**.

# Corporate Taxpayer Summary

## Corporate information

Corporation's name: Westario Power Inc.

Taxation Year: 2011-01-01 to 2011-12-31

Jurisdiction: Ontario

| BC | AB | SK | MB | ON | QC | NB | NS | NO | PE | NL | XO | YT | NT | NU | OC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | X | | | | | | | | | | | |

Corporation is associated: N

Corporation is related: N

Number of associated corporations:

Type of corporation: Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial*: -540,000

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

## Summary of federal information

| | | |
|---|---|---|
| Net income | | 1,898,218 |
| Taxable income | | |
| Donations | | 19,553 |
| Calculation of income from an active business carried on in Canada | | 1,898,218 |
| Dividends paid | | 785,224 |
| Dividends paid – Regular | 785,224 | |
| Dividends paid – Eligible | | |
| Balance of the low rate income pool at the end of the previous year | | |
| Balance of the low rate income pool at the end of the year | | |
| Balance of the general rate income pool at the end of the previous year | | |
| Balance of the general rate income pool at the end of the year | | |
| Part I tax (base amount) | | |

| Credits against part I tax | | Summary of tax | | Refunds/credits | |
|---|---|---|---|---|---|
| Small business deduction | | Part I | | ITC refund | |
| M&P deduction | | Part IV | | Dividends refund | |
| Foreign tax credit | | Part III.1 | | Instalments | 540,000 |
| Investment tax credits | | Other* | | Surtax credit | |
| Abatement/Other* | | Provincial or territorial tax | | Other* | |

**Balance due/refund (–)** -540,000

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

## Summary of federal carryforward/carryback information

**Carryforward balances**

| | |
|---|---|
| Investment tax credits | 4,000 |
| Unused surtax credit (Schedule 37) | 14,454 |
| Capital dividend amount | 16,614 |
| Cumulative eligible capital | 880,584 |

## Summary of provincial information – provincial income tax payable

| | Ontario | Québec (CO-17) | Alberta (AT1) |
|---|---|---|---|
| Net income | 1,898,218 | | |
| Taxable income | | | |
| % Allocation | 100.00 | | |
| Attributed taxable income | | | |
| Surtax | | N/A | N/A |
| Tax payable before deduction* | | | |
| Deductions and credits | | | |
| Net tax payable | | | |
| Attributed taxable capital | | | N/A |
| Capital tax payable** | | | N/A |
| Total tax payable*** | | | |
| Instalments and refundable credits | | | |
| Balance due/Refund (-) | | | |

* For Québec, this includes special taxes and logging operations.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

## Summary – taxable capital

**Federal**

| Corporate name | Taxable capital used to calculate the business limit reduction (T2, line 415) | Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49) | Taxable capital used to calculate line 233 of the T2 return | Taxable capital used to calculate line 234 of the T2 return |
|---|---|---|---|---|
| Westario Power Inc. | 42,540,872 | 42,540,872 | 25,122,829 | 25,122,829 |
| Total | 42,540,872 | 42,540,872 | 25,122,829 | 25,122,829 |

**Québec**

| Corporate name | Paid-up capital used to calculate the deduction relating to income-averaging for forest producers (CO-726.30) | Paid-up capital used to calculate the exemption for small and medium-sized manufacturing businesses (CO-737.18.18) | Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) | Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) | Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E) |
|---|---|---|---|---|---|
| | | | | | |
| Total | | | | | |

**Ontario**

| Corporate name | Taxable capital used to calculate the capital deduction – Ontario capital tax on financial institutions (Schedule 514) | Taxable capital used to calculate the capital deduction – Ontario capital tax on other than financial institutions (Schedule 515) | Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566) |
|---|---|---|---|
| | | | |
| Total | | | |

**Other provinces**

| Corporate name | Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306) | Taxable capital used to calculate the Nova Scotia capital deduction on large corporations (Schedule 343) | Net paid up capital – BC capital tax on financial institutions (FIN 689) | BC paid up capital – BC capital tax on financial institutions (FIN 689) |
|---|---|---|---|---|
| | | | | |
| Total | | | | |

# Five-Year Comparative Summary

## Federal information (T2)

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Taxation year end | 2011-12-31 | 2010-12-31 | 2009-12-31 | 2008-12-31 | 2007-12-31 |
| Net income | 1,898,218 | 1,738,550 | 1,454,214 | 1,219,630 | 2,969,103 |
| Taxable income | | 1,708,046 | 1,446,914 | 1,214,706 | 2,957,523 |
| Active business income | 1,898,218 | 1,738,550 | 1,454,214 | 1,219,630 | 2,952,489 |
| Dividends paid | 785,224 | 400,284 | 538,019 | 539,671 | 461,053 |
| Dividends paid – Regular | 785,224 | 400,284 | | | |
| Dividends paid – Eligible | | | | | |
| LRIP – end of the previous year | | | | | |
| LRIP – end of the year | | | | | |
| GRIP – end of the previous year | | 6,932,111 | 5,948,209 | 5,122,209 | 3,122,391 |
| GRIP – end of the year | | 8,110,663 | 6,932,111 | 5,948,209 | 5,122,209 |
| Donations | 19,553 | 30,504 | 7,300 | 740 | 11,580 |
| Balance due/refund (-) | -540,000 | -22,838 | -2,469 | | |

## Federal taxes

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Part I before surtax | | 301,927 | 269,552 | 233,597 | 623,351 |
| Surtax | | | | | 33,124 |
| Part I.3 | | | | | |
| Part IV | | | | | |
| Part I & Surtax | | 301,927 | 269,552 | 233,597 | 656,475 |
| Part III.1 | | | | | |
| Other* | | | | | |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Credits against part I tax

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Small business deduction | | | | | |
| M&P deduction | | | | | |
| Foreign tax credit | | | | | |
| Political contribution | | | | | |
| Investment tax credit | | 5,520 | 5,362 | 3,270 | |
| Abatement/other* | | 341,610 | 274,913 | 224,721 | 501,616 |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Refunds/credits

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| ITC refund | | | | | |
| Dividend refund | | | | | 4,430 |
| Instalments | 540,000 | 527,540 | 516,304 | 233,597 | 652,045 |
| Surtax credit | | | | | |
| Other* | | | | | |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Ontario

| Taxation year end | 2011-12-31 | 2010-12-31 | 2009-12-31 | 2008-12-31 | 2007-12-31 |
|---|---|---|---|---|---|
| Net income | 1,898,218 | 1,738,550 | | 1,219,630 | 2,969,103 |
| Taxable income | | 1,708,046 | | 1,214,706 | 2,957,523 |
| % Allocation | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Attributed taxable income | | 1,708,046 | | 1,214,706 | 2,957,523 |
| Surtax | | 25,460 | 40,244 | 30,375 | 34,000 |
| Income tax payable before deduction | | 221,906 | 202,568 | 170,059 | 414,053 |
| Income tax deductions /credits | | 39,979 | 42,500 | 45,929 | 34,000 |
| Net income tax payable | | 207,387 | 200,312 | 154,505 | 414,053 |
| Taxable capital | | 42,540,872 | 40,631,395 | 37,119,622 | 32,515,456 |
| Capital tax payable | | 20,486 | 57,671 | 49,769 | 61,323 |
| Total tax payable* | | 227,873 | 257,983 | 204,274 | 475,376 |
| Instalments and refundable credits | | 25,098 | 13,700 | 898,254 | 480,975 |
| Balance due/refund** | | 202,775 | 244,283 | -693,980 | -5,599 |

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

# Federal Tax Instalments

## Federal tax instalments

**For the taxation year ended** 2012-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with **the appropriate remittance voucher to the following address**:

**Canada Revenue Agency**
**875 Heron Road**
**Ottawa ON K1A 1B1**

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

## Monthly instalment workchart

| Date | Monthly tax instalments | Instalments paid | Cumulative difference | Instalments payable |
|---|---|---|---|---|
| 2012-01-31 | 44,150 | | | 44,150 |
| 2012-02-29 | 44,150 | | | 44,150 |
| 2012-03-31 | 40,215 | | | 40,215 |
| 2012-04-30 | 40,215 | | | 40,215 |
| 2012-05-31 | 40,215 | | | 40,215 |
| 2012-06-30 | 40,215 | | | 40,215 |
| 2012-07-31 | 40,215 | | | 40,215 |
| 2012-08-31 | 40,215 | | | 40,215 |
| 2012-09-30 | 40,215 | | | 40,215 |
| 2012-10-31 | 40,215 | | | 40,215 |
| 2012-11-30 | 40,215 | | | 40,215 |
| 2012-12-31 | 40,209 | | | 40,209 |
| 2013-01-31 | | | | 40,871 |
| 2013-02-28 | | | | 40,871 |
| **Total** | 490,444 | | | 572,186 |

Canada Revenue Agency / Agence du revenu du Canada

# T2 CORPORATION INCOME TAX RETURN

200

055 Do not use this area

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

Parts, sections, subsections, paragraphs, and subparagraphs mentioned on this return refer to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax 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*.

## Identification

**Business Number (BN)** . . . . . . . . . . 001 89276 4416 RC0003

**Corporation's name**
002 Westario Power Inc.

**Address of head office**
Has this address changed since the last time we were notified? . . . . . . . . . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 24 Eastridge Road
012 RR 2
City: 015 Walkerton
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 N0G 2V0

**Mailing address** (if different from head office address)
Has this address changed since the last time we were notified? . . . . . . . . . . . 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o
022
023
City: 025
Province, territory, or state: 026
Country (other than Canada): 027
Postal code/Zip code: 028

**Location of books and records**
Has the location of books and records changed since the last time we were notified . . . . . . . . . . . . . . . . . . . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 24 Eastridge Road
032 RR 2
City: 035 Walkerton
Province, territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 N0G 2V0

040 **Type of corporation at the end of the tax year**
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change. 043 ____ YYYY MM DD

**To which tax year does this return apply?**
Tax year start 060 2011-01-01 (YYYY MM DD)
Tax year-end 061 2011-12-31 (YYYY MM DD)

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

If **yes**, provide the date control was acquired . . . . . . . . . . . . . 065 ____ YYYY MM DD

**Is the date on line 061 a deemed tax year-end in accordance with:**
subparagraph 88(2)(a)(iv)? . . . . . . . . 064 1 Yes [ ] 2 No [X]
subsection 249(3.1)? . . . . . . . . . . . 066 1 Yes [ ] 2 No [X]

**Is the corporation a professional corporation that is a member of a partnership?** . . . . . . . . . . . . . . . . 067 1 Yes [ ] 2 No [X]

**Is this the first year of filing after:**
Incorporation? . . . . . . . . . . . . . . . 070 1 Yes [ ] 2 No [X]
Amalgamation? . . . . . . . . . . . . . . . 071 1 Yes [ ] 2 No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

**Has there been a wind-up of a subsidiary under section 88 during the current tax year?** . . . . . . . . . . . . . . 072 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 24.

**Is this the final tax year before amalgamation?** . . . . . . . . . . 076 1 Yes [ ] 2 No [X]

**Is this the final return up to dissolution?** . . . . . . . . . . . . . . . . . . 078 1 Yes [ ] 2 No [X]

**If an election was made under section 261, state the functional currency used** . . . . . . . . . . . . . . . . 079

**Is the corporation a resident of Canada?**
080 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081

**Is the non-resident corporation claiming an exemption under an income tax treaty?** . . . . . . . . . . . 082 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 91.

**If the corporation is exempt from tax under section 149, tick one of the following boxes:**
085
1 [ ] Exempt under paragraph 149(1)(e) or (l)
2 [ ] Exempt under paragraph 149(1)(j)
3 [ ] Exempt under paragraph 149(1)(t)
4 [ ] Exempt under other paragraphs of section 149

**Do not use 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.

| | | Yes | Schedule |
|---|---|---|---|
| Is the corporation related to any other corporations? | 150 | | 9 |
| Is the corporation an associated CCPC? | 160 | | 23 |
| Is the corporation an associated CCPC that is claiming the expenditure limit? | 161 | | 49 |
| Does the corporation have any non-resident shareholders? | 151 | | 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 | 162 | | 11 |
| If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee? | 163 | | 44 |
| Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? | 164 | | 14 |
| Is the corporation claiming a deduction for payments to a type of employee benefit plan? | 165 | | 15 |
| Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989? | 166 | | T5004 |
| Is the corporation a member of a partnership for which a partnership identification number has been assigned? | 167 | | T5013 |
| Was the resident corporation the beneficiary of a non-resident discretionary trust or did it make a contribution to a non-resident discretionary trust at any time during the tax year? | 168 | | 22 |
| Did the corporation have any foreign affiliates during the year? | 169 | | 25 |
| Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*? | 170 | | 29 |
| Has the corporation had any non-arm's length transactions with a non-resident? | 171 | | T106 |
| For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares? | 173 | X | 50 |
| Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year? | 172 | | |
| Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes? | 201 | X | 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? | 202 | X | 2 |
| Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund? | 203 | X | 3 |
| Is the corporation claiming any type of losses? | 204 | | 4 |
| Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction? | 205 | X | 5 |
| Has the corporation realized any capital gains or incurred any capital losses during the tax year? | 206 | | 6 |
| i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440? | 207 | | 7 |
| Does the corporation have any property that is eligible for capital cost allowance? | 208 | X | 8 |
| Does the corporation have any property that is eligible capital property? | 210 | X | 10 |
| Does the corporation have any resource-related deductions? | 212 | | 12 |
| Is the corporation claiming deductible reserves? | 213 | | 13 |
| Is the corporation claiming a patronage dividend deduction? | 216 | | 16 |
| Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? | 217 | | 17 |
| Is the corporation an investment corporation or a mutual fund corporation? | 218 | | 18 |
| Is the corporation carrying on business in Canada as a non-resident corporation? | 220 | | 20 |
| Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits? | 221 | | 21 |
| Does the corporation have any Canadian manufacturing and processing profits? | 227 | | 27 |
| Is the corporation claiming an investment tax credit? | 231 | X | 31 |
| Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures? | 232 | | T661 |
| Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000? | 233 | X | |
| Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000? | 234 | X | |
| Is the corporation claiming a surtax credit? | 237 | | 37 |
| Is the corporation subject to gross Part VI tax on capital of financial institutions? | 238 | | 38 |
| Is the corporation claiming a Part I tax credit? | 242 | | 42 |
| Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid? | 243 | | 43 |
| Is the corporation agreeing to a transfer of the liability for Part VI.1 tax? | 244 | | 45 |
| Is the corporation subject to Part II - Tobacco Manufacturers' surtax? | 249 | | 46 |
| For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax? | 250 | | 39 |
| Is the corporation claiming a Canadian film or video production tax credit refund? | 253 | | T1131 |
| Is the corporation claiming a film or video production services tax credit refund? | 254 | | T1177 |
| Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.) | 255 | | 92 |

## Attachments – continued from page 2

| | | Yes | Schedule |
|---|---|---|---|
| Did the corporation have any foreign affiliates that are not controlled foreign affiliates? | 256 | | T1134-A |
| Did the corporation have any controlled foreign affiliates? | 258 | | T1134-B |
| Did the corporation own specified foreign property in the year with a cost amount over $100,000? | 259 | | T1135 |
| Did the corporation transfer or loan property to a non-resident trust? | 260 | | T1141 |
| Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year? | 261 | | T1142 |
| Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada? | 262 | | T1145 |
| Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts? | 263 | | T1146 |
| Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? | 264 | | T1174 |
| Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year? | 265 | X | 55 |
| Has the corporation made an election under subsection 89(11) not to be a CCPC? | 266 | | T2002 |
| Has the corporation revoked any previous election made under subsection 89(11)? | 267 | | T2002 |
| Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year? | 268 | X | 53 |
| 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? | 269 | | 54 |

## Additional information

| | | 1 Yes | 2 No |
|---|---|---|---|
| Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? | 270 | | X |
| Is the corporation inactive? | 280 | | X |

What is the corporation's main revenue-generating business activity? ..... 221122 Electric Power Distribution US

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

| | | | |
|---|---|---|---|
| 284 | Hydro Services | 285 | 100.000 % |
| 286 | | 287 | % |
| 288 | | 289 | % |

| | | 1 Yes | 2 No |
|---|---|---|---|
| Did the corporation immigrate to Canada during the tax year? | 291 | | X |
| Did the corporation emigrate from Canada during the tax year? | 292 | | X |
| Do you want to be considered as a quarterly instalment remitter if you are eligible? | 293 | | |

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 ..... 294 ______ 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 GIFI. | 300 | | 1,898,218 | A |
| **Deduct:** Charitable donations from Schedule 2 | 311 | 19,553 | | |
| Gifts to Canada, a province, or a territory from Schedule 2 | 312 | | | |
| Cultural gifts from Schedule 2 | 313 | | | |
| Ecological gifts from Schedule 2 | 314 | | | |
| Gifts of medicine from Schedule 2 | 315 | | | |
| Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 | 320 | | | |
| Part VI.1 tax deduction* | 325 | | | |
| Non-capital losses of previous tax years from Schedule 4 | 331 | | | |
| Net capital losses of previous tax years from Schedule 4 | 332 | | | |
| Restricted farm losses of previous tax years from Schedule 4 | 333 | | | |
| Farm losses of previous tax years from Schedule 4 | 334 | | | |
| Limited partnership losses of previous tax years from Schedule 4 | 335 | | | |
| Taxable capital gains or taxable dividends allocated from a central credit union | 340 | | | |
| Prospector's and grubstaker's shares | 350 | | | |
| Subtotal | | 19,553 ▶ | 19,553 | B |
| Subtotal (amount A **minus** amount B) (if negative, enter "0") | | | 1,878,665 | C |
| **Add:** Section 110.5 additions or subparagraph 115(1)(a)(vii) additions | 355 | | | D |
| **Taxable income** (amount C **plus** amount D) | 360 | | 1,878,665 | |
| Income exempt under paragraph 149(1)(t) | 370 | | | |
| **Taxable income** for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370) | | | 1,878,665 | Z |

* This amount is equal to 3.2 times the Part VI.1 tax payable at line 724 on page 8.

## Small business deduction

**Canadian-controlled private corporations (CCPCs) throughout the tax year**

| | | | |
|---|---|---|---|
| Income from active business carried on in Canada from Schedule 7 | 400 | 1,898,218 | A |
| Taxable income from line 360 on page 3, **minus** 10/3 of the amount on line 632* on page 7, **minus** 1/(0.38 - X**) 3.77358 times the amount on line 636*** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax | 405 | 1,878,665 | B |
| Business limit (see notes 1 and 2 below) | 410 | 500,000 | C |

**Notes:**

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

**Business limit reduction:**

Amount C 500,000 x (415 **** 73,217 D / 11,250) = 3,254,089 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 ______ F

**Small business deduction**

Amount A, B, C, or F, whichever is the least ______ x 17 % = 430 ______ G

Enter amount G on line 1 on page 7.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** General rate reduction percentage for the tax year. It has to be pro-rated.

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

**** **Large corporations**

- 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.

## General tax reduction for Canadian-controlled private corporations

**Canadian-controlled private corporations throughout the tax year**

| | | | | |
|---|---|---|---|---|
| Taxable income from line 360 on page 3 | | | 1,878,665 | A |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | B | | |
| Amount QQ from Part 13 of Schedule 27 | | C | | |
| Amount used to calculate the credit union deduction from Schedule 17 | | D | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | E | | |
| Aggregate investment income from line 440 on page 6* | | F | | |
| Total of amounts B to F | | ▶ | | G |
| Amount A **minus** amount G (if negative, enter "0") | | | 1,878,665 | H |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Amount H | 1,878,665 | x | Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year 365 | x | 9 % | = | I |
| Amount H | 1,878,665 | x | Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year 365 | x | 10 % | = | J |
| Amount H | 1,878,665 | x | Number of days in the tax year after December 31, 2010, and before January 1, 2012 365 / Number of days in the tax year 365 | x | 11.5 % | = 216,046 | K |
| Amount H | 1,878,665 | x | Number of days in the tax year after December 31, 2011 / Number of days in the tax year 365 | x | 13 % | = | L |

**General tax reduction for Canadian-controlled private corporations** – Total of amounts I to L . . . 216,046 M
Enter amount M on line 638 on page 7.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

## General tax reduction

**Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.**

| | | | | |
|---|---|---|---|---|
| Taxable income from page 3 (line 360 or amount Z, whichever applies) | | | | N |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | O | | |
| Amount QQ from Part 13 of Schedule 27 | | P | | |
| Amount used to calculate the credit union deduction from Schedule 17 | | Q | | |
| Total of amounts O to Q | | ▶ | | R |
| Amount N **minus** amount R (if negative, enter "0") | | | | S |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Amount S | | x | Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year 365 | x | 9 % | = | T |
| Amount S | | x | Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year 365 | x | 10 % | = | U |
| Amount S | | x | Number of days in the tax year after December 31, 2010, and before January 1, 2012 365 / Number of days in the tax year 365 | x | 11.5 % | = | V |
| Amount S | | x | Number of days in the tax year after December 31, 2011 / Number of days in the tax year 365 | x | 13 % | = | W |

**General tax reduction** – Total of amounts T to W . . . X
Enter amount X on line 639 on page 7.

## Refundable portion of Part I tax

**Canadian-controlled private corporations throughout the tax year**

| | | | | |
|---|---|---|---|---|
| Aggregate investment income from Schedule 7 | 440 | x 26 2/3 % = | | A |
| Foreign non-business income tax credit from line 632 on page 7 | | | | |
| **Deduct:** Foreign investment income from Schedule 7 | 445 | x 9 1/3 % = | | |
| (if negative, enter "0") | | | ▶ | B |
| Amount A **minus** amount B (if negative, enter "0") | | | | C |

| | | | | |
|---|---|---|---|---|
| Taxable income from line 360 on page 3 | | | 1,878,665 | |
| **Deduct:** | | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | | |
| Foreign non-business income tax credit from line 632 on page 7 | x 25 / 9 = | | | |
| Foreign business income tax credit from line 636 on page 7 | x $\frac{1}{3.77358}$(0.38 - X*) = | | | |
| | | ▶ | 1,878,665 | |
| | | | x 26 2/3 % = 500,977 | D |
| Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) | | | 305,980 | E |
| **Refundable portion of Part I tax** – Amount C, D, or E, whichever is the least | | 450 | | F |

* General rate reduction percentage for the tax year. It has to be pro-rated.

## Refundable dividend tax on hand

| | | | | |
|---|---|---|---|---|
| Refundable dividend tax on hand at the end of the previous tax year | 460 | | | |
| **Deduct:** Dividend refund for the previous tax year | 465 | | | |
| | | ▶ | | G |
| **Add** the total of: | | | | |
| Refundable portion of Part I tax from line 450 above | | | | |
| Total Part IV tax payable from Schedule 3 | | | | |
| Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation | 480 | | | |
| | | ▶ | | H |
| **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 taxable dividends were paid in the tax year**

| | | | | |
|---|---|---|---|---|
| Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 | 785,224 | x 1 / 3 | 261,741 | I |
| Refundable dividend tax on hand at the end of the tax year from line 485 above | | | | J |
| **Dividend refund** – Amount I or J, whichever is less (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 38 % | | 550 | 713,893 | A |
| **Recapture of investment tax credit from Schedule 31** | | 602 | | B |

**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 | 1,878,665 | | |
| **Deduct:** | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | |
| Net amount | 1,878,665 ► | 1,878,665 | 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) | | 713,893 | D |

**Deduct:**

| | | | | | |
|---|---|---|---|---|---|
| Small business deduction from line 430 on page 4 | | | 1 | | |
| Federal tax abatement | 608 | 187,867 | | | |
| Manufacturing and processing profits deduction from Schedule 27 | 616 | | | | |
| Investment corporation deduction | 620 | | | | |
| Taxed capital gains 624 | | | | | |
| Additional deduction – credit unions from Schedule 17 | 628 | | | | |
| Federal foreign non-business income tax credit from Schedule 21 | 632 | | | | |
| Federal foreign business income tax credit from Schedule 21 | 636 | | | | |
| General tax reduction for CCPCs from amount M on page 5 | 638 | 216,046 | | | |
| General tax reduction from amount X on page 5 | 639 | | | | |
| Federal logging tax credit from Schedule 21 | 640 | | | | |
| Federal qualifying environmental trust tax credit | 648 | | | | |
| Investment tax credit from Schedule 31 | 652 | 4,000 | | | |
| Subtotal | | 407,913 | ► | 407,913 | E |

| | | |
|---|---|---|
| **Part I tax payable** – Line D **minus** line E | 305,980 | F |

Enter amount F on line 700 on page 8.

## Summary of tax and credits

**Federal tax**

| | | |
|---|---|---|
| Part I tax payable from page 7 | 700 | 305,980 |
| Part II surtax payable from Schedule 46 | 708 | |
| 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 | | 305,980 |

**Add provincial or territorial tax:**

Provincial or territorial jurisdiction 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

| | | | |
|---|---|---|---|
| Net provincial or territorial tax payable (except Quebec and Alberta) | 760 | 166,683 | |
| Provincial tax on large corporations (Nova Scotia Schedule 342) | 765 | | |
| | | 166,683 ▶ | 166,683 |
| Total tax payable | 770 | | 472,663 A |

**Deduct other credits:**

| | | | |
|---|---|---|---|
| Investment tax credit refund from Schedule 31 | 780 | | |
| Dividend refund from page 6 | 784 | | |
| Federal capital gains refund from Schedule 18 | 788 | | |
| Federal qualifying environmental trust tax credit refund | 792 | | |
| Canadian film or video production tax credit refund (Form T1131) | 796 | | |
| Film or video production services tax credit refund (Form T1177) | 797 | | |
| Tax withheld at source | 800 | | |
| Total payments on which tax has been withheld 801 | | | |
| Provincial and territorial capital gains refund from Schedule 18 | 808 | | |
| Provincial and territorial refundable tax credits from Schedule 5 | 812 | | |
| Tax instalments paid | 840 | 540,000 | |
| Total credits | 890 | 540,000 ▶ | 540,000 B |

Refund code 894 1 Overpayment 67,337

Balance (line A **minus** line B) -67,337

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid

Enclosed payment 898

### Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information

910 Branch number

914 Institution number 918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No X

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

## Certification

I, 950 Milne (Last name in block letters) 951 Lisa (First name in block letters) 954 President & CEO (Position, office, or rank)

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

955 2012-05-23 — Date (yyyy/mm/dd) | Signature of the authorized signing officer of the corporation | 956 (519) 507-6937 — Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 1 Yes X 2 No ☐

958 Name in block letters 959 Telephone number

## Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

*Privacy Act*, Personal Information Bank number CRA PPU 047

# Schedule of Instalment Remittances

Name of corporation contact ______
Telephone number ______

| Effective interest date | Description (instalment remittance, split payment, assessed credit) | Amount of credit |
|---|---|---|
| | Instalments | 540,000 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 540,000 **A**

Total instalments credited to the taxation year per T9 540,000 **B**

## Transfer

| | Account number | Taxation year end | Amount | Effective interest date | Description |
|---|---|---|---|---|---|
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |
| From: | | | | | |
| To: | | | | | |

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 100**

Form identifier 100

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Balance sheet information

| Account | Description | GIFI | | Current year | Prior year |
|---|---|---|---|---|---|
| | **Assets** | | | | |
| | Total current assets | 1599 | + | 13,008,749 | 13,882,447 |
| | Total tangible capital assets | 2008 | + | 47,245,691 | 44,009,695 |
| | Total accumulated amortization of tangible capital assets | 2009 | – | 17,079,279 | 15,334,485 |
| | Total intangible capital assets | 2178 | + | 2,214,322 | 2,214,322 |
| | Total accumulated amortization of intangible capital assets | 2179 | – | | |
| | Total long-term assets | 2589 | + | 6,918,524 | 4,202,709 |
| | * Assets held in trust | 2590 | + | | |
| | **Total assets** (mandatory field) | 2599 | = | 52,308,007 | 48,974,688 |
| | **Liabilities** | | | | |
| | Total current liabilities | 3139 | + | 10,082,175 | 7,460,521 |
| | Total long-term liabilities | 3450 | + | 17,103,574 | 16,522,696 |
| | * Subordinated debt | 3460 | + | | |
| | * Amounts held in trust | 3470 | + | | |
| | **Total liabilities** (mandatory field) | 3499 | = | 27,185,749 | 23,983,217 |
| | **Shareholder equity** | | | | |
| | **Total shareholder equity** (mandatory field) | 3620 | + | 25,122,258 | 24,991,471 |
| | **Total liabilities and shareholder equity** | 3640 | = | 52,308,007 | 48,974,688 |
| | **Retained earnings** | | | | |
| | **Retained earnings/deficit – end** (mandatory field) | 3849 | = | 6,853,661 | 6,715,363 |

* Generic item

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Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 125**

Form identifier 125

# GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Income statement information

| Description | GIFI | |
|---|---|---|
| Operating name | 0001 | |
| Description of the operation | 0002 | |
| Sequence Number | 0003 | 01 |

| Account | Description | GIFI | | Current year | Prior year |
|---|---|---|---|---|---|
| | **Income statement information** | | | | |
| | Total sales of goods and services | 8089 | + | 46,057,857 | 45,988,102 |
| | Cost of sales | 8518 | – | 44,913,335 | 43,866,920 |
| | **Gross profit/loss** | 8519 | = | 1,144,522 | 2,121,182 |
| | Cost of sales | 8518 | + | 44,913,335 | 43,866,920 |
| | Total operating expenses | 9367 | + | | |
| | **Total expenses** (mandatory field) | 9368 | = | 44,913,335 | 43,866,920 |
| | Total revenue (mandatory field) | 8299 | + | 46,057,857 | 45,988,102 |
| | Total expenses (mandatory field) | 9368 | – | 44,913,335 | 43,866,920 |
| | **Net non-farming income** | 9369 | = | 1,144,522 | 2,121,182 |
| | **Farming income statement information** | | | | |
| | Total farm revenue (mandatory field) | 9659 | + | | |
| | Total farm expenses (mandatory field) | 9898 | – | | |
| | **Net farm income** | 9899 | = | | |
| | **Net income/loss before taxes and extraordinary items** | 9970 | = | 1,144,522 | 2,121,182 |
| | **Total other comprehensive income** | 9998 | = | | |
| | **Extraordinary items and income (linked to Schedule 140)** | | | | |
| | Extraordinary item(s) | 9975 | – | | |
| | Legal settlements | 9976 | – | | |
| | Unrealized gains/losses | 9980 | + | | |
| | Unusual items | 9985 | – | | |
| | Current income taxes | 9990 | – | 501,000 | 478,000 |
| | Deferred income tax provision | 9995 | – | -280,000 | -175,000 |
| | Total – Other comprehensive income | 9998 | + | | |
| | **Net income/loss after taxes and extraordinary items** (mandatory field) | 9999 | = | 923,522 | 1,818,182 |

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency / Agence du revenu du Canada

**SCHEDULE 141**

# NOTES CHECKLIST

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.

## Part 1 – Information on the accountant who prepared or reported on the financial statements

| | Line | 1 Yes | 2 No |
|---|---|---|---|
| Does the accountant have a professional designation? | 095 | X | |
| Is the accountant connected* with the corporation? | 097 | | X |

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

**Note:** If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

## 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 | 1 | X |
| Completed a review engagement report | 2 | |
| Conducted a compilation engagement | 3 | |

## Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement with the financial statements** above, answer the following question:

| | Line | 1 Yes | 2 No |
|---|---|---|---|
| Has the accountant expressed a reservation? | 099 | | X |

## Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options:

| | 110 | |
|---|---|---|
| Prepared the tax return (financial statements prepared by client) | 1 | |
| Prepared the tax return and the financial information contained therein (financial statements have not been prepared) | 2 | |

| | Line | 1 Yes | 2 No |
|---|---|---|---|
| Were notes to the financial statements prepared? | 101 | X | |

If **yes**, complete lines 104 to 107 below:

| | Line | 1 Yes | 2 No |
|---|---|---|---|
| Are subsequent events mentioned in the notes? | 104 | | X |
| Is re-evaluation of asset information mentioned in the notes? | 105 | | X |
| Is contingent liability information mentioned in the notes? | 106 | X | |
| Is information regarding commitments mentioned in the notes? | 107 | | X |
| Does the corporation have investments in joint venture(s) or partnership(s)? | 108 | | X |

## Part 4 – Other information (continued)

**Impairment and fair value changes**

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or 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) |
|---|---|---|---|---|
| Property, plant, and equipment | 210 | | 211 | |
| Intangible 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) during the tax year? . . . . . 250 1 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 the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

**Adjustments to opening equity**

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 1 Yes [ ] 2 No [X]

If **yes**, you have to maintain a separate reconciliation.

**SCHEDULE 100**

## GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

### Assets – lines 1000 to 2599

| | | | | | |
|---|---|---|---|---|---|
| 1001 | 5,846,690 | 1060 | 2,450,997 | 1066 | 67,012 |
| 1120 | 43,100 | 1480 | 4,281,239 | 1484 | 319,711 |
| 1599 | 13,008,749 | 1900 | 47,245,691 | 1901 | -17,079,279 |
| 2008 | 47,245,691 | 2009 | -17,079,279 | 2012 | 2,214,322 |
| 2178 | 2,214,322 | 2300 | 12,663 | 2420 | 6,525,861 |
| 2421 | 380,000 | 2589 | 6,918,524 | 2599 | 52,308,007 |

### Liabilities – lines 2600 to 3499

| | | | | | |
|---|---|---|---|---|---|
| 2620 | 8,396,930 | 2920 | 587,764 | 2961 | 1,097,481 |
| 3139 | 10,082,175 | 3240 | 144,000 | 3262 | 14,463,668 |
| 3320 | 2,495,906 | 3450 | 17,103,574 | 3499 | 27,185,749 |

### Shareholder equity – lines 3500 to 3640

| | | | | | |
|---|---|---|---|---|---|
| 3500 | 18,269,168 | 3580 | -571 | 3600 | 6,853,661 |
| 3620 | 25,122,258 | 3640 | 52,308,007 | | |

### Retained earnings – lines 3660 to 3849

| | | | | | |
|---|---|---|---|---|---|
| 3660 | 6,715,363 | 3680 | 923,522 | 3700 | -785,224 |
| 3849 | 6,853,661 | | | | |

**SCHEDULE 125**

## GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

### Description

Sequence number ....... 0003 01

### Revenue – lines 8000 to 8299

| | | | | | |
|---|---|---|---|---|---|
| 8000 | 46,057,857 | 8089 | 46,057,857 | 8299 | 46,057,857 |

### Cost of sales – lines 8300 to 8519

| | | | | | |
|---|---|---|---|---|---|
| 8320 | 44,913,335 | 8518 | 44,913,335 | 8519 | 1,144,522 |

### Operating expenses – lines 8520 to 9369

| | | | |
|---|---|---|---|
| 9368 | 44,913,335 | 9369 | 1,144,522 |

### Farming revenue – lines 9370 to 9659

| | |
|---|---|
| 9659 | 0 |

### Farming expenses – lines 9660 to 9899

| | |
|---|---|
| 9898 | 0 |

### Extraordinary items and taxes – lines 9970 to 9999

| | | | | | |
|---|---|---|---|---|---|
| 9970 | 1,144,522 | 9990 | 501,000 | 9995 | -280,000 |
| 9999 | 923,522 | | | | |

Canada Revenue Agency / Agence du revenu du Canada

# NET INCOME (LOSS) FOR INCOME TAX PURPOSES

**SCHEDULE 1**

| Corporation's name | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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 | | | | 923,522 | A |
| **Add:** | | | | | |
| Provision for income taxes – current | | 101 | 501,000 | | |
| Provision for income taxes – deferred | | 102 | -280,000 | | |
| Interest and penalties on taxes | | 103 | 83 | | |
| Amortization of tangible assets | | 104 | 2,010,837 | | |
| Loss on disposal of assets | | 111 | 6,110 | | |
| Charitable donations and gifts from Schedule 2 | | 112 | 19,553 | | |
| Deferred and prepaid expenses | | 116 | 2,392,676 | | |
| Non-deductible meals and entertainment expenses | | 121 | 4,527 | | |
| Subtotal of additions | | | 4,654,786 ▶ | 4,654,786 | |
| **Other additions:** | | | | | |
| **Miscellaneous other additions:** | | | | | |
| 600 Contingent Penalty Liability | | 290 | 160,000 | | |
| 603 Post retirement - end of year | 335,164 | | | | |
| Total | 335,164 | 293 | 335,164 | | |
| 604 Apprentice credits 2010 | 30,618 | | | | |
| Amortization of LTA | 36,393 | | | | |
| Swap Valuation 2010 | 1,761,722 | | | | |
| Total | 1,828,733 | 294 | 1,828,733 | | |
| Subtotal of other additions | | 199 | 2,323,897 ▶ | 2,323,897 | |
| **Total additions** | | 500 | 6,978,683 ▶ | 6,978,683 | |
| **Deduct:** | | | | | |
| Capital cost allowance from Schedule 8 | | 403 | 2,779,289 | | |
| Cumulative eligible capital deduction from Schedule 10 | | 405 | 66,281 | | |
| Subtotal of deductions | | | 2,845,570 ▶ | 2,845,570 | |
| **Other deductions:** | | | | | |
| **Miscellaneous other deductions:** | | | | | |
| 700 Capital tax recovered in f/s | | 390 | 9,185 | | |
| 701 Carrying charges and other expenses deducted for tax | | 391 | 1,753,170 | | |
| 703 Long term asset deductible for tax | 2,438 | | | | |
| Total | 2,438 | 393 | 2,438 | | |
| 704 Swap Valuation - prior year | 1,025,090 | | | | |
| Post retirement - beg of year | 346,753 | | | | |
| 2012 ATTC inlcuded in income | 21,781 | | | | |
| Total | 1,393,624 | 394 | 1,393,624 | | |
| Subtotal of other deductions | | 499 | 3,158,417 ▶ | 3,158,417 | |
| **Total deductions** | | 510 | 6,003,987 ▶ | 6,003,987 | |
| **Net income (loss) for income tax purposes** – enter on line 300 of the T2 return | | | | 1,898,218 | |

T2 SCH 1 E (10)

Canada

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 |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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*.

## Part 1 – Charitable donations

| Charity/Recipient | Amount ($100 or more only) |
|---|---|
| Various | 19,200 |
| Subtotal | 19,200 |
| **Add:** Total donations of less than $100 each | 353 |
| Total donations in current tax year | 19,553 |

| | Line | 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 | 240 | | | |
| **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) 210: 19,553 | | | | |
| Subtotal (line 250 **plus** line 210) | | 19,553 | 19,553 | 19,553 |
| **Deduct:** Adjustment for an acquisition of control (for donations made after March 22, 2004) | 255 | | | |
| Total charitable donations available | | 19,553 A | 19,553 | 19,553 |
| **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) | 260 | 19,553 | 19,553 | 19,553 |
| Charitable donations closing balance | 280 | | | |

* 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.

## Amounts carried forward – Charitable donations

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** (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 21st 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 % | | 1,423,664 | 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) | 227 | | D |
| The amount of the recapture of capital cost allowance in respect of charitable gifts | 230 | | |
| Proceeds of disposition, less outlays and expenses** | | | E |
| Capital cost** | | | F |
| Amount E or F, whichever is less | 235 | | |
| Amount on line 230 or 235, whichever is less | | | G |
| Subtotal (**add** amounts C, D, and G) | | | H |
| Amount H **multiplied** by 25 % | | | I |
| Subtotal (amount B **plus** amount I) | | 1,423,664 | J |
| **Maximum allowable deduction for charitable donations** (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less) | | 19,553 | 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 | 339 | | |
| 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* | 310 | | |
| Subtotal (line 350 **plus** line 310) | | | |
| **Deduct:** Adjustment for an acquisition of control (for gifts made after March 22, 2004) | 355 | | |
| 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). | 360 | | |
| Gifts to Canada, a province, or a territory closing balance | 380 | | |

* 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

| | Line | 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* | 439 | | | |
| 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 | 450 | | | |
| Total current-year gifts of certified cultural property | 410 | | | |
| Subtotal (line 450 **plus** line 410) | | | | |
| **Deduct:** Adjustment for an acquisition of control (for gifts made after March 22, 2004) | 455 | | | |
| 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 | 480 | | | |

* 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.

## Amount carried forward – Gifts of certified cultural property

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** | | | | |

* 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 5 – Gifts of certified ecologically sensitive land

| | Line | Federal | Québec | Alberta |
|---|---|---|---|---|
| Gifts of certified ecologically sensitive land at the end of the previous tax year | | | | |
| **Deduct:** Gifts of certified ecologically sensitive land expired after five tax years* | 539 | | | |
| Gifts of certified ecologically sensitive land at the beginning of the tax year | 540 | | | |
| **Add:** Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary | 550 | | | |
| Total 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) | 560 | | | |
| Gifts of certified ecologically sensitive land closing balance | 580 | | | |

* 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.

## Amounts carried forward – Gifts of certified ecologically sensitive land

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | 2002-05-06 | | | |
| 11th prior year | 2001-12-31 | | | |
| 12th prior year | 2000-12-31 | | | |
| 13th prior year | 1999-12-31 | | | |
| 14th prior year | 1998-12-31 | | | |
| 15th prior year | 1997-12-31 | | | |
| 16th prior year | 1996-12-31 | | | |
| 17th prior year | 1995-12-31 | | | |
| 18th prior year | 1994-12-31 | | | |
| 19th prior year | 1993-12-31 | | | |
| 20th prior year | 1992-12-31 | | | |
| 21st prior year* | 1991-12-31 | | | |
| **Total** | | | | |

* 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 for gifts of medicine

| | | Federal | | Québec | | Alberta | |
|---|---|---|---|---|---|---|---|
| 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 | 639 | | | | | | |
| Additional deduction for gifts of medicine at the beginning of the tax year | 640 | | | | | | |
| **Add:** Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary | 650 | | | | | | |
| Additional deduction for gifts of medicine for the current year: | | | | | | | |
| Proceeds of disposition | 602 | | 1 | | 1 | | 1 |
| Cost of gifts of medicine | 601 | | 2 | | 2 | | 2 |
| Subtotal (line 1 **minus** line 2) | | | 3 | | 3 | | 3 |
| Line 3 **multiplied** by 50 % | | | 4 | | 4 | | 4 |
| Eligible amount of gifts | 600 | | 5 | | 5 | | 5 |

Federal

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for the current year **610** ______

Québec

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for the current year ______

Alberta

A ______ x ( B ______ / C ) = Additional deduction for gifts of medicine for 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)

| | | Federal | Québec | Alberta |
|---|---|---|---|---|
| Subtotal (line 650 **plus** line 610) | | | | |
| **Deduct:** Adjustment for an acquisition of control | 655 | | | |
| 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 | 680 | | | |

## Amounts carried forward – Additional deduction for gifts of medicine

| Year of origin: | | Federal | Québec | Alberta |
|---|---|---|---|---|
| 1st prior year | 2010-12-31 | | | |
| 2nd 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 | | | |
| **Total** | | | | |

* These donations expired in the current year.

## Québec – Gifts of musical instruments

| | | |
|---|---|---|
| Gifts of musical instruments at the end of the previous tax year | | A |
| **Deduct:** Gifts of musical instruments expired after twenty tax years | | B |
| Gifts of musical instruments at the beginning of the tax year | | C |
| **Add:** | | |
| Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary | | D |
| Total current-year gifts of musical instruments | | E |
| Subtotal (line D **plus** line E) | | F |
| **Deduct:** Adjustment for an acquisition of control | | G |
| Total gifts of musical instruments available | | H |
| **Deduct:** Amount applied against taxable income | | I |
| Gifts of musical instruments closing balance | | J |

## Amounts carried forward – Gifts of musical instruments

| Year of origin: | | Québec |
|---|---|---|
| 1st prior year | 2010-12-31 | |
| 2nd 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 | 2002-05-06 | |
| 11th prior year | 2001-12-31 | |
| 12th prior year | 2000-12-31 | |
| 13th prior year | 1999-12-31 | |
| 14th prior year | 1998-12-31 | |
| 15th prior year | 1997-12-31 | |
| 16th prior year | 1996-12-31 | |
| 17th prior year | 1995-12-31 | |
| 18th prior year | 1994-12-31 | |
| 19th prior year | 1993-12-31 | |
| 20th prior year | 1992-12-31 | |
| 21st prior year* | 1991-12-31 | |
| **Total** | | |

* These gifts expired in the current year.

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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 |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

## Part 1 – Dividends received in the tax year

**Do not include dividends received from foreign non-affiliates.**

| | | Complete if payer corporation is connected | | | |
|---|---|---|---|---|---|
| Name of payer corporation (from which the corporation received the dividend) 200 | A | B Enter 1 if payer corporation is connected 205 | C Business Number of connected corporation 210 | 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/MM/DD 220 | E Non-taxable dividend under section 83 230 |
| | | | | | |
| | | | | **Total** (enter on line 402 of Schedule 1) | |

**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.

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

**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 connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

## Part 2 – Calculation of Part IV tax payable

| | | | |
|---|---|---|---|
| Part IV tax before deductions (amount J in Part 1) | | | |
| **Deduct:** | | | |
| Part IV.I tax payable on dividends subject to Part IV tax | | 320 | |
| | | Subtotal | |
| **Deduct:** | | | |
| Current-year non-capital loss claimed to reduce Part IV tax | 330 | | |
| Non-capital losses from previous years claimed to reduce Part IV tax | 335 | | |
| Current-year farm loss claimed to reduce Part IV tax | 340 | | |
| Farm losses from previous years claimed to reduce Part IV tax | 345 | | |
| Total losses 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 paid in the tax year that qualify for a dividend refund

| | A<br>Name of connected recipient corporation<br>400 | B<br>Business Number<br>410 | C<br>Tax year end of connected recipient corporation in which the dividends in column D were received<br>YYYY/MM/DD<br>420 | D<br>Taxable dividends paid to connected corporations<br>430 | D1<br>Eligible dividends (included in column D) |
|---|---|---|---|---|---|
| 1 | The Corporation of the Municipality of Brockton | 88070 7625 RC0001 | 2011-12-31 | 99,008 | |
| 2 | The Corporation of the Town of Hanover | 10812 6947 RC0001 | 2011-12-31 | 118,489 | |
| 3 | The Corporation of the Municipality of Kincardine | 87830 9020 RC0001 | 2011-12-31 | 105,824 | |
| 4 | The Corporation of the Town of Saugeen Shores | 87894 8629 RC0001 | 2011-12-31 | 196,147 | |

**Note**

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

**Total** 519,468

| | | |
|---|---|---|
| Total taxable dividends paid in the tax year to other than connected corporations | 450 | 265,756 |
| Eligible dividends (included in line 450) | 450a | |
| Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column D above **plus** line 450) | 460 | 785,224 |

## Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460 above) is different from the total dividends paid in the tax year.

| | | | |
|---|---|---|---|
| Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) | | | 785,224 |
| Other dividends paid in the tax year (total of 510 to 540) | | | |
| Total dividends paid in the tax year | | 500 | 785,224 |
| **Deduct:** | | | |
| Dividends paid out of capital dividend account | 510 | | |
| Capital gains dividends | 520 | | |
| 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 | | |
| Subtotal | | ► | |
| Total taxable dividends paid in the tax year that qualify for a dividend refund | | | 785,224 |

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**SCHEDULE 5**

# TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

| Corporation's name | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

## Part 1 – Allocation of taxable income

**100** ______ Enter the regulation that applies (402 to 413).

| A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. * | | B Total salaries and wages paid in jurisdiction | C (B x taxable income**) / 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 | 021 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 H | | |

* "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.

**Notes:**

1. 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.

## Part 2 – Ontario tax payable, tax credits, and rebates

| Total taxable income | Income eligible for small business deduction | Provincial or territorial allocation of taxable income | Provincial or territorial tax payable before credits |
|---|---|---|---|
| 1,878,665 | | 1,878,665 | 184,464 |

| | Line | Amount | | Total | |
|---|---|---|---|---|---|
| **Ontario basic income tax** (from Schedule 500) | 270 | 220,704 | | | |
| **Deduct:** Ontario small business deduction (from schedule 500) | 402 | 36,240 | | | |
| Subtotal | | 184,464 | ► | 184,464 | A6 |
| **Add:** | | | | | |
| Surtax re Ontario small business deduction (from Schedule 500) | 272 | | | | |
| Ontario additional tax re Crown royalties (from Schedule 504) | 274 | | | | |
| Ontario transitional tax debits (from Schedule 506) | 276 | | | | |
| Recapture of Ontario research and development tax credit (from Schedule 508) | 277 | | | | |
| Subtotal | | | ► | | B6 |
| Subtotal (amount A6 **plus** amount B6) | | | | 184,464 | C6 |
| **Deduct:** | | | | | |
| Ontario resource tax credit (from Schedule 504) | 404 | | | | |
| Ontario tax credit for manufacturing and processing (from Schedule 502) | 406 | | | | |
| Ontario foreign tax credit (from Schedule 21) | 408 | | | | |
| Ontario credit union tax reduction (from Schedule 500) | 410 | | | | |
| Ontario transitional tax credits (from Schedule 506) | 414 | | | | |
| Ontario political contributions tax credit (from Schedule 525) | 415 | | | | |
| Subtotal | | | ► | | D6 |
| Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") | | | | 184,464 | E6 |
| **Deduct:** Ontario research and development tax credit (from Schedule 508) | | | 416 | | |
| Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416) (if negative, enter "0") | | | | 184,464 | F6 |
| **Deduct:** Ontario corporate minimum tax credit (from schedule 510) | | | 418 | | |
| Ontario corporate income tax payable (amount F6 **minus** amount on line 418) (if negative, enter "0") | | | | 184,464 | G6 |
| **Add:** | | | | | |
| Ontario corporate minimum tax (from Schedule 510) | 278 | | | | |
| Ontario special additional tax on life insurance corporations (from Schedule 512) | 280 | | | | |
| Ontario capital tax (from Schedule 514 or Schedule 515, whichever applies) | 282 | | | | |
| Subtotal | | | ► | | H6 |
| Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) | | | | 184,464 | I6 |
| **Deduct:** | | | | | |
| Ontario qualifying environmental trust tax credit | 450 | | | | |
| Ontario co-operative education tax credit (from Schedule 550) | 452 | | | | |
| Ontario apprenticeship training tax credit (from Schedule 552) | 454 | 17,781 | | | |
| Ontario computer animation and special effects tax credit (from Schedule 554) | 456 | | | | |
| Ontario film and television tax credit (from Schedule 556) | 458 | | | | |
| Ontario production services tax credit (from Schedule 558) | 460 | | | | |
| Ontario interactive digital media tax credit (from Schedule 560) | 462 | | | | |
| Ontario sound recording tax credit (from Schedule 562) | 464 | | | | |
| Ontario book publishing tax credit (from Schedule 564) | 466 | | | | |
| Ontario innovation tax credit (from Schedule 566) | 468 | | | | |
| Ontario business-research institute tax credit (from Schedule 568) | 470 | | | | |
| Other Ontario tax credits | | | | | |
| Subtotal | | 17,781 | ► | 17,781 | J6 |
| **Net Ontario tax payable or refundable credit** (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255. | | | 290 | 166,683 | K6 |

## Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

| | | |
|---|---|---|
| **Net provincial and territorial tax payable or refundable credits** | 255 | 166,683 |

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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**SCHEDULE 8**

# CAPITAL COST ALLOWANCE (CCA)

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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<br>Class number (See Note)<br>**200** | Description | 2<br>Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)<br>**201** | 3<br>Cost of acquisitions during the year (new property must be available for use)*<br>**203** | 4<br>Net adjustments**<br>**205** | 5<br>Proceeds of dispositions during the year (amount not to exceed the capital cost)<br>**207** | 6<br>50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***<br>**211** | 7<br>Reduced undepreciated capital cost | 8<br>CCA rate % ****<br>**212** | 9<br>Recapture of capital cost allowance (line 107 of Schedule 1)<br>**213** | 10<br>Terminal loss (line 404 of Schedule 1)<br>**215** | 11<br>Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) *****<br>**217** | 12<br>Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11)<br>**220** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1 | | 10,203,615 | | | 0 | | 10,203,615 | 4 | 0 | 0 | 408,145 | 9,795,470 |
| 2. | 1b | | 1,968,877 | | | 0 | | 1,968,877 | 6 | 0 | 0 | 118,133 | 1,850,744 |
| 3. | 2 | | 4,908,672 | | | 0 | | 4,908,672 | 6 | 0 | 0 | 294,520 | 4,614,152 |
| 4. | 8 | | 2,553,930 | 800,694 | | 2,600 | 399,047 | 2,952,977 | 20 | 0 | 0 | 590,595 | 2,761,429 |
| 5. | 8 | WPSI | 163,735 | | | 0 | | 163,735 | 20 | 0 | 0 | 32,747 | 130,988 |
| 6. | 10 | WPSI | 430,277 | 284,250 | | 19,875 | 132,188 | 562,464 | 30 | 0 | 0 | 168,739 | 525,913 |
| 7. | 12 | WPSI | 52,166 | 303,031 | | 0 | 151,516 | 203,681 | 100 | 0 | 0 | 203,681 | 151,516 |
| 8. | 45 | WPSI | 2,672 | | | 0 | | 2,672 | 45 | 0 | 0 | 1,202 | 1,470 |
| 9. | 47 | | 10,328,614 | 2,966,691 | | 5,160 | 1,480,766 | 11,809,379 | 8 | 0 | 0 | 944,750 | 12,345,395 |
| 10. | 50 | WPSI | 7,812 | 45,385 | | 0 | 22,693 | 30,504 | 55 | 0 | 0 | 16,777 | 36,420 |
| | | **Totals** | 30,620,370 | 4,400,051 | | 27,635 | 2,186,210 | 32,806,576 | | | | 2,779,289 | 32,213,497 |

**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 straignt-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.

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**SCHEDULE 10**

# CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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

**Cumulative eligible capital - Balance at the end of the preceding taxation year** (if negative, enter "0") **200** 946,865 A

**Add:** Cost of eligible capital property acquired during the taxation year . . . . . . . . . . **222**

Other adjustments . . . . . . . . . . . . . . **226**

Subtotal (line 222 plus line 226) x 3 / 4 = B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 . . **228** x 1 / 2 = C

amount B minus amount C (if negative, enter "0") ► D

Amount transferred on amalgamation or wind-up of subsidiary . . . . . . . . . . . . . . . . . . . . . . . . **224** E

Subtotal (add amounts A, D, and E) **230** 946,865 F

**Deduct:** Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year . . . . . . . **242** G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) . . . . . **244** H

Other adjustments . . . . . . . . . . . . . . . . . . . . . . . . . . **246** I

(add amounts G,H, and I) x 3 / 4 = **248** J

**Cumulative eligible capital balance** (amount F minus amount J) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 946,865 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **249**

amount K 946,865

**less** amount from line 249

**Current year deduction** . . . . . . . . . . . . . . 946,865 x 7.00 % = **250** 66,281 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 66,281 ► 66,281 L

**Cumulative eligible capital – Closing balance** (amount K minus amount L) (if negative, enter "0") . . . . . **300** 880,584 M

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

## Part 2 – Amount to be included in income arising from disposition

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

| | | | | | | |
|---|---|---|---|---|---|---|
| Amount from line K (show as positive amount) | | | | | | N |
| Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 | | | 400 | | 1 | |
| Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) | | | 401 | | 2 | |
| Total of CEC deductions claimed for taxation years beginning before July 1, 1988 | 402 | | 3 | | | |
| Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 | 408 | | 4 | | | |
| Line 3 minus line 4 (if negative, enter "0") | | | ▶ | | 5 | |
| Total of lines 1, 2 and 5 | | | | | 6 | |
| Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400 | | | 7 | | | |
| Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000 | | | 8 | | | |
| Subtotal (line 7 plus line 8) | 409 | | ▶ | | 9 | |
| Line 6 minus line 9 (if negative, enter "0") | | | | | ▶ | O |
| Line N minus line O (if negative, enter "0") | | | | | | P |
| Line 5 | | | | x 1 / 2 = | | Q |
| Line P minus line Q (if negative, enter "0") | | | | | | R |
| Amount R | | | | x 2 / 3 = | | S |
| Amount N or amount O, whichever is less | | | | | | T |
| **Amount to be included in income** (amount S plus amount T) (enter this amount on line 108 of Schedule 1) | | | | | 410 | |

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**SCHEDULE 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.
2. All legislative references on this schedule are to 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.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
   - qualified property (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.*
6. 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.
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.
6. 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 Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

## Part 1 – Investments, expenditures and percentages

| | Specified percentage |
|---|---|
| **Investments** | |
| Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region | 10 % |
| **Expenditures** | |
| If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion 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 limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate. | |
| If you are a corporation that is not a CCPC that incurred qualified expenditures for SR&ED in any area in Canada | 20 % |
| If 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 employment | 10 % |
| If 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

Is the corporation a qualifying corporation? . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and the taxable income (before any loss carrybacks) for its previous tax year cannot be more than its qualifying income limit for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

**Note:** A CCPC calculating a refundable ITC, 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 both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

## Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

Is 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)? . . . **102** 1 Yes [ ] 2 No [X]

Contributions to agricultural organizations for SR&ED . . . **103** ______

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.

# QUALIFIED PROPERTY

## Part 4 – Eligible investments for qualified property from the current tax year

| | CCA* class number 105 | Description of investment 110 | Date available for use 115 | Location used (province or territory) 120 | Amount of investment 125 |
|---|---|---|---|---|---|
| 1. | | | | | |

*CCA: capital cost allowance

**Total investment –** enter in formula on line 240 in Part 5

## Part 5 – Calculation of current-year credit and account balances – ITC from investments in qualified property

ITC at the end of the previous tax year

**Deduct:**

Credit deemed as a remittance of co-op corporations 210

Credit expired 215

Subtotal ▶

ITC at the beginning of the tax year 220

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Total current-year credit: total of column 125 x 10 % = 240

Credit allocated from a partnership 250

Subtotal ▶

Total credit available

**Deduct:**

Credit deducted from Part I tax (enter on line B1 in Part 30) 260

Credit carried back to the previous year(s) (from Part 6) A

Credit transferred to offset Part VII tax liability 280

Subtotal ▶

Credit balance before refund B

**Deduct:**

Refund of credit claimed on investments from qualified property (from Part 7) 310

**ITC closing balance of investments from qualified property** 320

## Part 6 – Request for carryback of credit from investments in qualified property

| | Year | Month | Day | | |
|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied 901 | |
| 2nd previous tax year | | | | Credit to be applied 902 | |
| 3rd previous tax year | | | | Credit to be applied 903 | |

**Total** (enter on line A in Part 5)

## Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) C

Credit balance before refund (amount B from Part 5) D

**Refund** ( 40 % of amount C or D, whichever is less) E

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

# 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) | | ► 350 | |
| Capital expenditures (from line 558 on Form T661) | | 360 | |
| Repayments made in the year (from line 560 on Form T661) | | 370 | |
| **Total** (this must equal the amount from line 570 on Form T661)* | | 380 | |

* 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.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? 385 1 Yes [ ] 2 No [X]

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). | | 390 | 1,708,046 |
| Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million. | 42,540,872 | 398 | 32,540,872 |

* 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** (10**A**)) 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.

Amount A ______ Amount B ______

**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:**

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 . . . . . . . . . . . . . . . . . . . . . **400** ______ H*

**Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:**

Line G or H ______ x Number of days in the tax year 365 / 365 = . . . . . . . . . . . . ______ I

**Your SR&ED expenditure limit for the year** (enter the amount from line G, H, or I, whichever applies) . . . . . . . . . . . . **410** ______

* Amount G or H cannot be more than $3,000,000.

## Part 11 – Calculation of investment tax credits on SR&ED expenditures

| | | | | | | |
|---|---|---|---|---|---|---|
| Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)* | 420 | | x | 35 % | = | J |
| Line 350 minus line 410 (if negative, enter "0") | 430 | | x | 20 % | = | K |
| Line 410 minus line 350 (if negative, enter "0") | | | L | | | |
| Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above* | 440 | | x | 35 % | = | M |
| Line 360 minus line L (if negative, enter "0") | 450 | | x | 20 % | = | N |

**Repayments** (amount from line 370 in Part 8)

| | | | | | | |
|---|---|---|---|---|---|---|
| If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate. | 460 | | x | 35 % | = | |
| | 480 | | x | 20 % | = | |
| | | | | Total | | ▶ O |

**Current-year SR&ED ITC** (total of lines J, K, M, N, and O; enter on line 540 in Part 12)

* 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 | 510 | | |
| Credit expired | 515 | | |
| Subtotal | | ▶ | |
| ITC at the beginning of the tax year | | 520 | |
| **Add:** | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 530 | | |
| Total current-year credit | 540 | | |
| Credit allocated from a partnership | 550 | | |
| Subtotal | | ▶ | |
| Total credit available | | | |
| **Deduct:** | | | |
| Credit deducted from Part I tax (enter on line B2 in Part 30) | 560 | | |
| Credit carried back to the previous year(s) (from Part 13) | | P | |
| Credit transferred to offset Part VII tax liability | 580 | | |
| Subtotal | | ▶ | |
| Credit balance before refund | | | Q |
| **Deduct:** | | | |
| Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies) | | 610 | |
| **ITC closing balance on SR&ED** | | 620 | |

## Part 13 – Request for carryback of credit from SR&ED expenditures

| | Year | Month | Day | | | |
|---|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | 911 | |
| 2nd previous tax year | | | | Credit to be applied | 912 | |
| 3rd previous tax year | | | | Credit to be applied | 913 | |
| | | | | **Total** (enter on line P in Part 12) | | |

## 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)? . . . . . **650** 1 Yes [ ] 2 No [X]

| | | | | |
|---|---|---|---|---|
| Credit balance before refund (amount Q from Part 12) | | R | | |
| Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11) | | S | | |
| Refundable credits (amount R or S, whichever is less)* | | | | T |
| Amount J from Part 11 | | U | | |
| **Subtract:** Amount T or U, whichever is less | | | | V |
| Net amount (if negative, enter "0") | | | | W |
| Amount W ____ x 40 % | | | | X |
| **Add:** Amount V | | | | Y |
| **Refund of ITC** (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12) | | | | Z |

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount 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 | | BB | | |
| **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.

**Calculation 1 – If you meet all of the above conditions**

| | Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above **700** | 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) **710** | Amount from column 700 or 710, whichever is less |
|---|---|---|---|
| 1. | | | |

**Subtotal** (enter this amount on line LL in Part 17) ____________ II

**Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at line JJ in Part 16.**

| | A<br>Rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720** | B<br>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 **730** | C<br>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.) **740** |
|---|---|---|---|
| 1. | | | |

**Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line JJ below.**

| | D<br>Amount determined by the formula (A x B) – C | E<br>ITC earned by the transferee for the qualified expenditures that were transferred **750** | F<br>Amount from column D or E, whichever is less |
|---|---|---|---|
| 1. | | | |

**Subtotal** (enter this amount on line MM in Part 17) ____________ JJ

**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 amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have 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 KK below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line NN in Part 17) **760** ____________ KK

## 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 | | MM |
| Recaptured ITC for calculation 3 from line KK in Part 16 above | | NN |
| **Total recapture of SR&ED investment tax credit** – Add lines LL, MM and NN | | OO |

Enter amount OO at line A1 in Part 29.

## PRE-PRODUCTION MINING

## Part 18 – Pre-production mining expenditures

**Exploration information**

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

| | List of minerals 800 |
|---|---|
| 1. | |

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there is no mineral title, identify the project and mining division only.

| | Project name 805 | Mineral title 806 | Mining division 807 |
|---|---|---|---|
| 1. | | | |

**Pre-production mining expenditures ***

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

| | | | |
|---|---|---|---|
| Prospecting | 810 | | PP |
| Geological, geophysical, or geochemical surveys | 811 | | QQ |
| Drilling by rotary, diamond, percussion, or other methods | 812 | | RR |
| Trenching, digging test pits, and preliminary sampling | 813 | | SS |

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

| | | | |
|---|---|---|---|
| Clearing, removing overburden, and stripping | 820 | | 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 825 | Amount 826 |
|---|---|---|
| 1. | | |

| | | | |
|---|---|---|---|
| Add amounts at column 826 | ▶ | | VV |
| Total pre-production mining expenditures (add amounts PP to VV) | 830 | | |
| **Deduct:** Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above | 832 | | |
| Excess (line 830 minus line 832) (if negative, enter "0") | | | WW |
| **Add**: Repayments of government and non-government assistance | 835 | | XX |
| **Pre-production mining expenditures** (amount WW plus amount XX) | | | YY |

* A pre-production mining expenditure is defined under subsection 127(9).

## Part 19 – Calculation of current-year credit and account balances – ITC from pre-production mining expenditures

| | | | | |
|---|---|---|---|---|
| ITC at the end of the previous tax year | | | | |
| **Deduct:** | | | | |
| Credit deemed as a remittance of co-op corporations | 841 | | | |
| Credit expired | 845 | | | |
| | Subtotal | | ▶ | |
| ITC at the beginning of the tax year | | | 850 | |
| **Add:** | | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | | | 860 | |
| Expenditures from line YY in Part 18: 870 ______ x 10 % = | | | 880 | |
| Total credit available | | | | |
| **Deduct:** | | | | |
| Credit deducted from Part I tax (enter on line B3 in Part 30) | 885 | | | |
| Credit carried back to the previous year(s) (from Part 20) | | CCC | | |
| | Subtotal | | ▶ | |
| **ITC closing balance from pre-production mining expenditures** | | | 890 | |

## Part 20 – Request for carryback of credit from pre-production mining expenditures

| | Year | Month | Day | | | |
|---|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | 921 | |
| 2nd previous tax year | | | | Credit to be applied | 922 | |
| 3rd previous tax year | | | | Credit to be applied | 923 | |
| | | | | **Total** (enter on line CCC in Part 19) | | |

### APPRENTICESHIP JOB CREATION

## Part 21 – Calculation of total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice. Attach additional schedules if more space is needed.

| | A<br>Contract number<br>(SIN or name of apprentice)<br>601 | B<br>Name of eligible trade<br>602 | C<br>Eligible salary and wages*<br>603 | D<br>Column C x 10 %<br>604 | E<br>Lesser of column D or $ 2,000<br>605 |
|---|---|---|---|---|---|
| 1. | Chas Thomas | Powerline worker | 51,457 | 5,146 | 2,000 |
| 2. | Allison Frook | Powerline worker | 40,537 | 4,054 | 2,000 |
| | | | | **Total current-year credit** (enter at line 640) | 4,000 |

* Net of any other government or non-government assistance received or to be received.

## Part 22 – Calculation of current-year credit and account balances – ITC from apprenticeship job creation expenditures

| | | | |
|---|---|---|---|
| ITC at the end of the previous tax year | | | |
| **Deduct:** | | | |
| Credit deemed as a remittance of co-op corporations | 612 | | |
| Credit expired after 20 tax years | 615 | | |
| | Subtotal | | ▶ |
| ITC at the beginning of the tax year | | 625 | |
| **Add:** | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 630 | | |
| ITC from repayment of assistance | 635 | | |
| Total current-year credit (total of column 605) | 640 | 4,000 | |
| Credit allocated from a partnership | 655 | | |
| | Subtotal | 4,000 ▶ | 4,000 |
| Total credit available | | | 4,000 |
| **Deduct:** | | | |
| Credit deducted from Part I tax (enter on line B4 in Part 30) | 660 | 4,000 | |
| Credit carried back to the previous year(s) (from Part 23) | | DDD | |
| | Subtotal | 4,000 ▶ | 4,000 |
| **ITC closing balance from apprenticeship job creation expenditures** | | 690 | |

## Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

| | Year | Month | Day | | | |
|---|---|---|---|---|---|---|
| 1st previous tax year | | | | Credit to be applied | 931 | |
| 2nd previous tax year | | | | Credit to be applied | 932 | |
| 3rd previous tax year | | | | Credit to be applied | 933 | |
| | | | | **Total** (enter on line DDD in Part 22) | | |

# CHILD CARE SPACES

## Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

### Cost of depreciable property from the current tax year

| | CCA* class number 665 | Description of investment 675 | Date available for use 685 | Amount of investment 695 |
|---|---|---|---|---|
| 1. | | | | |

| | | | |
|---|---|---|---|
| Total cost of depreciable property from the current tax year | 715 | | EEE |
| **Add:** Specified child care start-up expenditures from the current tax year | 705 | | FFF |
| Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) | | | GGG |
| **Deduct:** Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line GGG) | 725 | | HHH |
| Excess (amount GGG **minus** amount HHH) (if negative, enter "0") | | | III |
| **Add**: Repayments of government and non-government assistance | 735 | | JJJ |
| **Total eligible expenditures for child care spaces** (amount III **plus** amount JJJ) | 745 | | |

* CCA: capital cost allowance

## Part 25 – Calculation of current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

| | | | | | |
|---|---|---|---|---|---|
| Eligible expenditures (line 745) | | | x 25 % = | | KKK |
| Number of child care spaces | 755 | | x $ 10,000 = | | LLL |
| **ITC from child care spaces expenditures** (amount KKK or LLL, whichever is less) | | | | | MMM |

## Part 26 – Calculation of current-year credit and account balances – ITC from child care spaces expenditures

| | | | | |
|---|---|---|---|---|
| ITC at the end of the previous tax year | | | | |
| **Deduct:** | | | | |
| Credit deemed as a remittance of co-op corporations | 765 | | | |
| Credit expired after 20 tax years | 770 | | | |
| Subtotal | | | ▶ | |
| ITC at the beginning of the tax year | | | 775 | |
| **Add:** | | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 777 | | | |
| Total current-year credit (amount MMM above) | 780 | | | |
| Credit allocated from a partnership | 782 | | | |
| Subtotal | | | ▶ | |
| Total credit available | | | | |
| **Deduct:** | | | | |
| Credit deducted from Part I tax (enter on line B5 in Part 30) | 785 | | | |
| Credit carried back to the previous year(s) (from Part 27) | | | NNN | |
| Subtotal | | | ▶ | |
| **ITC closing balance from child care spaces expenditures** | | | 790 | |

## Part 27 – Request for carryback of credit from child care space expenditures

| | Year Month Day | | | |
|---|---|---|---|---|
| 1st previous tax year | 2010-12-31 | Credit to be applied | 941 | |
| 2nd previous tax year | 2009-12-31 | Credit to be applied | 942 | |
| 3rd previous tax year | 2008-12-31 | Credit to be applied | 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 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)) . . . . . . . . . . . . . . . . . . . . . . . . . . **792** ______ ZZZ

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 . . . . . . . . . . . . . . . . . . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ OOO

### 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. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ QQQ

## 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 |
| **Total recapture of investment tax credit** – Add lines A1 and A2<br>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 |
| ITC 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) | | B3 |
| ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) | 4,000 | 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)<br>Enter amount B6 at line 652 of the T2 return. | 4,000 | B6 |

*Privacy Act*, Personal Information Bank number CRA PPU 047

# Summary of Investment Tax Credit Carryovers

## Continuity 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) |
|---|---|---|---|---|
| 4,000 | 4,000 | | | |

**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 | | | | |
| 2002-05-06 | | | | * |
| 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 | | | | * |
| **Total** | | | | |

B+C+D+G **Total ITC utilized** 4,000

* 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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**SCHEDULE 50**

# SHAREHOLDER INFORMATION

| Name of corporation | Business Number | Tax year end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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.

| | Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100 | Business Number (If a corporation is not registered, enter "NR") 200 | Social insurance number 300 | Trust number 350 | Percentage common shares 400 | Percentage preferred shares 500 |
|---|---|---|---|---|---|---|
| | | Provide only one number per shareholder | | | | |
| 1 | The Corporation of the Municipality of Brockton | 88070 7625 RC0001 | | | 12.610 | |
| 2 | The Corporation of the Town of Hanover | 10812 6947 RC0001 | | | 15.090 | |
| 3 | The Corporation of the Municipality of Kincardine | 87830 9020 RC0001 | | | 13.480 | |
| 4 | The Corporation of the Town of Saugeen Shores | 87894 8629 RC0001 | | | 24.870 | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |



Canada

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**SCHEDULE 53**

# GENERAL RATE INCOME POOL (GRIP) CALCULATION

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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 I*ncome 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**

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . ☐ Yes ☒ No
2. 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 . . . . . 2006-12-31
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? . . . . . ☒ Yes ☐ No
   **If the answer to question 3 is yes, complete Part "GRIP addition for 2006".**

**Change in the type of corporation**

4. Was the corporation a CCPC during its preceding taxation year? . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . ☐ Yes ☒ No
   **If the answer to question 5 is yes, complete Part 4.**

**Amalgamation (first year of filing after amalgamation)**

6. Corporations that were formed as a result of an amalgamation . . . . . ☐ Yes ☒ No
   **If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.**
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . ☐ Yes ☐ No
   **If the answer to question 7 is yes, complete Part 4.**
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . ☐ Yes ☐ No
   **If the answer to question 8 is yes, complete Part 3.**

**Winding-up**

9. Corporations that wound-up a subsidiary . . . . . ☐ Yes ☒ No
   **If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.**
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    **If the answer to question 10 is yes, complete Part 4.**
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    **If the answer to question 11 is yes, complete Part 3.**

## Part 1 – Calculation of general rate income pool (GRIP)

| | | | | | |
|---|---|---|---|---|---|
| GRIP at the end of the previous tax year | | | **100** | 8,110,663 | A |
| Taxable income for the year (DICs enter "0") * | **110** | 1,878,665 | B | | |
| Income for the credit union deduction * (amount E in Part 3 of Schedule 17) **120** | | | | | |
| Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less * **130** | | | | | |
| For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * **140** | | | | | |
| 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** | 1,878,665 | | | |
| After-tax income (line 150 x general rate factor for the tax year ** 0.7 ) | | | **190** | 1,315,066 | D |
| Eligible dividends received in the tax year | **200** | | | | |
| Dividends deductible under section 113 received in the tax year | **210** | | | | |
| Subtotal (**add** lines 200 and 210) | | | ▶ | | E |
| GRIP addition: | | | | | |
| Becoming a CCPC (line PP from Part 4) | **220** | | | | |
| Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4) | **230** | | | | |
| Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4) | **240** | | | | |
| Subtotal (**add** lines 220, 230, and 240) | | | ▶ **290** | | F |
| Subtotal (**add** lines A, D, E, and F) | | | | 9,425,729 | G |
| Eligible dividends paid in the previous tax year | **300** | | | | |
| Excessive eligible dividend designations made in the previous tax year | **310** | | | | |

**Note:** If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.

| | | | | |
|---|---|---|---|---|
| Subtotal (line 300 **minus** line 310) | ▶ | | | H |
| GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative) | | **490** | 9,425,729 | |
| Total 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) | | **590** | 9,425,729 | |

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** 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 of the tax year 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 after 2011. 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

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

**First previous tax year** 2010-12-31

| | | | | |
|---|---|---|---|---|
| Taxable income before specified future tax consequences from the current tax year | | 1,708,046 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 | L1 | | | |
| Aggregate investment income (line 440 of the T2 return) | M1 | | | |
| Subtotal (**add** lines K1, L1, and M1) | ▶ | N1 | | |
| Subtotal (line J1 **minus** line N1) (if negative, enter "0") | | 1,708,046 | ▶ | 1,708,046 O1 |

## Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

| Future tax consequences that occur for the current year<br>Amount carried back from the current year to a prior year | | | | | |
|---|---|---|---|---|---|
| **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** |
| | | | | | |

Taxable income after specified future tax consequences . . . . . . . . P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . R1

Aggregate investment income (line 440 of the T2 return) . . . . . . . . . S1

Subtotal (**add** lines Q1, R1, and S1) ▶ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ▶ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") V1

**GRIP adjustment for specified future tax consequences to the first previous tax year**

(line V1 **multiplied by** the general rate factor for the tax year 0.7 ) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **500**

**Second previous tax year** 2009-12-31

Taxable income before specified future tax consequences from the current tax year . . . . . . . . . . . . . . . . . . . . . . . . . . . . 1,446,914 J2

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) . . . K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . L2

Aggregate investment income (line 440 of the T2 return) . . . . . . . . . M2

Subtotal (**add** lines K2, L2, and M2) ▶ N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") 1,446,914 ▶ 1,446,914 O2

| Future tax consequences that occur for the current year<br>Amount carried back from the current year to a prior year | | | | | |
|---|---|---|---|---|---|
| **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** |
| | | | | | |

Taxable income after specified future tax consequences . . . . . . . . P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . R2

Aggregate investment income (line 440 of the T2 return) . . . . . . . . . S2

Subtotal (**add** lines Q2, R2, and S2) ▶ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ▶ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") V2

**GRIP adjustment for specified future tax consequences to the second previous tax year**

(line V2 **multiplied by** the general rate factor for the tax year 0.7 ) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . **520**

## Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

**Third previous tax year** 2008-12-31

Taxable income before specified future tax consequences from the current tax year . . . . . 1,214,706 J3

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) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) . . . . . . . . . ______ M3

Subtotal (**add** lines K3, L3, and M3) ______ ▶ ______ N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 1,214,706 ▶ 1,214,706 O3

**Future tax consequences that occur for the current year**

Amount carried back from the current year to a prior year

| **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** |
|---|---|---|---|---|---|
| | | | | | |

Taxable income after specified future tax consequences . . . . . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . . . . . . ______ S3

Subtotal (**add** lines Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") ______ ▶ ______ U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") ______ V3

**GRIP 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") . . . . . . . . . . ______ W

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)

**nb. 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. 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 . . . . . . . . . . ______ AA

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) ______ ▶ ______ DD

**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) . . . . . . . . . . ______ EE

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
- line 240 for post-wind-up.

## 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** Corporation becoming a CCPC . . . . . . ☐ 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 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, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

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 not 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.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . . . ______ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . . . . . . . . . . ______ GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses . . . . . . . . . . ______
Net capital losses . . . . . . . . . . ______
Farm losses . . . . . . . . . . ______
Restricted farm losses . . . . . . . . . . ______
Limited partnership losses . . . . . . . . . . ______

Subtotal ______ ► ______ HH

Subtotal (**add** lines FF, GG, and HH) ______ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . . . ______ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . ______ KK

All the corporation's reserves deducted in its previous/last tax year . . . . . . . . . . . . . . . . . . . ______ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ______ NN

Subtotal (**add** lines JJ, KK, LL, MM, and NN) ______ ► ______ OO

**GRIP addition post-amalgamation or 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** (line II **minus** line OO) (if negative, enter "0") . . . . . . . . . . . . . . . . . . . . . . ______ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

## Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

| | | | | | | |
|---|---|---|---|---|---|---|
| 0.68 | x | number of days in the tax year before January 1, 2010 | | . . . . . . . . . . . = | | 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 | . . . . . . . . . . . = | 0.70000 | SS |
| | | number of days in the tax year | 365 | | | |
| 0.72 | x | number of days in the tax year after December 31, 2011 | | . . . . . . . . . . . = | | TT |
| | | number of days in the tax year | 365 | | | |

**General rate factor for the tax year** (total of lines QQ to TT) . . . . . . . . . . . . . . . . . . . . 0.70000 UU

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**SCHEDULE 55**

# PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 2011-12-31 |

**Do not use this area**

- 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.
- 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.
- Parts, subsections, and paragraphs mentioned in this schedule refer to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

## Part 1 – Canadian-controlled private corporations and deposit insurance corporations

| | | | | | |
|---|---|---|---|---|---|
| Taxable dividends paid in the tax year **not included** in Schedule 3 | | | | | |
| Taxable dividends paid in the tax year **included** in Schedule 3 | | 785,224 | | | |
| Total taxable dividends paid in the tax year | 100 | 785,224 | | | |
| Total eligible dividends paid in the tax year | | | 150 | | |
| GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0") | | | 160 | 9,425,729 | |
| Excessive eligible dividend designation (line 150 **minus** line 160) | | | | | A |
| **Part III.1 tax on excessive eligible dividend designations – CCPC or DIC *** (amount A **multiplied** by 20 %) | | | 190 | | |

Enter the amount from line 190 on line 710 of the T2 return.

## Part 2 – Other corporations

| | | | | | |
|---|---|---|---|---|---|
| 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 | 200 | | | | |
| Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54) | | | | | B |
| **Part III.1 tax on excessive eligible dividend designations – Other corporations *** (amount B **multiplied** by 20 %) | | | 290 | | |

Enter the amount from line 290 on line 710 of the T2 return.

* 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**.

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**SCHEDULE 500**

# ONTARIO CORPORATION TAX CALCULATION

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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 on this schedule 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*.

## Part 1 – Calculation of Ontario basic rate of tax for the year

| | | | | | | |
|---|---|---|---|---|---|---|
| Number of days in the tax year before July 1, 2010 / Number of days in the tax year | / 365 | x | 14.00 % | = | % | A1 |
| Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year | 181 / 365 | x | 12.00 % | = | 5.95068 % | A2 |
| Number of days in the tax year after June 30, 2011, and before July 1, 2012 / Number of days in the tax year | 184 / 365 | x | 11.50 % | = | 5.79726 % | A3 |
| Number of days in the tax year after June 30, 2012, and before July 1, 2013 / Number of days in the tax year | / 365 | x | 11.00 % | = | % | A4 |
| Number of days in the tax year after June 30, 2013 / Number of days in the tax year | / 365 | x | 10.00 % | = | % | A5 |

**Ontario basic rate of tax for the year** (total of rates A1 to A5) 11.74794 ▶ 11.74794 % A6

## Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 1,878,665 B

**Ontario basic income tax:** amount B **multiplied** by Ontario basic rate of tax for the year (rate A6 from Part 1) . . . . . . . . . . . . . 220,704 C

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 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

| | | | |
|---|---|---|---|
| Income from active business carried on in Canada (amount from line 400 of the T2 return) | | 1,898,218 | 1 |
| Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) | | 1,878,665 | 2 |
| Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) | 500,000 x 500,000 / 500,000 (line 4 on page 4 of the T2 return *) = | 500,000 | 3 |
| Enter the least of amounts 1, 2, and 3 | | 500,000 | D |
| Ontario domestic factor: Ontario taxable income ** / taxable income earned in all provinces and territories *** | 1,878,665.00 / 1,878,665 = | 1.00000 | E |

Amount D x amount E 500,000 a

Ontario taxable income (amount B from Part 2) 1,878,665 b

Ontario small business income (lesser of amount a and amount b) 500,000 F

| | | | | | | |
|---|---|---|---|---|---|---|
| Number of days in the tax year before July 1, 2010 / Number of days in the tax year | / 365 | x | 8.50 % | = | % | G1 |
| Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year | 181 / 365 | x | 7.50 % | = | 3.71918 % | G2 |
| Number of days in the tax year after June 30, 2011, and before July 1, 2012 / Number of days in the tax year | 184 / 365 | x | 7.00 % | = | 3.52877 % | G3 |
| Number of days in the tax year after June 30, 2012, and before July 1, 2013 / Number of days in the tax year | / 365 | x | 6.50 % | = | % | G4 |
| Number of days in the tax year after June 30, 2013 / Number of days in the tax year | / 365 | x | 5.50 % | = | % | G5 |

OSBD rate for the year (total of rates G1 to G5) 7.24795 % G6

**Ontario small business deduction**: amount F **multiplied** by OSBD rate for the year (rate G6) 36,240 H

Enter amount H on line 402 of Schedule 5.

* For 2011 and later tax years, enter the amount from line 410 of the T2 return on line 3 of this schedule.

** Enter amount B from Part 2.

*** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

## 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, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction*.

**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.

| | | | | |
|---|---|---|---|---|
| Adjusted taxable income * | | I | | |
| Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501) | | J | | |
| Aggregate adjusted taxable income (amount I **plus** amount J) | | ▶ | | K |
| **Deduct:** | | | | |
| Ontario business limit | | | 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 ______ / Number of days in the tax year 365 x 4.25 % = ______ % M

Amount L x % on line M = ______ N

Amount N ______ x Ontario small business income (amount F from Part 3) ______ / 500,000 500,000 = ______ O

**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) ______ / Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3) 7.24795 % 0.07248 = ______ R

**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

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 | | T | | |
| **Deduct:** | | | | |
| Ontario adjusted small business income (amount S from Part 5) | | U | | |
| Subtotal (amount T **minus** amount U) (if negative, enter "0") | | V | | |
| 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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**SCHEDULE 552**

# ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

| Name of corporation | Business Number | Tax year-end Year Month Day |
|---|---|---|
| Westario Power Inc. | 89276 4416 RC0003 | 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*.

## Part 1 – Corporate information (please print)

| 110 Name of person to contact for more information | 120 Telephone number including area code |
|---|---|
| Lisa Milne | (519) 507-6937 |

Is the claim filed for an ATTC earned through a partnership? * . . . . . . . . . . **150** 1 Yes [ ] 2 No [X]

If **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 . . . . . . . . . . **170** ________ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

## Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

## Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * . . . . . **300** 2,612,785

For eligible expenditures incurred before March 27, 2009:
– If line 300 is $400,000 or less, enter 30% on line 310.
– If line 300 is $600,000 or more, enter 25% on line 310.
– If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Specified percentage} = 30\,\% - \left[ 5\,\% \times \left( \frac{\text{amount on line 300} \;\textbf{minus}\; 400{,}000}{200{,}000} \right) \right]$$

**Specified percentage** . . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009:
– If line 300 is $400,000 or less, enter 45% on line 312.
– If line 300 is $600,000 or more, enter 35% on line 312.
– If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\,\% - \left[ 10\,\% \times \left( \frac{\text{amount on line 300} \;\textbf{minus}\; 400{,}000}{200{,}000} \right) \right]$$

**Specified percentage** . . . . . **312** 35.000 %

* 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 paid in the previous tax year by the predecessor corporations.

## Part 4 – Calculation of the Ontario apprenticeship training tax credit

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.

| | A Trade code **400** | B Apprenticeship program/ trade name **405** | C Name of apprentice **410** |
|---|---|---|---|
| 1. | 434a | Powerline Technician | Chas Thomas |
| 2. | 434a | Powerline Technician | Allison Frook |

| | D Original contract or training agreement number **420** | E Original registration date of apprenticeship contract or training agreement (see note 1 below) **425** | F Start date of employment as an apprentice in the tax year (see note 2 below) **430** | G End date of employment as an apprentice in the tax year (see note 3 below) **435** |
|---|---|---|---|---|
| 1. | PA3060 | 2008-05-14 | 2011-01-01 | 2011-12-31 |
| 2. | PA7923 | 2009-07-15 | 2011-01-01 | 2011-10-11 |

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)

| | H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) 441 | H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442 | H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440 | I Maximum credit amount for the tax year (see note 2 below) 445 |
|---|---|---|---|---|
| 1. | | 365 | 365 | 10,000 |
| 2. | | 284 | 284 | 7,781 |

| | J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451 | J2 Eligible expenditures after March 26, 2009 (see note 3 below) 452 | J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450 | K Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460 |
|---|---|---|---|---|
| 1. | | 51,457 | 51,457 | 18,010 |
| 2. | | 40,537 | 40,537 | 14,188 |

| | L ATTC on eligible expenditures (lesser of columns I and K) 470 | M ATTC on repayment of government assistance (see note 5 below) 480 | N ATTC for each apprentice (column L or column M, whichever applies) 490 |
|---|---|---|---|
| 1. | 10,000 | | 10,000 |
| 2. | 7,781 | | 7,781 |

**Ontario apprenticeship training tax credit** (total of amounts in column N) **500** 17,781 **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 ________ % = . . . . . . . . . . . . . . . . ________ **P**

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.

# Corporate Taxpayer Summary

## Corporate information

Corporation's name . . . . . . . . . . . . Westario Power Inc.

Taxation Year . . . . . . . . . . . . . . . 2011-01-01 to 2011-12-31

Jurisdiction . . . . . . . . . . . . . . . . Ontario

| BC | AB | SK | MB | ON | QC | NB | NS | NO | PE | NL | XO | YT | NT | NU | OC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | X | | | | | | | | | | | |

Corporation is associated . . . . . . . . N

Corporation is related . . . . . . . . . . . N

Number of associated corporations . . .

Type of corporation . . . . . . . . . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . . . . . . . . . . . . -67,337

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

## Summary of federal information

| | | |
|---|---|---|
| Net income | | 1,898,218 |
| Taxable income | | 1,878,665 |
| Donations | | 19,553 |
| Calculation of income from an active business carried on in Canada | | 1,898,218 |
| Dividends paid | | 785,224 |
| Dividends paid – Regular | 785,224 | |
| Dividends paid – Eligible | | |
| Balance of the low rate income pool at the end of the previous year | | |
| Balance of the low rate income pool at the end of the year | | |
| Balance of the general rate income pool at the end of the previous year | | 8,110,663 |
| Balance of the general rate income pool at the end of the year | | 9,425,729 |
| Part I tax (base amount) | | 713,893 |

| Credits against part I tax | | Summary of tax | | Refunds/credits | |
|---|---|---|---|---|---|
| Small business deduction | | Part I | 305,980 | ITC refund | |
| M&P deduction | | Part IV | | Dividends refund | |
| Foreign tax credit | | Part III.1 | | Instalments | 540,000 |
| Investment tax credits | 4,000 | Other* | | Surtax credit | |
| Abatement/Other* | 403,913 | Provincial or territorial tax | 166,683 | Other* | |

**Balance due/refund (–)** -67,337

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

## Summary of federal carryforward/carryback information

**Carryforward balances**

| | |
|---|---|
| Unused surtax credit (Schedule 37) | 14,454 |
| Capital dividend amount | 16,614 |
| Cumulative eligible capital | 880,584 |

## Summary of provincial information – provincial income tax payable

| | Ontario | Québec (CO-17) | Alberta (AT1) |
|---|---|---|---|
| Net income | 1,898,218 | | |
| Taxable income | 1,878,665 | | |
| % Allocation | 100.00 | | |
| Attributed taxable income | 1,878,665 | | |
| Surtax | | N/A | N/A |
| Tax payable before deduction* | 220,704 | | |
| Deductions and credits | 36,240 | | |
| Net tax payable | 184,464 | | |
| Attributed taxable capital | | | N/A |
| Capital tax payable** | | | N/A |
| Total tax payable*** | 184,464 | | |
| Instalments and refundable credits | 17,781 | | |
| Balance due/Refund (-) | 166,683 | | |

* For Québec, this includes special taxes and logging operations.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

## Summary – taxable capital

**Federal**

| Corporate name | Taxable capital used to calculate the business limit reduction (T2, line 415) | Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49) | Taxable capital used to calculate line 233 of the T2 return | Taxable capital used to calculate line 234 of the T2 return |
|---|---|---|---|---|
| Westario Power Inc. | 42,540,872 | 42,540,872 | 25,122,829 | 25,122,829 |
| Total | 42,540,872 | 42,540,872 | 25,122,829 | 25,122,829 |

**Québec**

| Corporate name | Paid-up capital used to calculate the deduction relating to income-averaging for forest producers (CO-726.30) | Paid-up capital used to calculate the exemption for small and medium-sized manufacturing businesses (CO-737.18.18) | Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) | Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) | Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E) |
|---|---|---|---|---|---|
| | | | | | |
| Total | | | | | |

**Ontario**

| Corporate name | Taxable capital used to calculate the capital deduction – Ontario capital tax on financial institutions (Schedule 514) | Taxable capital used to calculate the capital deduction – Ontario capital tax on other than financial institutions (Schedule 515) | Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566) |
|---|---|---|---|
| | | | |
| Total | | | |

**Other provinces**

| Corporate name | Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306) | Taxable capital used to calculate the Nova Scotia capital deduction on large corporations (Schedule 343) | Net paid up capital – BC capital tax on financial institutions (FIN 689) | BC paid up capital – BC capital tax on financial institutions (FIN 689) |
|---|---|---|---|---|
| | | | | |
| Total | | | | |

# Five-Year Comparative Summary

## Federal information (T2)

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Taxation year end | 2011-12-31 | 2010-12-31 | 2009-12-31 | 2008-12-31 | 2007-12-31 |
| Net income | 1,898,218 | 1,738,550 | 1,454,214 | 1,219,630 | 2,969,103 |
| Taxable income | 1,878,665 | 1,708,046 | 1,446,914 | 1,214,706 | 2,957,523 |
| Active business income | 1,898,218 | 1,738,550 | 1,454,214 | 1,219,630 | 2,952,489 |
| Dividends paid | 785,224 | 400,284 | 538,019 | 539,671 | 461,053 |
| Dividends paid – Regular | 785,224 | 400,284 | | | |
| Dividends paid – Eligible | | | | | |
| LRIP – end of the previous year | | | | | |
| LRIP – end of the year | | | | | |
| GRIP – end of the previous year | 8,110,663 | 6,932,111 | 5,948,209 | 5,122,209 | 3,122,391 |
| GRIP – end of the year | 9,425,729 | 8,110,663 | 6,932,111 | 5,948,209 | 5,122,209 |
| Donations | 19,553 | 30,504 | 7,300 | 740 | 11,580 |
| Balance due/refund (-) | -67,337 | -22,838 | -2,469 | | |

## Federal taxes

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Part I before surtax | 305,980 | 301,927 | 269,552 | 233,597 | 623,351 |
| Surtax | | | | | 33,124 |
| Part I.3 | | | | | |
| Part IV | | | | | |
| Part I & Surtax | 305,980 | 301,927 | 269,552 | 233,597 | 656,475 |
| Part III.1 | | | | | |
| Other* | | | | | |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Credits against part I tax

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| Small business deduction | | | | | |
| M&P deduction | | | | | |
| Foreign tax credit | | | | | |
| Political contribution | | | | | |
| Investment tax credit | 4,000 | 5,520 | 5,362 | 3,270 | |
| Abatement/other* | 403,913 | 341,610 | 274,913 | 224,721 | 501,616 |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Refunds/credits

| | Current year | 1st prior year | 2nd prior year | 3rd prior year | 4th prior year |
|---|---|---|---|---|---|
| ITC refund | | | | | |
| Dividend refund | | | | | 4,430 |
| Instalments | 540,000 | 527,540 | 516,304 | 233,597 | 652,045 |
| Surtax credit | | | | | |
| Other* | | | | | |

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

## Ontario

| Taxation year end | 2011-12-31 | 2010-12-31 | 2009-12-31 | 2008-12-31 | 2007-12-31 |
|---|---|---|---|---|---|
| Net income | 1,898,218 | 1,738,550 | | 1,219,630 | 2,969,103 |
| Taxable income | 1,878,665 | 1,708,046 | | 1,214,706 | 2,957,523 |
| % Allocation | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Attributed taxable income | 1,878,665 | 1,708,046 | | 1,214,706 | 2,957,523 |
| Surtax | | 25,460 | 40,244 | 30,375 | 34,000 |
| Income tax payable before deduction | 220,704 | 221,906 | 202,568 | 170,059 | 414,053 |
| Income tax deductions /credits | 36,240 | 39,979 | 42,500 | 45,929 | 34,000 |
| Net income tax payable | 184,464 | 207,387 | 200,312 | 154,505 | 414,053 |
| Taxable capital | | 42,540,872 | 40,631,395 | 37,119,622 | 32,515,456 |
| Capital tax payable | | 20,486 | 57,671 | 49,769 | 61,323 |
| Total tax payable* | 184,464 | 227,873 | 257,983 | 204,274 | 475,376 |
| Instalments and refundable credits | 17,781 | 25,098 | 13,700 | 898,254 | 480,975 |
| Balance due/refund** | 166,683 | 202,775 | 244,283 | -693,980 | -5,599 |

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

# ALLOWANCE FOR PILS

As previously mentioned at Exhibit 4 Tab 8 Schedule 1, PILs under MIFRS is calculated as $Nil. The PILs model under both CGAAP and MIFRS are filed in conjunction with this application. Further details on PILs under MIFRS can be found at Exhibit 10.

Attachment 1 to this Schedule is the PILs Model under CGAAP. The PILs Model calculates a regulatory taxable income of $1,113,812 and a grossed up income tax amount of $339,447.

CGAAP

v 2.0

# Income Tax/PILs Workform for 2013 Filers

| | |
|---|---|
| Utility Name | Westario Power Inc. |
| Assigned EB Number | EB-2012-0176 |
| Name and Title | Lisa Milne, CGA - President/CEO |
| Phone Number | 519-507-6666 x-216 |
| Email Address | lisa.milne@westario.com |
| Date | 09-Oct-12 |
| Last COS Re-based Year | **2009** |

**Note: Drop-down lists are shaded blue; Input cells are shaded green.**



***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.***

# Income Tax/PILs Workform for 2013 Filers

# Income Tax/PILs Workform for 2013 Filers

| | | | | |
|---|---|---|---|---|
| **Rate Base** | | | **$ 40,925,147** | |

## Return on Ratebase

| | | | | |
|---|---|---|---|---|
| Deemed ShortTerm Debt % | 4.00% | T | $ 1,637,006 | *W = S * T* |
| Deemed Long Term Debt % | 56.00% | U | $ 22,918,082 | *X = S * U* |
| Deemed Equity % | 40.00% | V | $ 16,370,059 | *Y = S * V* |
| Short Term Interest Rate | 2.08% | Z | $ 34,050 | *AC = W * Z* |
| Long Term Interest | 5.79% | AA | $ 1,326,957 | *AD = X * AA* |
| **Return on Equity (Regulatory Income)** | 9.12% | AB | **$ 1,492,949** | *AE = Y * AB* |
| **Return on Rate Base** | | | **$ 2,853,956** | *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? | No | 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 |
| 7. 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 |

# Income Tax/PILs
# Workform for 2013 Filers

| **Tax Rates**<br>**Federal & Provincial**<br>**As of June 20, 2012** | **Effective January-01-11** | **Effective January-01-12** | **Effective January-01-13** | **Effective January-01-14** |
|---|---|---|---|---|
| **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% |

# Income Tax/PILs Workform for 2013 Filers

## 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 | 9,795,470 | | 9,795,470 |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | 1,850,744 | | 1,850,744 |
| 2 | Distribution System - pre 1988 | 4,614,152 | | 4,614,152 |
| 8 | General Office/Stores Equip | 2,892,417 | | 2,892,417 |
| 10 | Computer Hardware/ Vehicles | 525,913 | | 525,913 |
| 10.1 | Certain Automobiles | | | 0 |
| 12 | Computer Software | 151,516 | | 151,516 |
| $13_1$ | Lease # 1 | | | 0 |
| $13_2$ | Lease #2 | | | 0 |
| $13_3$ | Lease # 3 | | | 0 |
| $13_4$ | Lease # 4 | | | 0 |
| 14 | Franchise | | | 0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | | | 0 |
| 42 | Fibre Optic Cable | | | 0 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | 0 |
| 43.2 | Certain Clean Energy Generation Equipment | | | 0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | 1,470 | | 1,470 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | 0 |
| 47 | Distribution System - post February 2005 | 12,345,395 | | 12,345,395 |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | 36,420 | | 36,420 |
| 52 | Computer Hardware and system software | | | 0 |
| 95 | CWIP | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | SUB-TOTAL - UCC | 32,213,497 | 0 | 32,213,497 |

# Income Tax/PILs Workform for 2013 Filers

## Schedule 10 CEC - Historical Year

| | | | | |
|---|---|---|---|---|
| **Cumulative Eligible Capital** | | | | **946,865** |
| **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 | |
| | | | 0 | **0** |
| Amount transferred on amalgamation or wind-up of subsidiary | 0 | | | **0** |
| **Subtotal** | | | | **946,865** |
| **Deductions** | | | | |
| 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** | | | | **946,865** |
| **Current Year Deduction** | | **946,865** | **x 7% =** | **66,281** |
| **Cumulative Eligible Capital - Closing Balance** | | | | **880,584** |

# Income Tax/PILs Workform for 2013 Filers

## 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) | | | 0 |
| **Tax Reserves Not Deducted for accounting purposes** | | | |
| Reserve for doubtful accounts ss. 20(1)(l) | | | 0 |
| Reserve for goods and services not delivered ss. 20(1)(m) | | | 0 |
| Reserve for unpaid amounts ss. 20(1)(n) | | | 0 |
| Debt & Share Issue Expenses ss. 20(1)(e) | | | 0 |
| Other tax reserves | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| | | | 0 |
| **Total** | **0** | **0** | **0** |
| | | | |
| **Financial Statement Reserves (not deductible for Tax Purposes)** | | | |
| General Reserve for Inventory Obsolescence (non-specific) | | | 0 |
| General reserve for bad debts | | | 0 |
| Accrued Employee Future Benefits: | | | 0 |
| - Medical and Life Insurance | 335,164 | | 335,164 |
| -Short & Long-term Disability | | | 0 |
| -Accmulated Sick Leave | | | 0 |
| - Termination Cost | | | 0 |
| - Other Post-Employment Benefits | | | 0 |
| Provision for Environmental Costs | | | 0 |
| Restructuring Costs | | | 0 |
| Accrued Contingent Litigation Costs | | | 0 |
| Accrued Self-Insurance Costs | | | 0 |
| Other Contingent Liabilities | | | 0 |
| Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4) | | | 0 |
| Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1) | | | 0 |
| Other | | | 0 |
| | | | |
| | | | |
| | | | |
| | | | 0 |
| | | | 0 |
| **Total** | **335,164** | **0** | **335,164** |

# Income Tax/PILs Workform for 2013 Filers

## 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 |

# Income Tax/PILs Workform for 2013 Filers

## Adjusted Taxable Income - Historic Year

| | T2S1 line # | Total for Legal Entity | Non-Distribution Eliminations | Historic Wires Only |
|---|---|---|---|---|
| **Income before PILs/Taxes** | A | 1,144,522 | | 1,144,522 |
| **Additions:** | | | | |
| Interest and penalties on taxes | 103 | 83 | | 83 |
| Amortization of tangible assets | 104 | 2,010,837 | | 2,010,837 |
| Amortization of intangible assets | 106 | | | 0 |
| Recapture of capital cost allowance from Schedule 8 | 107 | | | 0 |
| Gain on sale of eligible capital property from Schedule 10 | 108 | | | 0 |
| Income or loss for tax purposes- joint ventures or partnerships | 109 | | | 0 |
| Loss in equity of subsidiaries and affiliates | 110 | | | 0 |
| Loss on disposal of assets | 111 | 6,110 | | 6,110 |
| Charitable donations | 112 | 19,553 | | 19,553 |
| Taxable Capital Gains | 113 | | | 0 |
| Political Donations | 114 | | | 0 |
| Deferred and prepaid expenses | 116 | 2,392,676 | | 2,392,676 |
| Scientific research expenditures deducted on financial statements | 118 | | | 0 |
| Capitalized interest | 119 | | | 0 |
| Non-deductible club dues and fees | 120 | | | 0 |
| Non-deductible meals and entertainment expense | 121 | 4,527 | | 4,527 |
| Non-deductible automobile expenses | 122 | | | 0 |
| Non-deductible life insurance premiums | 123 | | | 0 |
| Non-deductible company pension plans | 124 | | | 0 |
| Tax reserves deducted in prior year | 125 | 335,164 | | 335,164 |
| Reserves from financial statements- balance at end of year | 126 | | | 0 |
| Soft costs on construction and renovation of buildings | 127 | | | 0 |
| Book loss on joint ventures or partnerships | 205 | | | 0 |
| Capital items expensed | 206 | | | 0 |
| Debt issue expense | 208 | | | 0 |
| Development expenses claimed in current year | 212 | | | 0 |
| Financing fees deducted in books | 216 | | | 0 |
| Gain on settlement of debt | 220 | | | 0 |
| Non-deductible advertising | 226 | | | 0 |
| Non-deductible interest | 227 | | | 0 |
| Non-deductible legal and accounting fees | 228 | | | 0 |
| Recapture of SR&ED expenditures | 231 | | | 0 |
| Share issue expense | 235 | | | 0 |
| Write down of capital property | 236 | | | 0 |
| Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2) | 237 | | | 0 |
| ***Other Additions*** | | | | |
| Interest Expensed on Capital Leases | 290 | | | 0 |
| Realized Income from Deferred Credit Accounts | 291 | | | 0 |
| Pensions | 292 | | | 0 |
| Non-deductible penalties | 293 | | | 0 |
| | 294 | | | 0 |
| | 295 | | | 0 |
| ARO Accretion expense | | | | 0 |
| Capital Contributions Received (ITA 12(1)(x)) | | | | 0 |
| Lease Inducements Received (ITA 12(1)(x)) | | | | 0 |
| Deferred Revenue (ITA 12(1)(a)) | | | | 0 |
| Prior Year Investment Tax Credits received | | | | 0 |
| Contingent Penalty Liability | | 160,000 | | 160,000 |

| | | | | |
|---|---|---|---|---|
| | | | | 0 |
| Apprentice Credits 2010 | | 30,618 | | 30,618 |
| Amorization of LTA | | 36,393 | | 36,393 |
| SWAP Valuation 2010 | | 1,761,722 | | 1,761,722 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| | | | | 0 |
| **Total Additions** | | **6,757,683** | **0** | **6,757,683** |
| | | | | |
| **Deductions:** | | | | |
| Gain on disposal of assets per financial statements | 401 | | | 0 |
| Dividends not taxable under section 83 | 402 | | | 0 |
| Capital cost allowance from Schedule 8 | 403 | 2,779,289 | | 2,779,289 |
| Terminal loss from Schedule 8 | 404 | | | 0 |
| Cumulative eligible capital deduction from Schedule 10 | 405 | 66,281 | | 66,281 |
| Allowable business investment loss | 406 | | | 0 |
| Deferred and prepaid expenses | 409 | | | 0 |
| Scientific research expenses claimed in year | 411 | | | 0 |
| Tax reserves claimed in current year | 413 | 346,753 | | 346,753 |
| Reserves from financial statements - balance at beginning of year | 414 | | | 0 |
| Contributions to deferred income plans | 416 | | | 0 |
| Book income of joint venture or partnership | 305 | | | 0 |
| Equity in income from subsidiary or affiliates | 306 | | | 0 |
| *Other deductions: (Please explain in detail the nature of the item)* | | | | |
| | | | | |
| Interest capitalized for accounting deducted for tax | 390 | | | 0 |
| Capital Lease Payments | 391 | | | 0 |
| Non-taxable imputed interest income on deferral and variance accounts | 392 | | | 0 |
| Long term asset deductibel for tax | 393 | 2,438 | | 2,438 |
| | 394 | | | 0 |
| ARO Payments - Deductible for Tax when Paid | | | | 0 |
| ITA 13(7.4) Election - Capital Contributions Received | | | | 0 |
| ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds | | | | 0 |
| Deferred Revenue - ITA 20(1)(m) reserve | | | | 0 |
| Principal portion of lease payments | | | | 0 |
| Lease Inducement Book Amortization credit to income | | | | 0 |
| Financing fees for tax ITA 20(1)(e) and (e.1) | | | | 0 |
| Capital tax recovered in f/s | | 9,185 | | 9,185 |
| Carrying charges and other expenses dedcuted for tax | | 1,753,170 | | 1,753,170 |
| SWAP Valuation - prior year | | 1,025,090 | | 1,025,090 |
| | | | | 0 |
| 2012 ATTC included in income | | 21,781 | | 21,781 |
| | | | | 0 |
| | | | | 0 |
| | | | | |
| **Total Deductions** | | **6,003,987** | **0** | **6,003,987** |
| | | | | |
| **Net Income for Tax Purposes** | | **1,898,218** | **0** | **1,898,218** |
| | | | | |
| Charitable donations from Schedule 2 | 311 | 19,553 | | 19,553 |
| Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82) | 320 | | | 0 |
| Non-capital losses of preceding taxation years from Schedule 4 | 331 | | | 0 |
| Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)* | 332 | | | 0 |
| Limited partnership losses of preceding taxation years from Schedule 4 | 335 | | | 0 |
| | | | | |
| **TAXABLE INCOME** | | **1,878,665** | **0** | **1,878,665** |

# Income Tax/PILs Workform for 2013 Filers

## PILs Tax Provision - Historic Year

**Note: Input the actual information from the tax returns for the historic year.**

| | | | | | | | Wires Only | |
|---|---|---|---|---|---|---|---|---|
| **Regulatory Taxable Income** | | | | | | | $ 1,878,665 | A |
| **Ontario Income Taxes** | | | | | | | | |
| *Income tax payable* | **Ontario Income Tax** | 11.75% | B | $ | 220,704 | C = A * B | | |
| *Small business credit* | Ontario Small Business Threshold | $ 500,000 | D | | | | | |
| | Rate reduction (negative) | -7.25% | E | -$ | 36,240 | F = D * E | | |
| *Ontario Income tax* | | | | | | | $ 184,465 | J = C + F |
| **Combined Tax Rate and PILs** | Effective Ontario Tax Rate | | | | 9.82% | K = J / A | | |
| | Federal tax rate | | | | 16.50% | L | | |
| | Combined tax rate | | | | | | 26.32% | M = K + L |
| **Total Income Taxes** | | | | | | | **$ 494,444** | N = A * M |
| Investment Tax Credits | | | | | | | $ 4,000 | O |
| Miscellaneous Tax Credits | | | | | | | $ 17,781 | P |
| **Total Tax Credits** | | | | | | | **$ 21,781** | Q = O + P |
| **Corporate PILs/Income Tax Provision for Historic Year** | | | | | | | **$ 472,663** | R = N - Q |

# Income Tax/PILs
# Workform for 2013 Filers

## Schedule 8 CCA - Bridge Year

| Class | Class Description | UCC Regulated Historic Year | Additions | Disposals (Negative) | UCC Before 1/2 Yr Adjustment | 1/2 Year Rule {1/2 Additions Less Disposals} |
|---|---|---|---|---|---|---|
| 1 | Distribution System - post 1987 | $ 9,795,470 | | | $ 9,795,470 | $ - |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | $ 1,850,744 | | | $ 1,850,744 | $ - |
| 2 | Distribution System - pre 1988 | $ 4,614,152 | | | $ 4,614,152 | $ - |
| 8 | General Office/Stores Equip | $ 2,892,417 | $ 345,652 | | $ 3,238,069 | $ 172,826 |
| 10 | Computer Hardware/ Vehicles | $ 525,913 | $ 490,000 | -$ 150,000 | $ 865,913 | $ 170,000 |
| 10.1 | Certain Automobiles | | | | $ - | $ - |
| 12 | Computer Software | $ 151,516 | $ 115,000 | | $ 266,516 | $ 57,500 |
| 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 | | | | $ - | $ - |
| 42 | Fibre Optic Cable | | | | $ - | $ - |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | | | | $ - | $ - |
| 43.2 | Certain Clean Energy Generation Equipment | | | | $ - | $ - |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | $ 1,470 | | | $ 1,470 | $ - |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | | | | $ - | $ - |
| 47 | Distribution System - post February 2005 | $ 12,345,395 | $ 3,780,943 | | $ 16,126,338 | $ 1,890,472 |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | $ 36,420 | $ 22,000 | | $ 58,420 | $ 11,000 |
| 52 | Computer Hardware and system software | | | | $ - | $ - |
| 95 | CWIP | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | TOTAL | $ 32,213,497 | $ 4,753,595 | -$ 150,000 | $ 36,817,092 | $ 2,301,798 |

| Reduced UCC | Rate % | Bridge Year CCA | UCC End of Bridge Year |
|---|---|---|---|
| $ 9,795,470 | 4% | $ 391,819 | $ 9,403,651 |
| $ 1,850,744 | 6% | $ 111,045 | $ 1,739,699 |
| $ 4,614,152 | 6% | $ 276,849 | $ 4,337,303 |
| $ 3,065,243 | 20% | $ 613,049 | $ 2,625,020 |
| $ 695,913 | 30% | $ 208,774 | $ 657,139 |
| $ - | 30% | $ - | $ - |
| $ 209,016 | 100% | $ 209,016 | $ 57,500 |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | 8% | $ - | $ - |
| $ - | 12% | $ - | $ - |
| $ - | 30% | $ - | $ - |
| $ - | 50% | $ - | $ - |
| $ 1,470 | 45% | $ 662 | $ 809 |
| $ - | 30% | $ - | $ - |
| $ 14,235,867 | 8% | $ 1,138,869 | $ 14,987,469 |
| $ 47,420 | 55% | $ 26,081 | $ 32,339 |
| $ - | 100% | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| **$ 34,515,295** | | **$ 2,976,163** | **$ 33,840,929** |

# Income Tax/PILs Workform for 2013 Filers

## Schedule 10 CEC - Bridge Year

| | | | | |
|---|---|---|---|---|
| **Cumulative Eligible Capital** | | | | 880,584 |
| **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 | |
| | | | 0 | 0 |
| Amount transferred on amalgamation or wind-up of subsidiary | 0 | | | 0 |
| **Subtotal** | | | | 880,584 |
| **Deductions** | | | | |
| 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** | | | | 880,584 |
| **Current Year Deduction** | | 880,584 | x 7% = | 61,641 |
| **Cumulative Eligible Capital - Closing Balance** | | | | 818,944 |

# Income Tax/PILs
# Workform for 2013 Filers

## Schedule 13 Tax Reserves - Bridge Year

### Continuity of Reserves

| Description | Historic Utility Only | Eliminate Amounts Not Relevant for Bridge Year | Adjusted Utility Balance | Bridge Year Adjustments | | Balance for Bridge Year | Change During the Year | Disallowed Expenses |
|---|---|---|---|---|---|---|---|---|
| | | | | Additions | Disposals | | | |
| Capital Gains Reserves ss.40(1) | 0 | | 0 | | | 0 | 0 | |
| **Tax Reserves Not Deducted for accounting purposes** | | | | | | | | |
| Reserve for doubtful accounts ss. 20(1)(l) | 0 | | 0 | | | 0 | 0 | |
| 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** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| **Financial Statement Reserves (not deductible for Tax Purposes)** | | | | | | | | |
| General Reserve for Inventory Obsolescence (non-specific) | 0 | | 0 | | | 0 | 0 | |
| General reserve for bad debts | 0 | | 0 | | | 0 | 0 | |
| Accrued Employee Future Benefits: | 0 | | 0 | | | 0 | 0 | |
| - Medical and Life Insurance | 335,164 | | 335,164 | 33,470 | 38,597 | 330,037 | -5,127 | |
| -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 | 0 | | 0 | | | 0 | 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 | 0 | |
| Other | 0 | | 0 | | | 0 | 0 | |
| | 0 | | 0 | | | 0 | 0 | |
| | 0 | | 0 | | | 0 | 0 | |
| **Total** | 335,164 | 0 | 335,164 | 33,470 | 38,597 | 330,037 | -5,127 | 0 |

# Income Tax/PILs Workform for 2013 Filers

## 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 |

# Income Tax/PILs Workform for 2013 Filers

## Adjusted Taxable Income - Bridge Year

| | T2S1 line # | Total for Regulated Utility |
|---|---|---|
| **Income before PILs/Taxes** | A | 1,408,481 |
| **Additions:** | | |
| Interest and penalties on taxes | 103 | |
| Amortization of tangible assets | 104 | 2,347,616 |
| Amortization of intangible assets | 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 | 10,000 |
| Charitable donations | 112 | |
| 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 | 10,000 |
| Non-deductible automobile expenses | 122 | |
| Non-deductible life insurance premiums | 123 | |
| Non-deductible company pension plans | 124 | |
| Tax reserves deducted in prior year | 125 | 0 |
| Reserves from financial statements- balance at end of year | 126 | 330,037 |
| 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 | |

# Income Tax/PILs Workform for 2013 Filers

## Adjusted Taxable Income - Bridge Year

| | | |
|---|---|---|
| ***Other Additions*** | | |
| Interest Expensed on Capital Leases | 290 | |
| Realized Income from Deferred Credit Accounts | 291 | |
| Pensions | 292 | |
| Non-deductible penalties | 293 | |
| | 294 | |
| | 295 | |
| 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 | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total Additions** | | **2,697,653** |
| **Deductions:** | | |
| Gain on disposal of assets per financial statements | 401 | 24,000 |
| Dividends not taxable under section 83 | 402 | |
| Capital cost allowance from Schedule 8 | 403 | 2,976,163 |
| Terminal loss from Schedule 8 | 404 | |
| Cumulative eligible capital deduction from Schedule 10 | 405 | 61,641 |
| Allowable business investment loss | 406 | |
| Deferred and prepaid expenses | 409 | |
| Scientific research expenses claimed in year | 411 | |
| Tax reserves claimed in current year | 413 | 0 |
| Reserves from financial statements - balance at beginning of year | 414 | 335,164 |
| Contributions to deferred income plans | 416 | |
| Book income of joint venture or partnership | 305 | |
| Equity in income from subsidiary or affiliates | 306 | |
| *Other deductions: (Please explain in detail the nature of the item)* | | |
| | | |

# Income Tax/PILs Workform for 2013 Filers

## Adjusted Taxable Income - Bridge Year

| | | |
|---|---|---|
| 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) | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total Deductions** | | **3,396,968** |
| | | |
| **Net Income for Tax Purposes** | | **709,166** |
| Charitable donations from Schedule 2 | 311 | |
| 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** | | **709,166** |

# Income Tax/PILs
# Workform for 2013 Filers

## PILS Tax Provision - Bridge Year

| | | | | | | | Wires Only | |
|---|---|---|---|---|---|---|---|---|
| **Regulatory Taxable Income** | | | | | | | $ 709,166 | A |
| **Ontario Income Taxes** | | | | | | | | |
| *Income tax payable* | **Ontario Income Tax** | 11.50% | B | $ | 81,554 | C = A * B | | |
| *Small business credit* | Ontario Small Business Threshold | $ 500,000 | D | | | | | |
| | Rate reduction | -7.00% | E | -$ | 35,000 | F = D * E | | |
| *Ontario Income tax* | | | | | | | $ 46,554 | J = C + F |
| **Combined Tax Rate and PILs** | Effective Ontario Tax Rate | | | | 6.56% | K = J / A | | |
| | Federal tax rate | | | | 15.00% | L | | |
| | Combined tax rate | | | | | | 21.56% | M = K + L |
| **Total Income Taxes** | | | | | | | $ 152,929 | N = A * M |
| Investment Tax Credits | | | | | | | | O |
| Miscellaneous Tax Credits | | | | | | | | P |
| **Total Tax Credits** | | | | | | | $ - | Q = O + P |
| **Corporate PILs/Income Tax Provision for Bridge Year** | | | | | | | $ 152,929 | R = N - Q |

**Note:**

**1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.**

# Income Tax/PILs
# Workform for 2013 Filers

Schedule 8 CCA - Test Year

| Class | Class Description | UCC Test Year Opening Balance | Additions | Disposals (Negative) | UCC Before 1/2 Yr Adjustment | 1/2 Year Rule {1/2 Additions Less Disposals} |
|---|---|---|---|---|---|---|
| 1 | Distribution System - post 1987 | $ 9,403,651 | | | $ 9,403,651 | $ - |
| 1 Enhanced | Non-residential Buildings Reg. 1100(1)(a.1) election | $ 1,739,699 | | | $ 1,739,699 | $ - |
| 2 | Distribution System - pre 1988 | $ 4,337,303 | | | $ 4,337,303 | $ - |
| 8 | General Office/Stores Equip | $ 2,625,020 | 435,432 | | $ 3,060,452 | $ 217,716 |
| 10 | Computer Hardware/ Vehicles | $ 657,139 | 400,000 | -50,000 | $ 1,007,139 | $ 175,000 |
| 10.1 | Certain Automobiles | $ - | | | $ - | $ - |
| 12 | Computer Software | $ 57,500 | 45,000 | | $ 102,500 | $ 22,500 |
| 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 B | $ - | | | $ - | $ - |
| 42 | Fibre Optic Cable | $ - | | | $ - | $ - |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | $ - | | | $ - | $ - |
| 43.2 | Certain Clean Energy Generation Equipment | $ - | | | $ - | $ - |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | $ 809 | | | $ 809 | $ - |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | $ - | | | $ - | $ - |
| 47 | Distribution System - post February 2005 | $ 14,987,469 | 4,239,386 | | $ 19,226,855 | $ 2,119,693 |
| 50 | Data Network Infrastructure Equipment - post Mar 2007 | $ 32,339 | 28,600 | | $ 60,939 | $ 14,300 |
| 52 | Computer Hardware and system software | $ - | | | $ - | $ - |
| 95 | CWIP | $ - | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | | | | | $ - | $ - |
| | TOTAL | $ 33,840,929 | $ 5,148,418 | -$ 50,000 | $ 38,939,347 | $ 2,549,209 |

| Reduced UCC | Rate % | Test Year CCA | UCC End of Test Year |
|---|---|---|---|
| $ 9,403,651 | 4% | $ 376,146 | $ 9,027,505 |
| $ 1,739,699 | 6% | $ 104,382 | $ 1,635,317 |
| $ 4,337,303 | 6% | $ 260,238 | $ 4,077,065 |
| $ 2,842,736 | 20% | $ 568,547 | $ 2,491,905 |
| $ 832,139 | 30% | $ 249,642 | $ 757,497 |
| $ - | 30% | $ - | $ - |
| $ 80,000 | 100% | $ 80,000 | $ 22,500 |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | | $ - | $ - |
| $ - | 8% | $ - | $ - |
| $ - | 12% | $ - | $ - |
| $ - | 30% | $ - | $ - |
| $ - | 50% | $ - | $ - |
| $ 809 | 45% | $ 364 | $ 445 |
| $ - | 30% | $ - | $ - |
| $ 17,107,162 | 8% | $ 1,368,573 | $ 17,858,282 |
| $ 46,639 | 55% | $ 25,651 | $ 35,288 |
| $ - | 100% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| $ - | 0% | $ - | $ - |
| **$ 36,390,138** | | **$ 3,033,543** | **$ 35,905,804** |

# Income Tax/PILs Workform for 2013 Filers

## Schedule 10 CEC - Test Year

| | | | | |
|---|---|---|---|---|
| **Cumulative Eligible Capital** | | | | **818,944** |
| **Additions** | | | | |
| Cost of Eligible Capital Property Acquired during Test Year | 0 | | | |
| 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 | |
| | | | 0 | **0** |
| Amount transferred on amalgamation or wind-up of subsidiary | 0 | | | **0** |
| **Subtotal** | | | | **818,944** |
| **Deductions** | | | | |
| Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year | 0 | | | |
| Other Adjustments | 0 | | | |
| **Subtotal** | 0 | **x 3/4 =** | | **0** |
| **Cumulative Eligible Capital Balance** | | | | **818,944** |
| **Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")** | | **818,944** | **x 7% =** | **57,326** |
| **Cumulative Eligible Capital - Closing Balance** | | | | **761,617** |

# Income Tax/PILs Workform for 2013 Filers

## Schedule 13 Tax Reserves - Test Year

### Continuity of Reserves

| Description | Bridge Year | Eliminate Amounts Not Relevant for Bridge Year | Adjusted Utility Balance | Test Year Adjustments | | Balance for Test Year | Change During the Year | Disallowed Expenses |
|---|---|---|---|---|---|---|---|---|
| | | | | Additions | Disposals | | | |
| Capital Gains Reserves ss.40(1) | 0 | | 0 | | | 0 | 0 | |
| **Tax Reserves Not Deducted for accounting purposes** | | | | | | | | |
| Reserve for doubtful accounts ss. 20(1)(l) | 0 | | 0 | | | 0 | 0 | |
| 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** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| **Financial Statement Reserves (not deductible for Tax Purposes)** | | | | | | | | |
| General Reserve for Inventory Obsolescence (non-specific) | 0 | | 0 | | | 0 | 0 | |
| General reserve for bad debts | 0 | | 0 | | | 0 | 0 | |
| Accrued Employee Future Benefits: | 0 | | 0 | | | 0 | 0 | |
| - Medical and Life Insurance | 330,037 | | 330,037 | 33,470 | 39,200 | 324,307 | -5,730 | |
| -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 | 0 | | 0 | | | 0 | 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 | 0 | |
| Other | 0 | | 0 | | | 0 | 0 | |
| | 0 | | 0 | | | 0 | 0 | |
| | 0 | | 0 | | | 0 | 0 | |
| **Total** | 330,037 | 0 | 330,037 | 33,470 | 39,200 | 324,307 | -5,730 | 0 |

# Income Tax/PILs
# Workform for 2013 Filers

## 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 |

# Income Tax/PILs Workform for 2013 Filers

## Taxable Income - Test Year

| | | Test Year Taxable Income |
|---|---|---|
| ***Net Income Before Taxes*** | | 1,492,949 |

| | T2 S1 line # | |
|---|---|---|
| **Additions:** | | |
| Interest and penalties on taxes | 103 | |
| Amortization of tangible assets<br>*2-4 ADJUSTED ACCOUNTING DATA P489* | 104 | 2,715,462 |
| Amortization of intangible assets<br>*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 | |
| 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 | 10,000 |
| Non-deductible automobile expenses | 122 | |
| Non-deductible life insurance premiums | 123 | |
| Non-deductible company pension plans | 124 | |
| Tax reserves beginning of year | 125 | 0 |
| Reserves from financial statements- balance at end of year | 126 | 324,307 |
| 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 | |
| *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 | |
| | 295 | |
| | 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 | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total Additions** | | **3,049,769** |
| **Deductions:** | | |
| Gain on disposal of assets per financial statements | 401 | 8,000 |
| Dividends not taxable under section 83 | 402 | |
| Capital cost allowance from Schedule 8 | 403 | 3,033,543 |
| Terminal loss from Schedule 8 | 404 | |
| Cumulative eligible capital deduction from Schedule 10 CEC | 405 | 57,326 |
| Allowable business investment loss | 406 | |
| Deferred and prepaid expenses | 409 | |
| Scientific research expenses claimed in year | 411 | |
| Tax reserves end of year | 413 | 0 |
| Reserves from financial statements - balance at beginning of year | 414 | 330,037 |
| Contributions to deferred income plans | 416 | |
| Book income of joint venture or partnership | 305 | |
| Equity in income from subsidiary or affiliates | 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 | |
| | 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** | | **3,428,906** |
| | | |
| **NET INCOME FOR TAX PURPOSES** | | **1,113,812** |
| | | |
| Charitable donations | 311 | |
| Taxable dividends received under section 112 or 113 | 320 | |
| 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 | |
| | | |
| **REGULATORY TAXABLE INCOME** | | **1,113,812** |

# Income Tax/PILs
# Workform for 2013 Filers

## PILs Tax Provision - Test Year

| | | | | | | | Wires Only | |
|---|---|---|---|---|---|---|---|---|
| **Regulatory Taxable Income** | | | | | | | $ 1,113,812 | A |
| **Ontario Income Taxes** | | | | | | | | |
| *Income tax payable* | **Ontario Income Tax** | 11.50% | B | $ | 128,088 | C = A * B | | |
| *Small business credit* | Ontario Small Business Threshold | $ 500,000 | D | | | | | |
| | Rate reduction | -7.00% | E | -$ | 35,000 | F = D * E | | |
| *Ontario Income tax* | | | | | | | $ 93,088 | J = C + F |
| **Combined Tax Rate and PILs** | Effective Ontario Tax Rate | | | | 8.36% | K = J / A | | |
| | Federal tax rate | | | | 15.00% | L | | |
| | Combined tax rate | | | | | | 23.36% | M = K + L |
| **Total Income Taxes** | | | | | | | $ 260,160 | N = A * M |
| Investment Tax Credits | | | | | | | | O |
| Miscellaneous Tax Credits | | | | | | | | P |
| **Total Tax Credits** | | | | | | | $ - | Q = O + P |
| **Corporate PILs/Income Tax Provision for Test Year** | | | | | | | $ 260,160 | R = N - Q |
| Corporate PILs/Income Tax Provision Gross Up [1] | | | | | 76.64% | S = 1 - M | $ 79,287 | T = R / S - R |
| **Income Tax** (grossed-up) | | | | | | | $ 339,447 | U = R + T |

**Note:**

**1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.**

Exhibit 4:

# Tab 9 (of 11): Green Energy Act Plan OM&A Costs

# GREEN ENERGY ACT PLAN AND OM&A COSTS

In compliance with Section 2.3.3 of the Minimum Filing Requirements which states that, distributors filing cost of service rate applications for 2012 and subsequent rate years must file with the Board a GEA Plan as part of such an application, WPI is pleased to submit its Green Energy Plan to the OPA and supporting documents as part of this filing in Exhibit 2, Tab 7, Schedule 1.

As discussed in Exhibit 2, Tab 4, Schedule 1, limitations have combined to restrict activities of potential generators that are directly fed by Hydro One in the communities of Clifford, Elmwood, Mildmay, Neustadt and Ripley.

WPI has not forecasted any OM&A costs to address Renewable Generation Connection or Smart Grid development as per the Green Energy Act.

Exhibit 4:

---

# Tab 10 (of 11): Conservation and Demand Management Costs

# OVERVIEW OF CDM STRATEGY

In the Board's Decision and Order issued on November 12, 2010 in the matter of the EB-2010-0215/0216 proceedings, Westario Power Inc. was assigned the following CDM targets for the 2011-2014 timeframe:

| | |
|---|---|
| Peak Demand: | 4.240 MW |
| Electricity Consumption: | 20,950,000 kWh |

WPI is currently relying solely on Ontario Power Authority ("OPA") contracted Province Wide CDM programs to achieve its mandatory CDM targets. As a part of the planning process, WPI utilized the OPA's Resource Planning Tool, taking into consideration WPI's service territory's residential profile and past CDM program results, to forecast its reductions in Peak Demand and Electricity Consumption. CDM related OM&A costs are currently covered through the available Program Administration Budget ("PAB") provided by the OPA.

To market the residential customers' programs, WPI will continue to utilize a customer-centric marketing approach, including elements ranging from bill inserts to attending community events. WPI's strategy for Commercial and Industrial customers will further build on developing and maintaining strong customer relationships in addition to traditional marketing approaches

At this time, WPI does not contemplate employing any Board-Approved programs. The intent is to meet demand and energy reduction requirements by delivering OPA-Contracted Province-Wide programs. WPI will not be applying for any OM&A costs related to the administration and delivery of CDM programs to be recovered through the revenue requirement.

WPI may, in the future, turn to Board-Approved CDM Programs, should the prescribed OPA funding model prove insufficient to deliver OPA-Contracted Province-Wide programs or the net results do not meet intended demand and energy savings. It is WPI's intent to review opportunities to collaborate with other LDC's for Board-Approved programs if and when required.

Exhibit 4:

---

# Tab 11 (of 11): Low-Income Energy Assistance Program (LEAP)

# LOW-INCOME ENERGY ASSISTANCE PROGRAM (LEAP)

As set out in the LEAP Report, the Board has determined that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or $2,000, is a reasonable commitment by all distributors to emergency financial assistance.

With a proposed base revenue requirement of approximately $10 million, WPI's annual support for such programs is determined to be $12,500

This program provides emergency relief in order to help customers manage their energy costs and avoid having their service disconnected. It is not intended to provide regular or ongoing bill payment assistance, but rather to ensure that in a crisis, low-income families stay warm and stay connected.

# Exhibit 5:

# COST OF CAPITAL AND CAPITAL STRUCTURE

Exhibit 5: Cost Of Capital And Capital Structure

# Tab 1 (of 1): Cost of Capital and Capital Structure

# CAPITAL STRUCTURE

## Overview

This evidence summarizes the capital structure, method and cost of financing WPI's capital requirements for the 2013 Test Year.

## Capital Structure

The proposed cost rates for cost of capital in 2013 are presented on the last page of Exhibit 5, Tab 1, Schedule 2, Attachment 6. The rates shown for short-term debt and return on equity are those set out in the Board's letter of March 2, 2012, Cost of Capital Parameter Updates for 2013 Cost of Service Applications.

The calculation of the proposed rate for long-term debt is set out in Attachment 1 to this schedule, based on the weighted average cost of debt in 2013. There are four debt instruments outstanding in the year.

WPI's current OEB-approved capital structure for rate making purposes is 60% debt and 40% equity. The Applicant intends to maintain the same capital structure in the 2013 Test Year. This capital structure was confirmed by the OEB in the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities* dated December 11, 2009 (The "Board Report"). The 60% debt component is comprised of 4.0% deemed short-term debt and 56.0% deemed long-term debt.

## Return on Equity

WPI has used a return on equity ("ROE") of 9.12% in the 2013 Test Year as established by the Board for cost of service applications with an August 31, 2012 implementation date. The Applicant recognizes that the ROE will be updated in accordance with Board guidelines.

## Cost of Debt

WPI has embedded third-party long-term debt of $9.2 million with a weighted interest rate of 5.98%. The Board has confirmed in the Board Report (page 52), "the Board will primarily rely on the embedded or actual cost for existing long-term debt instruments."

WPI also utilizes affiliated debt to support past capital program spending requirements. The affiliated debt is interest only promissory notes that have been in place since 2002 and have not been modified since the 2009 COS application. The Board approved the interest rates associated with these arrangements at that time. The amounts total $5.25 million and interest is paid at 5.47%. WPI has used these previously approved rates for the 2013 Test Year.

On June 30, 2011, WPI formalized a long-term loan agreement with CIBC to finance the implementation of smart meters that until that point had been under a short-term loan agreement. This loan is for $3.3 million at an interest rate of 5.03% with an amortization period of 20 years.

WPI has used a short-term debt rate of 2.08% for the 2013 Test Year as established by the Board for cost of service applications with an August 31, 2012 implementation date. The Applicant recognizes that the short-term debt rate will be updated with Board guidelines.

The following is a breakdown of long-term debt. These figures are from Appendix 2-OB. However, because there was a new loan in 2011 that was in place for only six months of the year the cost of debt is unrealistically low. If the duration of the loan is taken into account the annual interest rate is in line with the other years.

**Cost of Long-Term Debt**

| | Coupon Rate | Annual Average | Interest |
|---|---|---|---|
| **2011 Actual Cost of Long-Term Debt** | | | |
| **Affiliated debt** | 5.47% | $5,260,461 | $287,747 |
| **CIBC Loans** | 5.00% | $10,219,064 | $510,953 |
| **Total** | 5.16% | $15,479,525 | $798,700 |
| **2012 Bridge Year of Long-Term Debt** | | | |
| **Affiliated debt** | 5.47% | $5,260,461 | $287,747 |
| **CIBC Loans** | 5.88% | $9,583,717 | $563,523 |
| **Total** | 5.73% | $14,844,178 | $851,270 |
| **2013 Test Year of Long-Term Debt** | | | |
| **Affiliated debt** | 5.47% | $5,260,461 | $287,747 |
| **CIBC Loans** | 5.98% | $8,980,324 | $537,023 |
| **Total** | 5.79% | $14,240,785 | $824,771 |

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 1 |
| **Attachment:** | 1 |
| **Page:** | 1 |
| | |
| **Date:** | October 9, 2012 |

# Appendix 2-OB
# Debt Instruments

**Year** 2013

| Row | Description | Lender | Affiliated or Third-Party Debt? | Fixed or Variable-Rate? | Start Date | Term (years) | Principal ($) | Rate (%) (Note 2) | Interest ($) (Note 1) | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consolidated Loan | CIBC | Third-Party | Fixed Rate | 28-Jun-07 | 15 | $ 3,926,344 | 6.13% | $ 251,224.00 | |
| 2 | Building Loan | CIBC | Third-Party | Fixed Rate | 1-Jul-07 | 20 | $ 2,135,269 | 6.18% | $ 134,612.00 | |
| 3 | Smart Meter Loan | CIBC | Third-Party | Fixed Rate | 30-Jun-11 | 13.5 | $ 2,918,771 | 5.03% | $ 151,534.00 | |
| 4 | Shareholders' Notes | Shareholders | Affiliated | Fixed Rate | 1-Feb-02 | no term | $ 5,260,461 | 5.47% | $ 287,747.00 | |
| 5 | | | | | | | | | $ - | |
| 6 | | | | | | | | | $ - | |
| 7 | | | | | | | | | $ - | |
| 8 | | | | | | | | | $ - | |
| 9 | | | | | | | | | $ - | |
| 10 | | | | | | | | | $ - | |
| 11 | | | | | | | | | $ - | |
| 12 | | | | | | | | | $ - | |
| | | | | | | | | | | |
| Total | | | | | | | $ 14,240,845 | 5.79% | $ 825,117.00 | |

**Notes**

1. If financing is in place only part of the year, calculate the pro-rated interest and input in the cell.
2. Input actual or deemed long-term debt rate in accordance with the guidelines in *The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities* , issued December 11, 2009
3. Add more lines above row 12 if necessary.

# COST OF CAPITAL

WPI's 2013 cost of capital is 6.97% which results in a return on capital of $2,853,956.

**WPI**

**2013 Cost of Capital**

| | **Amount** | **%** | **Cost Rate** | **Return** |
|---|---|---|---|---|
| **Long-term debt** | $22,918,083 | 56% | 5.79% | $1,326,957 |
| **Short-term debt** | $1,637,006 | 4% | 2.08% | $34,050 |
| **Common equity** | $16,370,059 | 40% | 9.12% | $1,492,949 |
| **Total** | $40,925,148 | 100% | 6.97% | $2,853,956 |

As required in the Filing Guidelines, Appendix 2-OA has been completed for each year and is filed as part of Exhibit 5 in the following attachments.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachment:** | 1 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
## 2009 Board Approved Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 52.70% | | $17,901,221 | 5.82% | $1,041,851 |
| 2 | Short-term Debt | 4.00% | (1) | $1,358,726 | 1.31% | $17,799 |
| 3 | **Total Debt** | 56.7% | | $19,259,947 | 5.50% | $1,059,650 |
| | **Equity** | | | | | |
| 4 | Common Equity | 43.30% | | $14,708,214 | 8.01% | $1,178,128 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 43.3% | | $14,708,214 | 8.01% | $1,178,128 |
| 7 | **Total** | 100.0% | | $33,968,161 | 6.59% | $2,237,778 |

**Notes**

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachement:** | 2 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
## 2009 Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 52.70% | | $17,107,363 | 5.82% | $995,649 |
| 2 | Short-term Debt | 4.00% | (1) | $1,298,472 | 1.31% | $17,010 |
| 3 | **Total Debt** | 56.7% | | $18,405,835 | 5.50% | $1,012,659 |
| | **Equity** | | | | | |
| 4 | Common Equity | 43.30% | | $14,055,955 | 8.01% | $1,125,882 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 43.3% | | $14,055,955 | 8.01% | $1,125,882 |
| 7 | **Total** | 100.0% | | $32,461,790 | 6.59% | $2,138,541 |

**Notes**

**(1)** 4.0% unless an applicant has proposed or been approved for a different amount.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachment:** | 3 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
# 2010 Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 56.00% | | $18,888,581 | 5.82% | $1,099,315 |
| 2 | Short-term Debt | 4.00% | (1) | $1,349,184 | 1.31% | $17,674 |
| 3 | **Total Debt** | 60.0% | | $20,237,765 | 5.52% | $1,116,990 |
| | **Equity** | | | | | |
| 4 | Common Equity | 40.00% | | $13,491,843 | 8.01% | $1,080,697 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 40.0% | | $13,491,843 | 8.01% | $1,080,697 |
| 7 | **Total** | 100.0% | | $33,729,608 | 6.52% | $2,197,686 |

**Notes**

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachment:** | 4 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
# 2011 Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 56.00% | | $19,492,858 | 5.82% | $1,134,484 |
| 2 | Short-term Debt | 4.00% | (1) | $1,392,347 | 1.31% | $18,240 |
| 3 | **Total Debt** | 60.0% | | $20,885,205 | 5.52% | $1,152,724 |
| | **Equity** | | | | | |
| 4 | Common Equity | 40.00% | | $13,923,470 | 8.01% | $1,115,270 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 40.0% | | $13,923,470 | 8.01% | $1,115,270 |
| 7 | **Total** | 100.0% | | $34,808,675 | 6.52% | $2,267,994 |

**Notes**

**(1)** 4.0% unless an applicant has proposed or been approved for a different amount.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachment:** | 5 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
# 2012 Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 56.00% | | $21,267,178 | 5.82% | $1,237,750 |
| 2 | Short-term Debt | 4.00% | (1) | $1,519,084 | 1.31% | $19,900 |
| 3 | **Total Debt** | 60.0% | | $22,786,262 | 5.52% | $1,257,650 |
| | **Equity** | | | | | |
| 4 | Common Equity | 40.00% | | $15,190,841 | 8.01% | $1,216,786 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 40.0% | | $15,190,841 | 8.01% | $1,216,786 |
| 7 | **Total** | 100.0% | | $37,977,103 | 6.52% | $2,474,436 |

**Notes**

**(1)** 4.0% unless an applicant has proposed or been approved for a different amount.

| | |
|---|---|
| **File Number:** | EB2012-0176 |
| **Exhibit:** | 5 |
| **Tab:** | 1 |
| **Schedule:** | 2 |
| **Attachment:** | 6 |
| **Page:** | 1 |
| **Date:** | October 9, 2012 |

# Appendix 2-OA
# 2013 Capital Structure and Cost of Capital

**This table must be completed for the required years of all historical years, the bridge year and the test year.**

| Line No. | Particulars | Capitalization Ratio | | | Cost Rate | Return |
|---|---|---|---|---|---|---|
| | | **Application** | | | | |
| | | (%) | | ($) | (%) | ($) |
| | **Debt** | | | | | |
| 1 | Long-term Debt | 56.00% | | $22,918,083 | 5.79% | $1,326,957 |
| 2 | Short-term Debt | 4.00% | (1) | $1,637,006 | 2.08% | $34,050 |
| 3 | **Total Debt** | 60.0% | | $24,555,089 | 5.54% | $1,361,007 |
| | **Equity** | | | | | |
| 4 | Common Equity | 40.00% | | $16,370,059 | 9.12% | $1,492,949 |
| 5 | Preferred Shares | | | $ - | | $ - |
| 6 | **Total Equity** | 40.0% | | $16,370,059 | 9.12% | $1,492,949 |
| 7 | **Total** | 100.0% | | $40,925,148 | 6.97% | $2,853,956 |

**Notes**

**(1)** 4.0% unless an applicant has proposed or been approved for a different amount.

# Exhibit 6:

# REVENUE DEFICIENCY OR SUFFICIENCY

Exhibit 6: Revenue Deficiency Or Sufficiency

# Tab 1 (of 2): Utility Revenue

# REVENUE FROM EXISTING RATES

Projected revenues in 2013 based on existing rates, which are used in calculating utility income, are comprised of distribution revenue and other revenues.

Distribution revenue at existing rates is presented in Exhibit 3, Tab 1 Schedule 5. Other revenue is presented in Exhibit 3, Tab 2.

# OVERVIEW OF REVENUE REQUIREMENT

Attachment 1 shows the proposed revenue requirement for the 2013 test year. The total Service Revenue Requirement is comprised of the following:

1. Projected distribution expenses in 2013:

   - OM&A (Operations, Maintenance and Administration) expenses, as described in Exhibit 10, Tab 1, Schedule 1; and
   - Amortization expense, as shown in Exhibit 4, Tab 7, Schedule 1, Attachment 1;
2. Regulated Return on Capital, as shown in Exhibit 5, Tab 1, Schedule 2; and
3. The proposed Allowance for PILs in 2013, as described in Exhibit 10, Tab 6, Schedule 1.

The proposed Base Revenue Requirement, representing the revenue to be recovered from base distribution rates, is equal to the total Service Revenue Requirement, less Revenue Offsets derived from other revenue sources in 2013. The Revenue Offsets are shown in Exhibit 3, Tab 2, Schedule 3, Attachment 1.

# Westario Power (ED-2002-0515)

**2013 EDR Application () version: 1**
**October 9, 2012**

**Exhibit 6**
**Tab 1**
**Schedule 2**
**Attachment 1**

## F1 Distribution Revenue Requirement

*Enter adjustments for non-recurring items in 2013*

| | | 2013 Projection | Non-recurring items (Total) | 2013 Normalized | Comment |
|---|---|---|---|---|---|
| OM&A Expenses | *from sheet D1* | 6,325,500 | | 6,325,500 | |
| 3850-Amortization Expense | *from sheet E2* | 1,495,814 | 116,677 | 1,379,137 | |
| Total Distribution Expenses | | 7,821,314 | 116,677 | 7,704,637 | |
| Regulated Return On Capital | *from sheet D3* | 2,875,064 | | 2,875,064 | |
| PILs (with gross-up) | *from sheet E4* | | | | |
| **Service Revenue Requirement** | | **10,696,378** | **116,677** | **10,579,701** | |
| Less: Revenue Offsets | *from sheet C9* | 653,041 | | 653,041 | |
| **Base Revenue Requirement** | | **10,043,337** | **116,677** | **9,926,660** | |

Exhibit 6: Revenue Deficiency Or Sufficiency

# Tab 2 (of 2): Deficiency or Sufficiency

# CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

Attachment 1 presents the calculation of the revenue deficiency for the 2013 test year.

Utility Income represents Total Net Revenues, less expenses for OM&A, Depreciation & Amortization, and PILs. Total Net Revenues is comprised of projected distribution revenues at existing rates (see Exhibit 3, Tab 5, Schedule 1, Table 1) and revenue offsets. The following table indicates the references within the application for these amounts:

| | |
|---|---|
| Total Net Revenues | |
| Distribution Revenues | Exhibit 3, Tab 1, Schedule 5, Table 1 |
| Revenue Offset | Exhibit 3, Tab 2, Schedule 1, Attachment 1 |
| | |
| Expenses | |
| OM&A | Exhibit 10, Tab 1, Schedule 1 |
| Depreciation & Amortization | Exhibit 4, Tab 7, Schedule 1, Attachment 1 |
| PILs | Exhibit10, Tab 6, Schedule 1, Attachment 2 |

The Indicated Rate of Return is equal to Utility Income divided by the Rate Base amount. Attachment 2 presents the statement of rate base, consistent with the information in Schedule 2, Tab 1. The Requested / Approved Rate of Return for 2013 appears on Exhibit 5, Tab 1, Schedule 2. The Indicated Rate of Return is less than the Requested / Approved Rate of Return, therefore there is a Deficiency in Return. The Net Revenue Deficiency is the Deficiency in Return, multiplied by the Rate Base amount.

The Provision for PILs/Taxes is the difference between the PILs amount appearing in the calculation of Utility Income, and the proposed Allowance for PILs as shown in Exhibit 10, Tab 6, Schedule 1. The sum of the Net Revenue Deficiency and the

Provision for PIL/Taxes yields the Gross Revenue Deficiency.

The Deemed Overall Debt Rate and Deemed Cost of Debt appear at Exhibit 5, Tab 1, Schedule 1, Attachment 1. The Return on Deemed Equity is derived by taking Utility Income, less the Deemed Cost of Debt, divided by the equity capitalization amount (which also appears on Exhibit 5, Tab 1, Schedule 2).

**Exhibit 6**
**Tab 2**
**Schedule 1**
**Attachment 1**

# Revenue Requirement Workform

## Revenue Deficiency/Sufficiency

| Line No. | Particulars | Initial Application: At Current Approved Rates | Initial Application: At Proposed Rates | At Current Approved Rates | At Proposed Rates | Per Board Decision: At Current Approved Rates | Per Board Decision: At Proposed Rates |
|---|---|---|---|---|---|---|---|
| 1 | Revenue Deficiency from Below | | $977,793 | | ($1,792,619) | | $7,704,637 |
| 2 | Distribution Revenue | $8,939,434 | $8,948,867 | $8,939,434 | $11,719,279 | $ - | ($7,704,637) |
| 3 | Other Operating Revenue Offsets - net | $653,041 | $653,041 | $ - | $ - | $ - | $ - |
| 4 | **Total Revenue** | $9,592,475 | $10,579,701 | $8,939,434 | $9,926,660 | $ - | $ - |
| 5 | Operating Expenses | $7,704,637 | $7,704,637 | $7,704,637 | $7,704,637 | $7,704,637 | $7,704,637 |
| 6 | Deemed Interest Expense | $1,386,585 | $1,386,585 | $ - | $ - | $ - | $ - |
| 7 | Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS | ($32,530) **(2)** | ($32,530) | $ - **(2)** | $ - | $ - **(2)** | $ - |
| 8 | **Total Cost and Expenses** | $9,058,692 | $9,058,692 | $7,704,637 | $7,704,637 | $7,704,637 | $7,704,637 |
| 9 | **Utility Income Before Income Taxes** | $533,783 | $1,521,009 | $1,234,797 | $2,222,023 | ($7,704,637) | ($7,704,637) |
| 10 | Tax Adjustments to Accounting Income per 2013 PILs model | ($1,547,168) | ($1,547,168) | ($1,547,168) | ($1,547,168) | $ - | $ - |
| 11 | **Taxable Income** | ($1,013,385) | ($26,159) | ($312,371) | $674,855 | ($7,704,637) | ($7,704,637) |
| 12 | Income Tax Rate | 26.50% | 26.50% | 26.50% | 26.50% | 26.50% | 26.50% |
| 13 | **Income Tax on Taxable Income** | ($268,547) | ($6,932) | ($82,778) | $178,837 | ($2,041,729) | ($2,041,729) |
| 14 | **Income Tax Credits** | $ - | $ - | $ - | $ - | $ - | $ - |
| 15 | **Utility Net Income** | $802,330 | $1,521,009 | $1,317,575 | ($7,704,637) | ($5,662,908) | ($7,704,637) |
| 16 | **Utility Rate Base** | $41,694,295 | $41,694,295 | $41,694,295 | $41,694,295 | $41,694,295 | $41,694,295 |
| 17 | Deemed Equity Portion of Rate Base | $16,677,718 | $16,677,718 | $ - | $ - | $ - | $ - |
| 18 | Income/(Equity Portion of Rate Base) | 4.81% | 9.12% | 0.00% | 0.00% | 0.00% | 0.00% |
| 19 | Target Return - Equity on Rate Base | 9.12% | 9.12% | 0.00% | 0.00% | 0.00% | 0.00% |
| 20 | Deficiency/Sufficiency in Return on Equity | -4.31% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 21 | Indicated Rate of Return | 5.25% | 6.97% | 3.16% | 0.00% | -13.58% | 0.00% |
| 22 | Requested Rate of Return on Rate Base | 6.97% | 6.97% | 0.00% | 0.00% | 0.00% | 0.00% |
| 23 | Deficiency/Sufficiency in Rate of Return | -1.72% | 0.00% | 3.16% | 0.00% | -13.58% | 0.00% |
| 24 | Target Return on Equity | $1,521,008 | $1,521,008 | $ - | $ - | $ - | $ - |
| 25 | Revenue Deficiency/(Sufficiency) | $718,678 | $1 | ($1,317,575) | $ - | $5,662,908 | $ - |
| 26 | **Gross Revenue Deficiency/(Sufficiency)** | $977,793 **(1)** | | ($1,792,619) **(1)** | | $7,704,637 **(1)** | |

**Notes:**
**(1)** Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)
**(2)** Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency

# Westario Power (ED-2002-0515)

**2013 EDR Application () version: 1**
**October 9, 2012**

**Exhibit 6**
**Tab 2**
**Schedule 1**
**Attachment 2**

## X22 Rate Base Trend

| | 2009 Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Projection | 2013 Projection |
|---|---|---|---|---|---|---|
| *Net Capital Assets in Service:* | | | | | | |
| Opening Balance | 27,491,910 | 27,288,767 | 27,202,855 | 27,955,074 | 29,276,363 | 31,991,871 |
| Ending Balance | 28,242,596 | 27,202,855 | 27,955,074 | 29,276,363 | 31,991,871 | 37,909,551 |
| Average Balance | 27,867,253 | 27,245,811 | 27,578,964 | 28,615,719 | 30,634,117 | 34,950,711 |
| Working Capital Allowance *(see below)* | 6,100,908 | 5,114,408 | 6,150,644 | 6,192,957 | 7,709,390 | 6,743,588 |
| **Total Rate Base** | **33,968,161** | **32,360,219** | **33,729,609** | **34,808,675** | **38,343,507** | **41,694,299** |

***Expenses for Working Capital***

| | 2009 Approved | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Projection | 2013 Projection |
|---|---|---|---|---|---|---|
| *Eligible Distribution Expenses:* | | | | | | |
| 3500-Distribution Expenses - Operation | 480,400 | 238,670 | 213,163 | 265,336 | 369,000 | 440,000 |
| 3550-Distribution Expenses - Maintenance | 1,134,675 | 1,452,470 | 1,236,423 | 1,217,086 | 2,060,000 | 2,298,000 |
| 3650-Billing and Collecting | 1,242,900 | 1,366,181 | 1,165,394 | 1,125,350 | 1,130,000 | 1,191,000 |
| 3700-Community Relations | 35,500 | 14,696 | 3,636 | 12,288 | 45,000 | 46,000 |
| 3800-Administrative and General Expenses | 1,818,350 | 1,505,457 | 1,675,704 | 1,976,459 | 2,332,500 | 2,317,500 |
| 3950-Taxes Other Than Income Taxes | 56,600 | 110,879 | 84,722 | 47,921 | 53,100 | 33,000 |
| Total Eligible Distribution Expenses | 4,768,425 | 4,688,353 | 4,379,042 | 4,644,440 | 5,989,600 | 6,325,500 |
| 3350-Power Supply Expenses | 35,904,295 | 29,407,699 | 36,625,253 | 36,641,937 | 45,406,335 | 45,548,250 |
| Total Expenses for Working Capital | 40,672,720 | 34,096,052 | 41,004,295 | 41,286,377 | 51,395,935 | 51,873,750 |
| Working Capital factor | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% | 13.0% |
| **Working Capital Allowance** | **6,100,908** | **5,114,408** | **6,150,644** | **6,192,957** | **7,709,390** | **6,743,588** |

# CAUSES OF REVENUE DEFICIENCY OR SUFFICIENCY

WPI's existing rates are based on the Board-approved rates in 2009 following a cost of service rate application, and adjustments to its base distribution rates in 2010 to 2012 under the Board's Second Generation Incentive Regulation Mechanism ("3GIRM").

Price cap adjustments of 1.3%, 1.18% and 0.88% were applied in 2010, 2011 and 2012, respectively. As a result, current base distribution rates reflect an aggregate price cap of adjustment of 3.3% relative to the 2009 Board-approved rates.

The deficiency is due primarily to increased OM&A expenses. Projected OM&A for 2013 is $456K higher than the 2009 Board-approved amount, an increase of 10%. The cost drivers underlying this increase are discussed in Exhibit 4, Tab 2.

The increase in the rate base is another cause of the revenue deficiency. The proposed rate base for 2013 is $500K higher than the 2009 Board-approved amount, an increase of 8%. Based on a 6.97% overall cost of capital, the increase in the rate base drives an increase to the revenue requirement. The factors contributing to the change in the rate base are summarized in Exhibit 2, Tab 1, Schedule 1.

More than half of the increase in the rate base is due to higher net fixed asset amounts specifically the transfer of smart meters from variance accounts to capital accounts. As a result, projected depreciation expense in 2013 (CGAAP) is higher than the 2009 Board approved amount.

The increase in power supply expenses has been a contributor to the increase in Rate Base but is being somewhat offset by a lower working capital allowance of 13% instead of 15%.

The revenue deficiency under MIFRS is considerably lowered as a result of the transition from CGAAP to MIFRS. The Revenue Deficiency under MIFRS is presented at Exhibit 10.

This deficiency sought by WPI is needed to continue to provide safe and reliable service to its customers.