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May 31, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor – 2300 Yonge Street
Toronto, ON M4P 1E4

Re: Sioux Lookout Hydro Inc. - 2013 Cost of Service Electricity Distribution Rate Application EB-2012-0165
Written Responses to Supplemental Interrogatories

Dear Ms. Walli:

Please find enclosed Sioux Lookout Hydro Inc.'s (SLHI) written responses to supplemental interrogatories as filed by Board Staff and Vulnerable Energy Consumers Coalition (VECC).

These responses are being filed pursuant to the Board's e-Filing Services. Two hard copies of the responses will be delivered to the Board via registered mail. In addition, one electronic copy will be forwarded to all intervenors.

Also attached please find the following:

- Sioux Lookout_2013_Rev_Reqt_Work_form_V3_updated_20130529
- SiouxLookout_Filing_Requirements_Chapter2_Appendices_V1.1_updated_20130529
- Sioux Lookout_2013_Test_year_IncomeTax_PILs_workform_V2_updated_20130529

An electronic version of these responses has been submitted through the e-Filing Services.

If you require any further information, please do not hesitate to contact me at (807)737-3800 or via email at dkulchyski@tbaytel.net.

Sincerely,

DKulchyski

Deanne Kulchyski, CGA, BComm(Hons)
President/CEO

Sioux Lookout Hydro Inc.

2013 Electricity Distribution Rates

Written Response to Supplementary Interrogatories

EB-2012-0165

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Exhibit 1

1-VECC-38

Ref: 1-Staff-5

a) Please provide the list of construction development fees included in SLHI's Condition of Service.

b) It appears from the response to the interrogatory that SLHI does earn revenues from these fees, but that they are offset by equal costs. Please confirm this is correct and if so please provide the revenues and costs (and providing a description of the costs) for 2012 from these services and the forecast for 2013.

c) If this is not correct then please explain why, if SLHI does not earn any revenues from these fees (i.e. they are not charged to anyone), it continues to include them in its Conditions of Service.

SLHI Response

a) See Appendix A for the list of construction development fees included in SLHI's Condition of Service.

b) SLHI confirms this is correct. The revenue and costs for 2012 are as follows:

Description	**Revenues**	**Costs**	
		Materials	**Overhead**
3/0 USEI-90	$7,137	$5,287	$1,850
250 MCM USEI-90	$6,690	$5,192	$1,498
1/0 28 kV Power Cable	$2,325	$1,978	$347
300 kVa Padmount Transformer	$20,905	$15,485	$5,420

The forecast for 2013 is:

Description	**Revenues**	**Costs**	
		Materials	**Overhead**
3/0 USEI-90	$6,312	$4674	$1,638
250 MCM USEI-90	$5,055	$3,745	$1,310

The forecast for 2013 does not include any values for padmount transformers, 1/0 Power Cable or the materials listed on Schedule 4 of Appendix A because the demand for these materials is solely customer driven. SLHI generally does not receive notification of the need for these materials until just a few months or weeks before the customer requires them.

c) The construction development fees listed in Appendix A are for materials used and are based on 2007 costs. In the next version of the Conditions of Service SLHI will not provide specific costs as they will vary from year to year based on actual prices.

1-VECC-39

Ref: Updated RRWF

a) Please explain the change shown at Tab 6 of the revised RRWF form (V3_20130516) - Taxes-PILS where the "Adjustments required to arrive at taxable utility income" are reduced from $162,444 to $97,170.

SLHI Response

a) SLHI updated the 2012 and 2013 CCA Continuity Schedules and filed them as part of 4-Staff-40s in the updated PILs Work form. As a result of interrogatory 4-Staff-40s, the adjustment has been revised to $78,709. The amortization expense for 2013 was updated due to the balance forward from 2012 updates. The change was $255,875 as originally filed to $253,562. SLHI also updated the 2012 CCA Continuity Schedule to the actual Tax Return. This reduced the CCA for 2013 from $412,370 as originally filed to $346,322. The original application also did not include the Apprenticeship Tax Credit as explained in interrogatory 4-Staff-40s.

Exhibit 2

2-Staff-33s Gross Fixed Assets

Ref: 2-VECC-12

Ref: Updated Revenue Requirement Work Form/Tab 3

Board staff notes that resulting from the interrogatory process, the Net Fixed Assets (Average) component of Rate Base is adjusted upwards by $44,461.

a) Please identify and provide in summary form the components causing the upward adjustment.

SLHI Response

a) The upwards adjustment is a result of updating the 2012 forecasted Capital additions to actual. A summary of the components causing the adjustment is as follows:

Project	**2012 Variance in Actual to Forecast – Gross Assets**
Moosehorn Road Upgrade	$26,447
New Connections	42,848
Projects < 50,000	26,404
Contributed Capital	7,947
Line Truck Betterment	(53,691)
Work in Progress	(6,723)
Total	**$43,232**
Change in 2012 Accumulated Amortization	$280
Change in 2013 Accumulated Amortization	2,556
Average Accumulated Amortization Change*	**$1,418**

*Difference of $9 from RRWF is immaterial

Exhibit 3

3-Staff-34s – Load Forecasting

Ref: 3-Staff-11, 3-VECC-11, 3-VECC-12

Please provide a regression analysis with the following specifications:

- No intercept;
- Use of most recent Fall 2012 outlook from the Ontario Ministry of Finance for Ontario GDP;
- Exclusion of “Pulp Mill Flag”; and
- Dependent variable adjusted to exclude the loss-adjusted pulp mill consumption.

a) Please provide all regression results, including the MAPE based on monthly residuals and actuals.

b) Please provide the plot of monthly actual against predicted, in the same format as provided in 3-Staff-11 c).

SLHI Response

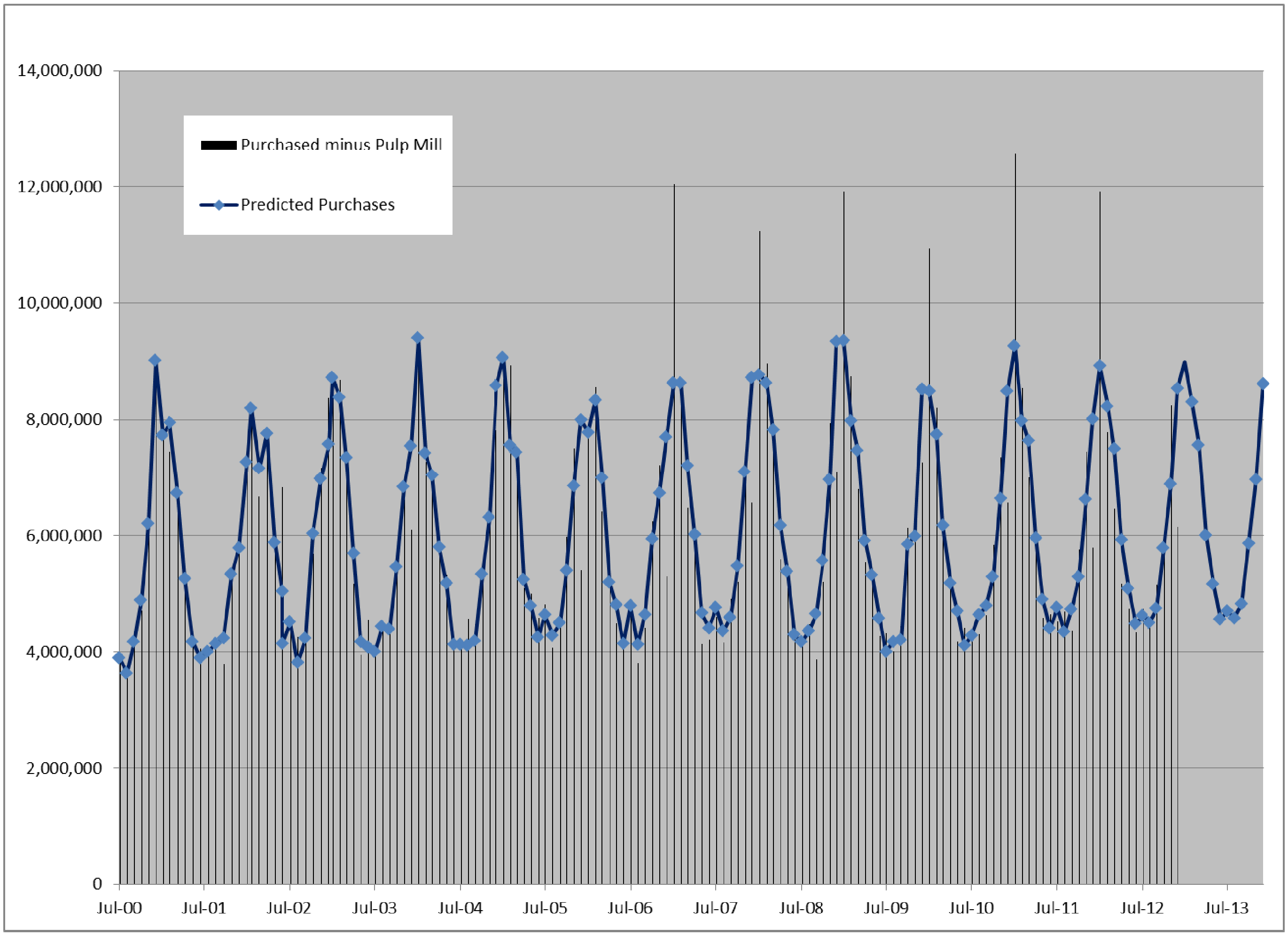
The regression analysis has been rerun to include the following specifications:

- No intercept;
- Use of most recent Fall 2012 outlook from the Ontario Ministry of Finance for Ontario GDP;
- Exclusion of “Pulp Mill Flag”; and
- Dependent variable adjusted to exclude the loss-adjusted pulp mill consumption.

a) The regression results, including the MAPE based on monthly residuals and actuals is provided below

Statistics		
R Square	98.2%	
Adjusted R Square	97.4%	
F Test	2472.6	
MAPE (Mean Absolute Percent Error) on Monthly Values	7.6%	
Variable	Coefficients	T-stat
Intercept	0	#N/A
Heating Degree Days	4,815	19.8
Cooling Degree Days	10,623	2.8
Ontario Real GDP Monthly %	26,745	21.2
2012 Power Purchased Forecast (GWh)		75.2
2013 Power Purchased Forecast (GWh)		76.1

b) The plot of monthly actual against predicted purchases excluding the pulp mill values is outlined below, in the same format as provided in 3-Staff-11 c).


Purchased minus Pulp Mill
Predicted Purchases
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
Jul-00
Jul-01
Jul-02
Jul-03
Jul-04
Jul-05
Jul-06
Jul-07
Jul-08
Jul-09
Jul-10
Jul-11
Jul-12
Jul-13

3-Staff-35s – Unmetered Scattered Load

Ref: 3-Staff-12, Exhibit 7, Exhibit 8

In response to interrogatory 3-Staff-12, SLHI explained that the decline in USL connections is a result of installing meters for these loads.

a) What class of customer are the converted metered USL connections now categorized as (e.g. as GS < 50 kW)?

b) SLHI states that it has one unmetered USL connection remaining in service in 2013.
   i) Does SLHI have plans to meter this remaining connection?
   ii) What is SLHI's policy with respect to metering any new USL connections that might be requested in the future?

SLHI Response

a) The converted metered USL connections are now categorized as GS < 50 kW.

b) SLHI would like to convert this customer to metered, and any future requests for new USL connections will be required to be metered.

3-Staff-36s – CDM Adjustment

Ref: 3-Staff-13, Exhibit 4/Appendix 4D

In the response to 3-Staff-13 part c), SLHI states:

> Sioux Lookout Hydro agrees with the methodology used to determine the CDM savings that will underlie the 2013 CDM amount for the LRAMVA. *With regards to the manual CDM adjustment for the 2013 test year load forecast, Sioux Lookout Hydro submits it should be a value that represents the net level since this is consistent with 2013 cost of service settlement agreements to date.* In addition, the 2011 value should not be included in the manual CDM adjustment. The results of the 2011 programs and how they persist into 2013 have been reflected in the actual 2011 power purchases used in the regression analysis. In Sioux lookout Hydro's view to include the 2012 value in the manual CDM adjustment would be a double count. With regards to the 2013 value used in the manual CDM adjustment, Sioux Lookout Hydro is concerned with using the "half year rule" *since it is Sioux Lookout Hydro's understanding that there should be consistent treatment on how the load forecast is adjusted and how the LRAMVA threshold is determined. Since a full year amount is used in the LRAMVA threshold calculation for 2013 then a full year for 2013 should be used in the manual CDM adjustment.* [Emphasis added]

a) What is the basis for SLHI's "understanding that there should be consistent treatment on how the load forecast is adjusted and how the LRAMVA threshold is determined."

b) The Tab "Methodology" of Exhibit 4/Appendix 4-D states has the following statement with respect to OPA-reported results: "All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)". In other words, the reported results assume that the program was fully in place from January 1 to December 31. In reality, a given year's CDM program will be implemented at some point in the year, and the savings will begin to be realized as customers take advantage and implement the savings initiatives. In other words, the impact of the 2013 CDM programs on the 2013 consumption and demand will not reflect the full "annualized" savings in 2013. Please provide further explanation as to why SLHI believes that that the full year 2013 CDM savings should be used for the adjustment.

SLHI Response

a) and b)

In SLHI's view the LRAMVA amount is the amount that represents the level of adjustment made to the load forecast for CDM results in 2013 from 2011, 2012 and 2013 programs. However, if the LRAMVA amount is calculated in a different manner (i.e. on a full year basis) compared to how the load forecast is adjusted for the CDM results (i.e. on a half year basis) this suggests to SLHI there is an inconsistency that could possibly disadvantage the customer or SLHI when the true-up of LRAMVA is conducted. When the actual 2013 CDM results are known, sometime in 2015, the true-up calculations will be performed and the actual CDM results will be compared to the LRAMVA value assumed in the load forecast. Two years from now this comparison could lead to confusion for those calculating the level of true-up when it is determined the CDM adjustment to the load forecast is based on a half year rule but the LRAMVA amount is based on a full year basis. This could especially be true if those determining the true-up amount were not involved in this proceeding. In SLHI's view it would increase the understanding, reduce the risk of confusion and improve the process if the CDM adjustment to the load forecast and the LRAMVA amount was determined on a consistent basis. If the LRAMVA amount is determined on a full year basis then the CDM adjustment should be determined on a full year basis. However, if the CDM adjustment is determined on a half year basis then the LRAMVA should also be calculated on a half year basis.

3-VECC-40

Ref: 3-VECC-13

a) Given the GS<50 customer count increased in 2012 (over 2011) as opposed to decreasing as forecast by SLHI, is there a need to revise the forecast customer count for this class for 2013? If yes, what is SLHI's view as to what the revised forecast should be? If no, why not?

SLHI Response

a) Based on the actual average 2012 customer count results, it is SLHI's view the forecasted average 2013 customer count for the GS < 50 kW and the GS > 50 rate classes should be set at the 2012 average customer count value and this would be reflected once final rates are determined.

3-VECC-41

Ref: 3-VECC-14

a) If available, please provide a copy of the OPA's preliminary 2012 CDM report for SLHI.

SLHI Response

a) The OPA's preliminary 2012 CDM report for SLHI was not available at the time of submission of these interrogatories.

3-VECC-42

Ref: 3-Staff-13

a) For those classes that are demand billed (GS > 50 and Street Lights), please indicate what the 2013 billing demand values would be for the LRAMVA and explain how they were determined.

SLHI Response

a) Please refer to Exhibit 3, Tab 2, Schedule 1, Page 16 of 19 of the Application and Table 3-16 shown on the referenced page.

3-VECC-43

Ref: 3-VECC-15

a) Are there any activities, apart from participation in the OPA's CDM programs that contribute to the Revenues and Expenses reported for 2012 in accounts #4375 and #4380 respectively?

b) If yes, please explain what they are and provide a schedule that separates out the actual 2012 and forecast 2013 values for these two accounts as between those that are related to OPA CDM programs and those that are related to other activities.

SLHI Response

a) There are no activities apart from participation in the OPA's CDM programs that contribute to the Revenues and Expenses reported for 2012 in accounts #4375 and #4380.

b) N/A

Exhibit 4

4-Staff-37s – Inflation

Ref: 4-Staff-15

SLHI states that it relied on the update released by the Board on March 13, 2012, and that the non-labour inflation, except where increases are directly known, is 2%.

a) Please confirm that the Board update referred to is the annual 2011 GDP-IPI change issued by the Board for 2012 IRM applications with May 1, 2012 effective dates. If not, please explain.

SLHI Response

a) SLHI confirms that the Board update referred to is the annual 2011 GDP-IPI change issued by the Board for 2012 IRM applications with May 1, 2012 effective dates.

4-Staff-38s – Depreciation Expense

Ref: 4-Staff-14, Table 4.74
Ref: Exhibit 2, Tab 5, Schedule 4, page 3, Table 2.54

In the pre-filed evidence Sioux Lookout provided Table 2.54: "Variance Account 1576 – in relation to PP&E Changes under CGAAP" which showed that a credit adjustment of ($24,722) to 2013 Depreciation Expense was made to clear Account 1576.

In the response to updated Table 4.74 for IR 4-Staff-14, Sioux Lookout provided an updated adjustment to 2013 Depreciation Expense to clear Account 1576 – a credit adjustment to depreciation expense of ($26,188).

An updated Table 2.54 was not provided with the response to IR 4-Staff-14 which showed the derivation of the updated adjustment to 2013 Depreciation Expense to clear Account 1576.

a) Please provide an updated Table 2.54 that shows the derivation of the updated adjustment to 2013 Depreciation Expense to clear Account 1576 – a credit adjustment to depreciation expense of ($26,188).

SLHI Response

a) In the updated Table 4.74 for IR 4-Staff-14 the amount of $(26,188) includes an adjustment of $(1,466) for Sentinel Light depreciation. SLHI has updated Table 4.74 below to show the two amounts separately.

Table 4.74 – Amortization Expense for 2013 Test Year (MCGAAP)

Appendix 2-CH
Depreciation and Amortization Expense

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013 - Note Sioux Lookout Hydro will be adopting IFRS January 1, 2014

Year 2013 MCGAAP

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)	Note to explain variance
1611	Computer Software (Formally known as Account 1925)	$ 1,000.00	5.00	20.00%	$ 17,228.77	$ 15,206.93	$ 2,021.84	1
1612	Land Rights (Formally known as Account 1906)	$ -		0.00%	$ -	$ -	$ -	
1805	Land	$ -		0.00%	$ -	$ -	$ -	
1808	Buildings	$ -	25.00	4.00%	$ 3,631.43	$ 3,675.00	-$ 43.57	2
1810	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	
1815	Transformer Station Equipment >50 kV	$ -		0.00%	$ -	$ -	$ -	
1820	Distribution Station Equipment <50 kV	$ -		0.00%	$ -	$ -	$ -	
1825	Storage Battery Equipment	$ -		0.00%	$ -	$ -	$ -	
1830	Poles, Towers & Fixtures	$ 49,073.00	45.00	2.22%	$ 71,867.06	$ 71,867.06	$ 0.00	
1835	Overhead Conductors & Devices	$ 12,268.00	45.00	2.22%	$ 18,117.50	$ 18,117.49	$ 0.01	
1840	Underground Conduit	$ 5,000.00	50.00	2.00%	$ 2,850.21	$ 2,850.23	-$ 0.02	
1845	Underground Conductors & Devices	$ 89,152.00	40.00	2.50%	$ 21,758.75	$ 21,758.74	$ 0.01	
1850	Line Transformers	$ 59,767.00	40.00	2.50%	$ 38,150.43	$ 38,150.44	-$ 0.01	
1855	Services (Overhead & Underground)	$ -		0.00%	$ -	$ -	$ -	
1860	Meters	$ -	25.00	4.00%	$ 11,945.52	$ 12,205.20	-$ 259.68	3
1860	Meters (Smart Meters)	$ 1,680.00	15.00	6.67%	$ 43,221.73	$ 43,222.00	-$ 0.27	
1905	Land	$ -		0.00%	$ -	$ -	$ -	
1908	Buildings & Fixtures	$ -		0.00%	$ -	$ -	$ -	
1910	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	
1915	Office Furniture & Equipment (10 years)	$ -	10.00	10.00%	$ 1,758.28	$ 1,851.00	-$ 92.72	4
1915	Office Furniture & Equipment (5 years)	$ -		0.00%	$ -	$ -	$ -	
1920	Computer Equipment - Hardware	$ -		0.00%	$ -	$ -	$ -	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ 2,000.00	5.00	20.00%	$ 10,300.02	$ 9,630.44	$ 669.58	5
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		0.00%	$ -	$ -	$ -	
1930	Transportation Equipment(8 years)	$ -	8.00	12.50%	$ 12,947.03	$ 12,981.89	-$ 34.86	6
1930	Transportation Equipment(5 years)	$ -	5.00	20.00%	$ 6,063.03	$ 6,237.00	-$ 173.97	7
1940	Tools, Shop & Garage Equipment	$ 5,000.00	10.00	10.00%	$ 3,976.59	$ 8,036.57	-$ 4,059.98	8
1945	Measurement & Testing Equipment	$ 7,000.00	10.00	10.00%	$ 1,403.50	$ 1,293.43	$ 110.07	9
1950	Power Operated Equipment	$ 86,000.00	8.00	12.50%	$ 9,330.25	$ 14,662.00	-$ 5,331.75	10
1955	Communications Equipment	$ -	10.00	10.00%	$ 1,627.79	$ 1,627.48	$ 0.31	
1955	Communication Equipment (Smart Meters)	$ -		0.00%	$ -	$ -	$ -	
1960	Miscellaneous Equipment	$ -		0.00%	$ -	$ -	$ -	
1975	Load Management Controls Utility Premises	$ -		0.00%	$ -	$ -	$ -	
1980	System Supervisor Equipment	$ -		0.00%	$ -	$ -	$ -	
1985	Miscellaneous Fixed Assets	$ 2,000.00	10.00	10.00%	$ 1,292.36	$ 1,466.43	-$ 174.07	11
1995	Contributions & Grants	-$ 92,000.00	40.00	2.50%	-$ 26,750.22	-$ 31,277.64	$ 4,527.42	12
etc.		$ -		0.00%	$ -	$ -	$ -	
		$ -		0.00%	$ -	$ -	$ -	
	Total	$ 227,940.00			$ 250,720.03	$ 253,561.69	-$ 2,841.66	
	Depreciation Expense included in relevant expense accounts				-$ 44,839.00			
	Immaterial difference due to notes explained in Ex 4/Tab 2/Sched 7/p. 8				$ 2,841.66			
	Sentinel Light depreciation				-$ 1,466.00			
	Depreciation expense adjustment resulting from amortization of Account 1576				-$ 24,722.00			
	Total Depreciation expense to be included in the test year revenue requirement				**$ 182,534.69**			

Therefore the amount of the credit adjustment was unchanged from Table 2.54 of $(24,722). SLHI has provided an updated Table 2.54 below to reflect the actual 2012 additions. The change in the credit adjustment applied for as a result of actual 2012 capital additions would be a reduction in the credit by $426 per year ($97,185/4 years = $24,296, $(24,296) - $(24,722) = $426). SLHI believes this amount is not material and therefore requests that the $(24,722) originally applied for remain unchanged.

Table 2.54: Variance Account 1576 - in relation to PP&E Changes under CGAAP Amended for actual 2012 Additions			
		2011	**2012**
	Basis of Rates	**IRM**	**IRM**
	Forecast vs Actual Used in COS Application	**Actual**	
PP&E Values Assuming "Previous" CGAAP Accounting Policies Continued			
	Opening net PP&E	4,525,710	4,465,522
	Additions	242,585	756,345
	Depreciation (25 years straight line)	-302,773	-371,181
	Closing net PP&E	4,465,522	4,850,686
PP&E Values Assuming Accounting Changes under CGAAP in 2012			
	Opening net PP&E	4,525,710	4,465,522
	Additions	242,585	714,662
	Depreciation (40, 45, 50 years straight line)	-302,773	-232,313
	Closing net PP&E	4,465,522	4,947,871
Difference in Closing net PP&E, "Previous"CGAAP vs "Modified"CGAAP		0	-97,185
Variance Account 1576			
	Opening Balance		97,185
	Amount added annually		
	Closing Balance in deferral account		**97,185**

Journal Entry to record Variance		Debit	Credit
2012	OEB Account 4305(Regulatory Debit)	97,185	
	OEB Account 1576(Accounting Changes under CGAAP)		97,185
	To record differences arising from CGAAP accounting Changes		

4-Staff-39s – Depreciation Expense

Ref: 4-Staff-14
Ref: Exhibit 4, Tab 2, Schedule 7, page 2, Table 4.70
Ref: Updated Appendix 2-CG

Board staff notes that resulting from the interrogatory process, the 2012 Bridge Year MCGAAP Amortization Expense in cell K54 of the updated Appendix 2-CG has changed from $349,497 (initial application) to $349,947.

a) Please provide an updated Table 4.70 to reflect this change.

SLHI Response

a) See Below for an updated Table 4.70:

Table 4.70: Summary of Amortization Expense - 2008 to 2013 (updated)

Account	Description	2008 CGAAP Amortization Expense	2009 CGAAP Amortization Expense	2010 CGAAP Amortization Expense	2011 CGAAP Amortization Expense	2012 - Bridge CGAAP Amortization Expense	2012 - Bridge MCGAAP Amortization Expense	2013 - Test MCGAAP Amortization Expense
1611	Computer Software (Formally known as Account 1925)	$ 850	$ 850	$ 1,003	$ 1,684	$ 39,551	$ 39,401	$ 15,207
1612	Land Rights (Formally known as Account 1906)							
1805	Land							
1808	Buildings	$ 3,675	$ 3,675	$ 3,675	$ 3,675	$ 3,675	$ 3,675	$ 3,675
1810	Leasehold Improvements							
1815	Transformer Station Equipment >50 kV							
1820	Distribution Station Equipment <50 kV							
1825	Storage Battery Equipment							
1830	Poles, Towers & Fixtures	$ 117,477	$ 124,385	$ 132,336	$ 138,939	$ 129,315	$ 55,418	$ 71,867
1835	Overhead Conductors & Devices	$ 43,167	$ 43,167	$ 43,199	$ 43,199	$ 43,349	$ 17,873	$ 18,117
1840	Underground Conduit	$ 6,524	$ 6,628	$ 6,698	$ 6,936	$ 6,703	$ 2,392	$ 2,850
1845	Underground Conductors & Devices	$ 30,823	$ 32,236	$ 33,350	$ 35,508	$ 32,731	$ 16,937	$ 21,759
1850	Line Transformers	$ 58,806	$ 59,070	$ 61,824	$ 64,310	$ 60,660	$ 30,868	$ 38,150
1855	Services (Overhead & Underground)							
1860	Meters	$ 13,566	$ 17,403	$ 19,692	$ 11,880	$ 11,818	$ 11,818	$ 12,205
1860	Meters (Smart Meters)					$ 147,661	$ 147,661	$ 43,222
1905	Land							
1908	Buildings & Fixtures							
1910	Leasehold Improvements							
1915	Office Furniture & Equipment (10 years)	$ 906	$ 1,293	$ 1,266	$ 1,257	$ 1,611	$ 1,539	$ 1,851
1915	Office Furniture & Equipment (5 years)							
1920	Computer Equipment - Hardware							
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ 1,324	$ 6,016	$ 5,740	$ 5,732	$ 13,823	$ 14,056	$ 9,630
1920	Computer Equip.-Hardware(Post Mar. 19/07)							
1930	Transportation Equipment(8 years)	$ 42,482	$ 39,068	$ 33,688	$ 8,554	$ 6,126	$ 8,923	$ 12,982
1930	Transportation Equipment(5 years)	$ 11,827	$ 9,062	$ 12,561	$ 6,237	$ 6,237	$ 6,237	$ 6,237
1940	Tools, Shop & Garage Equipment	$ 5,866	$ 6,364	$ 6,300	$ 3,590	$ 7,433	$ 7,433	$ 8,037
1945	Measurement & Testing Equipment	$ 1,306	$ 1,267	$ 1,267	$ 1,198	$ 1,087	$ 1,087	$ 1,293
1950	Power Operated Equipment	$ 5,171	$ 5,241	$ 4,267	$ 3,778	$ 3,852	$ 3,852	$ 14,662
1955	Communications Equipment	$ 3,678	$ 3,894	$ 3,519	$ 1,575	$ 1,596	$ 1,595	$ 1,627
1955	Communication Equipment (Smart Meters)							
1960	Miscellaneous Equipment							
1975	Load Management Controls Utility Premises							
1980	System Supervisor Equipment							
1985	Miscellaneous Fixed Assets	$ 2,328	$ 2,509	$ 2,343	$ 1,531	$ 1,221	$ 1,221	$ 1,466
1995	Contributions & Grants	-$ 24,328	-$ 28,177	-$ 32,688	-$ 35,279	-$ 30,364	-$ 22,039	-$ 31,278
	Work In Progress							
Sub total Amortization Expense		**$ 325,448**	**$ 333,951**	**$ 340,040**	**$ 304,304**	**$ 488,085**	**$ 349,947**	**$ 253,562**
Less: Amortization allocated to other Trial Balance accounts		-$ 72,657	-$ 67,405	-$ 63,945	-$ 26,462	-$ 27,552	-$ 30,348	-$ 46,305
Add: Error in Contribution & Grants Amortization (2010)				$ 4,511				
Less: Adjusment for Account 1556								-$ 24,722
NET AMORTIZATION EXPENSE TO INCOME STATEMENT		**$ 252,791**	**$ 266,546**	**$ 280,606**	**$ 277,842**	**$ 460,533**	**$ 319,599**	**$ 182,535**

4-Staff-40s – PILs

Ref: Income Tax/PILs Work Form for 2013 Filers
Ref: Exhibit 4, Tab 3, Schedule 1
Ref: Tab 9 of updated Revenue Requirement Work Form ("RRWF")

SLHI did not file updated PILs evidence in its response to interrogatories. As a result of updating other evidence through the interrogatory phase of this proceeding, SLHI appears to have updated the amount of PILs it is proposing to recover in rates from $11,066 to $22,680, as indicated in the updated RRWF.

a) Please update the Income Tax/PILs Work Form, Exhibit 4/Tab 3/Schedule 1, and any other applicable evidence for any changes required to the amount of PILs SLHI is proposing to recover in rates.

SLHI Response

a) SLHI has updated the Income Tax/PILs Work Form and filed it as part of these supplemental interrogatories. In order to mirror the tax returns submitted to the CRA, the Work Form was modified to accommodate an adjustment made to SLHI's 2012 CCA Schedule which were not subject to the half year rule. Subsequently, a column was added to Sheet "I. Schedule 8 CCA Bridge Year" after Column F "Additions" labelled "Net Adjustments".

   SLHI's tax advisor (BDO Canada LLP) recommended a straight reclassification in 2012 for an amount of $84,252 included in Class 47 in 2009 for the addition of smart meters. In 2012 when SLHI disposed of the variance account 1555, it was discovered that there were amounts that should have been allocated to Class 50 and Class 12. Since the amounts were originally included as additions in the 2009 CCA Schedule and subject to the half year rule at the time, the reclassified amounts were not subject to the half year rule. It was also deemed by our tax advisor that amendments to the 2009 to 2011 tax returns were not necessary due to the amounts being immaterial.

   SLHI has filed a copy of its 2012 T2 Corporate Tax Return as Appendix B.

   Once the PILs Work Form was updated the Tax Credit Calculations were revisited. Table 4.3-3, Exhibit 4, Tab 3, Schedule 1, page 3 lists the 2013 eligible Apprenticeship Tax credit as $20,000. This was not included in the 2013 Test year PILs calculation because it would have resulted in a negative tax payable. SLHI has applied the Apprenticeship Tax credit to the revised proposed PILs for 2013. There was also a discrepancy in the amount of proposed PILs to recover in the first updated RRWF and the updated PILs Work Form of $283. SLHI has filed an amended RRWF as part of these interrogatories to include the Apprenticeship Tax Credit and the $283 correction resulting in proposed Test year PILs of $2,397.

Tables 4.43, 4.44, 4.46 and 4.48 of the original application are updated and presented below:

Table 4.43(a): Summary Income Tax 2008 to 2011 CGAAP and 2012 to 2013 MCGAAP (updated)							
Description	**2008 Board Approved**	**2008 Actual**	**2009 Actual**	**2010 Actual**	**2011 Actual**	**2012 Bridge Year**	**2013 Test Year**
Income Taxes - Current	46,320	25,818	69,738	47,850	32,740	21,986	2,026
Add: Prior Period Adjustments			2,480				
Total Taxes	**46,320**	**25,818**	**72,218**	**47,850**	**32,740**	**21,986**	**2,026**

Table 4.44(a) – CCA Continuity Schedule 2012 (MCGAAP)

Class	Class Description	UCC Regulated Historic Year	Additions	Net Adjustments	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	$ 3,880,847				$ 3,880,847	$ -	$ 3,880,847	4%	$ 155,234	$ 3,725,613
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election					$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988					$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 33,544	$ 10,965			$ 44,509	$ 5,483	$ 39,027	20%	$ 7,805	$ 36,704
10	Computer Hardware/ Vehicles	$ 60,684	$ 35,425			$ 96,109	$ 17,713	$ 78,397	30%	$ 23,519	$ 72,590
10.1	Certain Automobiles					$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 11,250	$ 3,368	$ 63,670		$ 78,288	$ -	$ 78,288	100%	$ 78,288	$ -
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					$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable					$ -	$ -	$ -	12%	$ -	$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment					$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment					$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 81				$ 81	$ -	$ 81	45%	$ 36	$ 45
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)					$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 1,779,493	$ 234,743	-$ 84,252		$ 1,929,984	$ 117,372	$ 1,812,613	8%	$ 145,009	$ 1,784,975
50	Data Network Infrastructure Equipment - post Mar 2007	$ 5,021	$ 8,394	$ 20,582		$ 33,997	$ 4,197	$ 29,800	55%	$ 16,390	$ 17,607
52	Computer Hardware and system software					$ -	$ -	$ -	100%	$ -	$ -
95	CWIP					$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
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						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
						$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 5,770,920	$ 292,895	$ -	$ -	$ 6,063,815	$ 144,764	$ 5,919,052		$ 426,282	$ 5,637,533

Table 4.46(a) – CCA Continuity Schedule 2013 (MCGAAP)

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}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	$ 3,725,613			$ 3,725,613	$ -	$ 3,725,613	4%	$ 149,025	$ 3,576,589
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ -			$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ -			$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 36,704	98,000		$ 134,704	$ 49,000	$ 85,704	20%	$ 17,141	$ 117,563
10	Computer Hardware/ Vehicles	$ 72,590	2,000		$ 74,590	$ 1,000	$ 73,590	30%	$ 22,077	$ 52,513
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ -	1,000		$ 1,000	$ 500	$ 500	100%	$ 500	$ 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 Tha	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ -			$ -	$ -	$ -	12%	$ -	$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment	$ -			$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 45			$ 45	$ -	$ 45	45%	$ 20	$ 25
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 1,784,975	126,940		$ 1,911,915	$ 63,470	$ 1,848,445	8%	$ 147,876	$ 1,764,039
50	Data Network Infrastructure Equipment - post Mar 2007	$ 17,607			$ 17,607	$ -	$ 17,607	55%	$ 9,684	$ 7,923
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 5,637,533	$ 227,940	$ -	$ 5,865,473	$ 113,970	$ 5,751,503		$ 346,322	$ 5,519,152

Table 4.48(a): Detailed Tax Calculations 2012 Bridge (MCGAAP) , and 2013 Test (MCGAAP) (updated)		
Item	**2012 Bridge**	**2013 Test**
Accounting Net Income Before Taxes	**241,513**	**220,811**
Additions:		
Interest and penalties on taxes		
Provision for income taxes - current	22,193	
Provision for income taxes - deferred	14,267	
Amortization of tangible assets	345,940	253,562
Non-deductible meals and entertainment expense	1,288	1,250
Loss on disposal of assets	234	
Non-deductible penalties		
Loss on impairment of Goodwill		
Other Additions		
Smart meter variance accounts	32,511	
Provincial Apprenticeship Training Tax Credit	5,355	20,000
Deductions:		
Capital Cost Allowance from Schedule 8	426,282	346,322
Cumulative Eligible Capital Deduction from Schedule 10	7,741	7,199
Other Deductions - Change in Sick leave and Employee benefits	38,631	
Total Tax Adjustments to Accounting Income	-50,866	-78,709
Income for Tax Purposes	**190,647**	**142,102**
Effective Tax Rate Reflecting Tax Credits (Federal & Provincial)	15.50%	15.50%
Income Taxes before Credits	**29,550**	**22,026**
Less: Investment Tax Credit	-2,209	
Less: Apprenticeship Training Tax Credit	-5,355	-20,000
Income Taxes	**21,986**	**2,026**
Captial Tax Calculation		
Total Rate Base	5,897,083	6,147,305
Reduction		
Rate	0.000%	0.000%
Captial Tax - as calculated	-	-
Capital Tax - As per Audited Financial Statements	-	-

4-Staff-41s – One-time Cost/HR Expense

Ref: 4-VECC-18,
Ref: Exhibit 4, Tab 1, Schedule 1, page 6
Ref: Exhibit 4, Tab 2, Schedule 4. Page 5

a) Is the $84,746 one-time HR expense incurred in 2012 and referenced in 4-VECC-18 related to the severance package paid to the employee (lineman) who left the company in 2012?

SLHI Response

a) Yes the $84,746 one-time HR expense is related to the severance package and consulting fees.

4-VECC-44

Ref: 4-VECC-16/4-VECC-20

a) Is the $78,832 in smart meter maintenance and operations costs discussed in the interrogatory response the total of the incremental costs related to the ongoing use of smart meters? If not, please identify all the smart meter incremental OM&A costs.

b) Please provide the amount of any offsetting reduction in costs related to meter reading.

SLHI Response

a) Yes the $78,832 is the total of the 2012 forecasted incremental costs related to the ongoing use of smart meters included in the original application and discussed in interrogatory 4-VECC-16.

b) The offsetting reduction in costs related to meter reading expense are approximately $75,800 as explained in Exhibit 4, Tab 2, Schedule 3, page 10 of the original application and redistributed to Operations expense.

4-VECC-45

Ref: 4-Staff-17

a) What portion of the $81,370 identified in the interrogatory response as the incremental costs for the 2013 cost of service application and the change in capitalization, due solely to the change in capitalization policy?

SLHI Response

a) The amount identified in interrogatory 4-Staff-17 that is due solely to the change in capitalization policy is $39,127. These costs ($81,370) will remain unchanged in the application.

Exhibit 6

6-Staff-42s – Revenue Requirement

Ref: Updated Revenue Requirement Work Form/Tab 8 and Tab 9

Board staff notes that through the interrogatory process, the Revenue Requirement (Service and Base) is adjusted upwards by $35,935.

a) Please identify and provide in summary form the components causing the upward adjustment.

SLHI Response

a) SLHI has provided a summary of the components causing the upward adjustment of the revised RRWF of $15,653 below:

Description	
Increase in interest expense to deemed rate from 3.44% to 4.12%	$24,149
Decrease in Return on Equity from 9.12% to 8.98%	(1,958)
Increase in depreciation expense due to updating 2012 capital additions to actual	2,131
Change in PILs as a result of updating 2012 CCA and tax returns to actual	11,614
Sub-Total	**$35,936**
Discrepancy explained in 4-Staff-40s	$(283)
Apprenticeship Tax Credit applied to 2013 PILs	(20,000)
Total	**$15,653**

Exhibit 7

7-VECC-46

Ref: 7-Staff-24 b)

a) Please confirm if the GS< 50 ratio is set at the Status Quo value of 115.2% then the resulting Residential ratio that would maintain revenue neutrality is 94.3%. If not, what is the correct value?

SLHI Response

a) With reference to 7-Staff-24 b), if the GS < 50 ratio was set at 115.2%, the GS > 50 to 4,999 kW set at 119.85%, Street Lighting set at 83.00%, and USL set at 81.01%, SLHI confirms that the Residential ratio of 94.3% would maintain revenue neutrality.

Exhibit 8

8-Staff-43s – Loss Factors

Ref: 8-Staff-25
Ref: Exhibit 8, Schedule 1, page 12

Board staff understands from SLHI's response to Board staff interrogatory 8-Staff-25 that in its 2008 cost-of-service application, SLHI's approved Total Loss Factor ("TLF") of 1.0642 (6.42%) was labeled in error as TLF, when in fact is was SLHI's Distribution Loss Factor ("DLF") based on an average of distribution losses for 2002 to 2006 period. Board staff further understands that based on this explanation, SLHI has achieved a reduction of 1.03% in line losses in the past five years.

a) Given that the DLF component of SLHI's proposed TLF of 1.0897 (8.97%) at 1.0539 (5.39%) exceeds 5%, please explain what mitigating actions SLHI plans to take going forward to achieve further reductions in line losses.

SLHI Response

a) SLHI continues to plan voltage conversions as part of its mitigation strategy to reduce line losses. Also, since the line loss calculation is somewhat dependent on estimates related to unbilled kWh, SLHI strives to improve the process in order to make the unbilled kWh calculation as accurate as possible with the tools available.

   The size and sparsely populated service territory results in long spans of line with no customers which contributes to SLHI's line loss. This is a characteristic of the area and therefore not in SLHI's control.

Exhibit 9

9-Staff-44s – Stranded Meters

Ref: 9-Staff-27

Sheet I7.1 from SLHI's 2007 Cost Allocation model shows a relative capital weighted meter cost of 1.08 for the GS < 50 kW class, compared to a Residential CWMC index of 1. This indicates that the cost of a conventional meter for the GS < 50 kW class was slightly higher than that for the Residential class, indicating a slightly higher incidence of polyphase meters. All else being equal, this would suggest that the NBV for stranded conventional meter for the GS < 50 kW class would also be higher than that for the Residential class, hence, the SMRR for the GS < 50 kW class should be higher than that for the Residential SMRR for the same recovery period.

SLHI's proposal is for a Residential SMRR of \$2.83/month and \$2.63/month for GS < 50 kW customers, with recovery for both being over two years.

The response to part d) of 9-Staff-27 provides alternative calculations that would result in a Residential SMRR of \$2.74/month and a GS < 50 kW SMRR of \$3.24/month.

a) Please provide SLHI's views of the preference for and appropriateness of its SMRRs as originally proposed and the alternatives calculated in response to 9-Staff-27 d).

SLHI Response

a) After reviewing the originally proposed SMRR and the response to 9-Staff-27 d), SLHI believes that it would be more appropriate to allocate the SMRR based on the weighted average cost for the installed smart meters as per the interrogatory. This method more closely adheres to the principle of cost causality and practicality as set out in *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition.* The original SMRR assumed that the weighting for each class was equal, and since the NBV of the stranded assets is not known on a class-specific basis then the SMRRs set out in interrogatory 9-Staff-27 d) are preferred.

9-VECC-47

Ref: Exhibit 2, Tab 5, Schedule 4

a) *Preamble: SLHI is seeking to make an adjustment of $24,722 to depreciation expense in order to refund, over four years, the difference in this expense as a result of changes in capitalization and asset lives. However, no amount is provided for interest as it done with similar changes when made under account 1575 and when a utility is changing to IFRS accounting. In a number of 2013 Cost of Service Settlements the parties have agreed that account 1576 and 1575 should be treated similarly (see or example Innisfil Hydro Distribution Settlement Agreement EB-2012-0139 pgs. 37 & 47).*

   Please calculate the weighted average capital costs (for the 4 years) for the PP&E adjustment and comment on the appropriateness of making this additional adjustment (credit) to the final revenue requirement.

SLHI Response

a) The weighted average capital costs (for the 4 years) for the PP&E adjustment are $(5,914). ($(24,722) * 5.98% * 4) In light of the Board's policy direction outlined in their letter dated July 17, 2012 and FAQ #2 issued in July 2012 which states with respect to Account 1576, "No interest carrying charges or a rate of return is permitted in this account." SLHI feels that this adjustment would not be appropriate.

SCHEDULE 2

SIOUX LOOKOUT HYDRO INC.
CONSTRUCTION DEVELOPMENT FEES
UNDERGROUND

3/0	USCI Triplex	$13.30/m
	Guarding	$90.00 per installation
250	MCM USCI Triplex	$21.80/m
	Guarding	$145.00 per installation
1/0	25Kv Primary Underground Cable	$18.00/m
	Guarding	$90.00 per circuit
	Terminations	$210.00 per circuit

*Fees are based on 2007 costs.

SCHEDULE 3
SIOUX LOOKOUT HYDRO INC.
CONSTRUCTION DEVELOPMENT FEES
TRANSFORMER

TRANSFORMER PADMOUNTS – 3 PHASE

150	kVA 3 Phase 4W Transformer	$15,209.00
	Switches and Arresters	$1,275.00
300	kVA 3 Phase 4W Transformer	$21,343.50
	Switches and Arresters	$1,275.00
500	kVA 3 Phase 4W Transformer	$28,148.00
	Switches and Arresters	$1,275.00
750	kVA 3 Phase 4W Transformer	$34,050.00
	Switches and Arresters	$1,275.00
1000	kVA 3 Phase 4W Transformer	$39,952.00
	Switches and Arresters	$1,275.00

TRANSFORMER PADMOUNTS 1-PHASE

37.5	kVA Padmount 1 Phase	$6,920.00
	Pad and Grounding	$1,450.00

Any other specific transformers are subject to price changes.

*Fees are based on 2007 costs

SCHEDULE 4
SIOUX LOOKOUT HYDRO INC.
CONSTRUCTION DEVELOPMENT FEES
OVERHEAD

OVERHEAD SERVICE

#2	Triplex Beyond 30m	\$6.96/m
1/0	Triplex Beyond 30m	\$8.41/m

OVERHEAD 3 PHASE TRANSFORMER BANK

Specific transformers are subject to price changes.

*Fees are based on 2007 costs.

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.

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

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your 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** 87053 8170 RC0001

Corporation's name
002 SIOUX LOOKOUT HYDRO 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 25 FIFTH AVENUE
012 BOX 908
City: **015** SIOUX LOOKOUT — Province, territory, or state: **016** ON
Country (other than Canada): **017** — Postal code/Zip code: **018** P8T 1B3

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 25 FIFTH AVENUE
023 BOX 908
City: **025** SIOUX LOOKOUT — Province, territory, or state: **026** ON
Country (other than Canada): **027** — Postal code/Zip code: **028** P8T 1B3

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 25 FIFTH AVENUE
032 BOX 908
City: **035** SIOUX LOOKOUT — Province, territory, or state: **036** ON
Country (other than Canada): **037** — Postal code/Zip code: **038** P8T 1B3

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** 2012-01-01 (YYYY MM DD) — Tax year-end **061** 2012-12-31 (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 according to:
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 who own voting shares?	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
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	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		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 (other than transitional reserves under section 34.2)?	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		
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234		
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	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		

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	190,647	A
Deduct: Charitable donations from Schedule 2	311				
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			▶		B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				190,647	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360	190,647	
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)				190,647	Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8. Use 3.2 for tax years ending before 2012.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	190,647	A
Taxable income from line 360 on page 3, **minus** 100/28* 3.57143 of the amount on line 632** on page 7, **minus** 1/(0.38 - X***) 4 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	190,647	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 ***** ______ D / 11,250 = ______ E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 500,000 F

Small business deduction

Amount A, B, C, or F, whichever is the least 190,647 x 17 % = 430 32,410 G

Enter amount G on line 1 on page 7.

* 10/3 for tax years ending before November 1, 2011. The result of the multiplication by line 632 has to be pro-rated based on the number of days in the tax year that are in each period: before November 1, 2011, and after October 31, 2011.

** 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 based on the number of days in the tax year that are in each calendar year. See page 5.

**** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation 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*			190,647	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		
Personal service business income** **432**		D		
Amount used to calculate the credit union deduction from Schedule 17		E		
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least	190,647	F		
Aggregate investment income from line 440 on page 6***		G		
Total of amounts B to G	190,647	▶	190,647	H
Amount A **minus** amount H (if negative, enter "0")				I

Amount I		x	Number of days in the tax year before January 1, 2011 / Number of days in the tax year	/ 366	x 10 %	=	J
Amount I		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 366	x 11.5 %	=	K
Amount I		x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	366 / 366	x 13 %	=	L

General tax reduction for Canadian-controlled private corporations – Total of amounts J to L . . . M
Enter amount M on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.
** For tax years beginning after October 31, 2011.
*** 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		
Personal service business income* **434**		Q		
Amount used to calculate the credit union deduction from Schedule 17		R		
Total of amounts O to R		▶		S
Amount N **minus** amount S (if negative, enter "0")				T

Amount T		x	Number of days in the tax year before January 1, 2011 / Number of days in the tax year	/ 366	x 10 %	=	U
Amount T		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 366	x 11.5 %	=	V
Amount T		x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	366 / 366	x 13 %	=	W

General tax reduction – Total of amounts U to W . . . X
Enter amount X on line 639 on page 7.

* For tax years beginning after October 31, 2011.

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		190,647		
Deduct: Amount from line 400, 405, 410, or 425 on page 4, whichever is the least	190,647			
Foreign non-business income tax credit from line 632 on page 7 . . . x 25/9* 100 / 35 =				
Foreign business income tax credit from line 636 on page 7 . . . . . x 1(0.38 - X**) 4 =				
	190,647 ▶	190,647		
		x 26 2 / 3 % =		D
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8)			18,762	E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least **450**				F

* 100/35 for tax years beginning after October 31, 2011.

** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

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	205,000 x 1 / 3	68,333	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	72,446	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	190,647		
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least	190,647		
Net amount		▶	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)		72,446	D

Deduct:

Small business deduction from line 430 on page 4		32,410	1	
Federal tax abatement	608	19,065		
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	2,209		
Subtotal		53,684	▶ 53,684	E

Part I tax payable – Line D **minus** line E	18,762	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	18,762
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		18,762

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	3,224	
Provincial tax on large corporations (Nova Scotia Schedule 342)	765		
(The Nova Scotia tax on large corporations is eliminated effective July 2012.)		3,224 ▶	3,224
Total tax payable	770		21,986 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	51,034	
Total credits	890	51,034 ▶	51,034 B

Refund code 894 1 Overpayment 29,048

Balance (line A **minus** line B) -29,048

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 [X] 2 No [ ]

Certification

I, 950 Kulchyski (Last name (print)) 951 Deanne (First name (print)) 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 2013-04-20 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (807) 737-3800 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 (print) 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

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SCHEDULE 141

NOTES CHECKLIST

Name of corporation	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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 [ ] 2 No [X]

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** 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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

Assets – lines 1000 to 2599

1000	285,079	1060	2,003,963	1120	83,090
1480	51,651	1483	29,049	1599	2,452,832
1680	91,864	1681	-44,696	1740	945,692
1741	-733,938	1900	7,383,238	1901	-2,687,038
2008	8,420,794	2009	-3,465,672	2421	121,976
2589	121,976	2599	7,529,930		

Liabilities – lines 2600 to 3499

2600	2,381,308	2620	1,598,827	2627	75,256
2782	205,000	2961	132,233	3139	4,392,624
3320	80,804	3450	80,804	3499	4,473,428

Shareholder equity – lines 3500 to 3640

3500	2,789,823	3600	266,679	3620	3,056,502
3640	7,529,930				

Retained earnings – lines 3660 to 3849

3660	230,166	3680	241,513	3700	-205,000
3849	266,679				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

Description

Sequence number 0003 01

Revenue – lines 8000 to 8299

8000	8,346,499	8089	8,346,499	8299	8,346,499

Cost of sales – lines 8300 to 8519

8320	6,157,289	8518	6,157,289	8519	2,189,210

Operating expenses – lines 8520 to 9369

8670	395,146	9270	1,516,091	9367	1,911,237
9368	8,068,526	9369	277,973		

Extraordinary items and taxes – lines 9970 to 9999

9970	277,973	9990	22,193	9995	14,267
9999	241,513				

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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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*.
- All legislative references are to the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125				241,513 A
Add:				
Provision for income taxes – current		101	22,193	
Provision for income taxes – deferred		102	14,267	
Amortization of tangible assets		104	345,940	
Loss on disposal of assets		111	234	
Non-deductible meals and entertainment expenses		121	1,288	
Subtotal of additions			383,922 ▶	383,922
Other additions:				
Resource amounts deducted		232		
Miscellaneous other additions:				
600 Smart meter variance accounts		290	32,511	
603 Provincial Apprenticeship Training Tax Credit	5,355			
Total	5,355	293	5,355	
604				
Total		294		
Subtotal of other additions		199	37,866 ▶	37,866
Total additions		500	421,788 ▶	421,788 B
Amount A **plus** amount B				663,301
Deduct:				
Capital cost allowance from Schedule 8		403	426,282	
Cumulative eligible capital deduction from Schedule 10		405	7,741	
Subtotal of deductions			434,023 ▶	434,023
Other deductions:				
Miscellaneous other deductions:				
700 Change in sick leave and employee benefits		390	38,631	
704				
Total		394		
Subtotal of other deductions		499	38,631 ▶	38,631
Total deductions		510	472,654 ▶	472,654
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				190,647

T2 SCH 1 E (12)

Canada

Canada Revenue Agency / Agence du revenu du Canada

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

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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.

Name of payer corporation (from which the corporation received the dividend) 200	A	B Enter 1 if payer corporation is connected 205 (Complete if payer corporation is connected)	C Business Number of connected corporation 210 (Complete if payer corporation is connected)	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 (See note) 220 (Complete if payer corporation is connected)	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.
For more details, consult the Help.

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 (Complete if payer corporation is connected)	H Dividend refund of the connected payer corporation (for tax year in column D)** 260 (Complete if payer corporation is connected)	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	B	C	D	D1
Name of connected recipient corporation	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
400	410	420	430	

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. For more details, consult the Help.

Total ______

Total taxable dividends paid in the tax year to other than connected corporations		450	205,000
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	205,000

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)			205,000
Other dividends paid in the tax year (total of 510 to 540)			
Total dividends paid in the tax year		500	205,000
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			205,000

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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).

** 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
190,647	190,647	190,647	8,579

	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270	21,924			
Deduct: Ontario small business deduction (from Schedule 500)	402	13,345			
Subtotal		8,579	►	8,579	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)				8,579	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")				8,579	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")				8,579	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")				8,579	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)				8,579	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	5,355			
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		5,355	►	5,355	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	3,224	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	3,224

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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

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	BUILDING	61,270			0		61,270	4	0	0	2,451	58,819
2.	1	DISTRIBUTION	3,819,577			0		3,819,577	4	0	0	152,783	3,666,794
3.	8	TOOLS & OFFICE EQUIP	31,123			0		31,123	20	0	0	6,225	24,898
4.	10	AUTO & COMPUTER	60,684	35,425		0	17,713	78,396	30	0	0	23,519	72,590
5.	45		81			0		81	45	0	0	36	45
6.	47		1,779,493	234,743	-84,252	0	117,372	1,812,612	8	0	0	145,009	1,784,975
7.	50		5,021	8,394	20,582	0	4,197	29,800	55	0	0	16,390	17,607
8.	8	Tools and software	2,421	10,965		0	5,483	7,903	20	0	0	1,581	11,805
9.	12		11,250	3,368	63,670	0		78,288	100	0	0	78,288	
		Totals	5,770,920	292,895			144,765	5,919,050				426,282	5,637,533

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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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** 110,590 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** 110,590 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) . . . . 110,590 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 110,590

less amount from line 249 ______

Current year deduction . . . . 110,590 x 7.00 % = **250** 7,741 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 7,741 ▶ 7,741 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") . . . . . **300** 102,849 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. References to parts, sections, and subsections on this schedule are from the federal *Income Tax Act* and the federal *Income Tax Regulations*. References to interpretation bulletins and information circulars are to the latest versions.
3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

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	
Before January 1, 2013	10 %
In 2013	5 %
After December 31, 2013	0 %
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 [X] 2 No [ ]

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	252,050
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.	3,019,989	398	

* 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)] 3,000,000

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 **408** ____________ Amount B **409** ____________

A = the greater of:
- $400,000; and
- your taxable income for the last tax year* ending in the previous calendar year (tax years ending in 2008) (prior to any loss carry-backs applied).

B = the taxable capital employed in Canada for the last tax year ending in the previous calendar year (tax years ending in 2008) minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million.

* If any of the tax years referred to in **A** above are less than 51 weeks, gross up the taxable incomes for those tax years by the ratio that 365 is of the number of days in those tax years. Use these grossed up amounts when calculating the expenditure limit.

Enter the amount from Calculation 1A, 1 or 2, whichever is applicable 3,000,000 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 = 366 . . . . ____________ I

Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies) **410** 3,000,000

* 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")		3,000,000	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 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:

Expenditures incurred before January 1, 2013		x	10 %	=	1
Expenditures incurred in 2013		x	5 %	=	2
Expenditures incurred after December 31, 2013		x	0 %	=	3
Add lines 1, 2 and 3 **870**					▶ **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 Contract number (SIN or name of apprentice) **601**	B Name of eligible trade **602**	C Eligible salary and wages* **603**	D Column C x 10 % **604**	E Lesser of column D or $ 2,000 **605**
1.	Dylan Sayers	Powerline Technician	26,621	2,662	2,000
2.	Linden Libler	Powerline Technician	2,092	209	209
3.					

Total current-year credit (enter at line 640) 2,209

* 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	2,209			
Credit allocated from a partnership	655				
Subtotal		2,209	▶		2,209
Total credit available					2,209
Deduct:					
Credit deducted from Part I tax (enter on line B4 in Part 30)	660	2,209			
Credit carried back to the previous year(s) (from Part 23)			DDD		
Subtotal		2,209	▶		2,209
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	2011-12-31	Credit to be applied	941	
2nd previous tax year	2010-12-31	Credit to be applied	942	
3rd previous tax year	2009-12-31	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 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)	2,209	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) Enter amount B6 at line 652 of the T2 return.	2,209	B6

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

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)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
		Provide only one number per shareholder				
	100	200	300	350	400	500
1	Corporation of the Town of Sioux Lookout (Corporatior	10698 4859 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

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.
- All legislative references on this schedule are to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (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		205,000	
Total taxable dividends paid in the tax year	100	205,000	
Total eligible dividends paid in the tax year	150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160		B
Excessive eligible dividend designation (line 150 **minus** line 160)			C
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	180		D
Subtotal (amount C **minus** amount D)			E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190		F

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)			G
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	280		H
Subtotal (amount G **minus** amount H)			I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290		J

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**.

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
SIOUX LOOKOUT HYDRO INC.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2000-01-13	1396033

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
25	Fifth Avenue	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Sioux Lookout	ON	CA	P8T 1B3

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 1 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Kulchyski (Last name) **451** Deanne (First name)

454 ______________, (Middle name(s))

460 3 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

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

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number	**530** Street name/Rural route/Lot and Concession number	**540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town)	**570** Province/state	**580** Country	**590** Postal/zip code

Part 6 – Language of preference

600 ☐ Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
SIOUX LOOKOUT HYDRO INC.	87053 8170 RC0001	2012-12-31

- 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
Deanne Kulchyski	(807) 737-3800

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** 708,440

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:

$$\text{Specified percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

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:

$$\text{Specified percentage} = 45\,\% - \left[10\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad 400{,}000}{200{,}000} \right) \right]$$

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	Dylan Sayers
2.	434a	Powerline Technician	Linden Libler
3.			

	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.	PD8179	2011-09-08	2012-07-02	2012-12-31
2.	PF7211	2012-12-18	2012-12-18	2012-12-31
3.				

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.		183	183	5,000
2.		13	13	355
3.				

	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.		26,621	26,621	9,317
2.		2,092	2,092	732
3.				

	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.	5,000		5,000
2.	355		355
3.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 5,355 **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.