

1 **PAYMENTS IN LIEU OF CORPORATE TAXES CALCULATION AND**
2 **PROPERTY TAX**

3 **OVERVIEW OF PILS**

4 Horizon Utilities makes PILs on its taxable income in accordance with Section 93 of the
5 *Electricity Act 1998* (Ontario), as amended, and is exempt from paying income taxes under the
6 *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario). Horizon Utilities has used
7 the PILs Workform Model (the "Model") supplied by the Board for 2014 Cost of Service
8 Applications to calculate its PILs liability for each of the Test Years. Minor modifications to the
9 Model have been made to incorporate necessary date changes. However no changes have
10 been otherwise made to the general principles and methodologies of the Model. The Model
11 calculates PILs for the 2014 Bridge Year and the Test Years 2015 through 2019, inclusive.
12 Horizon Utilities is forecasting a positive taxable income in each of the Test Years and is
13 including PILs amounts in the revenue requirements for each of the 2015 through 2019 Test
14 Years of \$2,915,069, \$4,289,143, \$4,473,115, \$3,952,701, and \$3,966,866, respectively.
15 Complete copies of the Model supplied by the Board for 2014 Cost of Service Applications for
16 the 2015 through 2019 Test Years are included in Appendices 4-10.1, 4-10.2, 4-10.3, 4-10.4,
17 and 4-10.5. Horizon Utilities has attached live MS Excel versions of each Model.

18 **General Methodology**

19 Horizon Utilities has used the combined Federal and Ontario statutory tax rate of 26.50% to
20 calculate PILs before the Small Business Deduction for the Test Years 2015 through 2019,
21 inclusive. After the inclusion of the tax effect of the Small Business Tax Credit, the effective tax
22 rates for the 2015 through 2019 Test Years are 26.09%, 26.22%, 26.23%, 26.20% and 26.20%
23 respectively. Horizon Utilities presents these calculations in Table 4-89 below:

1 **Table 4-89 – Calculation of Grossed-up PILs (2015-2019)**

	2015 Test Year (MIFRS)	2016 Test Year (MIFRS)	2017 Test Year (MIFRS)	2018 Test Year (MIFRS)	2019 Test Year (MIFRS)
Deemed Utility Income	18,106,344	18,792,922	19,582,055	20,495,153	21,466,097
Tax Adjustments to Accounting Income	(9,465,237)	(6,329,306)	(6,563,773)	(8,826,055)	(9,641,214)
Taxable Income prior to adjusting revenue to PILs	8,641,107	12,463,615	13,018,282	11,669,098	11,824,884
Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%
Total PILs before gross up	2,289,893	3,302,858	3,449,845	3,092,311	3,133,594
Small Business Tax Credit (SBTC)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Total PILs after SBTC	2,254,893	3,267,858	3,414,845	3,057,311	3,098,594
Effective Tax Rate	26.09%	26.22%	26.23%	26.20%	26.20%
Apprentice Tax Credit	(100,511)	(103,293)	(115,079)	(140,220)	(171,207)
Total PILs before gross up after all credits	2,154,383	3,164,565	3,299,765	2,917,091	2,927,388
Grossed up PILs	2,915,069	4,289,143	4,473,115	3,952,701	3,966,866

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 3 The effective tax rate is applied to Horizon Utilities' regulatory taxable income each year
 4 resulting in PILs before Apprenticeship tax credits. Apprenticeship tax credits are deducted
 5 from this amount before gross-up. The result is then grossed up by the effective tax rate to
 6 determine the tax provision component of the revenue requirement.

7 Forecasts of CCA and Cumulative Eligible Capital ("CEC") deductions for each of the Test
 8 Years 2015 through 2019 are included in the determination of regulatory taxable income for
 9 each year.

10 In the computation of taxable income, CCA and CEC deductions exceed depreciation
 11 deductions for book purposes in each of the Test Years. These temporary differences result in
 12 significant book-to-tax adjustments that reduce the amount of PILs included in the revenue
 13 requirement in each of the Test Years. These temporary timing differences will reverse in future
 14 years but, until such time, returns reported externally will be lower than returns reported for
 15 regulatory purposes. As discussed in Exhibit 6, Tab 2, Schedule 1, Horizon Utilities is
 16 concerned that these material differences between externally reported returns (on an
 17 accounting basis) and allowed returns calculated on a regulatory basis may be viewed
 18 negatively by lenders and rating agencies.

19 Cost effective financing is dependent on ongoing fair rates of return reported externally.
 20 Horizon Utilities requires access to short term and long term debt in the normal course of

1 business and its ability to attract favourable rates of financing is advantageous to Horizon
2 Utilities and its customers.

3 **Principles**

4 As identified above, Horizon Utilities has followed the same principles as those underlying
5 previous rate applications. These principles are summarized in the sections that follow.

6 • Non-Recoverable and Disallowed Expenses

7 ○ All disallowed and non-recoverable expenses have been identified and
8 recorded in the regulatory PILs calculations.

9 • Loss Carry-Forwards

10 ○ Horizon Utilities does not have any non-capital or capital loss carry
11 forwards at the end of 2013 and does not expect to have any such loss
12 carry forwards available for 2015 - 2019.

13 • Undepreciated Capital Cost and CCA

14 ○ Horizon Utilities is taking the maximum CCA deductions allowed for all of
15 the Test Years 2015 through 2019 inclusive.

16 • Cumulative Eligible Capital Deductions

17 ○ Horizon Utilities is taking the maximum CEC deduction allowed for all of
18 the Test Years 2015 through 2019 inclusive. The Eligible Capital
19 Expenditure amount used in the calculation identifies an unamortized
20 "bump" in the fair value of Horizon Utilities as at October 1, 2001 over the
21 amount allocated to its undepreciated capital cost pool at that same date.

22 • Interest Deduction

23 ○ Horizon Utilities has deducted interest expense in the determination of
24 taxable income equal to the amount of interest included in the revenue

1 requirement. Interest is calculated on the total amount of deemed debt for
2 each of the Test Years at the actual rates on issued debt; the interest on
3 the balance of deemed debt is calculated using the most recent cost of
4 capital parameters issued by the OEB on November 25, 2013 in its Cost
5 of Capital Parameter Update for 2014 Cost of Service Applications for
6 Rates Effective May 1, 2014. As discussed in Exhibit 5, Tab 1, Schedule
7 1, Horizon Utilities is requesting that the Cost of Capital Parameters for
8 each Test Year, 2015 through 2019, be updated annually. Horizon
9 Utilities' PILs calculations will be updated to incorporate any revisions to
10 the Cost of Capital Parameters.

11 • Overlapping Year-Ends

- 12 ○ Horizon Utilities did not have to make any assumptions about the rate year
13 being the same as the PILs year (calendar year) for PILs calculation
14 purposes because Horizon Utilities applied for and was granted rate year
15 and fiscal year alignment in its last Cost of Service Application¹¹. Horizon
16 Utilities is applying for a January 1 implementation of rates for all Test
17 Years in this Application.

18 • Ontario Corporate Minimum Tax

- 19 ○ Horizon Utilities has not included any Ontario Corporate Minimum Tax in
20 its calculations, as such is not applicable.

21 • Non-distribution Elimination

- 22 ○ Horizon Utilities has excluded all non-distribution costs and revenues.

23 • Property Taxes

- 24 ○ The Model only addresses corporate income and capital PILs. A portion
25 of Property Taxes is allocated to OM&A as an expense to the departments

¹¹ EB-2010-0131, Page 7 of Decision

1 occupying those facilities. Property taxes on administration facilities are
2 recorded in account 6105 Taxes Other Than Income Taxes. Table 4-90
3 identifies the Property Taxes included in the revenue requirement for the
4 historical years, 2011-2013, and for the 2014 Bridge Year and 2015-2019
5 Test Years.

6 • Tax Reassessments

7 The Ministry of Finance has issued reassessments for Horizon Utilities for the 2008 and 2009
8 taxation years. Copies of these reassessments are included in Appendix 4-11 of this Exhibit.

1 **Table 4-90 – Property Taxes 2011 – 2019**

Cost Centre	Location	OEB #	Account - Account Name	2011 Board Approved	2011 Actual	2012 Actual	2013 Actual	2014 Bridge Year	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
651	John St	6105	722000 - Property tax	\$ 135,000	\$ 192,971	\$ 96,612	\$ 154,629	\$ 155,604	\$ 157,938	\$ 160,307	\$ 162,712	\$ 165,153	\$ 167,630
654	Vansickle	6105	722000 - Property tax	\$ 202,800	\$ 203,126	\$ (46,038)	\$ 140,150	\$ 140,150	\$ 142,252	\$ 144,386	\$ 146,552	\$ 148,749	\$ 150,981
Sub-total				\$ 337,800	\$ 396,097	\$ 50,574	\$ 294,779	\$ 295,754	\$ 300,190	\$ 304,693	\$ 309,263	\$ 313,902	\$ 318,611
652	Nebo Rd	Various	722000 - Property tax	\$ 131,000	\$ 131,197	\$ 157,439	\$ 134,142	\$ 134,142	\$ 136,154	\$ 138,196	\$ 140,269	\$ 142,373	\$ 144,508
653	Stoney Creek	Various	722000 - Property tax	\$ 98,000	\$ 98,158	\$ 83,643	\$ 99,656	\$ 99,656	\$ 101,151	\$ 102,668	\$ 104,208	\$ 105,771	\$ 107,357
655	Sub Stations	5012	722000 - Property tax	\$ 193,249	\$ 278,000	\$ 223,114	\$ 267,292	\$ 267,292	\$ 271,302	\$ 275,372	\$ 279,501	\$ 283,694	\$ 287,949
Sub-total				\$ 422,249	\$ 507,355	\$ 464,197	\$ 501,090	\$ 501,090	\$ 508,606	\$ 516,236	\$ 523,978	\$ 531,837	\$ 539,815
TOTAL				\$ 760,049	\$ 903,452	\$ 514,770	\$ 795,869	\$ 796,844	\$ 808,797	\$ 820,929	\$ 833,241	\$ 845,739	\$ 858,425

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1 **TAX CALCULATIONS**

2 Horizon Utilities' detailed tax calculations use the most recent tax rates as provided below:

3 **Table 4-91 – Horizon Utilities' Statutory Tax Rates (2014-2019)**

Statutory Tax Rates						
Corporate Tax Rates for Tax Year:	2014 Bridge Year	2015 Test Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario Income Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined Income Tax	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%

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1 **DETAILED CALCULATION OF PILS**

2 The detailed tax calculations are provided below:

3 **Table 4-92 – Horizon Utilities – Detailed Tax Calculations 2014**

2014 PILs Schedule			2014 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	19,790,016	Total PILs	2,228,834
Tax Adj to Accounting Income	Rev Def	(10,863,600)		
Taxable Income		8,926,416	PILs including Capital Taxes	2,228,834
Combined Income Tax Rate	PILs Rates	26.09%		
Total Income Taxes		2,329,345		
Investment Tax Credits				
Apprentice Tax Credits		100,511		
Other Tax Credits (SBD)				
Total PILs		2,228,834		

5 **Table 4-93 – Horizon Utilities – Detailed Tax Calculations 2015**

2015 PILs Schedule			2015 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	21,021,413	Total PILs	2,915,069
Tax Adj to Accounting Income	Rev Def	(9,465,237)		
Taxable Income		11,556,176	PILs including Capital Taxes	2,915,069
Combined Income Tax Rate	PILs Rates	26.09%		
Total Income Taxes		3,015,579		
Investment Tax Credits				
Apprentice Tax Credits		100,511		
Other Tax Credits (SBD)				
Total PILs		2,915,069		

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1 **Table 4-94 – Horizon Utilities – Detailed Tax Calculations 2016**

2016 PILs Schedule			2016 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	23,082,065	Total PILs	4,289,143
Tax Adj to Accounting Income	Rev Def	(6,329,306)		
Taxable Income		16,752,759	PILs including Capital Taxes	4,289,143
Combined Income Tax Rate	PILs Rates	26.22%		
Total Income Taxes		4,392,436		
Investment Tax Credits				
Apprentice Tax Credits		103,293		
Other Tax Credits (SBD)				
Total PILs		4,289,143		

3 **Table 4-95 – Horizon Utilities – Detailed Tax Calculations 2017**

2017 PILs Schedule			2017 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	24,055,170	Total PILs	4,473,115
Tax Adj to Accounting Income	Rev Def	(6,563,773)		
Taxable Income		17,491,396	PILs including Capital Taxes	4,473,115
Combined Income Tax Rate	PILs Rates	26.23%		
Total Income Taxes		4,588,194		
Investment Tax Credits				
Apprentice Tax Credits		115,079		
Other Tax Credits (SBD)				
Total PILs		4,473,115		

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1 **Table 4-96 – Horizon Utilities – Detailed Tax Calculations 2018**

2018 PILs Schedule			2018 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	24,447,854	Total PILs	3,952,701
Tax Adj to Accounting Income	Rev Def	(8,826,055)		
Taxable Income		15,621,799	PILs including Capital Taxes	3,952,701
Combined Income Tax Rate	PILs Rates	26.20%		
Total Income Taxes		4,092,921		
Investment Tax Credits				
Apprentice Tax Credits		140,220		
Other Tax Credits (SBD)				
Total PILs		3,952,701		

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3 **Table 4-97 – Horizon Utilities – Detailed Tax Calculations 2019**

2019 PILs Schedule			2019 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	Rev Def	25,432,963	Total PILs	3,966,866
Tax Adj to Accounting Income	Rev Def	(9,641,214)		
Taxable Income		15,791,749	PILs including Capital Taxes	3,966,866
Combined Income Tax Rate	PILs Rates	26.20%		
Total Income Taxes		4,138,072		
Investment Tax Credits				
Apprentice Tax Credits		171,207		
Other Tax Credits (SBD)				
Total PILs		3,966,866		

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1 **CALCULATION OF TAX ADJUSTMENTS TO ACCOUNTING INCOME**

2 Horizon Utilities provides the following supporting schedules and calculations for “other
3 additions” and “other deductions” in Tables 4-98 to 4-103 below.

1 **Table 4-98 – Horizon Utilities – Tax Adjustments to Accounting Income 2014**

Determination of Tax Adjustments to Accounting Income for 2014				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	21,646,720	0	21,646,720
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	1,640,446	0	1,640,446
Charitable donations	112		0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	24,842,053	0	24,842,053
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	261,094	0	261,094
Total Additions		50,385,313	0	50,385,313

Determination of Tax Adjustments to Accounting Income for 2014

Deductions:				
Gain on disposal of assets per financial statements	401	267,360	0	267,360
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	33,174,611	0	33,174,611
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	589,254		589,254
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	24,440,853	0	24,440,853
Deferred Revenue Capital Contributions Amortization	416	623,000	0	623,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394		0	0
Total Deductions		61,248,912	0	61,248,912
Other Adjustments to Taxable Income				
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(10,863,600)	0	(10,863,600)

1 **Table 4-99 – Horizon Utilities – Tax Adjustments to Accounting Income 2015**

Determination of Tax Adjustments to Accounting Income for 2015				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	24,135,544	0	24,135,544
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	1,902,074	0	1,902,074
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	25,277,053	0	25,277,053
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	136,000	0	136,000
Total Additions		53,445,671	0	53,445,671

Determination of Tax Adjustments to Accounting Income for 2015

Deductions:				
Gain on disposal of assets per financial statements	401	315,000	0	315,000
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	34,300,014	0	34,300,014
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	548,007		548,007
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	24,842,053	0	24,842,053
Deferred Revenue Capital Contributions Amortization	416	752,000	0	752,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		62,910,907	0	62,910,907
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(9,465,237)	0	(9,465,237)

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1 **Table 4-100 – Horizon Utilities – Tax Adjustments to Accounting Income 2016**

Determination of Tax Adjustments to Accounting Income for 2016				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	25,085,320	0	25,085,320
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	2,739,310	0	2,739,310
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	25,778,753	0	25,778,753
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	136,000	0	136,000
Total Additions		55,734,383	0	55,734,383

Determination of Tax Adjustments to Accounting Income for 2016

Deductions:				
Gain on disposal of assets per financial statements	401	453,006	0	453,006
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	32,786,150	0	32,786,150
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	509,646		509,646
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	25,277,053	0	25,277,053
Deferred Revenue Capital Contributions Amortization	416	884,000	0	884,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		62,063,689	0	62,063,689
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(6,329,306)	0	(6,329,306)

1 **Table 4-101 – Horizon Utilities – Tax Adjustments to Accounting Income 2017**

Determination of Tax Adjustments to Accounting Income for 2017				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	25,177,257	0	25,177,257
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	2,673,315	0	2,673,315
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	26,329,753	0	26,329,753
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	140,000	0	140,000
Total Additions		56,315,324	0	56,315,324

Determination of Tax Adjustments to Accounting Income for 2017

Deductions:				
Gain on disposal of assets per financial statements	401	454,896	0	454,896
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	33,001,644	0	33,001,644
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	473,971		473,971
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	25,778,753	0	25,778,753
Deferred Revenue Capital Contributions Amortization	416	1,016,000	0	1,016,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		62,879,098	0	62,879,098
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(6,563,773)	0	(6,563,773)

1 **Table 4-102 – Horizon Utilities – Tax Adjustments to Accounting Income 2018**

Determination of Tax Adjustments to Accounting Income for 2018				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	24,585,190	0	24,585,190
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	2,887,498	0	2,887,498
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	26,936,853	0	26,936,853
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	156,000	0	156,000
Total Additions		56,560,541	0	56,560,541

Determination of Tax Adjustments to Accounting Income for 2018

Deductions:				
Gain on disposal of assets per financial statements	401	500,203	0	500,203
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	34,814,014	0	34,814,014
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	440,793		440,793
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	26,329,753	0	26,329,753
Deferred Revenue Capital Contributions Amortization	416	1,148,000	0	1,148,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		65,386,596	0	65,386,596
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(8,826,055)	0	(8,826,055)

1 **Table 4-103 – Horizon Utilities – Tax Adjustments to Accounting Income 2019**

Determination of Tax Adjustments to Accounting Income for 2019				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	25,158,061	0	25,158,061
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	3,171,069	0	3,171,069
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121	45,000	0	45,000
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	1,950,000	0	1,950,000
Reserves from financial statements- balance at end of year	126	27,543,953	0	27,543,953
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	190,000	0	190,000
Total Additions		58,058,083	0	58,058,083

Determination of Tax Adjustments to Accounting Income for 2019

Deductions:				
Gain on disposal of assets per financial statements	401	557,460	0	557,460
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	36,360,213	0	36,360,213
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	409,937		409,937
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	1,950,000	0	1,950,000
Reserves from financial statements - balance at beginning of year	414	26,936,853	0	26,936,853
Deferred Revenue Capital Contributions Amortization	416	1,281,000	0	1,281,000
Depreciation previously added back to income		203,834		203,834
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		67,699,297	0	67,699,297
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(9,641,214)	0	(9,641,214)

1 **TAX CREDITS**

2 Horizon Utilities continues to take advantage of Ontario Apprenticeship Training Tax Credits to
 3 minimize cash taxes payable. Horizon Utilities has provided a breakdown of the Apprenticeship
 4 Tax Credits included in the calculation of tax credits above for the 2013, 2014 Bridge Year, and
 5 the 2015 through 2019 Test Years using forecasted Apprenticeship eligibility in Table 4-104
 6 below. No other tax credits are anticipated or included in the PILs calculations.

7 **Table 4-104 – Apprenticeship Tax Credits**

	Apprenticeship Job Creation			Ontario Co-Operative Education Tax Credit			Ontario Apprenticeship Training Tax Credit			TOTAL
	Number of Employees	Credit Amount	Total	Number of Employees	Credit Amount	Total	Number of Employees	Credit Amount	Total	
2013 Actual						\$ 39 538			\$ 221 556	\$ 261 094
2014 Bridge Year	2	\$ 2,000	\$ 4,000	14	\$ 3,000	\$ 42,000	9	\$ 10,000	\$ 90,000	\$ 136,000
2015 Test Year	2	\$ 2,000	\$ 4,000	14	\$ 3,000	\$ 42,000	9	\$ 10,000	\$ 90,000	\$ 136,000
2016 Test Year	4	\$ 2,000	\$ 8,000	14	\$ 3,000	\$ 42,000	9	\$ 10,000	\$ 90,000	\$ 140,000
2017 Test Year	7	\$ 2,000	\$ 14,000	14	\$ 3,000	\$ 42,000	10	\$ 10,000	\$ 100,000	\$ 156,000
2018 Test Year	9	\$ 2,000	\$ 18,000	14	\$ 3,000	\$ 42,000	13	\$ 10,000	\$ 130,000	\$ 190,000
2019 Test Year	10	\$ 2,000	\$ 20,000	14	\$ 3,000	\$ 42,000	17	\$ 10,000	\$ 170,000	\$ 232,000

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1 **CAPITAL COST ALLOWANCE**

2 Horizon Utilities has provided CCA continuity schedules for the 2014 Bridge Year, 2015 Test Year, 2016 Test Year, 2017 Test Year,
 3 2018 Test Year, and 2019 Test Year in Tables 4-105 to 4-110 below:

4 There are currently no known changes to the existing CCA classes, other than those announced in the most recent federal budget
 5 which extends class 43.2 (clean energy equipment) to additional types of equipment.

6 **Table 4-105 – Horizon Utilities – CCA Continuity Schedule 2014**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	180,086,033	0	0	180,086,033	3,850,000		183,936,033	1,925,000	182,011,033	4%	7,280,441	176,655,592
2	Distribution System - pre 1988	34,525,973	0	0	34,525,973	0		34,525,973	0	34,525,973	6%	2,071,558	32,454,414
6	Buildings - after 1990	13,020	0	0	13,020	0		13,020	0	13,020	10%	1,302	11,718
8	General Office/Stores Equip	5,428,167	0	0	5,428,167	1,683,300		7,111,467	841,650	6,269,817	20%	1,253,963	5,857,503
10	Computer Hardware/ Vehicles	2,855,116	0	0	2,855,116	791,200		3,646,316	395,600	3,250,716	30%	975,215	2,671,101
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	1,158,801	0	0	1,158,801	5,321,945		6,480,746	2,660,972	3,819,773	100%	3,819,773	2,660,972
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13.3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	63,136	0	0	63,136	0		63,136	0	63,136	8%	5,051	58,085
43.1	Certain Energy-Efficient Electrical Generating Equipment	162,639	0	0	162,639	0		162,639	0	162,639	30%	48,792	113,848
45	Computers & Systems Hardware acq'd post Mar 22/04	69,441	0	0	69,441	0		69,441	0	69,441	45%	31,248	38,192
52	Computers & Systems Hardware acq'd post Mar 19/07	1,829,303	0	0	1,829,303	1,132,756		2,962,059	566,378	2,395,681	55%	1,317,625	1,644,435
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	192,872,137	0	0	192,872,137	41,916,419		234,788,556	20,958,209	213,830,347	8%	17,106,428	217,682,128
47	Capital Contributions Post 2011	(6,839,644)	0	0	(6,839,644)	(4,473,000)	267,360	(11,580,004)	(2,370,180)	(9,209,824)	8%	(736,786)	(10,843,218)
95	CWIP	5,814,154			5,814,154	(2,018,736)		3,795,418	0	3,795,418		0	3,795,418
	SUB-TOTAL - UCC	418,038,276	0	0	418,038,276	48,203,883	267,360	465,974,799	24,977,630	440,997,170		33,174,611	432,800,189

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1 **Table 4-106 – Horizon Utilities – CCA Continuity Schedule 2015**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	176,655,592	0	0	176,655,592	3,700,000		180,355,592	1,850,000	178,505,592	4%	7,140,224	173,215,368
2	Distribution System - pre 1988	32,454,414	0	0	32,454,414	0		32,454,414	0	32,454,414	6%	1,947,265	30,507,149
6	Buildings - after 1990	11,718	0	0	11,718	0		11,718	0	11,718	10%	1,172	10,546
8	General Office/Stores Equip	5,857,503	0	0	5,857,503	1,056,860		6,914,363	528,430	6,385,933	20%	1,277,187	5,637,177
10	Computer Hardware/ Vehicles	2,671,101	0	0	2,671,101	1,023,000		3,694,101	511,500	3,182,601	30%	954,780	2,739,321
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	2,660,972	0	0	2,660,972	2,390,404		5,051,377	1,195,202	3,856,175	100%	3,856,175	1,195,202
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13 3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	58,085	0	0	58,085	0		58,085	0	58,085	8%	4,647	53,438
43.1	Certain Energy-Efficient Electrical Generating Equipment	113,848	0	0	113,848	0		113,848	0	113,848	30%	34,154	79,693
45	Computers & Systems Hardware acq'd post Mar 22/04	38,192	0	0	38,192	0		38,192	0	38,192	45%	17,187	21,006
52	Computers & Systems Hardware acq'd post Mar 19/07	1,644,435	0	0	1,644,435	1,491,500		3,135,935	745,750	2,390,185	55%	1,314,602	1,821,333
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	217,682,128	0	0	217,682,128	35,085,759		252,767,888	17,542,880	235,225,008	8%	18,818,001	233,949,887
47	Capital Contributions Post 2011	(10,843,218)	0	0	(10,843,218)	(4,633,000)	315,000	(15,791,217)	(2,474,000)	(13,317,218)	8%	(1,065,377)	(14,725,840)
95	CWIP	3,795,418	0	0	3,795,418	(174,557)		3,620,861	0	3,620,861		0	3,620,861
	SUB-TOTAL - UCC	432,800,189	0	0	432,800,189	39,939,967	315,000	472,425,156	19,899,762	452,525,394		34,300,014	438,125,142

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1 **Table 4-107 – Horizon Utilities – CCA Continuity Schedule 2016**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	173,215,368	0	0	173,215,368	1,995,000		175,210,368	997,500	174,212,868	4%	6,968,515	168,241,854
2	Distribution System - pre 1988	30,507,149	0	0	30,507,149	0		30,507,149	0	30,507,149	6%	1,830,429	28,676,720
6	Buildings - after 1990	10,546	0	0	10,546	0		10,546	0	10,546	10%	1,055	9,492
8	General Office/Stores Equip	5,637,177	0	0	5,637,177	926,200		6,563,377	463,100	6,100,277	20%	1,220,055	5,343,321
10	Computer Hardware/ Vehicles	2,739,321	0	0	2,739,321	1,685,000		4,424,321	842,500	3,581,821	30%	1,074,546	3,349,774
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	1,195,202	0	0	1,195,202	455,500		1,650,702	227,750	1,422,952	100%	1,422,952	227,750
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13 3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	53,438	0	0	53,438	0		53,438	0	53,438	8%	4,275	49,163
43.1	Certain Energy-Efficient Electrical Generating Equipment	79,693	0	0	79,693	0		79,693	0	79,693	30%	23,908	55,785
45	Computers & Systems Hardware acq'd post Mar 22/04	21,006	0	0	21,006	0		21,006	0	21,006	45%	9,453	11,553
52	Computers & Systems Hardware acq'd post Mar 19/07	1,821,333	0	0	1,821,333	825,500		2,646,833	412,750	2,234,083	55%	1,228,746	1,418,087
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	233,949,887	0	0	233,949,887	41,715,333		275,665,220	20,857,667	254,807,553	8%	20,384,604	255,280,616
47	Capital Contributions Post 2011	(14,725,840)	0	0	(14,725,840)	(4,655,000)	453,006	(19,833,846)	(2,554,003)	(17,279,843)	8%	(1,382,387)	(18,451,458)
95	CWIP	3,620,861	0	0	3,620,861	0		3,620,861	0	3,620,861		0	3,620,861
	SUB-TOTAL - UCC	438,125,142	0	0	438,125,142	42,947,533	453,006	480,619,669	21,247,264	459,372,406		32,786,150	447,833,519

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1 **Table 4-108 – Horizon Utilities – CCA Continuity Schedule 2017**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	168,241,854	0	0	168,241,854	2,495,000		170,736,854	1,247,500	169,489,354	4%	6,779,574	163,957,280
2	Distribution System - pre 1988	28,676,720	0	0	28,676,720	0		28,676,720	0	28,676,720	6%	1,720,603	26,956,117
6	Buildings - after 1990	9,492	0	0	9,492	0		9,492	0	9,492	10%	949	8,543
8	General Office/Stores Equip	5,343,321	0	0	5,343,321	665,200		6,008,521	332,600	5,675,921	20%	1,135,184	4,873,337
10	Computer Hardware/ Vehicles	3,349,774	0	0	3,349,774	780,000		4,129,774	390,000	3,739,774	30%	1,121,932	3,007,842
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	227,750	0	0	227,750	439,500		667,250	219,750	447,500	100%	447,500	219,750
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13.3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	49,163	0	0	49,163	0		49,163	0	49,163	8%	3,933	45,230
43.1	Certain Energy-Efficient Electrical Generating Equipment	55,785	0	0	55,785	0		55,785	0	55,785	30%	16,736	39,050
45	Computers & Systems Hardware acq'd post Mar 22/04	11,553	0	0	11,553	0		11,553	0	11,553	45%	5,199	6,354
52	Computers & Systems Hardware acq'd post Mar 19/07	1,418,087	0	0	1,418,087	1,447,200		2,865,287	723,600	2,141,687	55%	1,177,928	1,687,359
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	255,280,616	0	0	255,280,616	46,276,214		301,556,829	23,138,107	278,418,723	8%	22,273,498	279,283,332
47	Capital Contributions Post 2011	(18,451,458)	0	0	(18,451,458)	(4,677,000)	454,896	(23,583,354)	(2,565,948)	(21,017,406)	8%	(1,681,392)	(21,901,961)
95	CWIP	3,620,861	0	0	3,620,861	0		3,620,861	0	3,620,861		0	3,620,861
	SUB-TOTAL - UCC	447,833,519	0	0	447,833,519	47,426,114	454,896	494,804,737	23,485,609	471,319,128		33,001,644	461,803,093

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1 **Table 4-109 – Horizon Utilities – CCA Continuity Schedule 2018**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	163,957,280	0	0	163,957,280	1,595,000		165,552,280	797,500	164,754,780	4%	6,590,191	158,962,089
2	Distribution System - pre 1988	26,956,117	0	0	26,956,117	0		26,956,117	0	26,956,117	6%	1,617,367	25,338,750
6	Buildings - after 1990	8,543	0	0	8,543	0		8,543	0	8,543	10%	854	7,688
8	General Office/Stores Equip	4,873,337	0	0	4,873,337	693,200		5,566,537	346,600	5,219,937	20%	1,043,987	4,522,550
10	Computer Hardware/ Vehicles	3,007,842	0	0	3,007,842	790,000		3,797,842	395,000	3,402,842	30%	1,020,853	2,776,989
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	219,750	0	0	219,750	1,664,500		1,884,250	832,250	1,052,000	100%	1,052,000	832,250
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13 3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	45,230	0	0	45,230	0		45,230	0	45,230	8%	3,618	41,612
43.1	Certain Energy-Efficient Electrical Generating Equipment	39,050	0	0	39,050	0		39,050	0	39,050	30%	11,715	27,335
45	Computers & Systems Hardware acq'd post Mar 22/04	6,354	0	0	6,354	0		6,354	0	6,354	45%	2,859	3,495
52	Computers & Systems Hardware acq'd post Mar 19/07	1,687,359	0	0	1,687,359	868,200		2,555,559	434,100	2,121,459	55%	1,166,803	1,388,757
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	279,283,332	0	0	279,283,332	48,032,604		327,315,935	24,016,302	303,299,633	8%	24,263,971	303,051,965
47	Capital Contributions Post 2011	(21,901,961)	0	0	(21,901,961)	(4,701,000)	500,203	(27,103,164)	(2,600,601)	(24,502,563)	8%	(1,960,205)	(25,142,959)
95	CWIP	3,620,861	0	0	3,620,861	0		3,620,861	0	3,620,861		0	3,620,861
	SUB-TOTAL - UCC	461,803,093	0	0	461,803,093	48,942,504	500,203	510,245,395	24,221,151	486,024,244		34,814,014	475,431,381

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1 **Table 4-110 – Horizon Utilities – CCA Continuity Schedule 2019**

Class	Class Description	UCC Prior Year Ending Balance	Less Non-Distribution Portion	Less Disallowed FMV Increment	UCC 2013 Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	158,962,089	0	0	158,962,089	1,595,000		160,557,089	797,500	159,759,589	4%	6,390,384	154,166,705
2	Distribution System - pre 1988	25,338,750	0	0	25,338,750	0		25,338,750	0	25,338,750	6%	1,520,325	23,818,425
6	Buildings - after 1990	7,688	0	0	7,688	0		7,688	0	7,688	10%	769	6,920
8	General Office/Stores Equip	4,522,550	0	0	4,522,550	743,200		5,265,750	371,600	4,894,150	20%	978,830	4,286,920
10	Computer Hardware/ Vehicles	2,776,989	0	0	2,776,989	1,690,000		4,466,989	845,000	3,621,989	30%	1,086,597	3,380,393
10.1	Certain Automobiles	0	0	0	0	0		0	0	0	30%	0	0
12	Computer Software	832,250	0	0	832,250	689,500		1,521,750	344,750	1,177,000	100%	1,177,000	344,750
3	Buildings - pre 1990	0	0	0	0	0		0	0	0	5%	0	0
13.3	Lease # 3	0	0	0	0	0		0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0		0	0	0		0	0
14	Franchise	0	0	0	0	0		0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	41,612	0	0	41,612	0		41,612	0	41,612	8%	3,329	38,283
43.1	Certain Energy-Efficient Electrical Generating Equipment	27,335	0	0	27,335	0		27,335	0	27,335	30%	8,200	19,134
45	Computers & Systems Hardware acq'd post Mar 22/04	3,495	0	0	3,495	0		3,495	0	3,495	45%	1,573	1,922
52	Computers & Systems Hardware acq'd post Mar 19/07	1,388,757	0	0	1,388,757	1,518,200		2,906,957	759,100	2,147,857	55%	1,181,321	1,725,636
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0		0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	303,051,965	0	0	303,051,965	49,766,577		352,818,541	24,883,288	327,935,253	8%	26,234,820	326,583,721
47	Capital Contributions Post 2011	(25,142,959)	0	0	(25,142,959)	(4,730,000)	557,460	(30,430,419)	(2,643,730)	(27,786,689)	8%	(2,222,935)	(28,207,484)
95	CWIP	3,620,861	0	0	3,620,861	0		3,620,861	0	3,620,861		0	3,620,861
	SUB-TOTAL - UCC	475,431,381	0	0	475,431,381	51,272,477	557,460	526,146,398	25,357,508	500,788,889		36,360,213	489,786,185

2

1 **RESERVES CONTINUITY**

2 Horizon Utilities has provided Reserves Continuity schedules for the 2014 Bridge Year and 2015 - 2019 Test Years as follows:

3 **Table 4-111 – Horizon Utilities – Continuity of Reserves 2014**

Description	Balance at December 31 2013, Actual Year as per Tax Returns	Non-Distribution Eliminations	Utility Only Opening Balance	Eliminate Amounts Not Relevant for Test Year Sign Convention: Increase (+) Decrease (-)	Adjusted Utility Balance	Additions	Disposals	Balance for 2013 Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)			0		0			0	0	
Tax Reserves Not Deducted for accounting purposes										
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)			0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)			0		0			0	0	
Other tax reserves			0		0			0	0	
Total	1,950,000	0	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)										
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000		450,000			450,000	0	
General reserve for bad debts			0		0			0	0	
Accrued Employee Future Benefits:	21,938,006		21,938,006		21,938,006	401,200		22,339,206	401,200	
- Medical and Life Insurance			0		0			0	0	
-Short & Long-term Disability			0		0			0	0	
-Accumulated Sick Leave	58,309		58,309		58,309			58,309	0	
- Termination Cost			0		0			0	0	
- Other Post-Employment Benefits			0		0			0	0	
Provision for Environmental Costs			0		0			0	0	
Restructuring Costs			0		0			0	0	
Accrued Contingent Liigation Costs			0		0			0	0	
Accrued Self-Insurance Costs			0		0			0	0	
Other Contingent Liabilities			0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0		0			0	0	
Other - Accrued Vacation Pay	1,994,538		1,994,538		1,994,538			1,994,538	0	
Total	24,440,853	0	24,440,853	0	24,440,853	401,200	0	24,842,053	401,200	0

4

1 **Table 4-112 – Horizon Utilities – Continuity of Reserves 2015**

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	450,000			450,000	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	22,339,206	435,000		22,774,206	435,000	
- Medical and Life Insurance	0			0	0	
- Short & Long-term Disability	0			0	0	
- Accmulated Sick Leave	58,309			58,309	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other - Accrued Vacation Pay	1,994,538			1,994,538	0	
Total	24,842,053	435,000	0	25,277,053	435,000	0

2

1 **Table 4-113 – Horizon Utilities – Continuity of Reserves 2016**

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	450,000			450,000	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	22,774,206	501,700		23,275,906	501,700	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	58,309			58,309	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other - Accrued Vacation Pay	1,994,538			1,994,538	0	
Total	25,277,053	501,700	0	25,778,753	501,700	0

2

1 **Table 4-114 – Horizon Utilities – Continuity of Reserves 2017**

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	450,000			450,000	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	23,275,906	551,000		23,826,906	551,000	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	58,309			58,309	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other - Accrued Vacation Pay	1,994,538			1,994,538	0	
Total	25,778,753	551,000	0	26,329,753	551,000	0

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1 **Table 4-115 – Horizon Utilities – Continuity of Reserves 2018**

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	450,000			450,000	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	23,826,906	607,100		24,434,006	607,100	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	58,309			58,309	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other - Accrued Vacation Pay	1,994,538			1,994,538	0	
Total	26,329,753	607,100	0	26,936,853	607,100	0

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1 **Table 4-116 – Horizon Utilities – Continuity of Reserves 2019**

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	450,000			450,000	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	24,434,006	607,100		25,041,106	607,100	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	58,309			58,309	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other - Accrued Vacation Pay	1,994,538			1,994,538	0	
Total	26,936,853	607,100	0	27,543,953	607,100	0

2

1 **CORPORATE TAX RETURNS**

- 2 Horizon Utilities provides copies of its 2011 and 2012 Corporate Tax Returns in Appendices 4-
3 12.1 and 4-12.2 of this Exhibit.

APPENDIX 4-10.1 – 2015 PILS WORKFORM

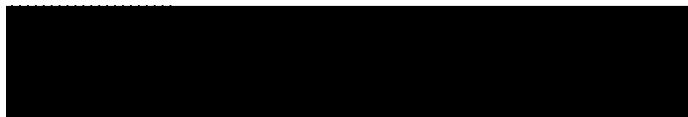


Income Tax/PILs Workform for 2014 Filers

Version 2.0

Utility Name	Horizon Utilities Corporation
Assigned EB Number	
Name and Title	Indy J. Butany-DeSouza, Vice President-Regulatory Services
Phone Number	905-317-7655
Email Address	indy.butany@horizonutilities.com
Date	
Last COS Re-based Year	2011

Note: Drop down lists are shaded blue; Input cells are shaded green.



Algonia Power Inc.
 Alkaskas Hydro Inc.
 Altagas/Altagas Power Corp.
 Bluewater Power Distributor Corporation
 Brant County Power Inc.
 Brantford Power Inc.
 Burlington Hydro Inc.
 Cambridge and North Dumfries Hydro Inc.
 Canadian Niagara Power Inc. - Eastern Ontario Power
 Canadian Niagara Power Inc. - Fort Erie

 Canadian Niagara Power Inc. - Port Colborne Hydro Inc.
 Centre Wellington Hydro Ltd.
 Clinton Power Corporation
 COLLUS Power Corporation
 Cooperative Hydro Embury Inc.
 E.L.K. Energy Inc.
 Enersource Hydro Mississauga Inc.
 Entegris Powerlines Inc. - Chatham-Kent
 Entegris Powerlines Inc. - Dutton
 Entegris Powerlines Inc. - Newbury
 Entegris Powerlines Inc. - Strathroy, Mounth Brydges & Parkhill
 ENWIN Utilities Ltd.
 Erie Thames Powerlines Corporation
 Espanola Regional Hydro Distribution Corporation
 Essex Powerlines Corporation
 Festival Hydro Inc.
 Festival Hydro Inc. - Hensall
 Fort Albany Power Corporation
 Fort Frances Power Corporation
 Greater Sudbury Hydro Inc.
 Grimsby Power Inc.
 Guelph Hydro Electric Systems Inc.
 Haldimand County Hydro Inc.
 Halton Hills Hydro Inc.
 Hearst Power Distribution Company Limited
 Horizon Utilities Corporation
 Hydro 2000 Inc.
 Hydro Hawkesbury Inc.
 Hydro One Brant on Networks Inc.
 Hydro One Networks Inc.
 Hydro Ottawa Limited
 Innisfil Hydro Distribution Systems Limited
 Kashechewan Power Corporation
 Kenora Hydro Electric Corporation Ltd.
 Kingston Hydro Corporation
 Kitchener-Waterloo Hydro Inc.
 Lakeland Utilities Inc.
 Lakeland Power Distributor Ltd.
 London Hydro Inc.
 Midland Power Utility Corporation
 Milton Hydro Distribution Inc.
 Newmarket - Tay Power Distribution Ltd. - Newmarket
 Newmarket - Tay Power Distribution Ltd. - Tay
 Niagara Peninsula Energy Inc. - Niagara Falls
 Niagara Peninsula Energy Inc. - Peninsula West
 Niagara-on-the-Lake Hydro Inc.
 Norfolk Power Distributor Inc.
 North Bay Hydro Distribution Limited
 Northern Ontario Wires Inc.
 Oakville Hydro Electric Distribution Inc.
 Orangeville Hydro Limited
 Orillia Power Distributor Corporation
 Oshawa PUC Networks Inc.
 Oshawa River Power Corporation
 Parry Sound Power Corporation
 Peterborough Distribution Incorporated
 PowerStream Inc. - Barrie
 PowerStream Inc. - South
 PUC Distribution Inc.
 Renfrew Hydro Inc.
 Rideau St. Lawrence Distribution Inc.
 Sioux Lookout Hydro Inc.
 St. Thomas Energy Inc.
 Thunder Bay Hydro Electricity Distribution Inc.
 Timiskaming Hydro Inc.
 Toronto Hydro-Electric System Limited
 Verdun Connections Inc.
 Verdun Connections Inc. - Gravenhurst
 Wasaga Distribution Inc.
 Waterloo North Hydro Inc.
 Welland Hydro-Electric System Corp.
 Wellington North Power Inc.
 West Coast Huron Energy Inc.
 West Perth Power Inc.
 Westarco Power Inc.
 Whitby Hydro Electric Corporation
 Woodstock Hydro Services Inc.



Income Tax/PILs Workform for 2014 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs, Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs, Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q. Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs, Tax Provision](#)

Income Tax/PILs Workform for 2014 Filers



Rate Base

\$ 483,609,614

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$ 19,344,385	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 270,821,384	$X = S * U$
Deemed Equity %	40.00%	V	\$ 193,443,846	$Y = S * V$
Short Term Interest Rate	2.11%	Z	\$ 408,167	$AC = W * Z$
Long Term Interest	3.47%	AA	\$ 9,401,065	$AD = X * AA$
Return on Equity (Regulatory Income)	9.36%	AB	\$ 18,106,344	$AE = Y * AB$
Return on Rate Base			\$ 27,915,576	$AF = AC + AD + AE$

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Income Tax/PILs Workform for 2014 Filers

**Tax Rates
Federal & Provincial
As of June 20, 2012**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective #####	Effective #####	Effective #####	Effective #####
	38.00%	38.00%	38.00%	38.00%
	-10.00%	-10.00%	-10.00%	-10.00%
	28.00%	28.00%	28.00%	28.00%
	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
	11.75%	11.50%	11.50%	11.50%
	28.25%	26.50%	26.50%	26.50%
	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000
	11.00%	11.00%	11.00%	11.00%
	4.50%	4.50%	4.50%	4.50%



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

9,051,526

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

9,051,526

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

9,051,526

Current Year Deduction

9,051,526

x 7% =

633,607

Cumulative Eligible Capital - Closing Balance

8,417,919



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	1,950,000	0	1,950,000
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000
General reserve for bad debts			0
Accrued Employee Future Benefits:	21,938,006		21,938,006
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	58,309		58,309
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other	1,994,538		1,994,538
			0
			0
			0
Total	24,440,853	0	24,440,853



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	16,080,425		16,080,425
Additions:				
Interest and penalties on taxes	103			0
Amor ization of tangible assets	104	19,727,648		19,727,648
Amor ization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,637,146		1,637,146
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deduc ible club dues and fees	120			0
Non-deduc ible meals and entertainment expense	121	45,000		45,000
Non-deduc ible automobile expenses	122			0
Non-deduc ible life insurance premiums	123			0
Non-deduc ible company pension plans	124			0
Tax reserves deducted in prior year	125	1,950,000		1,950,000
Reserves from financial statements- balance at end of year	126	24,440,853		24,440,853
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deduc ible advertising	226			0
Non-deduc ible interest	227			0
Non-deduc ible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deduc ible penal ies	293			0
	294			0
Other Addi ions (Apprenticeship Tax Credits)	295	333,428		333,428
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only

Regulatory Taxable Income

\$ 4,795,345 **A**

Ontario Income Taxes

Income tax payable

Ontario Income Tax

11.50% **B**

\$ 551,464.68 **C = A * B**

Small business credit

Ontario Small Business Threshold
Rate reduction (negative)

\$ 500,000 **D**

-7.00% **E**

-\$ 35,000 **F = D * E**

Ontario Income tax

\$ 516,465 **J = C + F**

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

10.77%

K = J / A

15.00%

L

25.77% **M = K + L**

Total Income Taxes

\$ 1,235,766 **N = A * M**

Investment Tax Credits

\$ 261,094 **O**

Miscellaneous Tax Credits

P

Total Tax Credits

\$ 261,094 **Q = O + P**

Corporate PILs/Income Tax Provision for Historic Year

\$ 974,672 **R = N - Q**



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

8,417,919

Additions

Cost of Eligible Capital Property Acquired during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0		0
---	--	---

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

8,417,919

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

8,417,919

Current Year Deduction

8,417,919

x 7% =

589,254

Cumulative Eligible Capital - Closing Balance

7,828,665



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	21,938,006		21,938,006	401,200		22,339,206	401,200	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
- Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	24,440,853	0	24,440,853	401,200	0	24,842,053	401,200	0



Income Tax/PILs Workform for 2014 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	17,568,163
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	21,646,720
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1 640 446
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	1 950 000
Reserves from financial statements- balance at end of year	126	24,842,053
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	261,094
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		50,385,313
Deductions:		



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

Gain on disposal of assets per financial statements	401	267,360
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	33 174 611
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	589,254
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	24,440,853
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions	393	623,000
Amortization		
Depreciation previously added back to income	394	203,834
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		61,248,912
Net Income for Tax Purposes		6,704,563
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 <i>(Please include explanation and calculation in Manager's summary)</i>	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		6,704,563

Income Tax/PILs Workform for 2014 Filers

PILS Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income						\$ 6,704,563 A
Ontario Income Taxes						
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$	771,025	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000	D			
	Rate reduction	-7.00%	E	-\$	35,000	F = D * E
<i>Ontario Income tax</i>						\$ 736,025 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate	10.98%	K = J / A			
	Federal tax rate	15.00%	L			
	Combined tax rate				25.98%	M = K + L
Total Income Taxes						\$ 1,741,709 N = A * M
Investment Tax Credits					\$ 136,000	O
Miscellaneous Tax Credits						P
Total Tax Credits					\$ 136,000	Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year						\$ 1,605,709 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

7,828,665

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 7,828,665

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

7,828,665

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

7,828,665 x 7% = 548,007

Cumulative Eligible Capital - Closing Balance

7,280,658



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	22,339,206		22,339,206	435,000	0	22,774,206	435,000	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	24,842,053	0	24,842,053	435,000	0	25,277,053	435,000	0



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2014 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		18,106,344
	T2 S1 line #	
Additions		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	24,135,544
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,902,074
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	1,950,000
Reserves from financial statements- balance at end of year	126	25,277,053
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	136,000
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Test Year

				Wires Only	
Regulatory Taxable Income				\$ 8,641,107	A
Ontario Income Taxes					
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$ 993,727	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold Rate reduction	\$ 500,000 -7.00%	D E	-\$ 35,000	F = D * E
 <i>Ontario Income tax</i>				\$ 958,727	J = C + F
Combined Tax Rate and PILs		Effective Ontario Tax Rate		11.09%	K = J / A
		Federal tax rate		15.00%	L
		Combined tax rate		26.09%	M = K + L
Total Income Taxes				\$ 2,254,893	N = A * M
Investment Tax Credits				\$ 100,511	O
Miscellaneous Tax Credits				\$	P
Total Tax Credits				\$ 100,511	Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$ 2,154,383	R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹		73.91%	S = 1 - M	\$ 760,686	T = R / S - R
Income Tax (grossed-up)				\$ 2,915,069	U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

APPENDIX 4-10.2 – 2016 PILS WORKFORM

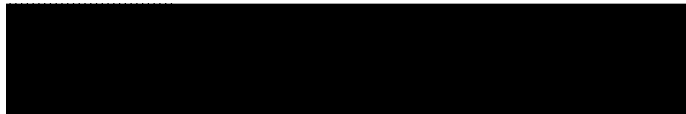


Income Tax/PILs Workform for 2014 Filers

Version 2.0

Utility Name	Horizon Utilities Corporation
Assigned EB Number	
Name and Title	Andy J. Butany-DeSouza, Vice President-Regulatory Services
Phone Number	905-317-7655
Email Address	andy.butany@horizonutilities.com
Date	
Last COS Re-based Year	2011

Note: Drop down lists are shaded blue; Input cells are shaded green.



Algonia Power Inc.
 Alkaskas Hydro Inc.
 Altagas/Altagas Power Corp.
 Bluewater Power Distribution Corporation
 Brant County Power Inc.
 Brantford Power Inc.
 Burlington Hydro Inc.
 Cambridge and North Dumfries Hydro Inc.
 Canadian Niagara Power Inc. - Eastern Ontario Power
 Canadian Niagara Power Inc. - Fort Erie
 Canadian Niagara Power Inc. - Port Colborne Hydro Inc.
 Centre Wellington Hydro Ltd.
 Clinton Power Corporation
 COLLUS Power Corporation
 Cooperative Hydro Embury Inc.
 E.L.K. Energy Inc.
 Enersource Hydro Mississauga Inc.
 Entegris Powerlines Inc. - Chatham-Kent
 Entegris Powerlines Inc. - Dutton
 Entegris Powerlines Inc. - Newbury
 Entegris Powerlines Inc. - Strathroy, Mounth Brydges & Parkhill
 ENWIN Utilities Ltd.
 Erie Thames Powerlines Corporation
 Espanola Regional Hydro Distribution Corporation
 Essex Powerlines Corporation
 Festival Hydro Inc.
 Festival Hydro Inc. - Hensel
 Fort Albany Power Corporation
 Fort Frances Power Corporation
 Greater Sudbury Hydro Inc.
 Grimsby Power Inc.
 Guelph Hydro Electric Systems Inc.
 Haldimand County Hydro Inc.
 Halton Hills Hydro Inc.
 Hearst Power Distribution Company Limited
 Horizon Utilities Corporation
 Hydro 2000 Inc.
 Hydro Hawkesbury Inc.
 Hydro One Brant on Networks Inc.
 Hydro One Networks Inc.
 Hydro Ottawa Limited
 Innisfil Hydro Distribution Systems Limited
 Kashechewan Power Corporation
 Kenora Hydro Electric Corporation Ltd.
 Kingston Hydro Corporation
 Kitchener-Waterloo Hydro Inc.
 Lakefront Utilities Inc.
 Lakeland Power Distribution Ltd.
 London Hydro Inc.
 Midland Power Utility Corporation
 Milton Hydro Distribution Inc.
 Newmarket - Tay Power Distribution Ltd. - Newmarket
 Newmarket - Tay Power Distribution Ltd. - Tay
 Niagara Peninsula Energy Inc. - Niagara Falls
 Niagara Peninsula Energy Inc. - Peninsula West
 Niagara-on-the-Lake Hydro Inc.
 Norfolk Power Distribution Inc.
 North Bay Hydro Distribution Limited
 Northern Ontario Wires Inc.
 Oakville Hydro Electric Distribution Inc.
 Orangeville Hydro Limited
 Orillia Power Distribution Corporation
 Oshawa PUC Networks Inc.
 Oshawa River Power Corporation
 Parry Sound Power Corporation
 Peterborough Distribution Incorporated
 PowerStream Inc. - Barrie
 PowerStream Inc. - South
 PUC Distribution Inc.
 Renfrew Hydro Inc.
 Rideau St. Lawrence Distribution Inc.
 Sioux Lookout Hydro Inc.
 St. Thomas Energy Inc.
 Thunder Bay Hydro Electricity Distribution Inc.
 Timonburg Hydro Inc.
 Toronto Hydro-Electric System Limited
 Verdun Connections Inc.
 Verdun Connections Inc. - Gravenhurst
 Wasaga Distribution Inc.
 Waterloo North Hydro Inc.
 Welland Hydro-Electric System Corp.
 Wellington North Power Inc.
 West Coast Huron Energy Inc.
 West Perth Power Inc.
 Westarco Power Inc.
 Whitby Hydro Electric Corporation
 Woodstock Hydro Services Inc.



Income Tax/PILs Workform for 2014 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs, Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs, Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q. Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs, Tax Provision](#)

Income Tax/PILs Workform for 2014 Filers



Rate Base

\$ 501,947,697

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$ 20,077,908	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 281,090,710	$X = S * U$
Deemed Equity %	40.00%	V	\$ 200,779,079	$Y = S * V$
Short Term Interest Rate	2.11%	Z	\$ 423,644	$AC = W * Z$
Long Term Interest	3.47%	AA	\$ 9,750,889	$AD = X * AA$
Return on Equity (Regulatory Income)	9.36%	AB	\$ 18,792,922	$AE = Y * AB$
Return on Rate Base			\$ 28,967,454	$AF = AC + AD + AE$

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Income Tax/PILs Workform for 2014 Filers

**Tax Rates
Federal & Provincial
As of June 20, 2012**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective #####	Effective #####	Effective #####	Effective #####
	38.00%	38.00%	38.00%	38.00%
	-10.00%	-10.00%	-10.00%	-10.00%
	28.00%	28.00%	28.00%	28.00%
	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
	11.75%	11.50%	11.50%	11.50%
	28.25%	26.50%	26.50%	26.50%
	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000
	11.00%	11.00%	11.00%	11.00%
	4.50%	4.50%	4.50%	4.50%



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

8,417,919

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

Cumulative Eligible Capital Balance

8,417,919

Current Year Deduction

8,417,919 x 7% = 589,254

Cumulative Eligible Capital - Closing Balance

7,828,665



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	1,950,000	0	1,950,000
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000
General reserve for bad debts			0
Accrued Employee Future Benefits:	22,339,206		22,339,206
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	58,309		58,309
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other	1,994,538		1,994,538
			0
			0
			0
Total	24,842,053	0	24,842,053



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	17,568,163		17,568,163
Additions:				
Interest and penalties on taxes	103			0
Amor ization of tangible assets	104	21,646,720		21,646,720
Amor ization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,640,446		1,640,446
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deduc ible club dues and fees	120			0
Non-deduc ible meals and entertainment expense	121	45,000		45,000
Non-deduc ible automobile expenses	122			0
Non-deduc ible life insurance premiums	123			0
Non-deduc ible company pension plans	124			0
Tax reserves deducted in prior year	125	1,950,000		1,950,000
Reserves from financial statements- balance at end of year	126	24,842,053		24,842,053
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deduc ible advertising	226			0
Non-deduc ible interest	227			0
Non-deduc ible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deduc ible penal ies	293			0
Other Addi ions (Apprenticeship Tax Credits)	294	261,094		261,094
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		50,385,313	0	50,385,313
Deductions:				
Gain on disposal of assets per financial statements	401	267,360		267,360
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	33,174,611		33,174,611
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	589,254		589,254
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	1,950,000		1,950,000
Reserves from financial statements - balance at beginning of year	414	24,440,853		24,440,853
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Deferred Revenue Capital Contributions Amortization	393	623,000		623,000
Depreciation previously added back to income	394	203,834		203,834
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		61,248,912	0	61,248,912
Net Income for Tax Purposes		6,704,563	0	6,704,563
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 <i>(Please include explanation and calculation in Manager's summary)</i>	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		6,704,563	0	6,704,563



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

				Wires Only
Regulatory Taxable Income				\$ 6,704,563 A
Ontario Income Taxes				
<i>Income tax payable</i>	Ontario Income Tax	11.50% B	\$ 771,025	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000 D		
	Rate reduction (negative)	-7.00% E	-\$ 35,000	F = D * E
<i>Ontario Income tax</i>				\$ 736,025 J = C + F
Combined Tax Rate and PILs				
	Effective Ontario Tax Rate		10.98%	K = J / A
	Federal tax rate		15.00%	L
	Combined tax rate			25.98% M = K + L
Total Income Taxes				
Investment Tax Credits				\$ 136,000 O
Miscellaneous Tax Credits				P
Total Tax Credits				\$ 136,000 Q = O + P
Corporate PILs/Income Tax Provision for Historic Year				\$ 1,605,709 R = N - Q



Income Tax/PILs Workform for 2014 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	\$ 176,655,592	\$ 3,700,000		\$ 180,355,592	\$ 1,850,000	\$ 178,505,592	4%	\$ 7,140,224	\$ 173,215,368
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				\$ -	\$ -	\$ -	6%	\$ -	\$ -
2	Distribution System - pre 1988	\$ 32,454,414			\$ 32,454,414	\$ -	\$ 32,454,414	6%	\$ 1,947,265	\$ 30,507,149
8	General Office/Stores Equip	\$ 5,857,503	\$ 1,056,860		\$ 6,914,363	\$ 528,430	\$ 6,385,933	20%	\$ 1,277,187	\$ 5,637,177
10	Computer Hardware/ Vehicles	\$ 2,671,101	\$ 1,023,000		\$ 3,694,101	\$ 511,500	\$ 3,182,601	30%	\$ 954,780	\$ 2,739,321
10.1	Certain Automobiles				\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 2,660,972	\$ 2,390,404		\$ 5,051,377	\$ 1,195,202	\$ 3,856,175	100%	\$ 3,856,175	\$ 1,195,202
13 1	Lease # 1	\$ 11,718			\$ 11,718	\$ -	\$ 11,718	10%	\$ 1,172	\$ 10,546
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	\$ 58,085			\$ 58,085	\$ -	\$ 58,085	8%	\$ 4,647	\$ 53,438
42	Fibre Optic Cable				\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ 113,848			\$ 113,848	\$ -	\$ 113,848	30%	\$ 34,154	\$ 79,693
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 38,192			\$ 38,192	\$ -	\$ 38,192	45%	\$ 17,187	\$ 21,006
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 206,838,910	\$ 30,452,759	\$ 315,000	\$ 236,976,670	\$ 15,068,880	\$ 221,907,790	8%	\$ 17,752,623	\$ 219,224,047
50	Data Network Infrastructure Equipment - post Mar 2007				\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software	\$ 1,644,435	\$ 1,491,500		\$ 3,135,935	\$ 745,750	\$ 2,390,185	55%	\$ 1,314,602	\$ 1,821,333
95	CWIP	\$ 3,795,418			\$ 3,795,418	\$ -	\$ 3,795,418		\$ -	\$ 3,795,418
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 432,800,189	\$ 40,114,524	\$ 315,000	\$ 472,599,713	\$ 19,899,762	\$ 452,699,951		\$ 34,300,014	\$ 438,299,699



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

7,828,665

Additions

Cost of Eligible Capital Property Acquired during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0		0
---	--	---

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

7,828,665

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

7,828,665

Current Year Deduction

7,828,665

x 7% =

548,007

Cumulative Eligible Capital - Closing Balance

7,280,658



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	22,339,206		22,339,206		0	22,339,206	0	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
- Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	24,842,053	0	24,842,053	0	0	24,842,053	0	0



Income Tax/PILs Workform for 2014 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	18,106,344
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	24,135,544
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1 902 074
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	1 950 000
Reserves from financial statements- balance at end of year	126	24,842,053
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
Other Additions (Apprenticeship Tax Credits)	294	136,000
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		53,010,671
Deductions:		



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

Gain on disposal of assets per financial statements	401	315,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	34 300 014
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	548,007
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	24,842,053
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions	393	752,000
Amortization		
Depreciation previously added back to income	394	203,834
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		62,910,907
Net Income for Tax Purposes		8,206,107
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		8,206,107

Income Tax/PILs Workform for 2014 Filers

PILS Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income					\$ 8,206,107 A
Ontario Income Taxes	Ontario Income Tax	11.50%	B	\$	943,702 C = A * B
<i>Income tax payable</i>					
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000	D		
	Rate reduction	-7.00%	E	-\$	35,000 F = D * E
<i>Ontario Income tax</i>					\$ 908,702 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate	11.07%	K = J / A		
	Federal tax rate	15.00%	L		
	Combined tax rate				26.07% M = K + L
Total Income Taxes					\$ 2,139,618 N = A * M
Investment Tax Credits					\$ 100,511 O
Miscellaneous Tax Credits					P
Total Tax Credits					\$ 100,511 Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year					\$ 2,039,108 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

7,280,658

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 7,280,658

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

7,280,658

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

7,280,658 x 7% = 509,646

Cumulative Eligible Capital - Closing Balance

6,771,012



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	22,339,206		22,339,206	501,700		22,840,906	501,700	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	24,842,053	0	24,842,053	501,700	0	25,343,753	501,700	0



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2014 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		18,792,922
	T2 S1 line #	
Additions		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	25,085,320
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2,739,310
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	1,950,000
Reserves from financial statements- balance at end of year	126	25,343,753
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	136,000
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		

Total Additions		55,299,383
Deductions		
Gain on disposal of assets per financial statements	401	453,006
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	32,786,150
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	509,646
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	24,842,053
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions Amortization	416	884,000
Depreciation previously added back to income		203,834
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		61,628,689
NET INCOME FOR TAX PURPOSES		12,463,615
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		12,463,615

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Test Year

				Wires Only	
Regulatory Taxable Income				\$ 12,463,615	A
Ontario Income Taxes					
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$ 1,433,316	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000	D		
	Rate reduction	-7.00%	E	-\$ 35,000	F = D * E
<i>Ontario Income tax</i>				\$ 1,398,316	J = C + F
Combined Tax Rate and PILs		Effective Ontario Tax Rate		11.22%	K = J / A
		Federal tax rate		15.00%	L
		Combined tax rate		26.22%	M = K + L
Total Income Taxes				\$ 3,267,858	N = A * M
Investment Tax Credits				\$ 103,293	O
Miscellaneous Tax Credits					P
Total Tax Credits				\$ 103,293	Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$ 3,164,565	R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹				73.78%	S = 1 - M
				\$ 1,124,578	T = R / S - R
Income Tax (grossed-up)				\$ 4,289,143	U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

APPENDIX 4-10.3 – 2017 PILS WORKFORM



Income Tax/PILs Workform for 2014 Filers

Version 2.0

Utility Name	<input style="width: 98%;" type="text" value="Horizon Utilities Corporation"/>
Assigned EB Number	<input style="width: 98%;" type="text"/>
Name and Title	<input style="width: 98%;" type="text" value="Indy J. Butany-DeSouza, Vice President-Regulatory Services"/>
Phone Number	<input style="width: 98%;" type="text" value="905-317-7655"/>
Email Address	<input style="width: 98%;" type="text" value="indy.butany@horizonutilities.com"/>
Date	<input style="width: 98%;" type="text"/>
Last COS Re-based Year	<input style="width: 98%;" type="text" value="2011"/>

Note: Drop down lists are shaded blue; Input cells are shaded green.



- Algoma Power Inc.
- Akkikani Hydro Inc.
- Attawapiskat Power Corp.
- Bluewater Power Distrib on Corporation
- Brampton County Power Inc.
- Bramford Power Inc.
- Burlington Hydro Inc.
- Cambridge and North Dumfr es Hydro Inc.
- Canad an Niagara Power Inc. - Eas em Ontario Power
- Canad an Niagara Power Inc. - Fort Erie
- Canad an Niagara Power Inc. - Port Colborne Hydro Inc.
- Centre Wel ington Hydro Ltd.
- Clinton Power Corporation
- COLLUS Power Corporation
- Cooperative Hydro Embrun Inc.
- E.L.K. Energy Inc.
- Enersource Hydro Mississauga Inc.
- Entegrus Powerlines Inc. - Chatham-Kent
- Entegrus Powerlines Inc. - Di ton
- Entegrus Powerlines Inc. - Newbury
- Entegrus Powerlines Inc. - Strathroy, Mounth Brydges & Parkh I
- ENWIN U il ies Ltd.
- Erie Thames Powerlines Corpora ion
- Espanola Reg onal Hydro Distribution Corporation
- Essex Powerlines Corpora on
- Festival Hydro Inc.
- Festival Hydro Inc. - Hena I
- Fort Albany Power Corpora on
- Fort Frances Power Corpora on
- Greater Sudbury Hydro Inc.
- Grimstby Power Inc.
- Guelph Hydro Electr c Systems Inc.
- Haldimand County Hydro Inc.
- Hallow Hils Hydro Inc.
- Hearst Power Distribution Company Limited
- Horizon Ut lit es Corpora on
- Hydro 2000 Inc.
- Hydro Hawkesbury Inc.
- Hydro One Bramp on Networks Inc.
- Hydro One Networks Inc.
- Hydro Ottawa Limited
- Inn sfil Hydro Distribution Systems Limited
- Kashechewan Power Corpora on
- Kenora Hydro Electr c Corpora on Ltd.
- Kingston Hydro Corporation
- Kitchener-Wilmot Hydro Inc.
- Lakefront Utl ies Inc.
- Lakeland Power Distrib on Ltd.
- London Hydro Inc.
- Midland Power Utl ty Corporation
- Mil ton Hydro D istribution Inc.
- Newmarket - Tay Power D istribution Ltd. - Newmarket
- Newmarket - Tay Power D istribution Ltd. - Tay
- Niagara Peninsula Energy Inc. - Niagara Falls
- Niagara Peninsula Energy Inc. - Peninsula West
- Niagara-on-the-Lake Hydro Inc.
- Norfolk Power Distrib on Inc.
- North Bay Hydro Distribution Lim ted
- Northern Ontario Wires Inc.
- Oakville Hydro Electr city D istribution Inc.
- Orangev lle Hydro Lim ted
- Or lia Power Distrib on Corpora on
- Oshawa PUC Networks Inc.
- Ot awa River Power Corporation
- Parry Sound Power Corporation
- Peterborough Distribution Incorporated
- PowerStream Inc. - Barrie
- PowerStream Inc. - South
- PUC Distribution Inc.
- Renfrew Hydro Inc.
- Rideau St. Lawrence Distribu ion Inc.
- Sioux Lookout Hydro Inc.
- St. Thomas Energy Inc.
- Thunder Bay Hydro Electr city D istribution Inc.
- Ti sionburg Hydro Inc.
- Toronto Hydro-Electr c System Limited
- Verd an Connections Inc.
- Verd an Connections Inc. - Gravenhurst
- Wasaga D istribution Inc.
- Waterloo North Hydro Inc.
- Welland Hydro-Electric System Corp.
- Wellington North Power Inc.
- West Coast Huron Energy Inc.
- West Perth Power Inc.
- Westar o Power Inc.
- Whitby Hydro Electric Corporation
- Woods ock Hydro Services Inc.



Income Tax/PILs Workform for 2014 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs, Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs, Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q. Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs, Tax Provision](#)

Income Tax/PILs Workform for 2014 Filers



Rate Base

\$ 523,024,973

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$ 20,920,999	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 292,893,985	$X = S * U$
Deemed Equity %	40.00%	V	\$ 209,209,989	$Y = S * V$
Short Term Interest Rate	2.11%	Z	\$ 441,433	$AC = W * Z$
Long Term Interest	3.47%	AA	\$ 10,160,338	$AD = X * AA$
Return on Equity (Regulatory Income)	9.36%	AB	\$ 19,582,055	$AE = Y * AB$
Return on Rate Base			\$ 30,183,826	$AF = AC + AD + AE$

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Income Tax/PILs Workform for 2014 Filers

**Tax Rates
Federal & Provincial
As of June 20, 2012**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective #####	Effective #####	Effective #####	Effective #####
	38.00%	38.00%	38.00%	38.00%
	-10.00%	-10.00%	-10.00%	-10.00%
	28.00%	28.00%	28.00%	28.00%
	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
	11.75%	11.50%	11.50%	11.50%
	28.25%	26.50%	26.50%	26.50%
	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000
	11.00%	11.00%	11.00%	11.00%
	4.50%	4.50%	4.50%	4.50%



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

7,828,665

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

7,828,665

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Cumulative Eligible Capital Balance

7,828,665

Current Year Deduction

7,828,665 x 7% = 548,007

Cumulative Eligible Capital - Closing Balance

7,280,658



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	1,950,000	0	1,950,000
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000
General reserve for bad debts			0
Accrued Employee Future Benefits:	22,774,206		22,774,206
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	58,309		58,309
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other	1,994,538		1,994,538
			0
			0
			0
Total	25,277,053	0	25,277,053



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	18,106,344		18,106,344
Additions:				
Interest and penalties on taxes	103			0
Amor ization of tangible assets	104	24,135,544		24,135,544
Amor ization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,902,074		1,902,074
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deduc ible club dues and fees	120			0
Non-deduc ible meals and entertainment expense	121	45,000		45,000
Non-deduc ible automobile expenses	122			0
Non-deduc ible life insurance premiums	123			0
Non-deduc ible company pension plans	124			0
Tax reserves deducted in prior year	125	1,950,000		1,950,000
Reserves from financial statements- balance at end of year	126	25,277,053		25,277,053
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deduc ible advertising	226			0
Non-deduc ible interest	227			0
Non-deduc ible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deduc ible penal ies	293			0
Other Addi ions (Apprenticeship Tax Credits)	294	136,000		136,000
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		53,445,671	0	53,445,671
Deductions:				
Gain on disposal of assets per financial statements	401	315,000		315,000
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	34,300,014		34,300,014
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	548,007		548,007
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	1,950,000		1,950,000
Reserves from financial statements - balance at beginning of year	414	24,842,053		24,842,053
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Deferred Revenue Capital Contributions Amortization	393	752,000		752,000
Depreciation previously added back to income	394	203,834		203,834
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
Total Deductions		62,910,907	0	62,910,907
Net Income for Tax Purposes		8,641,107	0	8,641,107
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 <i>(item 82)</i>	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 <i>(Please include explanation and calculation in Manager's summary)</i>	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		8,641,107	0	8,641,107



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

				Wires Only
Regulatory Taxable Income				\$ 8,641,107 A
Ontario Income Taxes				
<i>Income tax payable</i>	Ontario Income Tax	11.50% B	\$ 993,727 C = A * B	
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000 D		
	Rate reduction (negative)	-7.00% E	-\$ 35,000 F = D * E	
<i>Ontario Income tax</i>				\$ 958,727 J = C + F
Combined Tax Rate and PILs				
	Effective Ontario Tax Rate	11.09%	K = J / A	
	Federal tax rate	15.00%	L	
	Combined tax rate			26.09% M = K + L
Total Income Taxes				\$ 2,254,893 N = A * M
Investment Tax Credits				\$ 100,511 O
Miscellaneous Tax Credits				P
Total Tax Credits				\$ 100,511 Q = O + P
Corporate PILs/Income Tax Provision for Historic Year				\$ 2,154,383 R = N - Q



Income Tax/PILs Workform for 2014 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	\$ 173,215,368	\$ 1,995,000		\$ 175,210,368	\$ 997,500	\$ 174,212,868	4%	\$ 6,968,515	\$ 168,241,854
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election									
2	Distribution System - pre 1988	\$ 30,507,149			\$ 30,507,149	\$ -	\$ 30,507,149	6%	\$ 1,830,429	\$ 28,676,720
8	General Office/Stores Equip	\$ 5,637,177	\$ 926,200		\$ 6,563,377	\$ 463,100	\$ 6,100,277	20%	\$ 1,220,055	\$ 5,343,321
10	Computer Hardware/ Vehicles	\$ 2,739,321	\$ 1,685,000		\$ 4,424,321	\$ 842,500	\$ 3,581,821	30%	\$ 1,074,546	\$ 3,349,774
10.1	Certain Automobiles				\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 1,195,202	\$ 455,500		\$ 1,650,702	\$ 227,750	\$ 1,422,952	100%	\$ 1,422,952	\$ 227,750
13 1	Lease # 1	\$ 10,546			\$ 10,546	\$ -	\$ 10,546	10%	\$ 1,055	\$ 9,492
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	\$ 53,438			\$ 53,438	\$ -	\$ 53,438	8%	\$ 4,275	\$ 49,163
42	Fibre Optic Cable				\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ 79,693			\$ 79,693	\$ -	\$ 79,693	30%	\$ 23,908	\$ 55,785
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 21,006			\$ 21,006	\$ -	\$ 21,006	45%	\$ 9,453	\$ 11,553
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 219,224,047	\$ 37,060,333	-\$ 453,006	\$ 255,831,374	\$ 18,303,664	\$ 237,527,711	8%	\$ 19,002,217	\$ 236,829,157
50	Data Network Infrastructure Equipment - post Mar 2007				\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software	\$ 1,821,333	\$ 825,500		\$ 2,646,833	\$ 412,750	\$ 2,234,083	55%	\$ 1,228,746	\$ 1,418,087
95	CWIP	\$ 3,620,861			\$ 3,620,861	\$ -	\$ 3,620,861		\$ -	\$ 3,620,861
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
	TOTAL	\$ 438,125,142	\$ 42,947,533	-\$ 453,006	\$ 480,619,669	\$ 21,247,264	\$ 459,372,406		\$ 32,786,150	\$ 447,833,519



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

7,280,658

Additions

Cost of Eligible Capital Property Acquired during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0		0
---	--	---

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

7,280,658

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

--

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

7,280,658

Current Year Deduction

7,280,658

x 7% =

509,646

Cumulative Eligible Capital - Closing Balance

6,771,012



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	22,774,206		22,774,206	501,700		23,275,906	501,700	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
- Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	25,277,053	0	25,277,053	501,700	0	25,778,753	501,700	0



Income Tax/PILs Workform for 2014 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	18,792,922
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	25,085,320
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2 739 310
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	1 950 000
Reserves from financial statements- balance at end of year	126	25,778,753
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
Other Additions (Apprenticeship Tax Credits)	294	136,000
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		55,734,383
Deductions:		



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

Gain on disposal of assets per financial statements	401	453,006
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	32 786 150
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	509,646
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	25,277,053
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions	393	884,000
Amortization		
Depreciation previously added back to income	394	203,834
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		62,063,689
Net Income for Tax Purposes		12,463,615
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		12,463,615



Income Tax/PILs Workform for 2014 Filers

PILS Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income			\$ 12,463,615 A
Ontario Income Taxes			
<i>Income tax payable</i>	Ontario Income Tax	11.50% B	\$ 1,433,316 C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000 D	
	Rate reduction	-7.00% E	-\$ 35,000 F = D * E
<i>Ontario Income tax</i>			\$ 1,398,316 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate	11.22%	K = J / A
	Federal tax rate	15.00%	L
	Combined tax rate		26.22% M = K + L
Total Income Taxes			\$ 3,267,858 N = A * M
Investment Tax Credits			\$ 100,511 O
Miscellaneous Tax Credits			P
Total Tax Credits			\$ 100,511 Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year			\$ 3,167,347 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

6,771,012

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal	<u>0</u>	x 3/4 =	0
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Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 =	0
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<u>0</u>	0
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Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal	<u>0</u>	6,771,012
-----------------	----------	------------------

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal	<u>0</u>	x 3/4 =	<u>0</u>
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Cumulative Eligible Capital Balance

6,771,012

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

6,771,012	x 7% =	473,971
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Cumulative Eligible Capital - Closing Balance

6,297,041



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	23,275,906		23,275,906	551,000		23,826,906	551,000	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	25,778,753	0	25,778,753	551,000	0	26,329,753	551,000	0



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2014 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		19,582,055
	T2 S1 line #	
Additions		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	25,177,257
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2,673,315
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	1,950,000
Reserves from financial statements- balance at end of year	126	26,329,753
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	140,000
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		

Total Additions		56,315,324
Deductions		
Gain on disposal of assets per financial statements	401	454,896
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	33,001,644
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	473,971
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	25,778,753
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions Amortization	416	1,016,000
Depreciation previously added back to income		203,834
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		62,879,098
NET INCOME FOR TAX PURPOSES		13,018,282
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		13,018,282



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Test Year

				Wires Only	
Regulatory Taxable Income				\$ 13,018,282	A
Ontario Income Taxes					
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$ 1,497,102	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold Rate reduction	\$ 500,000	D	-7.00%	E
				-\$ 35,000	F = D * E
<i>Ontario Income tax</i>				\$ 1,462,102	J = C + F
Combined Tax Rate and PILs		Effective Ontario Tax Rate		11.23%	K = J / A
		Federal tax rate		15.00%	L
		Combined tax rate		26.23%	M = K + L
Total Income Taxes				\$ 3,414,845	N = A * M
Investment Tax Credits				\$ 115,079	O
Miscellaneous Tax Credits					P
Total Tax Credits				\$ 115,079	Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$ 3,299,765	R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹				73.77%	S = 1 - M
				\$ 1,173,349	T = R / S - R
Income Tax (grossed-up)				\$ 4,473,115	U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

APPENDIX 4-10.4 – 2018 PILS WORKFORM

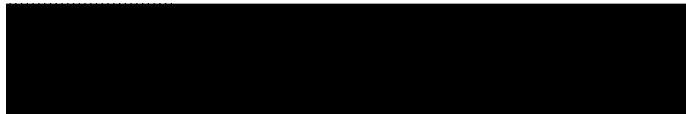


Income Tax/PILs Workform for 2014 Filers

Version 2.0

Utility Name	Horizon Utilities Corporation
Assigned EB Number	
Name and Title	Indy J. Butany-DeSouza, Vice President-Regulatory Services
Phone Number	905-317-7655
Email Address	indy.butany@horizonutilities.com
Date	
Last COS Re-based Year	2011

Note: Drop down lists are shaded blue; Input cells are shaded green.



- Algoma Power Inc.
- Akkikani Hydro Inc.
- Atsawagskiet Power Corp.
- Bluewater Power Distrib on Corporation
- Brampton County Power Inc.
- Bramford Power Inc.
- Burlington Hydro Inc.
- Cambridge and North Dumfr es Hydro Inc.
- Canad an Niagara Power Inc. - Eas em Ontario Power
- Canad an Niagara Power Inc. - Fort Erie
- Canad an Niagara Power Inc. - Port Colborne Hydro Inc.
- Centre Wel ington Hydro Ltd.
- Clinton Power Corporation
- COLLUS Power Corporation
- Cooperative Hydro Embrun Inc.
- E.L.K. Energy Inc.
- Enersource Hydro Mississauga Inc.
- Entegrus Powerlines Inc. - Chatham-Kent
- Entegrus Powerlines Inc. - Di ton
- Entegrus Powerlines Inc. - Newbury
- Entegrus Powerlines Inc. - Strathroy, Mounth Brydges & Parkh I
- ENWIN U ilies Ltd.
- Erie Thames Powerlines Corpora ion
- Espanola Reg onal Hydro Distribution Corporation
- Essex Powerlines Corpora on
- Festival Hydro Inc.
- Festival Hydro Inc. - Hena I
- Fort Albany Power Corpora on
- Fort Frances Power Corpora on
- Greater Sudbury Hydro Inc.
- Grimstby Power Inc.
- Guelph Hydro Electr c Systems Inc.
- Haldimand County Hydro Inc.
- Hallow Hills Hydro Inc.
- Hearst Power Distribution Company Limited
- Horizon Ut lit es Corpora on
- Hydro 2000 Inc.
- Hydro Hawkesbury Inc.
- Hydro One Bramp on Networks Inc.
- Hydro One Networks Inc.
- Hydro Ottawa Limited
- Inn sfil Hydro Distribution Systems Limited
- Kashechewan Power Corpora on
- Kenora Hydro Electr c Corpora on Ltd.
- Kingston Hydro Corporation
- Kitchener-Wilmot Hydro Inc.
- Lakelont U ilies Inc.
- Lakeland Power Distrib on Ltd.
- London Hydro Inc.
- Midland Power Ut lity Corporation
- Mi ton Hydro D istribution inc.
- Newmarket - Tay Power D istribution Ltd. - Newmarket
- Newmarket - Tay Power D istribution Ltd. - Tay
- Niagara Peninsula Energy Inc. - Niagara Falls
- Niagara Peninsula Energy Inc. - Peninsula West
- Niagara-on-the-Lake Hydro Inc.
- Norfolk Power Distrib on Inc.
- North Bay Hydro Distribution Lim ted
- Northern Ontario Wires Inc.
- Oakville Hydro Electr city D istribution Inc.
- Orangev lle Hydro Lim ted
- Or lla Power Distrib on Corpora on
- Oshawa PUC Networks Inc.
- Ot awa River Power Corporation
- Parry Sound Power Corporation
- Peterborough Distribution Incorporated
- PowerStream Inc. - Barrie
- PowerStream Inc. - South
- PUC Distribution Inc.
- Renfrew Hydro Inc.
- Rideau St. Lawrence Distribu ion Inc.
- Sioux Lookout Hydro Inc.
- St. Thomas Energy Inc.
- Thunder Bay Hydro Electr city D istribution Inc.
- Ti sionburg Hydro Inc.
- Toronto Hydro-Electr c System Limited
- Verd an Connections Inc.
- Verd an Connections Inc. - Gravenhurst
- Wasaga D istribution Inc.
- Waterloo North Hydro Inc.
- Welland Hydro-Electric System Corp.
- Wellington North Power Inc.
- West Coast Huron Energy Inc.
- West Perth Power Inc.
- Westar o Power Inc.
- Whitby Hydro Electric Corporation
- Woods ock Hydro Services Inc.



Income Tax/PILs Workform for 2014 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs, Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs, Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q. Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs, Tax Provision](#)

Income Tax/PILs Workform for 2014 Filers



Rate Base

\$ 547,413,274

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$ 21,896,531	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 306,551,434	$X = S * U$
Deemed Equity %	40.00%	V	\$ 218,965,310	$Y = S * V$
Short Term Interest Rate	2.11%	Z	\$ 462,017	$AC = W * Z$
Long Term Interest	3.63%	AA	\$ 11,137,085	$AD = X * AA$
Return on Equity (Regulatory Income)	9.36%	AB	\$ 20,495,153	$AE = Y * AB$
Return on Rate Base			\$ 32,094,255	$AF = AC + AD + AE$

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Income Tax/PILs Workform for 2014 Filers

**Tax Rates
Federal & Provincial
As of June 20, 2012**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective #####	Effective #####	Effective #####	Effective #####
	38.00%	38.00%	38.00%	38.00%
	-10.00%	-10.00%	-10.00%	-10.00%
	28.00%	28.00%	28.00%	28.00%
	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
	11.75%	11.50%	11.50%	11.50%
	28.25%	26.50%	26.50%	26.50%
	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000
	11.00%	11.00%	11.00%	11.00%
	4.50%	4.50%	4.50%	4.50%



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital			7,280,658
<u>Additions</u>			
Cost of Eligible Capital Property Acquired during Test Year	0		
Other Adjustments	0		
Subtotal	0	x 3/4 =	0
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0
			0
Amount transferred on amalgamation or wind-up of subsidiary	0		0
Subtotal			7,280,658
<u>Deductions</u>			
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0		
Other Adjustments	0		
Subtotal	0	x 3/4 =	0
Cumulative Eligible Capital Balance			7,280,658
Current Year Deduction	7,280,658	x 7% =	509,646
Cumulative Eligible Capital - Closing Balance			6,771,012



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	1,950,000	0	1,950,000
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000
General reserve for bad debts			0
Accrued Employee Future Benefits:	23,275,906		23,275,906
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	58,309		58,309
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other	1,994,538		1,994,538
			0
			0
			0
Total	25,778,753	0	25,778,753



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	18,792,922		18,792,922
Additions:				
Interest and penalties on taxes	103			0
Amor ization of tangible assets	104	25,085,320		25,085,320
Amor ization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	2,739,310		2,739,310
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deduc ible club dues and fees	120			0
Non-deduc ible meals and entertainment expense	121	45,000		45,000
Non-deduc ible automobile expenses	122			0
Non-deduc ible life insurance premiums	123			0
Non-deduc ible company pension plans	124			0
Tax reserves deducted in prior year	125	1,950,000		1,950,000
Reserves from financial statements- balance at end of year	126	25,778,753		25,778,753
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deduc ible advertising	226			0
Non-deduc ible interest	227			0
Non-deduc ible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deduc ible penal ies	293			0
Other Addi ions (Apprenticeship Tax Credits)	294	136,000		136,000
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		55,734,383	0	55,734,383
Deductions:				
Gain on disposal of assets per financial statements	401	453,006		453,006
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	32,786,150		32,786,150
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	509,646		509,646
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	1,950,000		1,950,000
Reserves from financial statements - balance at beginning of year	414	25,277,053		25,277,053
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for account ing deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Deferred Revenue Capital Contributions Amortization	393	884,000		884,000
Depreciation previously added back to income	394	203,834		203,834
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		62,063,689	0	62,063,689
Net Income for Tax Purposes		12,463,615	0	12,463,615
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		12,463,615	0	12,463,615



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

				Wires Only
Regulatory Taxable Income				\$ 12,463,615 A
Ontario Income Taxes				
<i>Income tax payable</i>	Ontario Income Tax	11.50% B	\$ 1,433,316 C = A * B	
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000 D		
	Rate reduction (negative)	-7.00% E	-\$ 35,000 F = D * E	
<i>Ontario Income tax</i>				\$ 1,398,316 J = C + F
Combined Tax Rate and PILs				
		Effective Ontario Tax Rate	11.22% K = J / A	
		Federal tax rate	15.00% L	
		Combined tax rate		26.22% M = K + L
Total Income Taxes				
Investment Tax Credits				\$ 3,267,858 N = A * M
Miscellaneous Tax Credits				\$ 100,511 O
Total Tax Credits				\$ 100,511 P
				\$ 100,511 Q = O + P
Corporate PILs/Income Tax Provision for Historic Year				\$ 3,167,347 R = N - Q



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

6,771,012

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

	0

Subtotal

	0
	0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

	0

x 1/2 = 0

	0
	0

Amount transferred on amalgamation or wind-up of subsidiary

	0

0

Subtotal

	6,771,012
	6,771,012

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

	0

Subtotal

	0
	0

x 3/4 =

0

Cumulative Eligible Capital Balance

6,771,012

Current Year Deduction

6,771,012

x 7% =

473,971

Cumulative Eligible Capital - Closing Balance

6,297,041



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	23,275,906		23,275,906	551,000		23,826,906	551,000	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
- Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	25,778,753	0	25,778,753	551,000	0	26,329,753	551,000	0



Income Tax/PILs Workform for 2014 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	19,582,055
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	25,177,257
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2 673 315
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	1 950 000
Reserves from financial statements- balance at end of year	126	26,329,753
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
Other Additions (Apprenticeship Tax Credits)	294	140,000
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		56,315,324
Deductions:		



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

Gain on disposal of assets per financial statements	401	454,896
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	33 001 644
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	473,971
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	25,778,753
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions	393	1,016,000
Amortization		
Depreciation previously added back to income	394	203,834
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		62,879,098
Net Income for Tax Purposes		13,018,282
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		13,018,282

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income		\$ 13,018,282 A
Ontario Income Taxes		
<i>Income tax payable</i>	Ontario Income Tax 11.50% B \$ 1,497,102 C = A * B	
<i>Small business credit</i>	Ontario Small Business Threshold \$ 500,000 D Rate reduction -7.00% E -\$ 35,000 F = D * E	
<i>Ontario Income tax</i>		\$ 1,462,102 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate 11.23% K = J / A Federal tax rate 15.00% L Combined tax rate	26.23% M = K + L
Total Income Taxes		\$ 3,414,845 N = A * M
Investment Tax Credits		\$ 103,293 O
Miscellaneous Tax Credits		P
Total Tax Credits		\$ 103,293 Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year		\$ 3,311,552 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

6,297,041

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 0 6,297,041

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

6,297,041

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

6,297,041 x 7% = 440,793

Cumulative Eligible Capital - Closing Balance

5,856,248



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	23,826,906		23,826,906	607,100		24,434,006	607,100	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	26,329,753	0	26,329,753	607,100	0	26,936,853	607,100	0



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2014 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		20,495,153
	T2 S1 line #	
Additions		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	24,585,190
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2,887,498
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	1,950,000
Reserves from financial statements- balance at end of year	126	26,936,853
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	156,000
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		

Total Additions		56,560,541
Deductions		
Gain on disposal of assets per financial statements	401	500,203
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	34,814,014
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	440,793
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	26,329,753
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions Amortization	416	1,148,000
Depreciation previously added back to income		203,834
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		65,386,596
NET INCOME FOR TAX PURPOSES		11,669,098
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		11,669,098

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Test Year

				Wires Only	
Regulatory Taxable Income				\$	11,669,098 A
Ontario Income Taxes					
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$	1,341,946 C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold	\$ 500,000	D		
	Rate reduction	-7.00%	E	-\$	35,000 F = D * E
<i>Ontario Income tax</i>				\$	1,306,946 J = C + F
Combined Tax Rate and PILs		Effective Ontario Tax Rate		11.20%	K = J / A
		Federal tax rate		15.00%	L
		Combined tax rate			26.20% M = K + L
Total Income Taxes				\$	3,057,311 N = A * M
Investment Tax Credits				\$	140,220 O
Miscellaneous Tax Credits					P
Total Tax Credits				\$	140,220 Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$	2,917,091 R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹				73.80%	S = 1 - M
				\$	1,035,610 T = R / S - R
Income Tax (grossed-up)				\$	3,952,701 U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

APPENDIX 4-10.5 – 2019 PILS WORKFORM

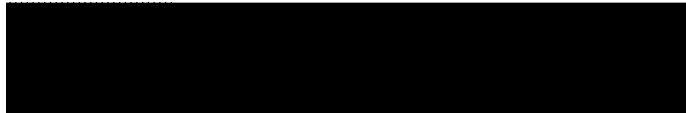


Income Tax/PILs Workform for 2014 Filers

Version 2.0

Utility Name	Horizon Utilities Corporation
Assigned EB Number	
Name and Title	Indy J. Butany-DeSouza, Vice President-Regulatory Services
Phone Number	905-317-7655
Email Address	indy.butany@horizonutilities.com
Date	
Last COS Re-based Year	2011

Note: Drop down lists are shaded blue; Input cells are shaded green.



- Algoma Power Inc.
- Akkikani Hydro Inc.
- Atkaswasket Power Corp.
- Bluewater Power Distrib on Corporation
- Brent County Power Inc.
- Brantford Power Inc.
- Burlington Hydro Inc.
- Cambridge and North Dumfr es Hydro Inc.
- Canad an Niagara Power Inc. - Eas em Ontario Power
- Canad an Niagara Power Inc. - Fort Erie
- Canad an Niagara Power Inc. - Port Colborne Hydro Inc.
- Centre Wel ington Hydro Ltd.
- Clinton Power Corporation
- COLLUS Power Corporation
- Cooperative Hydro Embrun Inc.
- E.L.K. Energy Inc.
- Enersource Hydro Mississauga Inc.
- Entegrus Powerlines Inc. - Chatham-Kent
- Entegrus Powerlines Inc. - Di ton
- Entegrus Powerlines Inc. - Newbury
- Entegrus Powerlines Inc. - Strathroy, Mounth Brydges & Parkh I
- ENWIN U ilies Ltd.
- Erie Thames Powerlines Corpora ion
- Espanola Reg onal Hydro Distribution Corporation
- Essex Powerlines Corpora on
- Festival Hydro Inc.
- Festival Hydro Inc. - Hena I
- Fort Albany Power Corpora on
- Fort Frances Power Corpora on
- Greater Sudbury Hydro Inc.
- Grimstby Power Inc.
- Guelph Hydro Electr c Systems Inc.
- Haldimand County Hydro Inc.
- Hallow Hills Hydro Inc.
- Hearst Power Distribution Company Limited
- Horizon Ut lit es Corpora on
- Hydro 2000 Inc.
- Hydro Hawkesbury Inc.
- Hydro One Bramp on Networks Inc.
- Hydro One Networks Inc.
- Hydro Ottawa Limited
- Inn sfil Hydro Distribution Systems Limited
- Kashechewan Power Corpora on
- Kenora Hydro Electr c Corpora on Ltd.
- Kingston Hydro Corporation
- Kitchener-Wilmot Hydro Inc.
- Lakefront Ut lit es Inc.
- Lakeland Power Distrib on Ltd.
- London Hydro Inc.
- Midland Power Ut lity Corporation
- Mi ton Hydro D istribution Inc.
- Newmarket - Tay Power D istribution Ltd. - Newmarket
- Newmarket - Tay Power D istribution Ltd. - Tay
- Niagara Peninsula Energy Inc. - Niagara Falls
- Niagara Peninsula Energy Inc. - Peninsula West
- Niagara-on-the-Lake Hydro Inc.
- Norfolk Power Distrib on Inc.
- North Bay Hydro Distribution Lim ted
- Northern Ontario Wires Inc.
- Oakville Hydro Electr city D istribution Inc.
- Orangev lle Hydro Lim ted
- Or lla Power Distrib on Corpora on
- Oshawa PUC Networks Inc.
- Ot awa River Power Corporation
- Parry Sound Power Corporation
- Peterborough Distribution Incorporated
- PowerStream Inc. - Barrie
- PowerStream Inc. - South
- PUC Distribution Inc.
- Renfrew Hydro Inc.
- Rideau St. Lawrence Distribu ion Inc.
- Sioux Lookout Hydro Inc.
- St. Thomas Energy Inc.
- Thunder Bay Hydro Electr city D istribution Inc.
- Ti sionburg Hydro Inc.
- Toronto Hydro-Electr c System Limited
- Verd an Connections Inc.
- Verd an Connections Inc. - Gravenhurst
- Wasaga D istribution Inc.
- Waterloo North Hydro Inc.
- Welland Hydro-Electric System Corp.
- Wellington North Power Inc.
- West Coast Huron Energy Inc.
- West Perth Power Inc.
- Westar o Power Inc.
- Whitby Hydro Electric Corporation
- Woods ock Hydro Services Inc.



Income Tax/PILs Workform for 2014 Filers

[1. Info](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

[C. Sch 8 Hist](#)

[D. Schedule 10 CEC Hist](#)

[E. Sch 13 Tax Reserves Hist](#)

[F. Sch 7-1 Loss Cfwd Hist](#)

[G. Adj. Taxable Income Historic](#)

[H. PILs, Tax Provision Historic](#)

[I. Schedule 8 CCA Bridge Year](#)

[J. Schedule 10 CEC Bridge Year](#)

[K. Sch 13 Tax Reserves Bridge](#)

[L. Sch 7-1 Loss Cfwd Bridge](#)

[M. Adj. Taxable Income Bridge](#)

[N. PILs, Tax Provision Bridge](#)

[O. Schedule 8 CCA Test Year](#)

[P. Schedule 10 CEC Test Year](#)

[Q. Sch 13 Tax Reserve Test Year](#)

[R. Sch 7-1 Loss Cfwd](#)

[S. Taxable Income Test Year](#)

[T. PILs, Tax Provision](#)

Income Tax/PILs Workform for 2014 Filers



Rate Base

\$ 573,346,618

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$ 22,933,865	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 321,074,106	$X = S * U$
Deemed Equity %	40.00%	V	\$ 229,338,647	$Y = S * V$
Short Term Interest Rate	2.11%	Z	\$ 483,905	$AC = W * Z$
Long Term Interest	3.76%	AA	\$ 12,081,751	$AD = X * AA$
Return on Equity (Regulatory Income)	9.36%	AB	\$ 21,466,097	$AE = Y * AB$
Return on Rate Base			\$ 34,031,753	$AF = AC + AD + AE$

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Income Tax/PILs Workform for 2014 Filers

**Tax Rates
Federal & Provincial
As of June 20, 2012**

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective #####	Effective #####	Effective #####	Effective #####
	38.00%	38.00%	38.00%	38.00%
	-10.00%	-10.00%	-10.00%	-10.00%
	28.00%	28.00%	28.00%	28.00%
	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
	11.75%	11.50%	11.50%	11.50%
	28.25%	26.50%	26.50%	26.50%
	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000
	11.00%	11.00%	11.00%	11.00%
	4.50%	4.50%	4.50%	4.50%



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital			6,771,012
<u>Additions</u>			
Cost of Eligible Capital Property Acquired during Test Year	0		
Other Adjustments	0		
Subtotal	0	x 3/4 =	0
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0
			0
Amount transferred on amalgamation or wind-up of subsidiary	0		0
Subtotal			6,771,012
<u>Deductions</u>			
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0		
Other Adjustments	0		
Subtotal	0	x 3/4 =	0
Cumulative Eligible Capital Balance			6,771,012
Current Year Deduction	6,771,012	x 7% =	473,971
Cumulative Eligible Capital - Closing Balance			6,297,041



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	1,950,000	0	1,950,000
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000
General reserve for bad debts			0
Accrued Employee Future Benefits:	25,041,106		25,041,106
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	58,309		58,309
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other	1,994,538		1,994,538
			0
			0
			0
Total	27,543,953	0	27,543,953



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historic			0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historic			0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	19,582,055		19,582,055
Additions:				
Interest and penalties on taxes	103			0
Amor ization of tangible assets	104	25,177,257		25,177,257
Amor ization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	2,673,315		2,673,315
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deduc ible club dues and fees	120			0
Non-deduc ible meals and entertainment expense	121	45,000		45,000
Non-deduc ible automobile expenses	122			0
Non-deduc ible life insurance premiums	123			0
Non-deduc ible company pension plans	124			0
Tax reserves deducted in prior year	125	1,950,000		1,950,000
Reserves from financial statements- balance at end of year	126	26,329,753		26,329,753
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deduc ible advertising	226			0
Non-deduc ible interest	227			0
Non-deduc ible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deduc ible penal ies	293			0
Other Addi ions (Apprenticeship Tax Credits)	294	140,000		140,000
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		56,315,324	0	56,315,324
Deductions:				
Gain on disposal of assets per financial statements	401	454,896		454,896
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	33,001,644		33,001,644
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	473,971		473,971
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	1,950,000		1,950,000
Reserves from financial statements - balance at beginning of year	414	25,778,753		25,778,753
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Deferred Revenue Capital Contributions Amortization	393	1,016,000		1,016,000
Depreciation previously added back to income	394	203,834		203,834
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		62,879,098	0	62,879,098
Net Income for Tax Purposes		13,018,282	0	13,018,282
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
				0
TAXABLE INCOME		13,018,282	0	13,018,282



Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only

Regulatory Taxable Income

\$ 13,018,282 **A**

Ontario Income Taxes

Income tax payable

Ontario Income Tax

11.50% **B**

\$ 1,497,102 **C = A * B**

Small business credit

Ontario Small Business Threshold
Rate reduction (negative)

\$ 500,000 **D**

-7.00% **E**

-\$ 35,000 **F = D * E**

Ontario Income tax

\$ 1,462,102 **J = C + F**

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

11.23% **K = J / A**

15.00% **L**

26.23% **M = K + L**

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

\$ 3,414,845 **N = A * M**

\$ 103,293 **O**

P

\$ 103,293 **Q = O + P**

Corporate PILs/Income Tax Provision for Historic Year

\$ 3,311,552 **R = N - Q**



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

6,297,041

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

Amount transferred on amalgamation or wind-up of subsidiary

Subtotal

x 3/4 = 0

x 1/2 = 0

0 0

6,297,041

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 =

0

Cumulative Eligible Capital Balance

6,297,041

Current Year Deduction

6,297,041

x 7% =

440,793

Cumulative Eligible Capital - Closing Balance

5,856,248



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	25,041,106		25,041,106	607,100		25,648,206	607,100	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
- Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	27,543,953	0	27,543,953	607,100	0	28,151,053	607,100	0



Income Tax/PILs Workform for 2014 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0

Net Capital Loss Carry Forward Deduction	Total
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	0



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	20,495,153
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	24,585,190
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	2 887 498
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	1 950 000
Reserves from financial statements- balance at end of year	126	28,151,053
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
Other Additions (Apprenticeship Tax Credits)	294	156,000
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		57,774,741
Deductions:		



Income Tax/PILs Workform for 2014 Filers

Adjusted Taxable Income - Bridge Year

Gain on disposal of assets per financial statements	401	500,203
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	34 814 014
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	440,793
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	1,950,000
Reserves from financial statements - balance at beginning of year	414	27,543,953
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
Deferred Revenue Capital Contributions	393	1,148,000
Amortization		
Depreciation previously added back to income	394	203,834
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		66,600,796
Net Income for Tax Purposes		11,669,098
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		11,669,098

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Bridge Year

Wires Only

Regulatory Taxable Income		\$ 11,669,098 A																		
Ontario Income Taxes																				
<i>Income tax payable</i>	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Ontario Income Tax</td> <td style="width: 10%; text-align: right;">11.50%</td> <td style="width: 5%;">B</td> <td style="width: 5%;">\$</td> <td style="width: 10%; text-align: right;">1,341,946</td> <td style="width: 35%;">C = A * B</td> </tr> </table>	Ontario Income Tax	11.50%	B	\$	1,341,946	C = A * B													
Ontario Income Tax	11.50%	B	\$	1,341,946	C = A * B															
<i>Small business credit</i>	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Ontario Small Business Threshold</td> <td style="width: 10%; text-align: right;">\$ 500,000</td> <td style="width: 5%;">D</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rate reduction</td> <td style="text-align: right;">-7.00%</td> <td>E</td> <td style="text-align: center;">-\$</td> <td style="text-align: right;">35,000</td> <td>F = D * E</td> </tr> </table>	Ontario Small Business Threshold	\$ 500,000	D				Rate reduction	-7.00%	E	-\$	35,000	F = D * E							
Ontario Small Business Threshold	\$ 500,000	D																		
Rate reduction	-7.00%	E	-\$	35,000	F = D * E															
<i>Ontario Income tax</i>		\$ 1,306,946 J = C + F																		
Combined Tax Rate and PILs	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Effective Ontario Tax Rate</td> <td style="width: 10%; text-align: right;">11.20%</td> <td style="width: 5%;"></td> <td style="width: 5%;"></td> <td style="width: 10%;"></td> <td style="width: 35%;">K = J / A</td> </tr> <tr> <td>Federal tax rate</td> <td style="text-align: right;">15.00%</td> <td></td> <td></td> <td></td> <td>L</td> </tr> <tr> <td>Combined tax rate</td> <td></td> <td></td> <td></td> <td style="text-align: right;">26.20%</td> <td>M = K + L</td> </tr> </table>	Effective Ontario Tax Rate	11.20%				K = J / A	Federal tax rate	15.00%				L	Combined tax rate				26.20%	M = K + L	
Effective Ontario Tax Rate	11.20%				K = J / A															
Federal tax rate	15.00%				L															
Combined tax rate				26.20%	M = K + L															
Total Income Taxes		\$ 3,057,311 N = A * M																		
Investment Tax Credits		\$ 115,079 O																		
Miscellaneous Tax Credits		 P																		
Total Tax Credits		\$ 115,079 Q = O + P																		
Corporate PILs/Income Tax Provision for Bridge Year		\$ 2,942,232 R = N - Q																		

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2014 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

5,856,248

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 0 5,856,248

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

5,856,248

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

5,856,248 x 7% = 409,937

Cumulative Eligible Capital - Closing Balance

5,446,311



Income Tax/PILs Workform for 2014 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	1,750,000		1,750,000			1,750,000	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	200,000		200,000			200,000	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,950,000	0	1,950,000	0	0	1,950,000	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	450,000		450,000			450,000	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	25,648,206		25,648,206	607,100		26,255,306	607,100	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	58,309		58,309			58,309	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	1,994,538		1,994,538			1,994,538	0	
	0		0			0	0	
	0		0			0	0	
Total	28,151,053	0	28,151,053	607,100	0	28,758,153	607,100	0



Income Tax/PILs Workform for 2014 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2014 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		21,466,097
	T2 S1 line #	
Additions		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	25,158,061
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	3,171,069
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	45,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	1,950,000
Reserves from financial statements- balance at end of year	126	28,758,153
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions (Apprenticeship Tax Credits)	295	190,000
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		

Income Tax/PILs Workform for 2014 Filers

PILs Tax Provision - Test Year

				Wires Only	
Regulatory Taxable Income				\$ 11,824,884	A
Ontario Income Taxes					
<i>Income tax payable</i>	Ontario Income Tax	11.50%	B	\$ 1,359,862	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold Rate reduction	\$ 500,000 -7.00%	D E	-\$ 35,000	F = D * E
 <i>Ontario Income tax</i>				 \$ 1,324,862	 J = C + F
Combined Tax Rate and PILs		Effective Ontario Tax Rate		11.20%	K = J / A
		Federal tax rate		15.00%	L
		Combined tax rate		26.20%	M = K + L
Total Income Taxes				\$ 3,098,594	N = A * M
Investment Tax Credits				\$ 171,207	O
Miscellaneous Tax Credits					P
Total Tax Credits				\$ 171,207	Q = O + P
Corporate PILs/Income Tax Provision for Test Year				\$ 2,927,388	R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹				73.80%	S = 1 - M
Income Tax (grossed-up)				\$ 3,966,866	U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

APPENDIX 4-11 – NOTICES OF REASSESSMENT

APPENDIX 4-12.1 – 2011 CORPORATE TAX RETURN

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2012 12 31

Business number 86654 9090 RC0002

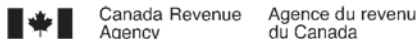
The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with the appropriate remittance voucher to the following address:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2012 01 31	618,531			618,531
2012 02 29	618,531			618,531
2012 03 31	618,531			618,531
2012 04 30	618,531			618,531
2012 05 31	618,531			618,531
2012 06 30	618,531			618,531
2012 07 31	618,531			618,531
2012 08 31	618,531			618,531
2012 09 30	618,531			618,531
2012 10 31	618,531			618,531
2012 11 30	618,531			618,531
2012 12 31	618,521			618,521
Total	7,422,362			7,422,362



INFORMATION RETURN FOR CORPORATIONS FILING ELECTRONICALLY

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

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

Part A – Identification

Name of corporation Horizon Utilities Corporation			
Business Number 86654 9090 RC0002	Tax year	From Y M D 2011 01 01	To Y M D 2011 12 31

Part B – Declaration

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

Net income or (loss) for income tax purposes from Schedule 1, financial statements or GIFL (line 300)	26,690,954
Part I tax payable (line 700)	4,341,360
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	2,832,191
Provincial tax on large corporations (line 765)	

Part C – Certification and authorization

I, Basilio Last name in block letters, John G. First name in block letters, SVP and CFO Position, office, or rank,

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

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

Date (yyyy/mm/dd) _____ Signature of an authorized signing officer of the corporation _____ Telephone number (905) 317 4783

Part D – Transmitter identification

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

Name of person or firm KPMG LLP Electronic filer number A6698



T2 CORPORATION INCOME TAX RETURN

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*.

055 Do not use this area

Identification
Business Number (BN) **001** 86654 9090 RC0002

Corporation's name
002 Horizon Utilities Corporation

Address of head office
Has this address changed since the last time we were notified? **010** 1 Yes 2 No
(If **yes**, complete lines 011 to 018.)

011 55 John Street North

012 City Province, territory, or state

015 Hamilton **016** ON

017 CA **018** L8N 3E4

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? **020** 1 Yes 2 No
(If **yes**, complete lines 021 to 028.)

021 c/o

022 **023** City Province, territory, or state

025 **026** Country (other than Canada) Postal code/Zip code

027 **028** CA L8N 3E4

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
(If **yes**, complete lines 031 to 038.)

031 **032** City Province, territory, or state

035 **036** Country (other than Canada) Postal code/Zip code

037 **038** CA L8N 3E4

040 Type of corporation at the end of the tax year

1 Canadian controlled private corporation (CCPC) 4 Corporation controlled by a public corporation
2 Other private corporation 5 Other corporation (specify, below)
3 Public corporation

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

To which tax year does this return apply?

Tax year start **060** 2011 01 01 Tax year end **061** 2011 12 31
YYYY MM DD 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

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
subsection 249(3.1)? **066** 1 Yes 2 No

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

Is this the first year of filing after:
Incorporation? **070** 1 Yes 2 No
Amalgamation? **071** 1 Yes 2 No

If **yes**, complete 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
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? **076** 1 Yes 2 No

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

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

Is the corporation a resident of Canada?
080 1 Yes 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
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 GIF1 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 <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non resident shareholders?	151 <input type="checkbox"/>	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 <input type="checkbox"/>	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 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input checked="" type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input checked="" type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	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 <input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
Has the corporation had any non arm's length transactions with a non resident?	171 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	---
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
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 <input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input checked="" type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207 <input checked="" type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
Does the corporation have any resource related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	213 <input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	---
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input checked="" type="checkbox"/>	---
Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	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 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
Is the corporation subject to Part II Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255 <input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134 A
Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134 B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	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?	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's main revenue generating business activity?	<u>221122</u>	<u>Electric Power Distribution US</u>	
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	<u>Electricity Distribution</u>	285 <u>90.212 %</u>
	286	<u>Third Party Billing</u>	287 <u>3.594 %</u>
	288	<u>Other</u>	289 <u>6.194 %</u>
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	<u>26,690,954</u>	A
Deduct: Charitable donations from Schedule 2	311	<u>156,582</u>	
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		
		<u>Subtotal 156,582</u>	<u>156,582</u> B
		Subtotal (amount A minus amount B) (if negative, enter "0")	<u>26,534,372</u> C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	<u>26,534,372</u>	
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)		<u>26,534,372</u>	Z

* This amount is equal to 3.2 times the Part VI.1 tax payable at line 724 on page 8. Use 3.5 for tax years ending after 2011.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	26,663,127	A
Taxable income from line 360 on page 3, minus 100/28* 3.37312 of the amount on line 632** on page 7, minus 1/(0.38 X***) 3.77358 times the amount on line 636**** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax	405	26,534,372	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	*****	982,299	D	=	43,657,733	E
					11,250				
Reduced business limit (amount C minus amount E) (if negative, enter "0")								425	F

Small business deduction

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

Enter amount G on line 1 on page 7.

* 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*										<u>26,534,372</u>	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**										<u>432</u>	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											F
Aggregate investment income from line 440 on page 6***										<u>27,827</u>	G
Total of amounts B to G										<u>27,827</u>	H
Amount A minus amount H (if negative, enter "0")										<u>26,506,545</u>	I
Amount I	<u>26,506,545</u>	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	=				J
			Number of days in the tax year	365							
Amount I	<u>26,506,545</u>	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				K
			Number of days in the tax year	365							
Amount I	<u>26,506,545</u>	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=			<u>3,048,253</u>	L
			Number of days in the tax year	365							
Amount I	<u>26,506,545</u>	x	Number of days in the tax year after December 31, 2011		x	13 %	=				M
			Number of days in the tax year	365							
General tax reduction for Canadian-controlled private corporations			Total of amounts J to M							<u>3,048,253</u>	N

Enter amount N 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)											O
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27											P
Amount QQ from Part 13 of Schedule 27											Q
Personal service business income*										<u>434</u>	R
Amount used to calculate the credit union deduction from Schedule 17											S
Total of amounts P to S											T
Amount O minus amount T (if negative, enter "0")											U
Amount U		x	Number of days in the tax year after December 31, 2008, and before January 1, 2010		x	9 %	=				V
			Number of days in the tax year	365							
Amount U		x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10 %	=				W
			Number of days in the tax year	365							
Amount U		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=				X
			Number of days in the tax year	365							
Amount U		x	Number of days in the tax year after December 31, 2011		x	13 %	=				Y
			Number of days in the tax year	365							
General tax reduction			Total of amounts V to Y								Z

Enter amount Z 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** 27,827 x 26 2 / 3 % = 7,421 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") **7,421** C

Taxable income from line 360 on page 3 26,534,372

Deduct:

Amount from line 400, 405, 410, or 425 on page 4, whichever is the least

Foreign non business income tax credit from line 632 on page 7 x 25/9* =

Foreign business income tax credit from line 636 on page 7 x 1(0.38 X**) / 3.77358 =

26,534,372
x 26 2 / 3 % = 7,075,833 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 8) 4,341,360 E

Refundable portion of Part I tax Amount C, D, or E, whichever is the least **450** 7,421 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.

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year **460** 8,402

Deduct: Dividend refund for the previous tax year **465** 8,402

Add the total of:

Refundable portion of Part I tax from line 450 above 7,421

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**

7,421 **7,421** H

Refundable dividend tax on hand at the end of the tax year Amount G plus amount H **485** 7,421

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 7,456,000 x 1 / 3 2,485,333 I

Refundable dividend tax on hand at the end of the tax year from line 485 above 7,421 J

Dividend refund Amount I or J, whichever is less (enter this amount on line 784 on page 8) 7,421

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	<u>10,083,061</u>	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				<u>27,827</u>	i
Taxable income from line 360 on page 3				<u>26,534,372</u>	
Deduct:					
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least					
Net amount			<u>26,534,372</u>	<u>26,534,372</u>	ii
Refundable tax on CCPC's investment income	6 2 / 3 % of whichever is less: amount i or ii		604	<u>1,855</u>	C
				Subtotal (add lines A to C)	<u>10,084,916</u> D
Deduct:					
Small business deduction from line 430 on page 4					1
Federal tax abatement			608	<u>2,653,437</u>	
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 N on page 5			638	<u>3,048,253</u>	
General tax reduction from amount Z 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	<u>41,866</u>	
				Subtotal	<u>5,743,556</u> E
Part I tax payable	Line D minus line E			<u>4,341,360</u>	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	4,341,360
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		4,341,360

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	2,832,191
Provincial tax on large corporations (Nova Scotia Schedule 342)	765	
Total tax payable	770	7,173,551 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	7,421
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	7,147,111
Total credits	890	7,154,532 B

Refund code **894** 1 Overpayment

Balance (line A minus line B) 19,019

Direct deposit request

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

Start Change information

910 _____ Branch number

914 _____ Institution number **918** _____ Account number

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

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

Balance unpaid 19,019

Enclosed payment **898** 19,019

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

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

Certification

I, **950** Basilio Last name in block letters **951** John G. First name in block letters **954** SVP and CFO 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 _____ Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation **956** (905) 317 4783 Telephone number

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

958 _____ Name in block letters **959** _____ Telephone number

Language of correspondence – Langue de correspondance

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

Schedule of Instalment Remittances

Name of corporation contact _____
 Telephone number _____

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
		7,147,111
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		<u>7,147,111</u> A
Total instalments credited to the taxation year per T9		<u>7,147,111</u> B

Transfer

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

GENERAL INDEX OF FINANCIAL INFORMATION – GIF1

Form identifier 100

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2011 12 31

Balance sheet information

Account	Description	GIFI	Current year	Prior year
Assets				
	Total current assets	1599	+ 108,770,459	
	Total tangible capital assets	2008	+ 343,342,237	
	Total accumulated amortization of tangible capital assets	2009	-	
	Total intangible capital assets	2178	+ 22,621,808	
	Total accumulated amortization of intangible capital assets	2179	-	
	Total long term assets	2589	+ 12,277,595	
	* Assets held in trust	2590	+	
	Total assets (mandatory field)	2599	= 487,012,099	
Liabilities				
	Total current liabilities	3139	+ 96,302,044	
	Total long term liabilities	3450	+ 199,696,981	
	* Subordinated debt	3460	+	
	* Amounts held in trust	3470	+	
	Total liabilities (mandatory field)	3499	= 295,999,025	
Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+ 191,013,074	
	Total liabilities and shareholder equity	3640	= 487,012,099	
Retained earnings				
	Retained earnings/deficit end (mandatory field)	3849	= 52,202,311	

* Generic item

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

Current Assets

SCHEDULE 100

Form identifier 1599

Account	Description	GIFI	Current year	Prior year
Cash and deposits				
_____ *	Cash and deposits	1000	8,158,530	_____
	Cash and deposits		<u>8,158,530</u>	_____
Accounts receivable				
_____ *	Accounts receivable	1060	92,593,064	_____
	Accounts receivable		<u>92,593,064</u>	_____
Inventories				
_____ *	Inventories	1120	6,256,400	_____
	Inventories		<u>6,256,400</u>	_____
Other current assets				
_____ *	Prepaid expenses	1484	1,762,465	_____
	Other current assets		<u>1,762,465</u>	_____
_____ *	Total current assets	1599	<u>108,770,459</u>	_____

* Generic item

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

Tangible Capital Assets and Accumulated Amortization

SCHEDULE 100

Form identifier 2008/2009

Account	Description	GIFI	Tangible capital assets	Accumulated amortization	Prior year
Other tangible capital assets					
	* Other tangible capital assets	1900	+ 343,342,237		
	Total		<u>343,342,237</u>		
	Total tangible capital assets	2008	= <u>343,342,237</u>		
	Total accumulated amortization of tangible capital assets	2009		=	

* Generic item

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

Intangible Capital Assets and Accumulated Amortization

SCHEDULE 100

Form identifier 2178/2179

Account	Description	GIFI	Intangible capital assets	Accumulated amortization	Prior year
Intangible assets					
_____*	Intangible assets	2010 +	3,698,969		_____
_____	Goodwill	2012 +	18,922,839		_____
	Total		<u>22,621,808</u>		
_____	Total intangible capital assets	2178 =	<u>22,621,808</u>		_____
_____	Total accumulated amortization of intangible capital assets	2179		=	_____

* Generic item

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

Long-term Assets

SCHEDULE 100

Form identifier 2589

Account	Description	GIFI	Current year	Prior year
Other long-term assets				
	Future (deferred) income taxes	2421	<u>12,277,595</u>	
	Other long-term assets		<u>12,277,595</u>	
		+	<u>12,277,595</u>	
	Total long-term assets	2589	<u>12,277,595</u>	

* Generic item

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

Current Liabilities

SCHEDULE 100

Form identifier 3139

Account	Description	GIFI	Current year	Prior year
Amounts payable and accrued liabilities				
_____	* Amounts payable and accrued liabilities	2620	<u>56,872,578</u>	_____
_____	Trade payables to related parties	2622	<u>15,160,874</u>	_____
	Amounts payable and accrued liabilities		<u><u>72,033,452</u></u>	<u>_____</u>
Other current liabilities				
_____	Deposits received	2961	<u>24,268,592</u>	_____
	Other current liabilities		<u><u>24,268,592</u></u>	<u>_____</u>
_____	Total current liabilities	3139	<u><u>96,302,044</u></u>	<u>_____</u>

* Generic item

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

Long-term Liabilities

SCHEDULE 100

Form identifier 3450

Account	Description	GIFI	Current year	Prior year
Due to related parties				
	* Due to related parties	3300	156,000,000	
	Due to related parties		<u>156,000,000</u>	
Other long-term liabilities				
	* Other long term liabilities	3320	43,696,981	
	Other long-term liabilities		<u>43,696,981</u>	
	Total long-term liabilities	3450	<u>199,696,981</u>	

* Generic item

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

Shareholder Equity

SCHEDULE 100

Form identifier 3620

Account	Description	GIFI	Current year	Prior year
	* Common shares	3500	123,592,754	
Contributed and other surplus				
	Contributed surplus	3541	15,218,009	
	Contributed and other surplus		<u>15,218,009</u>	
	* Retained earnings/deficit	3600	52,202,311	
	Total shareholder equity	3620	<u>191,013,074</u>	

* Generic item

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

Retained Earnings/Deficit

SCHEDULE 100

Form identifier 3849

Account	Description	GIFI	Current year	Prior year
	* Retained earnings/deficit start	3660	43,145,361	
	* Net income/loss	3680	16,512,853	
Dividends declared				
	* Dividends declared	3700	7,456,000	
	Dividends declared		<u>7,456,000</u>	
Other items affecting retained earnings				
	* Other items affecting retained earnings	3740	97	
	Other items affecting retained earnings		<u>97</u>	
	Retained earnings/deficit end	3849	<u>52,202,311</u>	

* Generic item

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

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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Income statement information

Description	GIFI
Operating name	0001 _____
Description of the operation	0002 _____
Sequence number	0003 01

Account	Description	GIFI	Current year	Prior year
---------	-------------	------	--------------	------------

Income statement information

Total sales of goods and services	8089 +	99,749,438	
Cost of sales	8518 -		
Gross profit/loss	8519 =	99,749,438	
Cost of sales	8518 +		
Total operating expenses	9367 +	87,441,988	
Total expenses (mandatory field)	9368 =	87,441,988	
Total revenue (mandatory field)	8299 +	110,625,264	
Total expenses (mandatory field)	9368 -	87,441,988	
Net non-farming income	9369 =	23,183,276	

Farming income statement information

Total farm revenue (mandatory field)	9659 +		
Total farm expenses (mandatory field)	9898 -		
Net farm income	9899 =		

Net income/loss before taxes and extraordinary items	9970 =	23,183,276	
---	---------------	------------	--

Total other comprehensive income	9998 =		
---	---------------	--	--

Extraordinary items and income (linked to Schedule 140)

Extraordinary item(s)	9975 -		
Legal settlements	9976 -		
Unrealized gains/losses	9980 +		
Unusual items	9985 -		
Current income taxes	9990 -	6,670,423	
Future (deferred) income tax provision	9995 -		
Total Other comprehensive income	9998 +		
Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	16,512,853	

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

Revenue

SCHEDULE 125

Form identifier 8299

Account	Description	GIFI	Current year	Prior year
	* Trade sales of goods and services	8000	+	99,749,438
	Total sales of goods and services	8089	=	99,749,438
Interest income (financial institutions)				
	* Interest income (financial institutions)	8100		82,446
	Interest income (financial institutions)		+	82,446
Realized gains/losses on disposal of assets				
	* Realized gains/losses on disposal of assets	8210		82,001
	Realized gains/losses on disposal of assets		+	82,001
Other revenue				
	* Other revenue	8230		10,875,381
	Other revenue		+	10,875,381
	Total revenue	8299	=	110,625,264

* Generic item

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

Operating Expenses

SCHEDULE 125

Form identifier 9367

Account	Description	GIFI	Current year	Prior year
	* Amortization of tangible assets	8670	29,701,795	
Interest and bank charges				
	* Interest and bank charges	8710	10,962,243	
	Interest and bank charges		<u>10,962,243</u>	
Other expenses				
	* Other expenses	9270	46,777,950	
	Other expenses		<u>46,777,950</u>	
	Total operating expenses	9367	<u>87,441,988</u>	

* Generic item

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

NOTES CHECKLIST

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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 2 No

Is the accountant connected* with the corporation? **097** 1 Yes 2 No

* 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

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

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:

Prepared the tax return (financial statements prepared by client) **110** 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 2 No

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? **104** 1 Yes 2 No

Is re evaluation of asset information mentioned in the notes? **105** 1 Yes 2 No

Is contingent liability information mentioned in the notes? **106** 1 Yes 2 No

Is information regarding commitments mentioned in the notes? **107** 1 Yes 2 No

Does the corporation have investments in joint venture(s) or partnership(s)? **108** 1 Yes 2 No

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

If **yes**, enter the amount recognized:

	In net income Increase (decrease)	In OCI Increase (decrease)
Property, plant, and equipment	210 157,500	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

Did the corporation apply hedge accounting during the tax year? **255** 1 Yes 2 No

Did the corporation discontinue hedge accounting during the tax year? **260** 1 Yes 2 No

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

If **yes**, you have to maintain a separate reconciliation.

NET INCOME (LOSS) FOR INCOME TAX PURPOSES**SCHEDULE 1**

Corporation's name Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125			16,512,853	A
Add:				
Provision for income taxes current	101	6,671,435		
Interest and penalties on taxes	103	134,091		
Amortization of tangible assets	104	29,701,795		
Loss on disposal of assets	111	82,001		
Charitable donations and gifts from Schedule 2	112	156,582		
Taxable capital gains from Schedule 6	113	14,938		
Non deductible club dues and fees	120	5,680		
Non deductible meals and entertainment expenses	121	55,117		
Other reserves on lines 270 and 275 from Schedule 13	125	350,000		
Reserves from financial statements balance at the end of the year	126	21,903,337		
		Subtotal of additions	59,074,976	▶
				59,074,976
Other additions:				
Miscellaneous other additions:				
600 Solar Sunbelt GP Loss for Book Purposes in A	290	1,292,167		
603				
Inducement - ITA 12(1)x		269,263		
		Total	269,263	
604				
		Total		
		Subtotal of other additions	1,561,430	▶
		Total additions	60,636,406	▶
				60,636,406
Deduct:				
Capital cost allowance from Schedule 8	403	27,017,058		
Cumulative eligible capital deduction from Schedule 10	405	732,578		
Other reserves on line 280 from Schedule 13	413	350,000		
Reserves from financial statements balance at the beginning of the year	414	21,042,547		
		Subtotal of deductions	49,142,183	▶
				49,142,183
Other deductions:				
Miscellaneous other deductions:				
700 Solar Sunbelt GP Loss for Tax Purposes	390	1,133,494		
701 Depreciation previously added back to income	391	182,628		
704				
		Total		
		Subtotal of other deductions	1,316,122	▶
		Total deductions	50,458,305	▶
				50,458,305
Net income (loss) for income tax purposes enter on line 300 of the T2 return				26,690,954

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)x) of the ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Select this box to add all the amounts to income calculated in Schedule 1.

Federal

A

- Investment tax credit from apprenticeship job creation expenditures 34,365
- Investment tax credit from child care spaces expenditures
- Canadian film or video production tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Film or video production services tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.

Ontario

A

- Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA)
- Ontario co-operative education tax credit 20,327
- Ontario apprenticeship training tax credit 214,571
- Ontario computer animation and special effects tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Ontario film and television tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Ontario production services tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Ontario interactive digital media tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Ontario sound recording tax credit*
- * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
- Ontario book publishing tax credit
- Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA)
- Ontario business research institute tax credit

Tax credits whose amount should reduce the capital cost of property

CHARITABLE DONATIONS AND GIFTS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- For use by corporations to claim any of the following:
charitable donations;
gifts to Canada, a province, or a territory;
gifts of certified cultural property;
gifts of certified ecologically sensitive land; or
additional deduction for gifts of medicine.
- The donations and gifts are eligible for a five year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind up of a subsidiary as described under subsections 87(1) and 88(1) of the *Income Tax Act*.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- Under proposed changes, the eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- Under proposed changes, a gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient Various	Amount (\$100 or more only)
	156,582
	Subtotal 156,582
	Add: Total donations of less than \$100 each
	Total donations in current tax year 156,582

	Federal	Québec	Alberta
Charitable donations at the end of the previous tax year			
Deduct: Charitable donations expired after five tax years*	239		
Charitable donations at the beginning of the tax year	240		
Add:			
Charitable donations transferred on an amalgamation or the wind up of a subsidiary	250		
Total current year charitable donations made (enter this amount on line 112 of Schedule 1)	210 156,582		
	Subtotal (line 250 plus line 210) 156,582	156,582	156,582
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	156,582 A	156,582	156,582
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260 156,582	156,582	156,582
Charitable donations closing balance	280		

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1 st prior year	2010 12 31			
2 nd prior year	2009 12 31			
3 rd prior year	2009 12 31			
4 th prior year	2008 12 31			
5 th prior year	2007 12 31			
6 th prior year*	2006 12 31			
7 th prior year	2005 12 31			
8 th prior year	2004 12 31			
9 th prior year	2003 12 31			
10 th prior year	2002 12 31			
11 th prior year	2001 12 31			
12 th prior year	2000 12 31			
13 th prior year	1999 12 31			
14 th prior year	1998 12 31			
15 th prior year	1997 12 31			
16 th prior year	1996 12 31			
17 th prior year	1995 12 31			
18 th prior year	1994 12 31			
19 th prior year	1993 12 31			
20 th prior year	1992 12 31			
21 st prior year*	1991 12 31			
Total (to line A)				

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

Part 2 – Calculation of the maximum allowable deduction for charitable donations

Net income for tax purposes* multiplied by 75 %		20,018,216	B
Taxable capital gains arising in respect of gifts of capital property included in Part 1**	225		C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	227		D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230		
Proceeds of disposition, less outlays and expenses**			E
Capital cost**			F
Amount E or F, whichever is less	235		
Amount on line 230 or 235, whichever is less			G
Subtotal (add amounts C, D, and G)			H
Amount H multiplied by 25 %			I
Subtotal (amount B plus amount I)		20,018,216	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		156,582	K

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

** This amount must be prorated by the following calculation: eligible amount of the gift divided by the proceeds of disposition of the gift.

Part 3 – Gifts to Canada, a province, or a territory

Gifts to Canada, a province, or a territory at the end of the previous tax year			
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	339		
Gifts to Canada, a province, or a territory at the beginning of the tax year	340		
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	350		
Total current year gifts made to Canada, a province, or a territory*	310		
		Subtotal (line 350 plus line 310)	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)		355	
Total gifts to Canada, a province, or a territory available			
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return)		360	
Gifts to Canada, a province, or a territory closing balance		380	

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

	Federal	Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			
Deduct: Gifts of certified cultural property expired after five tax years*	439		
Gifts of certified cultural property at the beginning of the tax year	440		
Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary	450		
Total current year gifts of certified cultural property	410		
		Subtotal (line 450 plus line 410)	
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	455		
Total gifts of certified cultural property available			
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	460		
Gifts of certified cultural property closing balance	480		

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

Amount carried forward – Gifts of certified cultural property

	Federal	Québec	Alberta
Year of origin:			
1 st prior year	2010 12 31		
2 nd prior year	2009 12 31		
3 rd prior year	2009 12 31		
4 th prior year	2008 12 31		
5 th prior year	2007 12 31		
6 th prior year*	2006 12 31		
7 th prior year	2005 12 31		
8 th prior year	2004 12 31		
9 th prior year	2003 12 31		
10 th prior year	2002 12 31		
11 th prior year	2001 12 31		
12 th prior year	2000 12 31		
13 th prior year	1999 12 31		
14 th prior year	1998 12 31		
15 th prior year	1997 12 31		
16 th prior year	1996 12 31		
17 th prior year	1995 12 31		
18 th prior year	1994 12 31		
19 th prior year	1993 12 31		
20 th prior year	1992 12 31		
21 st prior year*	1991 12 31		
Total			

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

Part 5 – Gifts of certified ecologically sensitive land

	Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year	_____	_____	_____
Deduct: Gifts of certified ecologically sensitive land expired after five tax years*	539	_____	_____
Gifts of certified ecologically sensitive land at the beginning of the tax year	540	_____	_____
Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550	_____	_____
Total current year gifts of certified ecologically sensitive land	510	_____	_____
Subtotal (line 550 plus line 510)	_____	_____	_____
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555	_____	_____
Total gifts of certified ecologically sensitive land available	_____	_____	_____
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560	_____	_____
Gifts of certified ecologically sensitive land closing balance	580	_____	_____

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:	Federal	Québec	Alberta
1 st prior year	2010 12 31	_____	_____
2 nd prior year	2009 12 31	_____	_____
3 rd prior year	2009 12 31	_____	_____
4 th prior year	2008 12 31	_____	_____
5 th prior year	2007 12 31	_____	_____
6 th prior year*	2006 12 31	_____	_____
7 th prior year	2005 12 31	_____	_____
8 th prior year	2004 12 31	_____	_____
9 th prior year	2003 12 31	_____	_____
10 th prior year	2002 12 31	_____	_____
11 th prior year	2001 12 31	_____	_____
12 th prior year	2000 12 31	_____	_____
13 th prior year	1999 12 31	_____	_____
14 th prior year	1998 12 31	_____	_____
15 th prior year	1997 12 31	_____	_____
16 th prior year	1996 12 31	_____	_____
17 th prior year	1995 12 31	_____	_____
18 th prior year	1994 12 31	_____	_____
19 th prior year	1993 12 31	_____	_____
20 th prior year	1992 12 31	_____	_____
21 st prior year*	1991 12 31	_____	_____
Total	_____	_____	_____

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

Part 6 – Additional deduction for gifts of medicine

	Federal	Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			
Deduct: Additional deduction for gifts of medicine expired after five tax years	639		
Additional deduction for gifts of medicine at the beginning of the tax year	640		
Add: Additional deduction for gifts of medicine transferred on an amalgamation or the wind up of a subsidiary	650		
Additional deduction for gifts of medicine for the current year:			
Proceeds of disposition	602	1	1
Cost of gifts of medicine	601	2	2
Subtotal (line 1 minus line 2)		3	3
Line 3 multiplied by 50 %		4	4
Eligible amount of gifts	600	5	5
Federal A _____ x $\left(\frac{B}{C} \right)$ = Additional deduction for gifts of medicine for the current year	610		
Québec A _____ x $\left(\frac{B}{C} \right)$ = Additional deduction for gifts of medicine for the current year			
Alberta A _____ x $\left(\frac{B}{C} \right)$ = Additional deduction for gifts of medicine for the current year			
where: A is the lesser of line 2 and line 4 B is the eligible amount of gifts (line 600) C is the proceeds of disposition (line 602)			
Subtotal (line 650 plus line 610)			
Deduct: Adjustment for an acquisition of control	655		
Total additional deduction for gifts of medicine available			
Deduct: Amount applied against taxable income (enter this amount on line 315 of the T2 return)	660		
Additional deduction for gifts of medicine closing balance	680		

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:	Federal	Québec	Alberta
1 st prior year	2010 12 31		
2 nd prior year	2009 12 31		
3 rd prior year	2009 12 31		
4 th prior year	2008 12 31		
5 th prior year	2007 12 31		
6 th prior year*	2006 12 31		
Total			

* These donations expired in the current year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year	_____	A
Deduct: Gifts of musical instruments expired after twenty tax years	_____	B
Gifts of musical instruments at the beginning of the tax year	_____	C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind up of a subsidiary	_____	D
Total current year gifts of musical instruments	_____	E
	Subtotal (line D plus line E)	F
Deduct: Adjustment for an acquisition of control	_____	G
Total gifts of musical instruments available	_____	H
Deduct: Amount applied against taxable income	_____	I
Gifts of musical instruments closing balance	_____	J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1 st prior year	2010 12 31	_____
2 nd prior year	2009 12 31	_____
3 rd prior year	2009 12 31	_____
4 th prior year	2008 12 31	_____
5 th prior year	2007 12 31	_____
6 th prior year*	2006 12 31	_____
7 th prior year	2005 12 31	_____
8 th prior year	2004 12 31	_____
9 th prior year	2003 12 31	_____
10 th prior year	2002 12 31	_____
11 th prior year	2001 12 31	_____
12 th prior year	2000 12 31	_____
13 th prior year	1999 12 31	_____
14 th prior year	1998 12 31	_____
15 th prior year	1997 12 31	_____
16 th prior year	1996 12 31	_____
17 th prior year	1995 12 31	_____
18 th prior year	1994 12 31	_____
19 th prior year	1993 12 31	_____
20 th prior year	1992 12 31	_____
21 st prior year*	1991 12 31	_____
Total		_____

* These gifts expired in the current year.

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

SCHEDULE 3

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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)	Complete if payer corporation is connected				E Non taxable dividend under section 83
	A	B Enter 1 if payer corporation is connected	C Business Number of connected corporation	D Tax year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD	
200		205	210	220	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.

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

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	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
1	Horizon Holdings Inc.	83675 1966 RC0001	2011-12-31	7,456,000	

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

Total **7,456,000**

Total taxable dividends paid in the tax year to other than connected corporations **450**

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** **7,456,000**

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) **7,456,000**

Other dividends paid in the tax year (total of 510 to 540)

Total dividends paid in the tax year **500** **7,456,000**

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 **7,456,000**

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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	B	C	D	E	F
Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *	Total salaries and wages paid in jurisdiction	(B x taxable income**) / G	Gross revenue	(D x taxable income**) / H	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 <input type="checkbox"/>	103		143		
Newfoundland and Labrador offshore 004 1 Yes <input type="checkbox"/>	104		144		
Prince Edward Island 005 1 Yes <input type="checkbox"/>	105		145		
Nova Scotia 007 1 Yes <input type="checkbox"/>	107		147		
Nova Scotia offshore 008 1 Yes <input type="checkbox"/>	108		148		
New Brunswick 009 1 Yes <input type="checkbox"/>	109		149		
Quebec 011 1 Yes <input type="checkbox"/>	111		151		
Ontario 013 1 Yes <input type="checkbox"/>	113		153		
Manitoba 015 1 Yes <input type="checkbox"/>	115		155		
Saskatchewan 017 1 Yes <input type="checkbox"/>	117		157		
Alberta 019 1 Yes <input type="checkbox"/>	119		159		
British Columbia 021 1 Yes <input type="checkbox"/>	121		161		
Yukon 023 1 Yes <input type="checkbox"/>	123		163		
Northwest Territories 025 1 Yes <input type="checkbox"/>	125		165		
Nunavut 026 1 Yes <input type="checkbox"/>	126		166		
Outside Canada 027 1 Yes <input type="checkbox"/>	127		167		
Total		G		H	
			129	169	

* "Permanent establishment" is defined in Regulation 400(2).

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

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

Notes:

- 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*.
- 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
26,534,372		26,534,372	3,081,002
Ontario basic income tax (from Schedule 500) 270 3,117,242			
Deduct: Ontario small business deduction (from schedule 500) 402 36,240			
			Subtotal <u>3,081,002</u> ▶ 3,081,002 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 <u> </u> ▶ <u> </u> B6
			Subtotal (amount A6 plus amount B6) <u>3,081,002</u> 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 <u> </u> ▶ <u> </u> D6
			Subtotal (amount C6 minus amount D6) (if negative, enter "0") <u>3,081,002</u> 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") <u>3,081,002</u> 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") <u>3,081,002</u> 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 <u> </u> ▶ <u> </u> H6
			Total Ontario tax payable before refundable credits (amount G6 plus amount H6) <u>3,081,002</u> I6
Deduct:			
Ontario qualifying environmental trust tax credit 450			
Ontario cooperative education tax credit (from Schedule 550) 452 33,085			
Ontario apprenticeship training tax credit (from Schedule 552) 454 215,726			
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 <u> </u>			
			Subtotal <u>248,811</u> ▶ 248,811 J6
			Net Ontario tax payable or refundable credit (amount I6 minus amount J6) 290 <u>2,832,191</u> K6
(if a credit, enter a negative amount) Include this amount on line 255.			

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** 2,832,191

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.

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- For use by corporations that have disposed of capital property or claimed an allowable business investment loss (ABIL), or both, in the tax year.
- Use this schedule to make a designation under paragraph 111(4)(e) of the federal *Income Tax Act* if control of the corporation has been acquired by a person or a group of persons.
- For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the *T2 Corporation Income Tax Guide*.

Designation under paragraph 111(4)(e) of the *Income Tax Act*

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)?

050 1 Yes 2 No If **yes**, attach a statement specifying which properties are subject to such a designation.

Part 1 – Shares

No. of shares 100	Name of corporation 105	Class of shares 106	Date of acquisition YYYY/MM/DD 110	Proceeds of disposition 120	Adjusted cost base 130	Outlays and expenses (dispositions) 140	Gain (or loss) (column 120 minus cols. 130 and 140) 150	Foreign source	
Totals									
Total adjustment under subsection 112(3) of the Act to all losses identified in Part 1							160		
Actual gain or loss from the disposition of shares (total of line 150 plus line 160)									A

Part 2 – Real estate (Do not include losses on depreciable property.)

Municipal address 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 200	Date of acquisition YYYY/MM/DD 210	Proceeds of disposition 220	Adjusted cost base 230	Outlays and expenses (dispositions) 240	Gain (or loss) (column 220 minus cols. 230 and 240) 250	Foreign source	
Totals							B

Part 3 – Bonds

Face value 300	Maturity date 305	Name of issuer 307	Date of acquisition YYYY/MM/DD 310	Proceeds of disposition 320	Adjusted cost base 330	Outlays and expenses (dispositions) 340	Gain (or loss) (column 320 minus cols. 330 and 340) 350	Foreign source
Totals								C

Part 4 – Other properties (Do not include losses on depreciable property.)

Description 400	Date of acquisition YYYY/MM/DD 410	Proceeds of disposition 420	Adjusted cost base 430	Outlays and expenses (dispositions) 440	Gain (or loss) (column 420 minus cols. 430 and 440) 450	Foreign source
1 Enerconnect additional proceeds		29,875			29,875	
Note: Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.		Totals			29,875	D

Part 5 – Personal-use property (Do not include listed personal property.)

Description	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain only (column 520 minus cols. 530 and 540)	Foreign source
500	510	520	530	540	550	
Totals						E

Note:
You cannot deduct losses on dispositions of personal use property (other than listed personal property) from your income.

Part 6 – Listed personal property

Description	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 620 minus cols. 630 and 640)	Foreign source
600	610	620	630	640	650	
Totals						

Subtract: Unapplied listed personal property losses from other years **655**
Net gains (or losses)

Note:
Net listed personal property losses can only be applied against listed personal property gains.
The amount on line 655 is from line 530 in Part 5 of Schedule 4, *Corporation Loss Continuity and Application*.

Part 7 – Determining allowable business investment losses

Property qualifying for and resulting in an allowable business investment loss

Name of small business corporation	Shares, enter 1; debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Loss only (column 920 minus cols. 930 and 940)	Foreign source
900	905	910	920	930	940	950	
Totals							G

ABILs Amount G _____ x 50.0000 % = _____ H
(enter amount H on line 406 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*)

Note:
Properties listed in Part 7 should not be included in any other parts of Schedule 6.

Part 8 – Determining capital gains or losses

Total of amounts A to F (do not include F if the amount is a loss)	29,875	I	Foreign source
Add:			
Capital gains dividend received in the year	875	J	<input type="checkbox"/>
Capital gains reserve opening balance (from Schedule 13)	880	K	
Subtotal (add amounts I, J, and K)	29,875	L	
Deduct:			
Capital gains reserve closing balance (from Schedule 13)	885	M	
Capital gains or losses, excluding ABILs (amount L minus amount M)	890		29,875

Part 9 – Determining taxable capital gains and total capital losses

Capital gains or losses, excluding ABILs (amount from line 890 above) 29,875 N

Deduct the following gains that are included in amount N:

Gain on donation of a share, debt obligation, or right listed on a designated stock exchange and other amounts under paragraph 38(a.1) of the Act

realized before May 2, 2006 x 50.0000 % = O

Foreign source

realized after May 1, 2006 P

Foreign source

Subtotal (O plus P) **895**

Gain on donation of ecologically sensitive land

realized before May 2, 2006 x 50.0000 % = Q

Foreign source

realized after May 1, 2006 R

Foreign source

Subtotal (Q plus R) **896**

Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(a.3) R 2

Foreign source

Total (line 895 plus line 896 plus line R 2) S

Total capital gains or losses (amount N minus amount S) 29,875 T

Note:

If amount T is a loss, enter it on line 210 of Schedule 4.

Taxable capital gains: If amount T is a gain, enter it on this line and **multiply** . . . 29,875 x 50.0000 % = 14,938 U

(Enter amount U on line 113 of Schedule 1.)



CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- This schedule is for the use of Canadian controlled private corporations to calculate:
 - aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act*;
 - specified partnership income for members of one or more partnership(s); and
 - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part 1 Tax" in the *T2 Corporation Income Tax Guide*.

Part 1 – Aggregate investment income calculation

The aggregate investment income is the aggregate world source income.

The eligible portion of taxable capital gains included in income for the year	002	14,938	A
Deduct:			
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012		B
Net capital losses of other years claimed on line 332 on the T2 return	022		C
Amount B plus amount C			D
Amount A minus amount D (if negative, enter "0")		14,938	E
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)	032	12,889	F
Deduct:			
Exempt income	042		G
Amounts received from AGRI Fund No. 2 that were included in computing the corporation's income for the year	052		H
Taxable dividends deductible (total of Column F on Schedule 3)	062		I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072		J
Total of amounts G to J			K
Amount F minus amount K		12,889	L
Amount E plus amount L		27,827	M
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	082		N
Amount M minus amount N (if negative, enter "0")	092	27,827	O

Enter amount O on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	14,938	1.1
Reserve's eligible portion (addition/deduction)		1.2
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1 and 1.2)	14,938	1
Deduct:		
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		2
Net capital losses of other years claimed on line 332 on the T2 return		3
Total of amounts 2 and 3		4
Amount 1 minus amount 4 (if negative, enter "0")	14,938	5

Part 2A – Canadian investment income calculation (continued)

Taxable dividends	6.1	
Real estate rental properties (under regulation 1100(11))	12,889	6.2
Other property income	6.3	
Total income from property from a source Canadian	12,889	6
Deduct:		
Exempt income	7	
Amounts received from AGRI Fund No. 2 that were included in computing the corporation's income for the year	8	
Taxable dividends deductible (total of Column F on Schedule 3)	9	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	10	
	Total of amounts 7 to 10	11
	Amount 6 minus amount 11	12,889
Amount 5 plus amount 12	27,827	13
Losses from rental properties (under regulation 1100(11))	14.1	
Other losses from property	14.2	
Total losses from property from a source Canadian		14
Amount 13 minus amount 14 (if negative, enter "0")		27,827

Part 2 – Foreign investment income calculation

The foreign investment income is all income from only sources outside of Canada.

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	P1	
Reserve's eligible portion (addition/deduction)	P2	
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts P1 and P2)	001	P
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	009	Q
	Amount P minus amount Q (if negative, enter "0")	R
Taxable dividends	S1	
Real estate rental properties (under regulation 1100(11))	S2	
Other property income	S3	
Total income from property from a source outside Canada	019	S
Deduct:		
Exempt income	029	T
Taxable dividends deductible (total of Column F on Schedule 3)	049	U
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	V
	Total of amounts T to V	W
	Amount S minus amount W	X
Amount R plus amount X		Y
Losses from rental properties (under regulation 1100(11))	Z1	
Other losses from property	Z2	
Total losses from property from a source outside Canada	069	Z
Amount Y minus amount Z (if negative, enter "0")	079	AA
Enter amount AA on line 445 of the T2 return		

Net taxable dividends	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3			
Less: Expenses related to such dividends			
Total expenses			
Net taxable dividends			

Part 3 – Specified partnership income

A		B	C
Partnership name		Total income (loss) of partnership from an active business	Corporation's share of amount in column B
	200	300	310
1	Solar Sunbelt GP	1,134,628	1,133,494

D	E	F	G	H	I
Adjustments [add prior year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C ÷ column B) × [business limit* × (column F ÷ 365)] (if column C is negative, enter "0")**	Column E minus column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330		340
1	1,133,494	365			
Total	350 1,133,494		Total	385	360

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) enter as a positive amount **370** BB

Specified partnership loss of the corporation for the year enter as a positive amount (total of all negative amounts in column E) **380** 1,133,494 CC

Amount BB plus amount CC 1,133,494 DD

Amount at line 385 or line DD, whichever is less **390** EE

Specified partnership income (line 360 plus line EE) **400** FF

* Use one of the following business limits to calculate column G, whichever applies:

- \$400,000 if the corporation's tax year ends in 2007 or 2008; or
- \$500,000 if the corporation's tax year ends after 2008.

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income.

Part 4 – Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses from line 350 in Part 3 (if the net amount is negative, enter "0" on line KK) 1,133,494 GG

Add:

Specified partnership loss (from amount CC in Part 3) 1,133,494 HH

Subtotal II

Deduct:

Specified partnership income (from amount FF in Part 3) JJ

Partnership income (enter on line SS in Part 5) **450** KK

Part 5 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return	.....	26,690,954	LL
Deduct:			
Foreign business income after deducting related expenses*	.....	500	MM
Taxable capital gains minus allowable capital loss (amount A minus amount B* in Part 1)**	.....	14,938	NN
Net property income (amount F minus amounts G, H, and N* in Part 1)	.....	12,889	OO
Personal services business income after deducting related expenses*	.....	520	PP
	Total of amounts MM to PP	<u>27,827</u>	▶ QQ
Net amount (line LL minus line QQ)	.....	26,663,127	RR
Deduct:			
Partnership income (line KK in Part 4)	.....		SS
Income from active business carried on in Canada (enter on line 400 of the T2 return if negative, enter "0")	.....	<u>26,663,127</u>	TT

* If negative **add** instead of **subtracting**.

** This amount may only be negative to the extent of any allowable business investment losses.

CAPITAL COST ALLOWANCE (CCA)

Name of corporation Horizon Utilities Corporation		Business Number 86654 9090 RC0002	Tax year end Year/Month/Day 2011-12-31
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For more information see the section on "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 110(5q)? **101** 1 Yes 2 No

1 Class number (See Note)	2 Description	3 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	4 Cost of acquisitions during the year (new property must be available for use)*	5 Net adjustments**	6 Proceeds of dispositions during the year (amount not to exceed the capital cost)	7 50% rule (1/2 of the amount if any by which the net cost of acquisitions exceeds column 5)**	8 Reduced undepreciated capital cost	9 CCA rate %****	10 Recapture of capital cost allowance (line 107 of Schedule 1)	11 Terminal loss (line 404 of Schedule 1)	12 Capital cost allowance for declining balance method (column 7 multiplied by column 8 or a lower amount) (line 403 of Schedule 1)*****	13 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200	201	202	203	204	205	206	207	208	209	210	211	212
1.		192,658,968	800,583		0	400,292	193,059,259	4	0	0	7,722,370	185,737,181
2.		41,568,310			0		41,568,310	6	0	0	2,494,099	39,074,211
3.		6,491,654	1,006,799		0	503,400	6,995,053	20	0	0	1,399,011	6,099,442
4.		4,629,740	1,952,184		45,623	953,281	5,583,020	30	0	0	1,674,906	4,861,395
5.		521,157	1,179,675		0	589,838	1,110,994	100	0	0	1,110,994	589,838
6.		417,376			0		417,376	45	0	0	187,819	229,557
7.		133,906,068	34,484,839		0	17,242,420	151,148,487	8	0	0	12,091,879	156,299,028
8.		17,860			0		17,860	10	0	0	1,786	16,074
9.		81,080			0		81,080	8	0	0	6,486	74,594
10.		376,756	80,221		0	40,111	416,866	30	0	0	125,060	331,917
11.		9,336,646			642,291		8,694,355	0	0	0	202,648	8,694,355
12.			736,900		0	368,450	368,450	55	0	0	202,648	534,252
	Totals	390,005,615	40,241,201		687,914	20,097,792	409,461,110				27,017,058	402,541,844

Note: Class numbers followed by a letter indicate the base rate of the class taking into account the addition deducted on a row.

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 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 T-285 *Capital Cost Allowance – General Comments*.

**** Enter a rate on a row if you are using the declining balance method. For any other method (for example the straight-line method) where calculations are a way 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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Canada

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	City of Hamilton		88932 3218 RC0001	3					
2.	Hamilton Renewable Power Inc.		86639 2723 RC0001	3					6,000,010
3.	Hamilton Hydro Services Inc.		86638 6923 RC0001	3					9,190,345
4.	Hamilton Utilities Corporation		86655 5493 RC0001	3					129,897,188
5.	Horizon Solar Corp		80586 8866 RC0001	3					1,000
6.	Horizon Holdings Inc.		83675 1966 RC0001	1					123,593,854
7.	Horizon Energy Solutions Inc.		83673 1562 RC0001	3					100

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

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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	10,465,402	A
Add: Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)			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		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	10,465,402	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)			J
Cumulative eligible capital balance (amount F minus amount J) (if amount K is negative, enter "0" at line M and proceed to Part 2)		10,465,402	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K		10,465,402	
less amount from line 249			
Current year deduction		10,465,402 x 7.00 % = 250	732,578 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		732,578	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	9,732,824	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	

CONTINUITY OF RESERVES

Name of corporation Horizon Utilities Corporation	Business number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

Description of property	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind up of a subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
001	002	003			004
1					
Totals	008	009			010

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

Part 2 – Other reserves

Description	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind up of a subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
	110	115			120
Reserve for doubtful debts <input type="checkbox"/>	350,000				350,000
Reserve for undelivered goods and services not rendered <input type="checkbox"/>	130	135			140
Reserve for prepaid rent <input type="checkbox"/>	150	155			160
Reserve for refundable containers <input type="checkbox"/>	190	195			200
Reserve for unpaid amounts <input type="checkbox"/>	210	215			220
Other tax reserves <input type="checkbox"/>	230	235			240
Totals	270 350,000	275			280 350,000

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

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

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)					
Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind up of a subsidiary	Add	Deduct	Balance at the end of the year
1 Reserve for doubtful debts	1,200,000		550,000		1,750,000
2 Inventory reserves	370,150		79,850		450,000
3 Employee future benefits	16,670,189		328,364		16,998,553
4 Vested sick leave	144,041			61,037	83,004
5 Accrued vacation pay	1,880,167		11,613		1,891,780
6 Supplies	48,000			48,000	
7 Miscellaneous AR	380,000				380,000
8 Doubtful debts	350,000				350,000
9					
Reserves from Part 2 of Schedule 13					
Totals	21,042,547		969,827	109,037	21,903,337

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	100	200	300	400	500	600	700
	Name of recipient	Address of recipient	Royalties	Research and development fees	Management fees	Technical assistance fees	Similar payments
1	Horizon Holdings Inc.	55 John Street North Hamilton ON CA L8R 3M8			716,201		

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DEFERRED INCOME PLANS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type of plan (see note 1)	Amount of contribution \$ (see note 2)	Registration number (RPP, RSUBP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) filed by: (see note 3) (EPSP only)
100	200	300	400	500	600
1	2,514,855	249091			

Note 1: Enter the applicable code number:
 1 RPP
 2 RSUBP
 3 DPSP
 4 EPSP

Note 2: You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule	2,514,855	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	2,514,855	B
Deductible amount for contributions to deferred income plans (amount A minus amount B) (if negative, enter "0")		C

Enter amount C on line 417 of Schedule 1

Note 3: T4PS slip(s) filed by:
 1 Trustee
 2 Employer

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

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

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

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

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

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

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

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

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

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

Allocating the business limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year
2011

Is this an amended agreement for the above noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes 2 No

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Asso- ciation code 300	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit % 350	6 Business limit allocated* \$ 400
1	Horizon Utilities Corporation	86654 9090 RC0002	1	500,000	100.0000	500,000
2	City of Hamilton	88932 3218 RC0001	4			
3	Hamilton Renewable Power Inc.	86639 2723 RC0001	1	500,000		
4	Hamilton Hydro Services Inc.	86638 6923 RC0001	1	500,000		
5	Hamilton Utilities Corporation	86655 5493 RC0001	1	500,000		
6	Horizon Solar Corp	80586 8866 RC0001	1	500,000		
7	Horizon Holdings Inc.	83675 1966 RC0001	1	500,000		
8	Horizon Energy Solutions Inc.	83673 1562 RC0001	1	500,000		
	Total				100.0000	500,000 A

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

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

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if \$500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

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 Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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Part 1 – Investments, expenditures and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	10 %
Expenditures	
If you are a Canadian controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate.	
If you are a corporation that is not a CCPC that incurred qualified expenditures for SR&ED in any area in Canada	20 %
If you are a taxable Canadian corporation that incurred pre production mining expenditures	10 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? **101** 1 Yes 2 No

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:

- one or more persons exempt from Part I tax under section 149;
- Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- any combination of persons referred to in a) or b) above.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

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

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	Description of investment	Date available for use	Location used (province or territory)	Amount of investment
105	110	115	120	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		220
ITC at the beginning of the tax year			220
Add:			
Credit transferred on amalgamation or wind up of subsidiary	230		
ITC from repayment of assistance	235		
Total current year credit: total of column 125 _____ x 10 % =	240		
Credit allocated from a partnership	250		
	Subtotal		
Total credit available			
Deduct:			
Credit deducted from Part I tax (enter on line B1 in Part 30)	260		
Credit carried back to the previous year(s) (from Part 6)			A
Credit transferred to offset Part VII tax liability	280		
	Subtotal		
Credit balance before refund			B
Deduct:			
Refund of credit claimed on investments from qualified property (from Part 7)			310
ITC closing balance of investments from qualified property			320

Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day		
1st previous tax year				Credit to be applied	901
2nd previous tax year				Credit to be applied	902
3rd previous tax year				Credit to be applied	903
Total (enter on line A in Part 5)					

Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current year ITCs (total of lines 240 and 250 in Part 5)		C
Credit balance before refund (amount B from Part 5)		D
Refund (40 % of amount C or D, whichever is less)		E
Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).		

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661) _____

Add:

Contributions to agricultural organizations for SR&ED* _____

Current expenditures (including contributions to agricultural organizations for SR&ED at line 103 in Part 3)* (from line 557 on Form T661) **350** _____

Capital expenditures (from line 558 on Form T661) **360** _____

Repayments made in the year (from line 560 on Form T661) **370** _____

Total (this must equal the amount from line 570 on Form T661)* **380** _____

* Do not file form T661 if you are only claiming contributions made to agricultural organizations for SR&ED.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates SR&ED expenditure limit, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes 2 No

Complete lines 390 and 398, if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

Enter your taxable income for the previous tax year* (prior to any loss carry backs applied). **390** _____

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. **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))]

Calculation 2: Tax year straddles January 1, 2010.

EE + [(FF minus EE) x (GG divided by HH)] where,

EE = [(\$7,000,000 minus (10A) x (((\$40,000,000 minus B) divided by \$40,000,000))];

FF = [(\$8,000,000 minus (10 x (line 390 from Part 9 or \$500,000, whichever is more))) x (((\$40,000,000 minus line 398 from Part 9) divided by \$40,000,000)];

GG = number of days in the tax year after December 31, 2009;

HH = number of days in the tax year.

Amount A **408** Amount B **409**

A = the greater of:

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

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

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

Enter the amount from Calculation 1A, 1 or 2, whichever is applicable **G***

For associated corporations:

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 = **I**

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

* Amount G or H cannot be more than \$3,000,000.

Part 11 – Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)*	420	x	35 % =	_____	J
Line 350 minus line 410 (if negative, enter "0")	430	x	20 % =	_____	K
Line 410 minus line 350 (if negative, enter "0")		L			
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above*	440	x	35 % =	_____	M
Line 360 minus line L (if negative, enter "0")	450	x	20 % =	_____	N

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.	460	x	35 % =	_____	
	480	x	20 % =	_____	
		Total		_____	O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12)

* For corporations that are not CCPCs, enter "0" on lines J and M.

Part 12 – Calculation of current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year	_____				
Deduct:					
Credit deemed as a remittance of co op corporations	510	_____			
Credit expired	515	_____			
		Subtotal	_____		
ITC at the beginning of the tax year			520	_____	
Add:					
Credit transferred on amalgamation or wind up of subsidiary	530	_____			
Total current year credit	540	_____			
Credit allocated from a partnership	550	_____			
		Subtotal	_____		
Total credit available	_____				
Deduct:					
Credit deducted from Part I tax (enter on line B2 in Part 30)	560	_____			
Credit carried back to the previous year(s) (from Part 13)			P	_____	
Credit transferred to offset Part VII tax liability	580	_____			
		Subtotal	_____		
Credit balance before refund	_____				
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

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 **830** _____ **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 **850**

ITC at the beginning of the tax year **850**

Add:

Credit transferred on amalgamation or wind up of subsidiary **860**

Expenditures from line YY in Part 18: **870** x 10 % = **880**

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line B3 in Part 30) **885**

Credit carried back to the previous year(s) (from Part 20) CCC

Subtotal **890**

ITC closing balance from pre-production mining expenditures

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)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
	601	602	603	604	605
1.			35,502	3,550	2,000
2.			18,656	1,866	1,866
3.			59,258	5,926	2,000
4.			52,960	5,296	2,000
5.			52,429	5,243	2,000
6.			53,187	5,319	2,000
7.			59,242	5,924	2,000
8.			57,987	5,799	2,000
9.			56,977	5,698	2,000
10.			57,891	5,789	2,000
11.			78,835	7,884	2,000
12.			33,142	3,314	2,000
13.			72,915	7,292	2,000
14.			70,101	7,010	2,000
15.			69,379	6,938	2,000

	A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
	601	602	603	604	605
16.			69,973	6,997	2,000
17.			55,872	5,587	2,000
18.			62,932	6,293	2,000
19.			58,462	5,846	2,000
20.			61,522	6,152	2,000
21.			76,817	7,682	2,000
22.					
Total current-year credit (enter at line 640)					41,866

* 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** 41,866

Credit allocated from a partnership **655** _____

Subtotal **▶** 41,866 **▶** 41,866

Total credit available 41,866

Deduct:

Credit deducted from Part I tax (enter on line B4 in Part 30) **660** 41,866

Credit carried back to the previous year(s) (from Part 23) **DDD** _____

Subtotal **▶** 41,866 **▶** 41,866

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 **775**

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 **785**

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 **790**

ITC closing balance from child care spaces expenditures **790**

Part 27 – Request for carryback of credit from child care space expenditures

	Year	Month	Day		
1st previous tax year	2010	12	31	.....	Credit to be applied 941
2nd previous tax year	2009	12	31	.....	Credit to be applied 942
3rd previous tax year	2009	12	31	.....	Credit to be applied 943
Total (enter on line NNN in Part 26)					943

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 _____ 000

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.

Corporate partner's share of the excess of ITC **799** _____ PPP

Total recapture of child care spaces investment tax credit Add lines ZZZ, 000, and PPP
Enter amount QQQ on line A2 in Part 29. _____ QQQ

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC from line OO in Part 17 _____ A1

Recaptured child care spaces ITC from line QQQ in Part 28 above _____ A2

Total recapture of investment tax credit Add lines A1 and A2 _____ A3

Enter amount A3 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) _____ B1

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) _____ B2

ITC from pre production mining expenditures deducted from Part I tax (from line 885 in Part 19) _____ B3

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) 41,866 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) 41,866 B6

Enter amount B6 at line 652 of the T2 return.

Privacy Act, Personal Information Bank number CRA PPU 047

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
41,866	41,866			

Prior years

Taxation year

	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2010 12 31				
2009 12 31				
2009 12 31				
2008 12 31				
2007 12 31				
2006 12 31				
2005 12 31				
2004 12 31				
2003 12 31				
2002 12 31				*
2001 12 31				
2000 12 31				
1999 12 31				
1998 12 31				
1997 12 31				
1996 12 31				
1995 12 31				
1994 12 31				
1993 12 31				
1992 12 31				*
Total				

B+C+D+G

Total ITC utilized 41,866

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

SHAREHOLDER INFORMATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

		Provide only one number per shareholder					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares	
		100	200	300	350	400	500
1	Horizon Holdings Inc.	83675 1966 RC0001				100.000	
2							
3							
4							
5							
6							
7							
8							
9							
10							

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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On: 2011 12 31

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

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? Yes No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?
Enter the date and go directly to question 4 Yes No 2006 12 31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? Yes No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? Yes No
5. Corporations that become a CCPC or a DIC Yes No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation Yes No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? Yes No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? Yes No
If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound up a subsidiary Yes No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? Yes No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? Yes No
If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year	100	72,633,162	A
Taxable income for the year (DICs enter "0") *	110	26,534,372	B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140	27,827	
Subtotal (add lines 120, 130, and 140)		27,827	C
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0")	150	26,506,545	
After tax income (line 150 x general rate factor for the tax year ** 0.7)	190	18,554,582	D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (add lines 200 and 210)			E
GRIP addition:			
Becoming a CCPC (line PP from Part 4)	220		
Post amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230		
Post wind up (total of lines EE from Part 3 and lines PP from Part 4)	240		
Subtotal (add lines 220, 230, and 240)	290		F
Subtotal (add lines A, D, E, and F)		91,187,744	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310)			H
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative)	490	91,187,744	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560		
GRIP at the end of the tax year (line 490 minus line 560)	590	91,187,744	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2010 12 31

Taxable income before specified future tax consequences from the current tax year	18,594,480	J1
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		L1
Aggregate investment income (line 440 of the T2 return)	31,508	M1
Subtotal (add lines K1, L1, and M1)	31,508	N1
Subtotal (line J1 minus line N1) (if negative, enter "0")	18,562,972	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2009 12 31

Taxable income before specified future tax consequences from the current tax year J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less L3

Aggregate investment income (line 440 of the T2 return) M3

Subtotal (add lines K3, L3, and M3) N3

Subtotal (line J3 minus line N3) (if negative, enter "0") O3

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less R3

Aggregate investment income (line 440 of the T2 return) S3

Subtotal (add lines Q3, R3, and S3) T3

Subtotal (line P3 minus line T3) (if negative, enter "0") U3

Subtotal (line O3 minus line U3) (if negative, enter "0") V3

GRIP adjustment for specified future tax consequences to the third previous tax year

(line V3 multiplied by the general rate factor for the tax year 0.7) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:

(add lines 500, 520, and 540) (if negative, enter "0") W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Postamalgamation Post wind up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind up.

For a post wind up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year AA

Eligible dividends paid by the corporation in its last tax year BB

Excessive eligible dividend designations made by the corporation in its last tax year CC

Subtotal (line BB minus line CC) DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

(line AA minus line DD) EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post amalgamation; or
- line 240 for post wind up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

$$\frac{0.68 \times \text{number of days in the tax year before January 1, 2010}}{\text{number of days in the tax year } 365} \dots\dots\dots = \text{_____} \text{ QQ}$$

$$\frac{0.69 \times \text{number of days in the tax year in 2010}}{\text{number of days in the tax year } 365} \dots\dots\dots = \text{_____} \text{ RR}$$

$$\frac{0.7 \times \text{number of days in the tax year in 2011}}{\text{number of days in the tax year } 365} \dots\dots\dots = \underline{\underline{0.70000}} \text{ SS}$$

$$\frac{0.72 \times \text{number of days in the tax year after December 31, 2011}}{\text{number of days in the tax year } 365} \dots\dots\dots = \text{_____} \text{ TT}$$

General rate factor for the tax year (total of lines QQ to TT) $\dots\dots\dots$ 0.70000 UU

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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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	7,456,000	
Total taxable dividends paid in the tax year	100 7,456,000	
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 91,187,744 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.

ONTARIO CORPORATION TAX CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010	<u>365</u>	x	14.00 %	=	<u> </u> %	A1	
Number of days in the tax year after June 30, 2010, and before July 1, 2011	<u>181</u>	x	12.00 %	=	<u>5.95068</u> %	A2	
Number of days in the tax year after June 30, 2011	<u>184</u>	x	11.50 %	=	<u>5.79726</u> %	A3	
Ontario basic rate of tax for the year (total of rates A1 to A3)						<u><u>11.74794</u></u> %	A4

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income*	<u><u>26,534,372</u></u>	B
Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A4 from Part 1)	<u><u>3,117,242</u></u>	C

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

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

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)					26,663,127	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)					26,534,372	2
Federal business limit before the application of subsection 125(5.1) * (amount from line 410 of the T2 return)		x		=	500,000	3
				line 4 on page 4 of the T2 return		
Enter the least of amounts 1, 2, and 3					500,000	D
Ontario domestic factor:	Ontario taxable income**			=	1.00000	E
	taxable income earned in all provinces and territories ***				26,534,372.00 26,534,372	
Amount D x amount E	500,000					a
Ontario taxable income (amount B from Part 2)	26,534,372					b
Ontario small business income (lesser of amount a and amount b)					500,000	F
Number of days in the tax year before July 1, 2010	365	x	8.50 %	=	%	G1
Number of days in the tax year						
Number of days in the tax year after June 30, 2010, and before July 1, 2011	181	x	7.50 %	=	3.71918 %	G2
Number of days in the tax year	365					
Number of days in the tax year after June 30, 2011	184	x	7.00 %	=	3.52877 %	G3
Number of days in the tax year	365					
OSBD rate for the year (total of rates G1 to G3)					7.24795 %	G4
Ontario small business deduction: amount F multiplied by OSBD rate for the year (rate G4)					36,240	H

Enter amount H on line 402 of Schedule 5.

* For 2011 and later tax years, enter the amount from line 410 of the T2 return on line 3 of this schedule. Otherwise, complete the calculation for this line.

** Enter amount B from Part 2.

*** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 6 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17	.....	_____	T
Deduct:			
Ontario adjusted small business income (amount S from Part 5)	.....	_____	U
Subtotal (amount T minus amount U) (if negative, enter "0")	.....	=====	V
OSBD rate for the year (rate G6 from Part 3)	.....	<u>7.24795 %</u>	
Amount V multiplied by the OSBD rate for the year	.....	=====	W
Ontario domestic factor (amount E from Part 3)	.....	<u>1.00000</u>	X
Ontario credit union tax reduction (amount W multiplied by amount X)	.....	=====	Y

Enter amount Y on line 410 of Schedule 5.

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2011 12 31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
 - 1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
 - 2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
 - 3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
 - 4) a congregation or business agency to which section 143 of the federal Act applies;
 - 5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
 - 6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	487,012,099
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	556,719,976
Total assets (total of lines 112 to 116)		<u>1,043,732,075</u>
Total revenue of the corporation for the tax year **	142	110,625,264
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	46,991,379
Total revenue (total of lines 142 to 146)		<u>157,616,643</u>

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than \$5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than \$10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than \$50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than \$100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

*** Rules for total assets**

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Calculation of adjusted net income/loss for CMT purposes

Net income/loss per financial statements *		210	16,512,853
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220	6,671,435	
Provision for deferred income taxes (debits)/cost of future income taxes	222		
Equity losses from corporations	224		
Financial statement loss from partnerships and joint ventures	226		
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230		
Other additions (see note below):			
Share of adjusted net income of partnerships and joint ventures **	228		
Total patronage dividends received, not already included in net income/loss	232		
281	282		
283	284		
	Subtotal	6,671,435	6,671,435 A
Deduct (to the extent reflected in income/loss):			
Provision for recovery of current income taxes/benefit of current income taxes	320		
Provision for deferred income taxes (credits)/benefit of future income taxes	322		
Equity income from corporations	324		
Financial statement income from partnerships and joint ventures	326		
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330		
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332		
Gain on donation of listed security or ecological gift	340		
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342		
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344		
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346		
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348		
Other deductions (see note below):			
Share of adjusted net loss of partnerships and joint ventures **	328		
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334		
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336		
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338		
381	382		
383	384		
385	386		
387	388		
389	390		
	Subtotal		B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)		490	23,184,288

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark to market changes or foreign currency changes on specified mark to market property (assets only);
- include realized gains and losses on the disposition of specified mark to market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark to market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIF1 (Schedule 125) on line 210.
- ** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.
- *** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.
- **** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.
- ***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation Income Tax Guide*.

Part 3 – Calculation of CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)	515		23,184,288	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available				C
Net income subject to CMT calculation (if negative, enter "0")	520		23,184,288	
Amount from line 520	23,184,288	x	Number of days in the tax year before July 1, 2010	
			365	
		x	4 %	1
Amount from line 520	23,184,288	x	Number of days in the tax year after June 30, 2010	
			365	
		x	2.7 %	2
Subtotal (amount 1 plus amount 2)			625,976	3
Gross CMT: amount on line 3 above x OAF **			625,976	540
Deduct:				
Foreign tax credit for CMT purposes ***				550
CMT after foreign tax credit deduction (line 540 minus line 550) (if negative, enter "0")			625,976	D
Deduct:				
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			3,081,002	
Net CMT payable (if negative, enter "0")				E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**** Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income ****	=		
Taxable income *****		=	1.0000
Ontario allocation factor			F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *	G	
Deduct:		
CMT credit expired *	600	
CMT credit carryforward at the beginning of the current tax year * (see note below)	620	
Add:		
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	650	
CMT credit available for the tax year (amount on line 620 plus amount on line 650)		H
Deduct:		
CMT credit deducted in the current tax year (amount P from Part 5)		I
	Subtotal (amount H minus amount I)	J
Add:		
Net CMT payable (amount E from Part 3)		
SAT payable (amount O from Part 6 of Schedule 512)		
	Subtotal	K
CMT credit carryforward at the end of the tax year (amount J plus amount K)	670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
 – do not enter an amount on line G or line 600;
 – for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.
 For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)		M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	3,081,002	1
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	625,976	2
For a life insurance corporation:		
Gross CMT (line 540 from Part 3)	3	
Gross SAT (line 460 from Part 6 of Schedule 512)	4	
The greater of amounts 3 and 4	5	
	Deduct: line 2 or line 5, whichever applies:	6
	Subtotal (if negative, enter "0")	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	3,081,002	
Deduct:		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	248,811	
	Subtotal (if negative, enter "0")	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)		P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes 2 No

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 plus line 750) R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) S

Subtotal (if negative, enter "0")

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S plus line 760) 770 T

- * For the first harmonized T2 return filed with a tax year that includes days in 2009:
 - do not enter an amount on line Q or line 700;
 - for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.
- For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.
Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

**ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS
AND REVENUE FOR ASSOCIATED CORPORATIONS**

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2011 12 31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

Names of associated corporations	Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
200	300	400	500
1 City of Hamilton	88932 3218 RC0001	0	0
2 Hamilton Renewable Power Inc.	86639 2723 RC0001	11,732,063	4,043,741
3 Hamilton Hydro Services Inc.	86638 6923 RC0001	17,098,035	7,196,160
4 Hamilton Utilities Corporation	86655 5493 RC0001	241,727,571	14,576,051
5 Horizon Solar Corp	80586 8866 RC0001	100	8
6 Horizon Holdings Inc.	83675 1966 RC0001	284,063,971	18,426,468
7 Horizon Energy Solutions Inc.	83673 1562 RC0001	2,098,236	2,748,951
Total		450 556,719,976	550 46,991,379

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.

Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter "NR" if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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) Horizon Utilities Corporation			
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent Ontario	110 Date of incorporation or amalgamation, whichever is the most recent Year Month Day 2005 03 01	120 Ontario Corporation No. 1421133	

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

200 Care of (if applicable)			
210 Street number 55	220 Street name/Rural route/Lot and Concession number John Street North	230 Suite number	
240 Additional address information if applicable (line 220 must be completed first)			
250 Municipality (e.g., city, town) Hamilton	260 Province/state ON	270 Country CA	280 Postal/zip code L8N 3E4

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** **2** 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 Basilio _____ **451** John G. _____
Last name First name

454 _____,
Middle name(s)

- 460** **2** 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	<input type="checkbox"/>	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	<input type="checkbox"/>	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.
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Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

Director	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
Is this director a resident Canadian? . . . 795 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>	2005-07-01	2011-05-01
(applies to directors of corporations with share capital only) 796		797

Officer information	Date appointed Year Month Day	Date ceased, if applicable Year Month Day
President	801	802
Secretary	806	807
Treasurer	811	812
General Manager	816	817
Chair	821	822
Chairperson	826	827
Chairman	831	832
Chairwoman	836	837
Vice Chair	841	842
Vice President	846	847
Assistant Secretary	851	852
Assistant Treasurer	856	857
Chief Manager	861	862
Executive Director	866	867
Managing Director	871	872
Chief Executive Officer	876	877
Chief Financial Officer	881	882
Chief Information Officer	886	887
Chief Operating Officer	891	892
Chief Administrative Officer	896	897
Comptroller	901	902
Authorized Signing Officer	906	907
Other (untitled)	911	912

Once you have completed this page, complete the certification in Part 4 of this schedule.

Part 7 – Director/Officer information

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- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
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Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Director	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
Is this director a resident Canadian? . . . 795 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>	2011-05-17	797
(applies to directors of corporations with share capital only) 796		

Officer information	Date appointed Year Month Day	Date ceased, if applicable Year Month Day
President	801	802
Secretary	806	807
Treasurer	811	812
General Manager	816	817
Chair	821	822
Chairperson	826	827
Chairman	831	832
Chairwoman	836	837
Vice Chair	841	842
Vice President	846	847
Assistant Secretary	851	852
Assistant Treasurer	856	857
Chief Manager	861	862
Executive Director	866	867
Managing Director	871	872
Chief Executive Officer	876	877
Chief Financial Officer	881	882
Chief Information Officer	886	887
Chief Operating Officer	891	892
Chief Administrative Officer	896	897
Comptroller	901	902
Authorized Signing Officer	906	907
Other (untitled)	911	912

Once you have completed this page, complete the certification in Part 4 of this schedule.

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
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Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

Director Is this director a resident Canadian? . . . 795 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/> (applies to directors of corporations with share capital only)	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
796		797

Officer information	Date appointed Year Month Day	Date ceased, if applicable Year Month Day
President	801	802
Secretary	2005-03-01	807
Treasurer		2011-10-10
General Manager		812
Chair		817
Chairperson		822
Chairman		827
Chairwoman		832
Vice Chair		837
Vice President	2005-03-01	842
Assistant Secretary		847
Assistant Treasurer		2011-10-10
Chief Manager		852
Executive Director		857
Managing Director		862
Chief Executive Officer		867
Chief Financial Officer		872
Chief Information Officer		877
Chief Operating Officer		882
Chief Administrative Officer		887
Comptroller		892
Authorized Signing Officer		897
Other (untitled)		902
		907
		912

Once you have completed this page, complete the certification in Part 4 of this schedule.

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Director	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
Is this director a resident Canadian? . . . 795 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>		
(applies to directors of corporations with share capital only) 796		797

Officer information	Date appointed Year Month Day	Date ceased, if applicable Year Month Day
President		
Secretary	2011-10-10	
Treasurer		
General Manager		
Chair		
Chairperson		
Chairman		
Chairwoman		
Vice Chair		
Vice President		
Assistant Secretary		
Assistant Treasurer		
Chief Manager		
Executive Director		
Managing Director		
Chief Executive Officer		
Chief Financial Officer		
Chief Information Officer		
Chief Operating Officer		
Chief Administrative Officer		
Comptroller		
Authorized Signing Officer		
Other (untitled)		

Once you have completed this page, complete the certification in Part 4 of this schedule.

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Director	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
Is this director a resident Canadian? . . . 795 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>		
(applies to directors of corporations with share capital only)	796	797

Officer information		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice Chair	841		842	
Vice President	846	2011-11-10	847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

Once you have completed this page, complete the certification in Part 4 of this schedule.

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- Use this schedule to claim an Ontario co operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is \$1,000 for each qualifying work placement ending before March 27, 2009, and \$3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
 - the student performs employment duties for a corporation under a qualifying co operative education program (QCEP);
 - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
 - the terms of the WP require the student to engage in productive work;
 - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
 - the student is paid for the work performed in the WP;
 - the corporation is required to supervise and evaluate the job performance of the student in the WP;
 - the institution monitors the student's performance in the WP; and
 - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information John G. Basilio	120 Telephone number including area code (905) 317 4783
Is the claim filed for a CETC earned through a partnership?*	150 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
If you answered yes to the question at line 150, what is the name of the partnership?	160
Enter the percentage of the partnership's CETC 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 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year?	200 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year* **300** 17,366,235

For eligible expenditures incurred before March 27, 2009:

If line 300 is \$400,000 or less, enter 15% on line 310.

If line 300 is \$600,000 or more, enter 10% 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:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \text{minus } \$ 400,000}{\$ 200,000} \right) \right]$$

Eligible percentage for determining the eligible amount **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

If line 300 is \$400,000 or less, enter 30% on line 312.

If line 300 is \$600,000 or more, enter 25% 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:

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

Eligible percentage for determining the eligible amount **312** 25.000 %

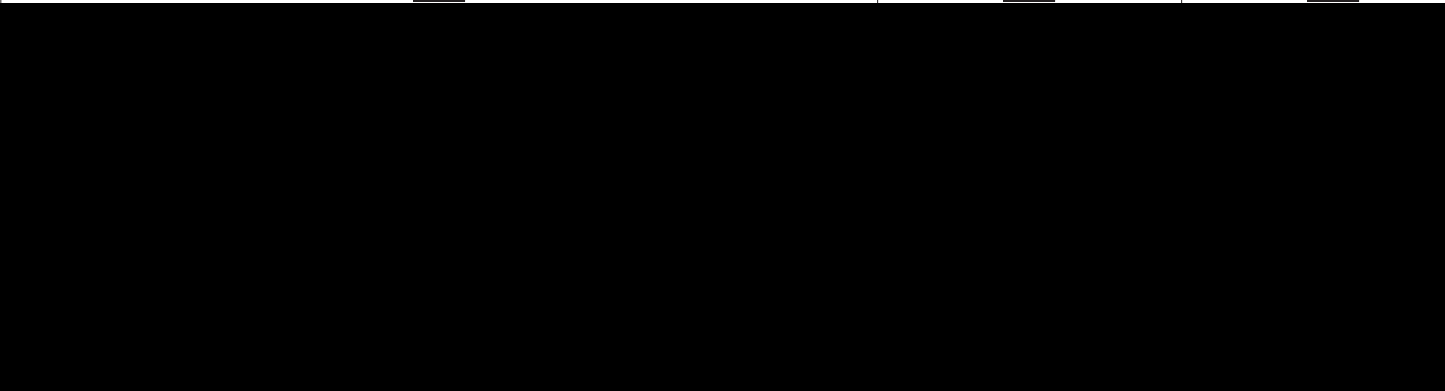
* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

A Name of university, college, or other eligible educational institution		B Name of qualifying co operative education program
400		405
1. Cambrian College		Powerline Technician Program
2. Cambrian College		Powerline Technician Program
3. Mohawk College		Business Accounting Program
4. Mohawk College		Electrical Engineering Technology Control
5. Mohawk College		Electrical Engineering Technology Control
6. Mohawk College		Business Accounting Program
7. Mohawk College		Computer Software Eng
8. Mohawk College		Electrical Engineering Technology Control
9. Cambrian College		Powerline Technician Program
10. Cambrian College		Powerline Technician Program
11. Conestoga		Powerline Technician Program
12. Conestoga		Powerline Technician Program
13. Mohawk College		Business Accounting Program
14.		

C Name of student	D Start date of WP (see note 1 below)	E End date of WP (see note 2 below)
410	430	435
1. [REDACTED]	[REDACTED]	[REDACTED]
2. [REDACTED]	[REDACTED]	[REDACTED]

	C Name of student	D Start date of WP (see note 1 below)	E End date of WP (see note 2 below)
	410	430	435
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
<p>Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.</p> <p>Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.</p>			

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below)	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below)	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
	450		452			
1.		10.000 %	11,606	25.000 %		14
2.		10.000 %	12,017	25.000 %		14
3.		10.000 %	8,637	25.000 %		17
4.		10.000 %	8,585	25.000 %		18
5.		10.000 %	9,040	25.000 %		18
6.		10.000 %	9,453	25.000 %		18
7.		10.000 %	9,045	25.000 %		18
8.		10.000 %	8,943	25.000 %		18
9.		10.000 %	11,338	25.000 %		15
10.		10.000 %	11,507	25.000 %		15
11.		10.000 %	12,974	25.000 %		17
12.		10.000 %	12,841	25.000 %		17
13.		10.000 %	8,183	25.000 %		16
14.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures multiplied by eligible percentage) (see note 2 below)	H Maximum CETC per WP (see note 3 below)	I CETC on eligible expenditures (column G or H, whichever is less)	J CETC on repayment of government assistance (see note 4 below)	K CETC for each WP (column I or column J)	
	460	462	470	480	490	
1.	2,902	3,000	2,902		2,902	
2.	3,004	3,000	3,000		3,000	
3.	2,159	3,000	2,159		2,159	
4.	2,146	3,000	2,146		2,146	
5.	2,260	3,000	2,260		2,260	
6.	2,363	3,000	2,363		2,363	
7.	2,261	3,000	2,261		2,261	
8.	2,236	3,000	2,236		2,236	
9.	2,835	3,000	2,835		2,835	
10.	2,877	3,000	2,877		2,877	
11.	3,244	3,000	3,000		3,000	
12.	3,210	3,000	3,000		3,000	
13.	2,046	3,000	2,046		2,046	
14.						
Ontario co-operative education tax credit (total of amounts in column K)					500	33,085 L

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2011 12 31
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- 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 John G. Basilio	120 Telephone number including area code (905) 317 4783
Is the claim filed for an ATTC earned through a partnership? *	150 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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 <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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** 17,366,235

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:

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

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:

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

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	B Apprenticeship program/ trade name	C Name of apprentice
400	405	410
1.	Electrician Construction and Maintenance	
2.	Electrician Construction and Maintenance	
3.	Electrician Construction and Maintenance	
4.	Electrician Construction and Maintenance	
5.	Electrician Construction and Maintenance	
6.	Electrician Construction and Maintenance	
7.	Electrician Construction and Maintenance	
8.	Electrician Construction and Maintenance	
9.	Electrician Construction and Maintenance	
10.	Electrician Construction and Maintenance	
11.	Electrician Construction and Maintenance	
12.	Electrician Construction and Maintenance	
13.	Electrician Construction and Maintenance	
14.	Electrician Construction and Maintenance	
15.	Electrician Construction and Maintenance	
16.	Electrician Construction and Maintenance	
17.	Electrician Construction and Maintenance	
18.	Electrician Construction and Maintenance	
19.	Electrician Construction and Maintenance	
20.	Electrician Construction and Maintenance	
21.	Electrician Construction and Maintenance	
22.	Electrician Construction and Maintenance	

	D Original contract or training agreement number	E Original registration date of apprenticeship contract or training agreement (see note 1 below)	F Start date of employment as an apprentice in the tax year (see note 2 below)	G End date of employment as an apprentice in the tax year (see note 3 below)
	420	425	430	435
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
<p>Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.</p> <p>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.</p> <p>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.</p>				

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)	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below)	H3 Number of days employed as an apprentice in the tax year (column H1 plus column H2)	I Maximum credit amount for the tax year (see note 2 below)
	441	442	440	445
1.		330	330	9,041
2.		365	365	10,000
3.		365	365	10,000
4.		365	365	10,000
5.		365	365	10,000
6.		365	365	10,000
7.		365	365	10,000
8.		365	365	10,000
9.		365	365	10,000
10.		365	365	10,000
11.		365	365	10,000
12.		247	247	6,767
13.		365	365	10,000
14.		365	365	10,000
15.		365	365	10,000
16.		365	365	10,000
17.		365	365	10,000
18.		365	365	10,000
19.		365	365	10,000
20.		365	365	10,000
21.		365	365	10,000
22.		362	362	9,918
	J1 Eligible expenditures before March 27, 2009 (see note 3 below)	J2 Eligible expenditures after March 26, 2009 (see note 3 below)	J3 Eligible expenditures for the tax year (column J1 plus column J2)	K Eligible expenditures multiplied by specified percentage (see note 4 below)
	451	452	450	460
1.		35,503	35,503	12,426
2.		66,111	66,111	23,139
3.		76,699	76,699	26,845
4.		68,547	68,547	23,991
5.		67,860	67,860	23,751
6.		68,841	68,841	24,094
7.		59,242	59,242	20,735
8.		57,987	57,987	20,295
9.		56,977	56,977	19,942
10.		57,891	57,891	20,262
11.		78,835	78,835	27,592
12.		48,975	48,975	17,141
13.		72,915	72,915	25,520
14.		70,101	70,101	24,535
15.		69,379	69,379	24,283
16.		90,568	90,568	31,699
17.		67,222	67,222	23,528
18.		72,316	72,316	25,311
19.		62,932	62,932	22,026
20.		58,462	58,462	20,462
21.		61,522	61,522	21,533
22.		76,817	76,817	26,886

	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.	9,041		9,041
2.	10,000		10,000
3.	10,000		10,000
4.	10,000		10,000
5.	10,000		10,000
6.	10,000		10,000
7.	10,000		10,000
8.	10,000		10,000
9.	10,000		10,000
10.	10,000		10,000
11.	10,000		10,000
12.	6,767		6,767
13.	10,000		10,000
14.	10,000		10,000
15.	10,000		10,000
16.	10,000		10,000
17.	10,000		10,000
18.	10,000		10,000
19.	10,000		10,000
20.	10,000		10,000
21.	10,000		10,000
22.	9,918		9,918
Ontario apprenticeship training tax credit (total of amounts in column N) 500			215,726 O

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O _____ x percentage on line 170 in Part 1 _____ % = _____ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary Corporations*. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = (\$5,000 x H1/365*) + (\$10,000 x H2/365*)

* 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.

For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:

Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.

Complete a **separate entry** for each repayment of government assistance.

Corporate Taxpayer Summary

Corporate information

Corporation's name	Horizon Utilities Corporation														
Taxation Year	2011 01 01		to	2011 12 31											
Jurisdiction	Ontario														
BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporation is associated	Y														
Corporation is related	Y														
Number of associated corporations	7														
Type of corporation	Canadian Controlled Private Corporation														
Total amount due (refund) federal and provincial*	19,019														

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context sensitive help.

Summary of federal information

Net income	26,690,954																							
Taxable income	26,534,372																							
Donations	156,582																							
Calculation of income from an active business carried on in Canada	26,663,127																							
Dividends paid	7,456,000																							
Dividends paid Regular	7,456,000																							
Dividends paid Eligible																								
Balance of the low rate income pool at the end of the previous year																								
Balance of the low rate income pool at the end of the year																								
Balance of the general rate income pool at the end of the previous year	72,633,162																							
Balance of the general rate income pool at the end of the year	91,187,744																							
Part I tax (base amount)	10,083,061																							
Credits against part I tax	Summary of tax					Refunds/credits																		
Small business deduction	Part I					4,341,360					ITC refund													
M&P deduction	Part IV										Dividends refund													
Foreign tax credit	Part III.1										Instalments													
Investment tax credits	41,866					Other*					Surtax credit													
Abatement/Other*	5,701,690					Provincial or territorial tax					2,832,191					Other*								
															Balance due/refund ()					19,019				

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances															
Capital dividend amount	29,996														
Cumulative eligible capital	9,732,824														
Financial statement reserve	21,903,337														
Other reserves	350,000														

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO 17)	Alberta (AT1)
Net income	26,690,954		
Taxable income	26,534,372		
% Allocation	100.00		
Attributed taxable income	26,534,372		
Surtax		N/A	N/A
Tax payable before deduction*	3,117,242		
Deductions and credits	36,240		
Net tax payable	3,081,002		
Attributed taxable capital			N/A
Capital tax payable**			N/A
Total tax payable***	3,081,002		
Instalments and refundable credits	248,811		
Balance due/Refund ()	2,832,191		
Logging tax payable			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary – taxable capital**Federal**

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Horizon Utilities Corporation	398,912,619	398,912,619	380,907,408	380,907,408
City of Hamilton				
Hamilton Renewable Power Inc.	12,186,373	12,186,373		
Hamilton Hydro Services Inc.	10,999,472	10,999,472	15,833,819	15,833,819
Hamilton Utilities Corporation	23,115,551	23,115,551	133,894,086	133,894,086
Horizon Solar Corp				
Horizon Holdings Inc.	119,157	119,157		
Horizon Energy Solutions Inc.	1,244,315	1,244,315	1,323,864	1,323,864
Total	446,577,487	446,577,487	531,959,177	531,959,177

Québec

Corporate name	Paid up capital used to calculate the deduction relating to income averaging for forest producers (CO 726.30)	Paid up capital used to calculate the exemption for small and medium sized manufacturing businesses (CO 737.18.18)	Paid up capital used to calculate the Québec business limit reduction (CO 771 and CO 771.1.3)	Paid up capital used to calculate the tax credit for investment (CO 1029.8.36.IN)	Paid up capital used to calculate the 1 million deduction (CO 1137.A and CO 1137.E)
Total					

Ontario

Corporate name	Taxable capital used to calculate the capital deduction Ontario capital tax on financial institutions (Schedule 514)	Taxable capital used to calculate the capital deduction Ontario capital tax on other than financial institutions (Schedule 515)	Specified capital used to calculate the expenditure limit Ontario innovation tax credit (Schedule 566)
Total			

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)	Taxable capital used to calculate the Nova Scotia capital deduction on large corporations (Schedule 343)	Net paid up capital BC capital tax on financial institutions (FIN 689)	BC paid up capital BC capital tax on financial institutions (FIN 689)
Total				

Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information (T2)					
Taxation year end	2011-12-31	2010-12-31	2009-12-31	2009-12-31	2008-12-31
Net income	26,690,954	18,645,294			
Taxable income	26,534,372	18,594,480			
Active business income	26,663,127	18,613,786			
Dividends paid	7,456,000	8,113,000			
Dividends paid Regular	7,456,000	8,113,000			
Dividends paid Eligible					
LRIP end of the previous year					
LRIP end of the year					
GRIP end of the previous year	72,633,162	59,824,711			
GRIP end of the year	91,187,744	72,633,162			
Donations	156,582	50,814			
Balance due/refund ()	19,019	1,359,407			

Federal taxes					
Part I before surtax	4,341,360	3,317,623			
Surtax					
Part I.3					
Part IV					
Part I & Surtax	4,341,360	3,317,623			
Part III.1					
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context sensitive help.					

Credits against part I tax					
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit	41,866	34,635			
Abatement/other*	5,701,690	3,715,745			
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context sensitive help.					

Refunds/credits					
ITC refund					
Dividend refund	7,421	8,402			
Instalments	7,147,111	7,136,245			
Surtax credit					
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context sensitive help.					

Ontario

<u>Taxation year end</u>	<u>2011-12-31</u>	<u>2010-12-31</u>	<u>2009-12-31</u>	<u>2009-12-31</u>	<u>2008-12-31</u>
Net income	26,690,954	18,645,294			
Taxable income	26,534,372	18,594,480			
% Allocation	100.00	100.00			
Attributed taxable income	26,534,372	18,594,480			
Surtax		39,979			
Income tax payable before deduction	3,117,242	2,415,756			
Income tax deductions /credits	36,240	39,979			
Net income tax payable	3,081,002	2,415,756			
Taxable capital					
Capital tax payable		286,759			
Total tax payable*	3,081,002	2,702,515			
Instalments and refundable credits	248,811	234,898			
Balance due/refund**	2,832,191	2,467,617			

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

APPENDIX 4-12.2 – 2012 CORPORATE TAX RETURN

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2013 12 31

Business number 86654 9090 RC0002

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made by cheque or money order payable to the Receiver General either to an authorized financial institution or filed with the appropriate remittance voucher to the following address:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Instalments paid	Cumulative difference	Instalments payable
2013 01 31	595,259			595,259
2013 02 28	595,259			595,259
2013 03 31	595,259			595,259
2013 04 30	595,259			595,259
2013 05 31	595,259			595,259
2013 06 30	595,259			595,259
2013 07 31	595,259			595,259
2013 08 31	595,259			595,259
2013 09 30	595,259			595,259
2013 10 31	595,259			595,259
2013 11 30	595,259			595,259
2013 12 31	595,251			595,251
Total	7,143,100			7,143,100

T2 Corporation Income Tax Return

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*.

055 Do not use this area

Identification
Business number (BN) **001** 86654 9090 RC0002

Corporation's name
002 Horizon Utilities Corporation

Address of head office
Has this address changed since the last time we were notified? **010** 1 Yes 2 No
(If **yes**, complete lines 011 to 018.)

011 55 John Street North

012 _____

City Province, territory, or state

015 Hamilton **016** ON

Country (other than Canada) Postal code/Zip code

017 CA **018** L8N 3E4

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? **020** 1 Yes 2 No
(If **yes**, complete lines 021 to 028.)

021 c/o _____

022 _____

023 _____

City Province, territory, or state

025 Hamilton **026** ON

Country (other than Canada) Postal code/Zip code

027 CA **028** L8N 3E4

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
(If **yes**, complete lines 031 to 038.)

031 55 John Street North

032 _____

City Province, territory, or state

035 Hamilton **036** ON

Country (other than Canada) Postal code/Zip code

037 CA **038** L8N 3E4

040 Type of corporation at the end of the tax year

- 1 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 Tax year end
060 2012 01 01 **061** 2012 12 31
YYYY MM DD 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

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
subsection 249(3.1)? **066** 1 Yes 2 No

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

Is this the first year of filing after:
Incorporation? **070** 1 Yes 2 No
Amalgamation? **071** 1 Yes 2 No

If **yes**, complete 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
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? **076** 1 Yes 2 No

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

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

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

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

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

- 085** 1 Exempt under paragraph 149(1)(e) or (l)
- 2 Exempt under paragraph 149(1)(j)
- 3 Exempt under paragraph 149(1)(t)
- 4 Exempt under other paragraphs of section 149

Do not use this area

095 **096**

Attachments

Financial statement information: Use GIF1 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?	<input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non resident shareholders who own voting shares?	<input type="checkbox"/>	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	<input type="checkbox"/>	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?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input checked="" type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input checked="" type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	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)?	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
Has the corporation made any payments to non residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	29
Has the corporation had any non arm's length transactions with a non resident?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	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?	<input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	<input checked="" type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
Does the corporation have any resource related deductions?	<input type="checkbox"/>	12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	<input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	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?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
Is the corporation subject to Part II Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256 <input type="checkbox"/>	T1134 A
Did the corporation have any controlled foreign affiliates?	258 <input type="checkbox"/>	T1134 B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259 <input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non resident trust?	260 <input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non resident trust in the year?	261 <input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262 <input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263 <input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264 <input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265 <input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266 <input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	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 <input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input checked="" type="checkbox"/>	2 No <input type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's main revenue generating business activity?	<u>221122</u>	<u>Electric Power Distribution US</u>	
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	<u>Electricity Distribution</u>	285 <u>90.212 %</u>
	286	<u>Third Party Billing</u>	287 <u>3.594 %</u>
	288	<u>Other</u>	289 <u>6.194 %</u>
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	<u>27,378,155</u>	A
Deduct: Charitable donations from Schedule 2	311	<u>171,362</u>	
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		
		<u>Subtotal 171,362</u>	<u>171,362</u> B
		Subtotal (amount A minus amount B) (if negative, enter "0")	<u>27,206,793</u> C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	<u>27,206,793</u>	
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)		<u>27,206,793</u>	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	27,365,281	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	27,206,793	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

- 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.
- 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	*****	922,870	D	=	41,016,444	E
					11,250				
Reduced business limit (amount C minus amount E) (if negative, enter "0")								425	F

Small business deduction

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

Enter amount G on line 1 on page 7.

* 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*									<u>27,206,793</u>	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**								<u>432</u>		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										F
Aggregate investment income from line 440 on page 6***									<u>12,874</u>	G
Total of amounts B to G									<u>12,874</u>	H
Amount A minus amount H (if negative, enter "0")									<u>27,193,919</u>	I
Amount I	<u>27,193,919</u>	x	Number of days in the tax year before January 1, 2011		x	10 %	=			J
			Number of days in the tax year	366						
Amount I	<u>27,193,919</u>	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=			K
			Number of days in the tax year	366						
Amount I	<u>27,193,919</u>	x	Number of days in the tax year after December 31, 2011		x	13 %	=	<u>3,535,209</u>		L
			Number of days in the tax year	366						
General tax reduction for Canadian-controlled private corporations	Total of amounts J to L								<u>3,535,209</u>	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*								<u>434</u>		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		x	10 %	=			U
			Number of days in the tax year	366						
Amount T		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012		x	11.5 %	=			V
			Number of days in the tax year	366						
Amount T		x	Number of days in the tax year after December 31, 2011		x	13 %	=			W
			Number of days in the tax year	366						
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** 12,874 x 26 2 / 3 % = 3,433 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") 3,433 C

Taxable income from line 360 on page 3 27,206,793

Deduct:

Amount from line 400, 405, 410, or 425 on page 4, whichever is the least _____

Foreign non business income tax credit from line 632 on page 7 x 25/9* 100 / 35 = _____

Foreign business income tax credit from line 636 on page 7 x 1(0.38 X**) 4 = _____

27,206,793
x 26 2 / 3 % = 7,255,145 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 8) 4,049,319 E

Refundable portion of Part I tax Amount C, D, or E, whichever is the least **450** 3,433 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** 7,421

Deduct: Dividend refund for the previous tax year **465** 7,421 G

Add the total of:

Refundable portion of Part I tax from line 450 above 3,433

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**

3,433 3,433 H

Refundable dividend tax on hand at the end of the tax year Amount G plus amount H **485** 3,433

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 9,918,000 x 1 / 3 3,306,000 I

Refundable dividend tax on hand at the end of the tax year from line 485 above 3,433 J

Dividend refund Amount I or J, whichever is less (enter this amount on line 784 on page 8) 3,433

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	<u>10,338,581</u>	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				<u>12,874</u>	i
Taxable income from line 360 on page 3				<u>27,206,793</u>	
Deduct:					
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least					
Net amount			27,206,793	<u>27,206,793</u>	ii
Refundable tax on CCPC's investment income	6 2 / 3 % of whichever is less: amount i or ii		604	<u>858</u>	C
				Subtotal (add lines A to C)	<u>10,339,439</u> D
Deduct:					
Small business deduction from line 430 on page 4					1
Federal tax abatement			608	<u>2,720,679</u>	
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	<u>3,535,209</u>	
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	<u>34,232</u>	
				Subtotal	<u>6,290,120</u> E
Part I tax payable	Line D minus line E			<u>4,049,319</u>	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	4,049,319
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 4,049,319

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	2,794,585
Provincial tax on large corporations (Nova Scotia Schedule 342)	765	
(The Nova Scotia tax on large corporations is eliminated effective July 2012.)		
		Total tax payable 770 6,843,904 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	3,433
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	7,612,500
	890	Total credits 7,615,933 B

Refund code **894** 1 Overpayment 772,029 ← Balance (line A minus line B) 772,029

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 _____ **918** _____
Institution number Account number

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

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

Balance unpaid _____

Enclosed payment **898** _____

_____ **896** 1 Yes 2 No

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? _____

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

Certification

I, **950** Basilio **951** John G. **954** SVP and CFO
Last name (print) First name (print) 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 _____ **956** (905) 317 4783
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation Telephone number

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

957 1 Yes 2 No
958 _____ **959** _____
Name (print) 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

Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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			26,001,140	A
Add:				
Provision for income taxes current	101	7,168,414		
Interest and penalties on taxes	103	154,074		
Amortization of tangible assets	104	18,544,535		
Loss on disposal of assets	111	1,442,236		
Charitable donations and gifts from Schedule 2	112	171,362		
Non deductible meals and entertainment expenses	121	44,852		
Other reserves on lines 270 and 275 from Schedule 13	125	350,000		
Reserves from financial statements balance at the end of the year	126	28,563,090		
Subtotal of additions		56,438,563	▶	56,438,563
Other additions:				
Resource amounts deducted	232			
Miscellaneous other additions:				
600 Solar Sunbelt GP Loss for Book Purposes	290	501,020		
601 Regulatory Liability Dispositions 2012	291	3,177,919		
603				
Inducement - ITA 12(1)x		290,677		
Total		290,677	293	290,677
604				
Total			294	
Subtotal of other additions	199	3,969,616	▶	3,969,616
Total additions	500	60,408,179	▶	60,408,179
Amount A plus amount B				86,409,319

Deduct:

Capital cost allowance from Schedule 8	403	28,164,795	
Cumulative eligible capital deduction from Schedule 10	405	681,298	
Reserves from financial statements balance at the beginning of the year	414	21,903,337	
		<u>50,749,430</u>	▶ 50,749,430

Other deductions:

Miscellaneous other deductions:

700 Solar Sunbelt GP Loss for Tax Purposes		390	1,358,451	
701 Depreciation previously added back to income		391	203,835	
702 Deferred Revenue - capital contributions 2012 amort		392	186,551	
703 Movement in EFB through OCI 2012	1,865,249			
	<u>Total</u>	393	<u>1,865,249</u>	
704 EFB opening IFRS adj	4,667,648			
	<u>Total</u>	394	<u>4,667,648</u>	
		499	<u>8,281,734</u>	▶ 8,281,734
		510	<u>59,031,164</u>	▶ 59,031,164
Net income (loss) for income tax purposes enter on line 300 of the T2 return			<u>27,378,155</u>	

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)x) of the ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Select this check box to add all the amounts to income calculated in Schedule 1.

Federal

- A**
- Investment tax credit from apprenticeship job creation expenditures 41,866
 - Investment tax credit from child care spaces expenditures _____
 - Canadian film or video production tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Film or video production services tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.

Ontario

- A**
- Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) _____
 - Ontario co-operative education tax credit 33,085
 - Ontario apprenticeship training tax credit 215,726
 - Ontario computer animation and special effects tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Ontario film and television tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Ontario production services tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Ontario interactive digital media tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Ontario sound recording tax credit* _____
 - * Please verify if the credit amount relates to depreciable property.
For more information, press F1 to consult the Help.
 - Ontario book publishing tax credit _____
 - Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) _____
 - Ontario business research institute tax credit _____

Tax credits whose amount should reduce the capital cost of property

CHARITABLE DONATIONS AND GIFTS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- For use by corporations to claim any of the following:
charitable donations;
gifts to Canada, a province, or a territory;
gifts of certified cultural property;
gifts of certified ecologically sensitive land; or
additional deduction for gifts of medicine.
- The donations and gifts are eligible for a five year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind up of a subsidiary as described under subsections 87(1) and 88(1) of the *Income Tax Act*.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- Under proposed changes, the eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- Under proposed changes, a gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Various	171,362
	Subtotal 171,362
	Add: Total donations of less than \$100 each
	Total donations in current tax year 171,362

	Federal	Québec	Alberta
Charitable donations at the end of the previous tax year			
Deduct: Charitable donations expired after five tax years*	239		
Charitable donations at the beginning of the tax year	240		
Add:			
Charitable donations transferred on an amalgamation or the wind up of a subsidiary	250		
Total current year charitable donations made (enter this amount on line 112 of Schedule 1)	210 171,362		
	Subtotal (line 250 plus line 210) 171,362	171,362	171,362
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	171,362 A	171,362	171,362
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260 171,362	171,362	171,362
Charitable donations closing balance	280		

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1 st prior year	2011 12 31			
2 nd prior year	2010 12 31			
3 rd prior year	2009 12 31			
4 th prior year	2009 12 31			
5 th prior year	2008 12 31			
6 th prior year*	2007 12 31			
7 th prior year	2006 12 31			
8 th prior year	2005 12 31			
9 th prior year	2004 12 31			
10 th prior year	2003 12 31			
11 th prior year	2002 12 31			
12 th prior year	2001 12 31			
13 th prior year	2000 12 31			
14 th prior year	1999 12 31			
15 th prior year	1998 12 31			
16 th prior year	1997 12 31			
17 th prior year	1996 12 31			
18 th prior year	1995 12 31			
19 th prior year	1994 12 31			
20 th prior year	1993 12 31			
21 st prior year*	1992 12 31			
Total (to line A)				

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

Part 2 – Calculation of the maximum allowable deduction for charitable donations

Net income for tax purposes* multiplied by 75 %		20,533,616	B
Taxable capital gains arising in respect of gifts of capital property included in Part 1**	225		C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	227		D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230		
Proceeds of disposition, less outlays and expenses**			E
Capital cost**			F
Amount E or F, whichever is less	235		
Amount on line 230 or 235, whichever is less			G
Subtotal (add amounts C, D, and G)			H
Amount H multiplied by 25 %			I
Subtotal (amount B plus amount I)		20,533,616	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		171,362	K

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

** This amount must be prorated by the following calculation: eligible amount of the gift divided by the proceeds of disposition of the gift.

Part 3 – Gifts to Canada, a province, or a territory

Gifts to Canada, a province, or a territory at the end of the previous tax year	.....	_____
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	.....	339	_____
Gifts to Canada, a province, or a territory at the beginning of the tax year	.....	340	_____
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	.....	350	_____
Total current year gifts made to Canada, a province, or a territory*	.....	310	_____
			Subtotal (line 350 plus line 310)
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	.....	355	_____
Total gifts to Canada, a province, or a territory available	.....	_____	_____
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return).	.....	360	_____
Gifts to Canada, a province, or a territory closing balance	.....	380	_____

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal	Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year	.....	_____	_____	_____
Deduct: Gifts of certified cultural property expired after five tax years*	.....	439	_____	_____
Gifts of certified cultural property at the beginning of the tax year	.....	440	_____	_____
Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary	.....	450	_____	_____
Total current year gifts of certified cultural property	.....	410	_____	_____
			Subtotal (line 450 plus line 410)	_____
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	.....	455	_____	_____
Total gifts of certified cultural property available	.....	_____	_____	_____
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	.....	460	_____	_____
Gifts of certified cultural property closing balance	.....	480	_____	_____

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1 st prior year	..... 2011 12 31	_____	_____	_____
2 nd prior year	..... 2010 12 31	_____	_____	_____
3 rd prior year	..... 2009 12 31	_____	_____	_____
4 th prior year	..... 2009 12 31	_____	_____	_____
5 th prior year	..... 2008 12 31	_____	_____	_____
6 th prior year*	..... 2007 12 31	_____	_____	_____
7 th prior year	..... 2006 12 31	_____	_____	_____
8 th prior year	..... 2005 12 31	_____	_____	_____
9 th prior year	..... 2004 12 31	_____	_____	_____
10 th prior year	..... 2003 12 31	_____	_____	_____
11 th prior year	..... 2002 12 31	_____	_____	_____
12 th prior year	..... 2001 12 31	_____	_____	_____
13 th prior year	..... 2000 12 31	_____	_____	_____
14 th prior year	..... 1999 12 31	_____	_____	_____
15 th prior year	..... 1998 12 31	_____	_____	_____
16 th prior year	..... 1997 12 31	_____	_____	_____
17 th prior year	..... 1996 12 31	_____	_____	_____
18 th prior year	..... 1995 12 31	_____	_____	_____
19 th prior year	..... 1994 12 31	_____	_____	_____
20 th prior year	..... 1993 12 31	_____	_____	_____
21 st prior year*	..... 1992 12 31	_____	_____	_____
Total	.....	_____	_____	_____

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

Part 5 – Gifts of certified ecologically sensitive land

	Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			
Deduct: Gifts of certified ecologically sensitive land expired after five tax years*	539		
Gifts of certified ecologically sensitive land at the beginning of the tax year	540		
Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550		
Total current year gifts of certified ecologically sensitive land	510		
Subtotal (line 550 plus line 510)			
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555		
Total gifts of certified ecologically sensitive land available			
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560		
Gifts of certified ecologically sensitive land closing balance	580		

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:	Federal	Québec	Alberta
1 st prior year	2011 12 31		
2 nd prior year	2010 12 31		
3 rd prior year	2009 12 31		
4 th prior year	2009 12 31		
5 th prior year	2008 12 31		
6 th prior year*	2007 12 31		
7 th prior year	2006 12 31		
8 th prior year	2005 12 31		
9 th prior year	2004 12 31		
10 th prior year	2003 12 31		
11 th prior year	2002 12 31		
12 th prior year	2001 12 31		
13 th prior year	2000 12 31		
14 th prior year	1999 12 31		
15 th prior year	1998 12 31		
16 th prior year	1997 12 31		
17 th prior year	1996 12 31		
18 th prior year	1995 12 31		
19 th prior year	1994 12 31		
20 th prior year	1993 12 31		
21 st prior year*	1992 12 31		
Total			

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

Part 6 – Additional deduction for gifts of medicine

	Federal	Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			
Deduct: Additional deduction for gifts of medicine expired after five tax years	639		
Additional deduction for gifts of medicine at the beginning of the tax year	640		
Add: Additional deduction for gifts of medicine transferred on an amalgamation or the wind up of a subsidiary	650		
Additional deduction for gifts of medicine for the current year:			
Proceeds of disposition	602	1	1
Cost of gifts of medicine	601	2	2
Subtotal (line 1 minus line 2)		3	3
Line 3 multiplied by 50 %		4	4
Eligible amount of gifts	600	5	5
<p>Federal</p> $A \times \left(\frac{B}{C} \right) = \text{Additional deduction for gifts of medicine for the current year } \mathbf{610}$			
<p>Québec</p> $A \times \left(\frac{B}{C} \right) = \text{Additional deduction for gifts of medicine for the current year}$			
<p>Alberta</p> $A \times \left(\frac{B}{C} \right) = \text{Additional deduction for gifts of medicine for the current year}$			
<p>where:</p> <p>A is the lesser of line 2 and line 4</p> <p>B is the eligible amount of gifts (line 600)</p> <p>C is the proceeds of disposition (line 602)</p>			
Subtotal (line 650 plus line 610)			
Deduct: Adjustment for an acquisition of control	655		
Total additional deduction for gifts of medicine available			
Deduct: Amount applied against taxable income (enter this amount on line 315 of the T2 return)	660		
Additional deduction for gifts of medicine closing balance	680		

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:	Federal	Québec	Alberta
1 st prior year	2011 12 31		
2 nd prior year	2010 12 31		
3 rd prior year	2009 12 31		
4 th prior year	2009 12 31		
5 th prior year	2008 12 31		
6 th prior year*	2007 12 31		
Total			

* These donations expired in the current year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year	_____	A
Deduct: Gifts of musical instruments expired after twenty tax years	_____	B
Gifts of musical instruments at the beginning of the tax year	_____	C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind up of a subsidiary	_____	D
Total current year gifts of musical instruments	_____	E
	Subtotal (line D plus line E)	F
Deduct: Adjustment for an acquisition of control	_____	G
Total gifts of musical instruments available	_____	H
Deduct: Amount applied against taxable income	_____	I
Gifts of musical instruments closing balance	_____	J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1 st prior year	2011 12 31	_____
2 nd prior year	2010 12 31	_____
3 rd prior year	2009 12 31	_____
4 th prior year	2009 12 31	_____
5 th prior year	2008 12 31	_____
6 th prior year*	2007 12 31	_____
7 th prior year	2006 12 31	_____
8 th prior year	2005 12 31	_____
9 th prior year	2004 12 31	_____
10 th prior year	2003 12 31	_____
11 th prior year	2002 12 31	_____
12 th prior year	2001 12 31	_____
13 th prior year	2000 12 31	_____
14 th prior year	1999 12 31	_____
15 th prior year	1998 12 31	_____
16 th prior year	1997 12 31	_____
17 th prior year	1996 12 31	_____
18 th prior year	1995 12 31	_____
19 th prior year	1994 12 31	_____
20 th prior year	1993 12 31	_____
21 st prior year*	1992 12 31	_____
Total		_____

* These gifts expired in the current year.

Attached Schedule with Total

Amount (\$100 or more only)

Title Amount (\$100 or more only)

Description	Amount
Per GL/SS07	170,828 00
SS08	534 00
Total	171,362 00

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

SCHEDULE 3

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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)	Complete if payer corporation is connected				E Non taxable dividend under section 83
	A	B Enter 1 if payer corporation is connected	C Business Number of connected corporation	D Tax year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (See note)	
200		205	210	220	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)*	F1 Eligible dividends (included in column F)	F2	Complete if payer corporation is connected		I Part IV tax before deductions F x 1 / 3 ***
			G Total taxable dividends paid by connected payer corporation (for tax year in column D)	H Dividend refund of the connected payer corporation (for tax year in column D)**	
240			250	260	270
Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)					J

* 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 = $\frac{\text{Column F} \times \text{Column H}}{\text{Column G}}$

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1)

Deduct:
 Part IV 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	
1	Horizon Holdings Inc.	83675 1966 RC0001	2012-12-31	9,918,000	

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 **9,918,000**

Total taxable dividends paid in the tax year to other than connected corporations **450**

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** **9,918,000**

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) **9,918,000**

Other dividends paid in the tax year (total of 510 to 540)

Total dividends paid in the tax year **500** **9,918,000**

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 **9,918,000**

Total taxable dividends paid in the tax year that qualify for a dividend refund **9,918,000**

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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 <input type="checkbox"/>	103		143		
Newfoundland and Labrador offshore 004 1 Yes <input type="checkbox"/>	104		144		
Prince Edward Island 005 1 Yes <input type="checkbox"/>	105		145		
Nova Scotia 007 1 Yes <input type="checkbox"/>	107		147		
Nova Scotia offshore 008 1 Yes <input type="checkbox"/>	108		148		
New Brunswick 009 1 Yes <input type="checkbox"/>	109		149		
Quebec 011 1 Yes <input type="checkbox"/>	111		151		
Ontario 013 1 Yes <input type="checkbox"/>	113		153		
Manitoba 015 1 Yes <input type="checkbox"/>	115		155		
Saskatchewan 017 1 Yes <input type="checkbox"/>	117		157		
Alberta 019 1 Yes <input type="checkbox"/>	119		159		
British Columbia 021 1 Yes <input type="checkbox"/>	121		161		
Yukon 023 1 Yes <input type="checkbox"/>	123		163		
Northwest Territories 025 1 Yes <input type="checkbox"/>	125		165		
Nunavut 026 1 Yes <input type="checkbox"/>	126		166		
Outside Canada 027 1 Yes <input type="checkbox"/>	127		167		
Total		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
27,206,793		27,206,793	3,093,781
Ontario basic income tax (from Schedule 500) 270 3,128,781			
Deduct: Ontario small business deduction (from Schedule 500) 402 35,000			
			Subtotal <u>3,093,781</u> ▶ 3,093,781 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 <u> </u> ▶ <u> </u> B6
			Subtotal (amount A6 plus amount B6) <u>3,093,781</u> 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 <u> </u> ▶ <u> </u> D6
			Subtotal (amount C6 minus amount D6) (if negative, enter "0") <u>3,093,781</u> 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") <u>3,093,781</u> 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") <u>3,093,781</u> 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 <u> </u> ▶ <u> </u> H6
Total Ontario tax payable before refundable credits (amount G6 plus amount H6) <u>3,093,781</u> I6			
Deduct:			
Ontario qualifying environmental trust tax credit 450			
Ontario cooperative education tax credit (from Schedule 550) 452 25,116			
Ontario apprenticeship training tax credit (from Schedule 552) 454 274,080			
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 <u> </u>			
			Subtotal <u>299,196</u> ▶ <u>299,196</u> J6
Net Ontario tax payable or refundable credit (amount I6 minus amount J6) 290 <u>2,794,585</u> K6			
(if a credit, enter a negative amount) Include this amount on line 255.			

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** 2,794,585

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.

Aggregate Investment Income and Active Business Income

Corporation's name Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- This schedule is for the use of Canadian controlled private corporations to calculate:
 - aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act*;
 - specified partnership income for members of one or more partnership(s); and
 - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part I Tax" in the guide T4012, *T2 Corporation Income Tax Guide*.

Part 1 – Aggregate investment income calculation

The aggregate investment income is the aggregate world source income.

The eligible portion of taxable capital gains included in income for the year **002** _____ A

Deduct:

Eligible portion of allowable capital losses for the year (including allowable business investment losses) **012** _____ a

Net capital losses of other years claimed on line 332 on the T2 return **022** _____ b

Amount a **plus** amount b _____ **B**

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

Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada) **032** _____ 12,874 c

Deduct:

Exempt income **042** _____ 1

Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year **052** _____ 2

Taxable dividends deductible (total of Column F on Schedule 3) **062** _____ 3

Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) **072** _____ 4

Total of amounts 1 to 4 _____ **d**

Subtotal (amount c **minus** amount d) _____ 12,874 **D**

Amount C **plus** amount D _____ 12,874 **E**

Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada) **082** _____ **F**

Amount E **minus** amount F (if negative, enter "0") **092** _____ 12,874 **G**

Enter amount G on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13 1.1

Reserve's eligible portion (addition/deduction) 1.2

The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1 and 1.2) **1a**

Deduct:

Eligible portion of allowable capital losses for the year (including allowable business investment losses) 2a

Net capital losses of other years claimed on line 332 on the T2 return 3a

Total of amounts 2a and 3a _____ **4a**

Amount 1a **minus** amount 4a (if negative, enter "0") _____ **5a**

Part 2A – Canadian investment income calculation (continued)

Taxable dividends	6.1		
Real estate rental properties (under regulation 1100(11))	12,874	6.2	
Other property income	6.3		
Total income from property from a source Canadian	12,874	▶	12,874 6a
Deduct:			
Exempt income	7a		
Amounts received from AgrilInvest Fund No. 2 that were included in computing the corporation's income for the year	8a		
Taxable dividends deductible (total of Column F on Schedule 3)	9a		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	10a		
Total of amounts 7a to 10a	▶		11a
	Amount 6a minus amount 11a		12,874 12a
Amount 5a plus amount 12a			12,874 13a
Losses from rental properties (under regulation 1100(11))	14.1		
Other losses from property	14.2		
Total losses from property from a source Canadian	▶		14a
Amount 13a minus amount 14a (if negative, enter "0")			12,874 15a

Part 2 – Foreign investment income calculation

The foreign investment income is all income from sources **outside of Canada**.

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	H1		
Reserve's eligible portion (addition/deduction)	H2		
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts H1 and H2)	▶	001	H
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		009	I
Subtotal (amount H minus amount I) (if negative, enter "0")			J
Taxable dividends	e1		
Real estate rental properties (under regulation 1100(11))	e2		
Other property income	e3		
Total income from property from a source outside Canada	▶	019	e
Deduct:			
Exempt income	029	5	
Taxable dividends deductible (total of Column F on Schedule 3)	049	6	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	7	
Total of amounts 5 to 7	▶		f
Subtotal (amount e minus amount f)	▶		K
	Amount J plus amount K		L
Losses from rental properties (under regulation 1100(11))	M1		
Other losses from property	M2		
Total losses from property from a source outside Canada	▶	069	M
Amount L minus amount M (if negative, enter "0")		079	N
(enter amount N on line 445 of the T2 return)			

Net taxable dividends	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3			
Less: Expenses related to such dividends			
Total expenses			
Net taxable dividends			

Part 3 – Specified partnership income

A	B	C
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200	300	310
1 Solar Sunbelt GP (passive income)	1,358,500	1,358,451

D	E	F	G	H	I
Adjustments (add or deduct the prorated amounts calculated under section 34.2* and deduct expenses incurred by the corporation to earn partnership income)	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C ÷ column B) x [\$500,000 x (column F ÷ 365)] (if column C is negative, enter "0")**	Column E minus column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330		340
1	1,358,451	365			
Total	350 1,358,451		Total	385	360

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) enter as a positive amount **370** g

Specified partnership loss of the corporation for the year enter as a positive amount (total of all negative amounts in column E) **380** 1,358,451 h

Subtotal (amount g plus amount h) **1,358,451** i

Amount at line 385 or amount i, whichever is less **390** O

Specified partnership income (line 360 plus amount O) **400** P

Enter amount P at line T in Part 4.

* In general, amounts included or deducted under subsections 34.2(2), 34.2(3), 34.2(4), 34.2(11), and 34.2(12) are deemed to have the **same character** and be in the **same proportions** as the partnership income to which they relate. For example, if a corporation receives \$100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of \$40,000 of active business income, \$30,000 of income from property, and \$30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct **only the proportion** of the following amounts that is deemed under subsection 34.2(5) to be **active business income**:

- add:**
- the ASPA under subsection 34.2(2) (column 4 of Schedule 73);
 - the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73);
 - the previous year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73);
- deduct:**
- the previous year ASPA under subsection 34.2(4) (column 5 of Schedule 73);
 - the previous year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73); and
 - the current year transitional reserve under subsection 34.2(11) (column 11 of Schedule 73).

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income for the purpose of calculating the prorated business limit in column G. Enter on line h the total of all loss from column E.

Part 4 – Determination of partnership income	
Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses from line 350 in Part 3 (if the net amount is negative, enter "0" on line U)	1,358,451 Q
Add:	
Specified partnership loss (from amount h in Part 3)	1,358,451 R
	Subtotal (amount Q minus amount R) S
Deduct:	
Specified partnership income (from amount P in Part 3)	T
Partnership income (amount S minus amount T) (enter on line Y in Part 5)	450 U

Part 5 – Income from active business carried on in Canada	
Net income for income tax purposes from line 300 of the T2 return	27,378,155 V
Deduct:	
Foreign business income after deducting related expenses*	500 j
Taxable capital gains minus allowable capital loss (amount A minus amount a* in Part 1)**	k
Net property income [amount c minus (amounts 1, 2, and F* in Part 1)]	12,874 l
Personal services business income after deducting related expenses*	520 m
	Total of amounts j to m <u>12,874</u> ▶
	<u>12,874</u> W
Net amount (line V minus line W)	27,365,281 X
Deduct:	
Partnership income (line U in Part 4)	Y
Income from active business carried on in Canada (amount X minus amount Y) (enter amount Z on line 400 of the T2 return if negative, enter "0")	<u>27,365,281</u> Z

* If negative **add** instead of **subtracting**.
 ** This amount may only be negative to the extent of any allowable business investment losses.

CAPITAL COST ALLOWANCE (CCA)

Name of corporation Horizon Utilities Corporation		Business Number 86654 9090 RC0002	Tax year end Year/Month/Day 2012-12-31
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For more information see the section on "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes 2 No

1 Class number (See Note)	2 Description	3 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	4 Cost of acquisitions during the year (new property must be available for use)*	5 Net adjustments**	6 Proceeds of dispositions during the year (amount not to exceed the capital cost)	7 50% rule (1/2 of the amount if any by which the net cost of acquisitions exceeds column 5)***	8 Reduced undepreciated capital cost	9 CCA rate %****	10 Recapture of capital cost allowance (line 107 of Schedule 1)	11 Terminal loss (line 404 of Schedule 1)	12 Capital cost allowance for declining balance method (column 7 multiplied by column 8 or a lower amount) (line 403 of Schedule 1)*****	13 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200	201	202	203	204	205	206	207	208	209	210	211	212
1.		185,737,181	2,804,699		0	1,402,350	187,139,530	4	0	0	7,485,581	181,056,299
2.		39,074,211			0		39,074,211	6	0	0	2,344,453	36,729,758
3.		16,074			0		16,074	10	0	0	1,607	14,467
4.		6,099,442	350,008		0	175,004	6,274,446	20	0	0	1,254,889	5,194,561
5.		4,861,395	1,057,410		294,941	381,235	5,242,629	30	0	0	1,572,789	4,051,075
6.		589,838			0		589,838	100	0	0	589,838	
7.		74,594			0		74,594	8	0	0	5,968	68,626
8.		331,917			0		331,917	30	0	0	99,575	232,342
9.		229,557			0		229,557	45	0	0	103,301	126,256
10.		156,299,028	32,009,247		138,697	15,935,275	172,234,303	8	0	0	13,778,744	174,390,834
11.		534,252	2,306,223		0	1,153,112	1,687,363	55	0	0	928,050	1,912,425
12.		8,694,355			0		4,217,547	0	0	0		4,217,547
	Totals	402,541,844	38,527,587	-4,476,808	433,638	19,046,976	417,112,009				28,164,795	407,994,190

Note: Class numbers followed by a letter indicate the base rate of the class taking into account the addition deducted on a row.

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 Regu at 1100(2) and (2.2).

** include amounts transferred under section 85 or 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 T-285 *Capital Cost Allowance - General Comments*.

**** Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method) where calculations are a way based on the cost of acquisitions) enter N/A. Then enter the amount you are claiming in column 11.

***** If the tax year is shorter than 365 days prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (11)

Canada

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	100	200	300	400	500	550	600	650	700
Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock	
1. City of Hamilton		88932 3218 RC0001	3						
2. HAMILTON RENEWABLE POWER IN		86639 2723 RC0001	3					6,000,010	
3. Hamilton Hydro Services Inc.		86638 6923 RC0001	3					9,190,345	
4. Hamilton Utilities Corporation		86655 5493 RC0001	3					129,897,188	
5. Horizon Solar Corp		80586 8866 RC0001	3					1,000	
6. Horizon Holdings Inc.		83675 1966 RC0001	1					123,593,854	
7. Horizon Energy Solutions Inc.		83673 1562 RC0001	3					100	

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

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

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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	9,732,824	A
Add: Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)			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		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	9,732,824	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)			J
Cumulative eligible capital balance (amount F minus amount J)		9,732,824	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		9,732,824	
less amount from line 249			
Current year deduction		9,732,824 x 7.00 % = 250	681,298 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		681,298	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")	300	9,051,526	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	

CONTINUITY OF RESERVES

Name of corporation Horizon Utilities Corporation	Business number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

Description of property	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind up of a subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
001	002	003			004
1					
Totals	008	009			010

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

Part 2 – Other reserves

Description	Balance at the beginning of the year \$	Transfer on an amalgamation or the wind up of a subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
	110	115			120
Reserve for doubtful debts <input type="checkbox"/>	350,000			350,000	
Reserve for undelivered goods and services not rendered <input type="checkbox"/>	130	135			140
Reserve for prepaid rent <input type="checkbox"/>	150	155			160
Reserve for refundable containers <input type="checkbox"/>	190	195			200
Reserve for unpaid amounts <input type="checkbox"/>	210	215			220
Other tax reserves <input type="checkbox"/>	230	235			240
Totals	270 350,000	275		350,000	280

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

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

Continuity of financial statement reserves (not deductible)**Financial statement reserves (not deductible)**

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Reserve for doubtful debts	1,750,000		1,900,000	1,750,000	1,900,000
2	Inventory reserves	450,000		450,000	450,000	450,000
3	Employee future benefits	16,998,553		23,858,952	16,998,553	23,858,952
4	Vested sick leave	83,004		91,151	83,004	91,151
5	Accrued vacation pay	1,891,780		1,882,987	1,891,780	1,882,987
6	Miscellaneous AR	380,000		380,000	380,000	380,000
7	Doubtful debts	350,000			350,000	
8						
	Reserves from Part 2 of Schedule 13					
	Totals	21,903,337		28,563,090	21,903,337	28,563,090

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	100	200	300	400	500	600	700
	Name of recipient	Address of recipient	Royalties	Research and development fees	Management fees	Technical assistance fees	Similar payments
1	Horizon Holdings Inc.	55 John Street North Hamilton ON CA L8R 3M8			1,073,755		

T2 SCH 14 (99)



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

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

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

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

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

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

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

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

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

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

Allocating the business limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year
2012

Is this an amended agreement for the above noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes 2 No

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Asso- ciation code 300	4 Business limit for the year (before the allocation) \$ 400	5 Percentage of the business limit % 350	6 Business limit allocated* \$ 400
1	Horizon Utilities Corporation	86654 9090 RC0002	1	500,000	100.0000	500,000
2	City of Hamilton	88932 3218 RC0001	4			
3	HAMILTON RENEWABLE POWER INC.	86639 2723 RC0001	1	500,000		
4	Hamilton Hydro Services Inc.	86638 6923 RC0001	1	500,000		
5	Hamilton Utilities Corporation	86655 5493 RC0001	1	500,000		
6	Horizon Solar Corp	80586 8866 RC0001	1	500,000		
7	Horizon Holdings Inc.	83675 1966 RC0001	1	500,000		
8	Horizon Energy Solutions Inc.	83673 1562 RC0001	1	500,000		
	Total				100.0000	500,000 A

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

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

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if \$500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

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 Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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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 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

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	Description of investment	Date available for use	Location used (province or territory)	Amount of investment
105	110	115	120	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		220
ITC at the beginning of the tax year			
Add:			
Credit transferred on amalgamation or wind up of subsidiary	230		
ITC from repayment of assistance	235		
Total current year credit: total of column 125 x 10 % =	240		
Credit allocated from a partnership	250		
	Subtotal		
Total credit available			
Deduct:			
Credit deducted from Part I tax (enter on line B1 in Part 30)	260		
Credit carried back to the previous year(s) (from Part 6)			A
Credit transferred to offset Part VII tax liability	280		
	Subtotal		
Credit balance before refund			B
Deduct:			
Refund of credit claimed on investments from qualified property (from Part 7)			310
ITC closing balance of investments from qualified property			320

Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day		
1st previous tax year				Credit to be applied	901
2nd previous tax year				Credit to be applied	902
3rd previous tax year				Credit to be applied	903
Total (enter on line A in Part 5)					

Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current year ITCs (total of lines 240 and 250 in Part 5)		C
Credit balance before refund (amount B from Part 5)		D
Refund (40 % of amount C or D, whichever is less)		E
Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).		

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661) _____

Add:

Contributions to agricultural organizations for SR&ED* _____

Current expenditures (including contributions to agricultural organizations for SR&ED at line 103 in Part 3)* (from line 557 on Form T661) **350** _____

Capital expenditures (from line 558 on Form T661) **360** _____

Repayments made in the year (from line 560 on Form T661) **370** _____

Total (this must equal the amount from line 570 on Form T661)* **380** _____

* Do not file form T661 if you are only claiming contributions made to agricultural organizations for SR&ED.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates SR&ED expenditure limit, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes 2 No

Complete lines 390 and 398, if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

Enter your taxable income for the previous tax year* (prior to any loss carry backs applied). **390** 26,534,372

Enter your taxable capital employed in Canada for the previous tax year 380,907,408
minus \$10 million. If this amount is nil or negative, enter "0".

If this amount is over \$40 million, enter \$40 million. **398** 40,000,000

* 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.

$$\frac{[(\$7,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$400,000, \text{ whichever is more})) \times ((\$40,000,000 \text{ minus line 398 from Part 9) divided by } \$40,000,000)]}{\dots \dots \dots}$$

Calculation 1: Tax year starts after December 31, 2009.

$$\frac{[(\$8,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$500,000, \text{ whichever is more})) \times ((\$40,000,000 \text{ minus line 398 from Part 9) divided by } \$40,000,000)]}{\dots \dots \dots}$$

Calculation 2: Tax year straddles January 1, 2010.

$$EE + [(FF \text{ minus } EE) \times (GG \text{ divided by } HH)] \text{ where, } \dots \dots \dots$$

EE =
$$\frac{[(\$7,000,000 \text{ minus } (10A)) \times ((\$40,000,000 \text{ minus } B) \text{ divided by } \$40,000,000)]}{\dots \dots \dots}$$

FF =
$$\frac{[(\$8,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$500,000, \text{ whichever is more})) \times ((\$40,000,000 \text{ minus line 398 from Part 9) divided by } \$40,000,000)]}{\dots \dots \dots}$$

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 _____ **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
$$\frac{\text{Number of days in the tax year}}{365} = \frac{366}{365} = \dots \dots \dots$$
 _____ **I**

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

* Amount G or H cannot be more than \$3,000,000.

Part 11 – Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)*	420	x	35 % =	_____	J
Line 350 minus line 410 (if negative, enter "0")	430	x	20 % =	_____	K
Line 410 minus line 350 (if negative, enter "0")		L			
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above*	440	x	35 % =	_____	M
Line 360 minus line L (if negative, enter "0")	450	x	20 % =	_____	N

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.	460	x	35 % =	_____	
	480	x	20 % =	_____	
Total				_____	O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) _____

* For corporations that are not CCPCs, enter "0" on lines J and M.

Part 12 – Calculation of current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year	_____				
Deduct:					
Credit deemed as a remittance of co op corporations	510	_____			
Credit expired	515	_____			
	Subtotal	_____			
ITC at the beginning of the tax year	520				
Add:					
Credit transferred on amalgamation or wind up of subsidiary	530	_____			
Total current year credit	540	_____			
Credit allocated from a partnership	550	_____			
	Subtotal	_____			
Total credit available	_____				
Deduct:					
Credit deducted from Part I tax (enter on line B2 in Part 30)	560	_____			
Credit carried back to the previous year(s) (from Part 13)	P				
Credit transferred to offset Part VII tax liability	580	_____			
	Subtotal	_____			
Credit balance before refund	_____				
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

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	Mineral title	Mining division
805	806	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	Amount
825	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 **850**

ITC at the beginning of the tax year

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 **890**

ITC closing balance from pre-production mining expenditures

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)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
	601	602	603	604	605
1.			57,204	5,720	2,000
2.			57,028	5,703	2,000
3.			52,669	5,267	2,000
4.			59,843	5,984	2,000
5.			52,283	5,228	2,000
6.			45,080	4,508	2,000
7.			2,318	232	232
8.			27,328	2,733	2,000
9.			49,946	4,995	2,000
10.			50,469	5,047	2,000
11.			32,133	3,213	2,000

	A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
	601	602	603	604	605
12.			32,648	3,265	2,000
13.			48,357	4,836	2,000
14.			51,156	5,116	2,000
15.			54,510	5,451	2,000
16.			59,101	5,910	2,000
17.			58,963	5,896	2,000
18.			53,100	5,310	2,000
19.					
20.					
Total current-year credit (enter at line 640)					34,232

* 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	34,232	
Credit allocated from a partnership	.....	655		
		Subtotal	34,232	
Total credit available	.....			34,232
Deduct:				
Credit deducted from Part I tax (enter on line B4 in Part 30)	.....	660	34,232	
Credit carried back to the previous year(s) (from Part 23)	.....			DDD
		Subtotal	34,232	34,232
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	Description of investment	Date available for use	Amount of investment	
665	675	685	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 **775**

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 **785**

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 **790**

ITC closing balance from child care spaces expenditures **790**

Part 27 – Request for carryback of credit from child care space expenditures

Year	Month	Day
2011	12	31
2010	12	31
2009	12	31

1st previous tax year Credit to be applied **941**

2nd previous tax year Credit to be applied **942**

3rd previous tax year 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 000

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.

Corporate partner's share of the excess of ITC **799** _____ PPP

Total recapture of child care spaces investment tax credit Add lines ZZZ, 000, and PPP
Enter amount QQQ on line A2 in Part 29. QQQ

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC from line OO in Part 17 A1

Recaptured child care spaces ITC from line QQQ in Part 28 above A2

Total recapture of investment tax credit Add lines A1 and A2 A3

Enter amount A3 on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) B1

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) B2

ITC from pre production mining expenditures deducted from Part I tax (from line 885 in Part 19) B3

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) 34,232 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) 34,232 B6

Enter amount B6 at line 652 of the T2 return.

Privacy Act, Personal Information Bank number CRA PPU 047

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	34,232	34,232			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2011 12 31				
2010 12 31				
2009 12 31				
2009 12 31				
2008 12 31				
2007 12 31				
2006 12 31				
2005 12 31				
2004 12 31				
2003 12 31				*
2002 12 31				
2001 12 31				
2000 12 31				
1999 12 31				
1998 12 31				
1997 12 31				
1996 12 31				
1995 12 31				
1994 12 31				
1993 12 31				*
Total				

B+C+D+G **Total ITC utilized** 34,232

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

SHAREHOLDER INFORMATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 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.

		Provide only one number per shareholder					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares	
		100	200	300	400	500	
1	Horizon Holdings Inc.	83675 1966 RC0001			100.000		
2							
3							
4							
5							
6							
7							
8							
9							
10							

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
--	--------------------------------------	--

On: 2012 12 31

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

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? Yes No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?
Enter the date and go directly to question 4 Yes No 2006 12 31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? Yes No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? Yes No
5. Corporations that become a CCPC or a DIC Yes No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation Yes No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? Yes No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? Yes No
If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound up a subsidiary Yes No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? Yes No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? Yes No
If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year	100	91,187,744	A
Taxable income for the year (DICs enter "0") *	110	27,206,793	B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140	12,874	
Subtotal (add lines 120, 130, and 140)		12,874	C
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0")	150	27,193,919	
After tax income (line 150 x general rate factor for the tax year ** 0.72)	190	19,579,622	D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (add lines 200 and 210)			E
GRIP addition:			
Becoming a CCPC (line PP from Part 4)	220		
Post amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230		
Post wind up (total of lines EE from Part 3 and lines PP from Part 4)	240		
Subtotal (add lines 220, 230, and 240)			F
Subtotal (add lines A, D, E, and F)		110,767,366	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310)			H
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative)	490	110,767,366	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560		
GRIP at the end of the tax year (line 490 minus line 560)	590	110,767,366	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2011 12 31

Taxable income before specified future tax consequences from the current tax year		26,534,372	J1
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17)			K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less			L1
Aggregate investment income (line 440 of the T2 return)		27,827	M1
Subtotal (add lines K1, L1, and M1)		27,827	N1
Subtotal (line J1 minus line N1) (if negative, enter "0")		26,506,545	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2009 12 31

Taxable income before specified future tax consequences from the current tax year J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less L3

Aggregate investment income (line 440 of the T2 return) M3

Subtotal (add lines K3, L3, and M3) N3

Subtotal (line J3 minus line N3) (if negative, enter "0") O3

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less R3

Aggregate investment income (line 440 of the T2 return) S3

Subtotal (add lines Q3, R3, and S3) T3

Subtotal (line P3 minus line T3) (if negative, enter "0") U3

Subtotal (line O3 minus line U3) (if negative, enter "0") V3

GRIP adjustment for specified future tax consequences to the third previous tax year

(line V3 multiplied by the general rate factor for the tax year 0.72) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:

(add lines 500, 520, and 540) (if negative, enter "0") W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Postamalgamation Post wind up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind up.

For a post wind up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year AA

Eligible dividends paid by the corporation in its last tax year BB

Excessive eligible dividend designations made by the corporation in its last tax year CC

Subtotal (line BB minus line CC) DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

(line AA minus line DD) EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post amalgamation; or
- line 240 for post wind up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

<u>0.68</u>	x	$\frac{\text{number of days in the tax year before January 1, 2010}}{\text{number of days in the tax year}}$	<u>366</u>	..... =	<u> </u>	QQ
<u>0.69</u>	x	$\frac{\text{number of days in the tax year in 2010}}{\text{number of days in the tax year}}$	<u>366</u>	..... =	<u> </u>	RR
<u>0.7</u>	x	$\frac{\text{number of days in the tax year in 2011}}{\text{number of days in the tax year}}$	<u>366</u>	..... =	<u> </u>	SS
<u>0.72</u>	x	$\frac{\text{number of days in the tax year after December 31, 2011}}{\text{number of days in the tax year}}$	<u>366</u>	..... =	<u>0.72000</u>	TT
General rate factor for the tax year (total of lines QQ to TT)				.....	<u><u>0.72000</u></u>	UU

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
--	--------------------------------------	--

On: 2011 12 31

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

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? Yes No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?
Enter the date and go directly to question 4 2006 12 31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? Yes No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? Yes No
5. Corporations that become a CCPC or a DIC Yes No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation Yes No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? Yes No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? Yes No
If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound up a subsidiary Yes No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? Yes No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? Yes No
If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year	100	72,633,162	A
Taxable income for the year (DICs enter "0") *	110	26,534,372	B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140	27,827	
Subtotal (add lines 120, 130, and 140)		27,827	C
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0")	150	26,506,545	
After tax income (line 150 x general rate factor for the tax year ** 0.7)	190	18,554,582	D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (add lines 200 and 210)			E
GRIP addition:			
Becoming a CCPC (line PP from Part 4)	220		
Post amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230		
Post wind up (total of lines EE from Part 3 and lines PP from Part 4)	240		
Subtotal (add lines 220, 230, and 240)			F
Subtotal (add lines A, D, E, and F)		91,187,744	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310)			H
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative)	490	91,187,744	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560		
GRIP at the end of the tax year (line 490 minus line 560)	590	91,187,744	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2010 12 31

Taxable income before specified future tax consequences from the current tax year	18,594,480	J1
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		L1
Aggregate investment income (line 440 of the T2 return)	31,508	M1
Subtotal (add lines K1, L1, and M1)	31,508	N1
Subtotal (line J1 minus line N1) (if negative, enter "0")	18,562,972	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2009 12 31

Taxable income before specified future tax consequences from the current tax year J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less L3

Aggregate investment income (line 440 of the T2 return) M3

Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7

Subtotal (add lines K3, L3, and M3) N3

Subtotal (line J3 minus line N3) (if negative, enter "0") O3

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less R3

Aggregate investment income (line 440 of the T2 return) S3

Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7

Subtotal (add lines Q3, R3, and S3) T3

Subtotal (line P3 minus line T3) (if negative, enter "0") U3

Subtotal (line O3 minus line U3) (if negative, enter "0") V3

GRIP adjustment for specified future tax consequences to the third previous tax year

(line V3 multiplied by the general rate factor for the tax year 0.7) **540**

Total GRIP adjustment for specified future tax consequences to previous tax years:

(add lines 500, 520, and 540) (if negative, enter "0") W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Postamalgamation Postwind up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind up.

For a post wind up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year AA

Eligible dividends paid by the corporation in its last tax year BB

Excessive eligible dividend designations made by the corporation in its last tax year CC

Subtotal (line BB minus line CC) DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

(line AA minus line DD) EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post amalgamation; or
- line 240 for post wind up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

<u>0.68</u>	x	number of days in the tax year before January 1, 2010	365	..... =	_____	QQ
		number of days in the tax year				
<u>0.69</u>	x	number of days in the tax year in 2010	365	..... =	_____	RR
		number of days in the tax year				
<u>0.7</u>	x	number of days in the tax year in 2011	365	..... =	<u>0.70000</u>	SS
		number of days in the tax year	365			
<u>0.72</u>	x	number of days in the tax year after December 31, 2011	365	..... =	_____	TT
		number of days in the tax year	365			
General rate factor for the tax year (total of lines QQ to TT)					<u>0.70000</u>	UU

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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On: 2010 12 31

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

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? Yes No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?
Enter the date and go directly to question 4 Yes No 2006 12 31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? Yes No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? Yes No
5. Corporations that become a CCPC or a DIC Yes No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation Yes No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? Yes No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? Yes No
If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound up a subsidiary Yes No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? Yes No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? Yes No
If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year	100	59,824,711	A
Taxable income for the year (DICs enter "0") *	110	18,594,480	B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140	31,508	
Subtotal (add lines 120, 130, and 140)		31,508	C
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0")	150	18,562,972	
After tax income (line 150 x general rate factor for the tax year ** 0.69)	190	12,808,451	D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (add lines 200 and 210)			E
GRIP addition:			
Becoming a CCPC (line PP from Part 4)	220		
Post amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230		
Post wind up (total of lines EE from Part 3 and lines PP from Part 4)	240		
Subtotal (add lines 220, 230, and 240)			F
Subtotal (add lines A, D, E, and F)		72,633,162	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310)			H
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative)	490	72,633,162	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560		
GRIP at the end of the tax year (line 490 minus line 560)	590	72,633,162	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2009 12 31

Taxable income before specified future tax consequences from the current tax year	J1
Enter the following amounts before specified future tax consequences from the current tax year:	
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	L1
Aggregate investment income (line 440 of the T2 return)	M1
Subtotal (add lines K1, L1, and M1)	N1
Subtotal (line J1 minus line N1) (if negative, enter "0")	O1

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

$$\frac{0.68 \times \text{number of days in the tax year before January 1, 2010}}{\text{number of days in the tax year}} = \text{QQ}$$

365

$$\frac{0.69 \times \text{number of days in the tax year in 2010}}{\text{number of days in the tax year}} = 0.69000 \text{ RR}$$

365

$$\frac{0.7 \times \text{number of days in the tax year in 2011}}{\text{number of days in the tax year}} = \text{SS}$$

365

$$\frac{0.72 \times \text{number of days in the tax year after December 31, 2011}}{\text{number of days in the tax year}} = \text{TT}$$

365

General rate factor for the tax year (total of lines QQ to TT) 0.69000 UU

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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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	9,918,000	
Total taxable dividends paid in the tax year	100 9,918,000	
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")	_____	160 110,767,366 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.

ONTARIO CORPORATION TAX CALCULATION

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010	_____	x	14.00 %	=	_____ %	A1
Number of days in the tax year	<u>366</u>					
Number of days in the tax year after June 30, 2010, and before July 1, 2011	_____	x	12.00 %	=	_____ %	A2
Number of days in the tax year	<u>366</u>					
Number of days in the tax year after June 30, 2011	<u>366</u>	x	11.50 %	=	<u>11.50000 %</u>	A3
Number of days in the tax year	<u>366</u>					

Ontario basic rate of tax for the year (total of rates A1 to A3) 11.50000 ▶ 11.50000 % A4

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income*	.....	<u>27,206,793</u>	B
Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A4 from Part 1)	.....	<u>3,128,781</u>	C

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

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

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)					27,365,281	1																																																																						
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)					27,206,793	2																																																																						
Federal business limit before the application of subsection 125(5.1) * (amount from line 410 of the T2 return)		x		=	500,000	3																																																																						
				line 4 on page 4 of the T2 return																																																																								
Enter the least of amounts 1, 2, and 3					500,000	D																																																																						
Ontario domestic factor:	Ontario taxable income**			=	1.00000	E																																																																						
	taxable income earned in all provinces and territories ***				27,206,793.00 27,206,793																																																																							
Amount D x amount E	500,000					a																																																																						
Ontario taxable income (amount B from Part 2)	27,206,793					b																																																																						
Ontario small business income (lesser of amount a and amount b)					500,000	F																																																																						
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Number of days in the tax year before July 1, 2010</td> <td style="width: 10%;"></td> <td style="width: 5%; text-align: center;">x</td> <td style="width: 10%; text-align: center;">8.50 %</td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 10%;"></td> <td style="width: 25%; text-align: right;">% G1</td> </tr> <tr> <td style="text-align: center;">Number of days in the tax year</td> <td style="text-align: center;">366</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="7" style="padding-top: 10px;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Number of days in the tax year after June 30, 2010, and before July 1, 2011</td> <td style="width: 10%;"></td> <td style="width: 5%; text-align: center;">x</td> <td style="width: 10%; text-align: center;">7.50 %</td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 10%;"></td> <td style="width: 25%; text-align: right;">% G2</td> </tr> <tr> <td style="text-align: center;">Number of days in the tax year</td> <td style="text-align: center;">366</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="7" style="padding-top: 10px;"> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Number of days in the tax year after June 30, 2011</td> <td style="width: 10%;"></td> <td style="width: 5%; text-align: center;">x</td> <td style="width: 10%; text-align: center;">7.00 %</td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 10%;"></td> <td style="width: 25%; text-align: right;">7.00000 % G3</td> </tr> <tr> <td style="text-align: center;">Number of days in the tax year</td> <td style="text-align: center;">366</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> </td> </tr> </table> </td> </tr> <tr> <td>OSBD rate for the year (total of rates G1 to G3)</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right; 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Enter amount H on line 402 of Schedule 5.

* For 2011 and later tax years, enter the amount from line 410 of the T2 return on line 3 of this schedule. Otherwise, complete the calculation for this line.

** Enter amount B from Part 2.

*** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 6 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 _____ T

Deduct:

Ontario adjusted small business income (amount S from Part 5) _____ U

Subtotal (amount T **minus** amount U) (if negative, enter "0") _____ V

OSBD rate for the year (rate G4 from Part 3) 7.00000 %

Amount V **multiplied** by the OSBD rate for the year _____ W

Ontario domestic factor (amount E from Part 3) 1.00000 X

Ontario credit union tax reduction (amount W **multiplied** by amount X) _____ Y

Enter amount Y on line 410 of Schedule 5.

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2012 12 31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
 - 1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
 - 2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
 - 3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
 - 4) a congregation or business agency to which section 143 of the federal Act applies;
 - 5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
 - 6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	565,199,574
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	466,681,231
Total assets (total of lines 112 to 116)		<u>1,031,880,805</u>
Total revenue of the corporation for the tax year **	142	117,023,941
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	42,832,416
Total revenue (total of lines 142 to 146)		<u>159,856,357</u>

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than \$5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than \$10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than \$50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than \$100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

*** Rules for total assets**

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Calculation of adjusted net income/loss for CMT purposes

Net income/loss per financial statements *		210	26,001,140
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220		7,168,414
Provision for deferred income taxes (debits)/cost of future income taxes	222		
Equity losses from corporations	224		
Financial statement loss from partnerships and joint ventures	226		
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230		
Other additions (see note below):			
Share of adjusted net income of partnerships and joint ventures **	228		
Total patronage dividends received, not already included in net income/loss	232		
281	282		
283	284		
	Subtotal	7,168,414	7,168,414 A
Deduct (to the extent reflected in income/loss):			
Provision for recovery of current income taxes/benefit of current income taxes	320		
Provision for deferred income taxes (credits)/benefit of future income taxes	322		
Equity income from corporations	324		
Financial statement income from partnerships and joint ventures	326		
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330		
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332		
Gain on donation of listed security or ecological gift	340		
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342		
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344		
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346		
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348		
Other deductions (see note below):			
Share of adjusted net loss of partnerships and joint ventures **	328		
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334		
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336		
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338		
381	382		
383	384		
385	386		
387	388		
389	390		
	Subtotal		B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)		490	33,169,554

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark to market changes or foreign currency changes on specified mark to market property (assets only);
- include realized gains and losses on the disposition of specified mark to market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark to market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

*** Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIF1 (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation Income Tax Guide*.

Part 3 – Calculation of CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) **515** 33,169,554

Deduct:

CMT loss available (amount R from Part 7)

Minus: Adjustment for an acquisition of control * **518**

Adjusted CMT loss available **C**

Net income subject to CMT calculation (if negative, enter "0") **520** 33,169,554

Amount from line 520 33,169,554 x $\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}}$ x 4 % = 1
 366

Amount from line 520 33,169,554 x $\frac{\text{Number of days in the tax year after June 30, 2010}}{\text{Number of days in the tax year}}$ x 2.7 % = 2
 366

Subtotal (amount 1 **plus** amount 2) 3 895,578

Gross CMT: amount on line 3 above x OAF ** **540** 895,578

Deduct:

Foreign tax credit for CMT purposes *** **550**

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") D 895,578

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 3,093,781

Net CMT payable (if negative, enter "0") E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**** Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

$$\frac{\text{Ontario taxable income}^{****}}{\text{Taxable income}^{*****}} = \underline{\hspace{2cm}}$$

Ontario allocation factor 1.0000 **F**

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *	.....	_____	G
Deduct:			
CMT credit expired *	.....	600	
CMT credit carryforward at the beginning of the current tax year * (see note below)	.....	=====	620
Add:			
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	.....	650	
CMT credit available for the tax year (amount on line 620 plus amount on line 650)	.....	=====	H
Deduct:			
CMT credit deducted in the current tax year (amount P from Part 5)	.....	_____	I
		Subtotal (amount H minus amount I)	===== J
Add:			
Net CMT payable (amount E from Part 3)	.....	_____
SAT payable (amount O from Part 6 of Schedule 512)	.....	_____
		Subtotal	===== K
CMT credit carryforward at the end of the tax year (amount J plus amount K)	.....	670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
 – do not enter an amount on line G or line 600;
 – for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.
 For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)	.....	=====	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	.....	<u>3,093,781</u>	1
For a corporation that is not a life insurance corporation:			
CMT after foreign tax credit deduction (amount D from Part 3)	..	<u>895,578</u>	2
For a life insurance corporation:			
Gross CMT (line 540 from Part 3)	.....	=====	3
Gross SAT (line 460 from Part 6 of Schedule 512)	.....	=====	4
The greater of amounts 3 and 4	.....	=====	5
		Deduct: line 2 or line 5, whichever applies:	<u>895,578</u> 6
		Subtotal (if negative, enter "0")	<u>2,198,203</u> ▶ <u>2,198,203</u> N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	.....	<u>3,093,781</u>	
Deduct:			
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	.....	<u>299,196</u>	
		Subtotal (if negative, enter "0")	<u>2,794,585</u> ▶ <u>2,794,585</u> O
CMT credit deducted in the current tax year (least of amounts M, N, and O)	.....	=====	P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? **675** 1 Yes 2 No

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 plus line 750) R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3)
Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S plus line 760) 770 T

- * For the first harmonized T2 return filed with a tax year that includes days in 2009:
 - do not enter an amount on line Q or line 700;
 - for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.
- For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.
Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

**ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS
AND REVENUE FOR ASSOCIATED CORPORATIONS**

Name of corporation	Business Number	Tax year end Year Month Day
Horizon Utilities Corporation	86654 9090 RC0002	2012 12 31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

Names of associated corporations	Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
200	300	400	500
1 City of Hamilton	88932 3218 RC0001	0	0
2 HAMILTON RENEWABLE POWER INC.	86639 2723 RC0001	0	0
3 Hamilton Hydro Services Inc.	86638 6923 RC0001	13,773,243	3,150,722
4 Hamilton Utilities Corporation	86655 5493 RC0001	134,859,643	17,764,648
5 Horizon Solar Corp	80586 8866 RC0001	100	0
6 Horizon Holdings Inc.	83675 1966 RC0001	316,744,883	20,387,472
7 Horizon Energy Solutions Inc.	83673 1562 RC0001	1,303,362	1,529,574
Total		450 466,681,231	550 42,832,416

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.

Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter "NR" if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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) Horizon Utilities Corporation			
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent Ontario	110 Date of incorporation or amalgamation, whichever is the most recent Year Month Day 2005 03 01	120 Ontario Corporation No. 1421133	

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

200 Care of (if applicable)			
210 Street number 55	220 Street name/Rural route/Lot and Concession number John Street North	230 Suite number	
240 Additional address information if applicable (line 220 must be completed first)			
250 Municipality (e.g., city, town) Hamilton	260 Province/state ON	270 Country CA	280 Postal/zip code L8N 3E4

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 2 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 Basilio _____ **451** John G. _____
Last name First name

454 _____,
Middle name(s)

460 2 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	<input type="checkbox"/>	Please enter one of the following numbers in this box:	<ol style="list-style-type: none"> 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	<input type="checkbox"/>	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.
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Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[Redacted Name and Address]

[Redacted Name and Address]

[Redacted Name and Address]

[Redacted Name and Address]

Director			
Is this director a resident Canadian? . . . 795 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>	Date elected/appointed Year Month Day		Date ceased, if applicable Year Month Day
(applies to directors of corporations with share capital only) 796	2005-03-01	797	2012-05-29

Officer information		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice Chair	841		842	
Vice President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

Once you have completed this page, complete the certification in Part 4 of this schedule.

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

Director	Date elected/appointed Year Month Day	Date ceased, if applicable Year Month Day
Is this director a resident Canadian? . . . 795 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>	2012-05-29	797
(applies to directors of corporations with share capital only) 796		

Officer information	Date appointed Year Month Day	Date ceased, if applicable Year Month Day
President	801	802
Secretary	806	807
Treasurer	811	812
General Manager	816	817
Chair	821	822
Chairperson	826	827
Chairman	831	832
Chairwoman	836	837
Vice Chair	841	842
Vice President	846	847
Assistant Secretary	851	852
Assistant Treasurer	856	857
Chief Manager	861	862
Executive Director	866	867
Managing Director	871	872
Chief Executive Officer	876	877
Chief Financial Officer	881	882
Chief Information Officer	886	887
Chief Operating Officer	891	892
Chief Administrative Officer	896	897
Comptroller	901	902
Authorized Signing Officer	906	907
Other (untitled)	911	912

Once you have completed this page, complete the certification in Part 4 of this schedule.

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- Use this schedule to claim an Ontario co operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is \$1,000 for each qualifying work placement ending before March 27, 2009, and \$3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
 - the student performs employment duties for a corporation under a qualifying co operative education program (QCEP);
 - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
 - the terms of the WP require the student to engage in productive work;
 - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
 - the student is paid for the work performed in the WP;
 - the corporation is required to supervise and evaluate the job performance of the student in the WP;
 - the institution monitors the student's performance in the WP; and
 - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information John G. Basilio	120 Telephone number including area code (905) 317 4783
Is the claim filed for a CETC earned through a partnership?*	150 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
If you answered yes to the question at line 150, what is the name of the partnership?	160
Enter the percentage of the partnership's CETC 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 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year?	200 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year* **300**

For eligible expenditures incurred before March 27, 2009:

If line 300 is \$400,000 or less, enter 15% on line 310.

If line 300 is \$600,000 or more, enter 10% 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:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \text{minus } \$ 400,000}{\$ 200,000} \right) \right]$$

Eligible percentage for determining the eligible amount **310** 15.000 %

For eligible expenditures incurred after March 26, 2009:

If line 300 is \$400,000 or less, enter 30% on line 312.

If line 300 is \$600,000 or more, enter 25% 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:

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

Eligible percentage for determining the eligible amount **312** 30.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

A Name of university, college, or other eligible educational institution		B Name of qualifying co-operative education program
400		405
1. Conestoga		
2. Conestoga		
3. Mohawk College		
4. Mohawk College		
5. Cambrian College		
6. Mohawk College		
7. Cambrian College		
8. Sheridan College		
9. Mohawk College		
10.		

C Name of student	D Start date of WP (see note 1 below)	E End date of WP (see note 2 below)
410	430	435
	2012 01 09	2012 04 27
	2012 01 09	2012 04 27
	2012 05 01	2012 08 31
	2012 05 08	2012 09 03
	2012 10 04	2012 12 21
	2012 01 01	2012 05 14

	C Name of student	D Start date of WP (see note 1 below)	E End date of WP (see note 2 below)
	410	430	435
7.		2012 10 04	2012 12 21
8.		2012 05 01	2012 08 31
9.		2012 09 04	2012 12 21
10.			
<p>Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.</p> <p>Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.</p>			

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below)	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below)	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
	450		452			
1.		15.000 %	11,547	30.000 %		16
2.		15.000 %	11,641	30.000 %		16
3.		15.000 %	8,967	30.000 %		17
4.		15.000 %	8,502	30.000 %		16
5.		15.000 %	11,466	30.000 %		11
6.		15.000 %	10,192	30.000 %		19
7.		15.000 %	11,578	30.000 %		11
8.		15.000 %	8,408	30.000 %		17
9.		15.000 %	7,843	30.000 %		15
10.		15.000 %		30.000 %		

	G Eligible amount (eligible expenditures multiplied by eligible percentage) (see note 2 below)	H Maximum CETC per WP (see note 3 below)	I CETC on eligible expenditures (column G or H, whichever is less)	J CETC on repayment of government assistance (see note 4 below)	K CETC for each WP (column I or column J)
	460	462	470	480	490
1.	3,464	3,000	3,000		3,000
2.	3,492	3,000	3,000		3,000
3.	2,690	3,000	2,690		2,690
4.	2,551	3,000	2,551		2,551
5.	3,440	3,000	3,000		3,000
6.	3,058	3,000	3,000		3,000
7.	3,473	3,000	3,000		3,000
8.	2,522	3,000	2,522		2,522
9.	2,353	3,000	2,353		2,353
10.					
Ontario co-operative education tax credit (total of amounts in column K)					500
					25,116 L

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L _____ x percentage on line 170 in Part 1 _____ % = _____ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

$$\text{Column G} = (\text{column F1} \times \text{percentage on line 310}) + (\text{column F2} \times \text{percentage on line 312})$$

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is \$1,000.

If the WP begins after March 26, 2009, the maximum credit amount for the WP is \$3,000.

If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

$$(\$1,000 \times X/Y) + [\$3,000 \times (Y - X)/Y]$$

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009,

and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received.

Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation Horizon Utilities Corporation	Business Number 86654 9090 RC0002	Tax year end Year Month Day 2012 12 31
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- 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 John G. Basilio	120 Telephone number including area code (905) 317 4783
Is the claim filed for an ATTC earned through a partnership? *	150 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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 <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
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** 19,303,378

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:

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

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:

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

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.

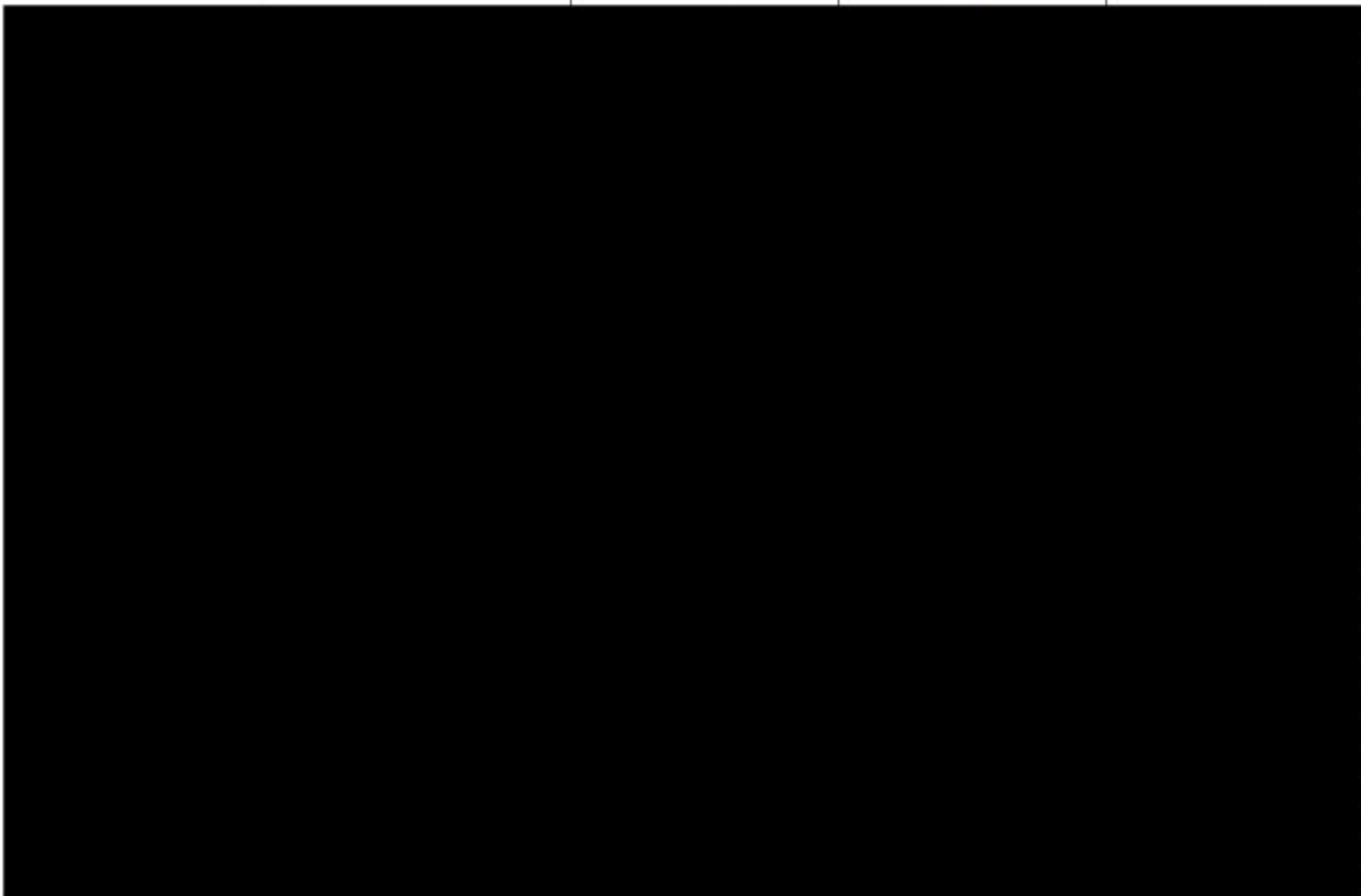
A Trade code	B Apprenticeship program/ trade name	C Name of apprentice
400	405	410
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
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22.		
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24.		
25.		
26.		
27.		

A Trade code	B Apprenticeship program/ trade name	C Name of apprentice
400	405	410

28.
29.
30.

D Original contract or training agreement number	E Original registration date of apprenticeship contract or training agreement (see note 1 below)	F Start date of employment as an apprentice in the tax year (see note 2 below)	G End date of employment as an apprentice in the tax year (see note 3 below)
420	425	430	435

1.
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30.



- 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)	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below)	H3 Number of days employed as an apprentice in the tax year (column H1 plus column H2)	I Maximum credit amount for the tax year (see note 2 below)
	441	442	440	445
1.		365	365	9,973
2.		365	365	9,973
3.		365	365	9,973
4.		244	244	6,667
5.		365	365	9,973
6.		365	365	9,973
7.		365	365	9,973
8.		365	365	9,973
9.		244	244	6,667
10.		365	365	9,973
11.		365	365	9,973
12.		365	365	9,973
13.		365	365	9,973
14.		312	312	8,525
15.		365	365	9,973
16.		365	365	9,973
17.		365	365	9,973
18.		365	365	9,973
19.		365	365	9,973
20.		365	365	9,973
21.		365	365	9,973
22.		365	365	9,973
23.		365	365	9,973
24.		365	365	9,973
25.		365	365	9,973
26.		365	365	9,973
27.		365	365	9,973
28.		365	365	9,973
29.		106	106	2,896
30.				
	J1 Eligible expenditures before March 27, 2009 (see note 3 below)	J2 Eligible expenditures after March 26, 2009 (see note 3 below)	J3 Eligible expenditures for the tax year (column J1 plus column J2)	K Eligible expenditures multiplied by specified percentage (see note 4 below)
	451	452	450	460
1.		73,624	73,624	25,768
2.		57,204	57,204	20,021
3.		86,526	86,526	30,284
4.		57,868	57,868	20,254
5.		74,024	74,024	25,908
6.		69,532	69,532	24,336
7.		69,413	69,413	24,295
8.		71,452	71,452	25,008
9.		58,512	58,512	20,479
10.		71,530	71,530	25,036
11.		66,062	66,062	23,122
12.		70,009	70,009	24,503
13.		52,282	52,282	18,299
14.		45,080	45,080	15,778
15.		76,909	76,909	26,918

	J1 Eligible expenditures before March 27, 2009 (see note 3 below)	J2 Eligible expenditures after March 26, 2009 (see note 3 below)	J3 Eligible expenditures for the tax year (column J1 plus column J2)	K Eligible expenditures multiplied by specified percentage (see note 4 below)
	451	452	450	460
16.		72,809	72,809	25,483
17.		49,946	49,946	17,481
18.		50,469	50,469	17,664
19.		74,230	74,230	25,981
20.		75,420	75,420	26,397
21.		48,357	48,357	16,925
22.		69,273	69,273	24,246
23.		70,815	70,815	24,785
24.		51,156	51,156	17,905
25.		68,372	68,372	23,930
26.		74,130	74,130	25,946
27.		68,979	68,979	24,143
28.		66,603	66,603	23,311
29.		22,748	22,748	7,962
30.				
		L ATTC on eligible expenditures (lesser of columns I and K)	M ATTC on repayment of government assistance (see note 5 below)	N ATTC for each apprentice (column L or column M, whichever applies)
		470	480	490
1.		9,973		9,973
2.		9,973		9,973
3.		9,973		9,973
4.		6,667		6,667
5.		9,973		9,973
6.		9,973		9,973
7.		9,973		9,973
8.		9,973		9,973
9.		6,667		6,667
10.		9,973		9,973
11.		9,973		9,973
12.		9,973		9,973
13.		9,973		9,973
14.		8,525		8,525
15.		9,973		9,973
16.		9,973		9,973
17.		9,973		9,973
18.		9,973		9,973
19.		9,973		9,973
20.		9,973		9,973
21.		9,973		9,973
22.		9,973		9,973
23.		9,973		9,973
24.		9,973		9,973
25.		9,973		9,973
26.		9,973		9,973
27.		9,973		9,973
28.		9,973		9,973
29.		2,896		2,896

L ATTC on eligible expenditures (lesser of columns I and K)	M ATTC on repayment of government assistance (see note 5 below)	N ATTC for each apprentice (column L or column M, whichever applies)
470	480	490
30. Ontario apprenticeship training tax credit (total of amounts in column N) 500		274,080 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.

1 **NON RECOVERABLE AND DISALLOWED EXPENSES**

2 **STATEMENT ON NON RECOVERABLE AND DISALLOWED EXPENSES**

3 Horizon Utilities has included distribution-only expenses in the revenue requirement that are
4 deductible for general tax purposes. Non-recoverable and disallowed expenses such as
5 donations have been excluded from the revenue requirement and the calculation of PILs in the
6 Test Years.

1 **INTEGRITY CHECKS**

2 **COMPLETED INTEGRITY CHECKS**

3 1. The depreciation and amortization added back in Horizon Utilities Application’s PILs model
 4 agree with the numbers disclosed in the rate base section of the application as identified in
 5 Table 4-117.

6 **Table 4-117 – Depreciation and Amortization Integrity Check**

Description	2013 Actual	2014 Bridge	2015 Test	2016 Test	2017 Test	2018 Test	2019 Test
	MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS
Depreciation/Amortization Expense Rate Base Section	\$19,299,511	\$21,023,720	\$23,383,544	\$24,201,320	\$24,161,257	\$23,437,190	\$23,877,061
Depreciation/Amortization Expense Added Back in PILs Model	\$19,299,511	\$21,023,720	\$23,383,544	\$24,201,320	\$24,161,257	\$23,437,190	\$23,877,061

7
 8 2. The capital additions and deductions in the UCC/CCA Schedule 8 are higher than the rate
 9 base section. The reasons for this variance are identified in Table 4-118 below. There are
 10 three components to the variance:

11 a. **Smart Meters** – Horizon Utilities had substantially completed its mass deployment of
 12 Smart Meters in 2009. As at the end of 2011, Horizon Utilities had installed 229,322
 13 meters or 98.0% of all metering points. Horizon Utilities’ Smart Meter deployment
 14 continued into 2014 with a principal focus on the conversion of ‘hard to reach’
 15 residential meters and commercial installations. Despite its efforts to install Smart
 16 Meters at all TOU-eligible locations, access restrictions and metering constraints
 17 have resulted in the necessity of a hard-to-reach Smart Meter strategy. The Smart
 18 Meter implementation is discussed in further detail in Exhibit 9, Tab 7, Schedule 1.
 19 The costs associated with the Smart Meter conversion from January 1, 2012 to
 20 December 31, 2014 have been and will be recorded in Account 1555 and transferred
 21 to opening rate base in 2015. They are not included as additions in the fixed asset
 22 continuity schedules in 2012 to 2014. Horizon Utilities has included the capital cost
 23 of these conversions in the UCC/ CCA Schedule 8 as costs of acquisition in the year
 24 the costs were incurred. This creates a reconciling difference between the capital
 25 additions in the UCC/CCA Schedule 8 and the capital additions in Appendix 2-1 of
 26 Exhibit 2 of \$995,388, and \$430,570 in each of 2013 and 2014 respectively.

b. **Disposals** – Capital deductions include the disposal of fixed assets at cost in Appendix 2-1 of Exhibit 2. Disposals must be recorded at the lower of cost and proceeds for tax purposes. This creates a reconciling difference between the capital deductions in the UCC/CCA Schedule 8 and the capital deductions in the continuity statements in Appendix 2-1 of Exhibit 2, as identified in Table 4-113 below.

c. **Hydro One Capital Contribution** - Horizon Utilities recorded an intangible asset of \$10,000,000 in 2012 for a one-time Hydro One capital contribution, related to the construction of Hydro One’s Winona and Dundas TSs. This amount was included in rate base as identified in the 2012 MIFRS Fixed Asset Continuity Schedule provided in Exhibit 2, Appendix 2-1. Horizon Utilities expects to be presented with a request for settlement from Hydro One in 2014. As such, Horizon Utilities did not include the capital contribution in the costs of acquisitions in 2012 in the UCC/ CCA Schedule 8. The amount has been included in the costs of acquisitions in 2014. The Hydro One capital contribution is discussed in further detail in Exhibit 2, Tab 3, Schedule 2.

Table 4-118 – Capital Additions and Deductions Integrity Check

Description	2013 Actuals	2014 Bridge	2015 Test	2016 Test	2017 Test	2018 Test	2019 Test
	MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS
Rate Base Section							
Capital Additions	\$44,513,971	\$44,265,050	\$44,747,524	\$47,602,533	\$52,103,114	\$53,643,504	\$56,002,477
Capital Deductions - Work-In-Progress	\$1,596,607	(\$2,018,736)	(\$174,557)	\$0	\$0	\$0	\$0
Capital Deductions - Contributed Capital Post 2011	(\$6,605,934)	(\$4,473,000)	(\$4,633,000)	(\$4,655,000)	(\$4,677,000)	(\$4,701,000)	(\$4,730,000)
Capital Deductions - Disposals @ Cost	(\$1,793,609)	(\$1,773,488)	(\$2,089,496)	(\$3,825,068)	(\$3,017,473)	(\$3,318,009)	(\$4,597,818)
Net Capital Additions Rate Base Section	\$37,711,034	\$35,999,825	\$37,850,471	\$39,122,466	\$44,408,640	\$45,624,494	\$46,674,659
Schedule 8							
Capital Additions	\$45,509,559	\$54,695,620	\$44,747,524	\$47,602,533	\$52,103,114	\$53,643,504	\$56,002,477
Capital Deductions - Work-In-Progress	\$1,596,607	(\$2,018,736)	(\$174,557)	\$0	\$0	\$0	\$0
Capital Deductions - Contributed Capital Post 2011	(\$6,605,934)	(\$4,473,000)	(\$4,633,000)	(\$4,655,000)	(\$4,677,000)	(\$4,701,000)	(\$4,730,000)
Capital Deductions - Disposals @ Lower of Proceeds and Cost	(\$518,695)	(\$267,360)	(\$315,000)	(\$453,006)	(\$454,896)	(\$500,203)	(\$557,460)
Net Capital Additions Schedule 8	\$39,981,537	\$47,936,523	\$39,624,968	\$42,494,528	\$46,971,218	\$48,442,301	\$50,715,017
Variance	\$2,270,503	\$11,936,698	\$1,774,497	\$3,372,062	\$2,562,578	\$2,817,807	\$4,040,358
Net Capital Additions Rate Base Section	\$37,711,034	\$35,999,825	\$37,850,471	\$39,122,466	\$44,408,640	\$45,624,494	\$46,674,659
Smart Meter Adjustment	\$995,588	\$430,570					
Fixed Asset Disposals	\$1,274,915	\$1,506,128	\$1,774,497	\$3,372,062	\$2,562,578	\$2,817,807	\$4,040,358
Hydro One Contribution - Winona/Dundas TS		\$10,000,000					
Net Capital Additions Schedule 8	\$39,981,537	\$47,936,523	\$39,624,968	\$42,494,528	\$46,971,218	\$48,442,301	\$50,715,017

3. Schedule 8 of the most recent Federal T2 tax return filed with the application has a closing December 31st, 2012 UCC of \$407,994,190. The opening 2013 UCC balances have been

1 adjusted to exclude the UCC of non-EDO operations which are estimated to equal the net
 2 book value of \$292,123 at January 1, 2013.

3 4. The CCA deductions in Horizon Utilities' PILs tax model for the 2013 Actuals, the 2014
 4 Bridge Year and the 2015-2019 Test Years agree with the numbers in the UCC schedules
 5 for the same years filed in the application as identified in Table 4-119 below.

6 **Table 4-119 – CCA Deductions Integrity Check**

Description	2013 Actual	2014 Bridge	2015 Test	2016 Test	2017 Test	2018 Test	2019 Test
	MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS	Year MIFRS
CCA Deductions - PILs Tax Model	\$29,745,992	\$33,249,142	\$34,354,055	\$32,827,866	\$33,035,271	\$34,841,905	\$36,383,788
CCA Deductions - UCC Schedule	\$29,745,992	\$33,249,142	\$34,354,055	\$32,827,866	\$33,035,271	\$34,841,905	\$36,383,788

7
 8 5. Horizon Utilities does not have any non-capital or capital loss carry forwards at the end of
 9 2013 and does not expect to have any loss carry forwards available for 2014 - 2019.

10 6. Horizon Utilities has maximized CCA deductions.

11 7. Accounting Other Post-Employment Benefits ("OPEB") amounts added back on Schedule 1
 12 reconciliation of accounting income to net income for tax purposes, do not agree with the
 13 OM&A analysis for compensation for the 2013 Actuals, the 2014 Bridge Year and the 2015-
 14 2019 Test Years. A reconciliation is provided in Table 4-120. The OPEB amounts added
 15 back on Schedule 1 represent the balance sheet liability for Horizon Utilities OPEB,
 16 including Customer Care. The OPEB amounts added back on Schedule 1, or the change in
 17 the liability during the year, is made up of several components, only one of which, "Benefits
 18 Expense for Horizon Utilities", is included in OM&A. These components of the change in
 19 liability are as follows:

20 a. Benefits Expense for Horizon Utilities: this is the only component of the amounts
 21 added back on Schedule 1 reconciliation of accounting income to net income for tax
 22 purposes which is included in OM&A in Exhibit 4.

23 i. The OPEB amount added back on Schedule 1 for Horizon Utilities, as part of
 24 the change in OPEB liability, agrees to the benefits expense included in
 25 OM&A expense for the 2014 Bridge Year and the 2015 to 2019 Test Years.

1 ii. The OPEB amount added back on Schedule 1 as part of the change in OPEB
2 liability for Horizon Utilities of (\$1,492,641) does not agree to the benefits
3 expense included in OM&A (\$1,326,231) for the 2013 Actuals. The benefits
4 expense included in OM&A includes the amount added back on Schedule 1
5 of \$1,492,641; a credit of \$134,136 related to a refund from Great West Life;
6 and a credit of \$32,274 related to the net of: (i) an under accrual for Post-
7 Employment Benefits and (ii) an over-accrual in Life, Health and Dental
8 Benefits Expense. The latter two credits are not included in the OPEB
9 amounts added back on Schedule 1 as they are not part of the change in the
10 OPEB liability.

11 b. Benefits Expense for Customer Care: a portion of this amount is included in the
12 Management Fee charged to EDO. The OPEB liability in Schedule 1 includes
13 Customer Care employees.

14 c. Employer Payments: this amount is not included in OM&A in Exhibit 4. This amount
15 is not an expense. The OPEB liability in Schedule 1 is reduced as Horizon Utilities
16 makes contributions (pays premiums). OM&A only includes the benefits expense
17 and does not include contributions.

18 d. Losses Incurred in Other Comprehensive Income ("OCI"): this amount is not included
19 in OM&A expense in Exhibit 4. Losses/Gains are recorded in Other Comprehensive
20 Income under IFRS.

21 The amounts added back on Schedule 1 which relate to the utility (Benefits Expense –
22 Electricity Distribution Operations) agree to the OM&A analysis for compensation, with
23 the exception of 2013, which is discussed above.

24 The OPEB amounts added back on Schedule 1 for 2013 balance to the audited financial
25 statements, an excerpt of which is provided in Table 4-121. Horizon Utilities does not
26 have any pension amounts. The amounts deducted are reasonable when compared
27 with the notes in the audited financial statements, Financial Services Commission of
28 Ontario ("FSCO") reports, and the actuarial valuations.

1 **Table 4-120 – OPEB and Pension Amounts Integrity Check**

Description	2013 Actual MIFRS	2014 Bridge Year MIFRS	2015 Test Year MIFRS	2016 Test Year MIFRS	2017 Test Year MIFRS	2018 Test Year MIFRS	2019 Test Year MIFRS
OPEB added back on Schedule 1 (liability end of year) ¹	\$22,549,500	\$22,950,700	\$23,385,700	\$23,887,400	\$24,438,400	\$25,045,500	\$25,652,600
OPEB deducted on Schedule 1 (liability beginning of year) ¹	\$23,858,952	\$22,549,500	\$22,950,700	\$23,385,700	\$23,887,400	\$24,438,400	\$25,045,500
Net OPEB added back/(deducted)	(\$1,309,452)	\$401,200	\$435,000	\$501,700	\$551,000	\$607,100	\$607,100
Benefits Expense per OM&A Analysis - Electricity Distribution Operations	\$1,326,231	\$1,354,288	\$1,393,120	\$1,435,091	\$1,480,649	\$1,529,345	\$1,529,345
Variance	(\$2,635,683)	(\$953,088)	(\$958,120)	(\$933,391)	(\$929,649)	(\$922,245)	(\$922,245)
OPEB Liability Beginning of Year	\$23,858,952	\$22,549,500	\$22,950,700	\$23,385,700	\$23,887,400	\$24,438,400	\$25,045,500
Benefits Expense - Liability - Electricity Distribution Operations	\$1,492,641	1,354,288	1,393,120	1,435,091	1,480,649	1,529,345	\$1,529,345
Benefits Expense - Liability - Customer Care	\$37,959	155,812	160,280	165,109	170,352	175,955	175,955
Employer Payments during the Year	(\$1,076,254)	(\$1,108,900)	(\$1,118,400)	(\$1,098,500)	(\$1,100,000)	(\$1,098,200)	(\$1,098,200)
Losses Incurred in Other Comprehensive Income	(\$1,763,798)						
OPEB Liability End of Year	\$22,549,500	\$22,950,700	\$23,385,700	\$23,887,400	\$24,438,400	\$25,045,500	\$25,652,600
Amounts not included in OPEB per OM&A Analysis	(\$2,802,093)	(\$953,088)	(\$958,120)	(\$933,391)	(\$929,649)	(\$922,245)	(\$922,245)
Benefits Expense - Liability - Electricity Distribution Operations	\$1,492,641	\$1,354,288	\$1,393,120	\$1,435,091	\$1,480,649	\$1,529,345	\$1,529,345
Great West Life Refund	(\$134,136)	\$0	\$0	\$0	\$0	\$0	\$0
Under Accrual in PEB offset by Over Accrual in Life, Health, and Dental	(\$32,274)	\$0	\$0	\$0	\$0	\$0	\$0
Benefits Expense per OM&A Analysis - Electricity Distribution Operations	\$1,326,231	\$1,354,288	\$1,393,120	\$1,435,091	\$1,480,649	\$1,529,345	\$1,529,345

¹ represents liability for Horizon Utilities including Customer Care

2

3 **Table 4-121– OPEB – Financial Statements - Horizon Utilities**

	2013	2012
Defined benefit obligation, beginning of year	23,859	21,666
Current service cost	1,531	1,456
Benefits paid during the year	(1,076)	(1,128)
Actuarial (gains) losses recognized in other comprehensive income	(1,764)	1,865
Defined benefit obligation, end of year	22,550	23,859

4

5 8. The income tax rate of 26.5% used to calculate the tax expense is consistent with Horizon
 6 Utilities' actual tax facts and evidence filed in the proceeding.

7 Horizon Utilities confirms it has completed the required integrity checks as described above.

1 **CONSERVATION AND DEMAND MANAGEMENT COSTS**

2 **CDM COSTS**

3 Funding for Horizon Utilities' CDM activities is provided through the OPA.

4 Horizon Utilities has not applied to the OEB for a Board-Approved CDM program and is not

5 planning to do so in this Application.

1 **LOST REVENUE ADJUSTMENT MECHANISM**

2 On March 31, 2010, the Ministry of Energy and Infrastructure issued a directive to the OEB (the
3 “Directive”) to take steps in order to establish electricity and CDM targets to be met by licensed
4 electricity distributors over a four year period beginning January 1, 2011. The Minister of
5 Energy and Infrastructure included guidance to the OEB that lost revenues that result from CDM
6 programs should not act as a disincentive to a distributor to promote CDM activities.

7 On April 26, 2012, in response to the Directive, the OEB issued a new set of *Guidelines for*
8 *Electricity Distributor Conservation and Demand Management* (EB-2012-0003) (“CDM
9 Guidelines”) which set out the obligations and requirements with which electricity distributors
10 must comply in relation to the CDM targets that are a condition of licence. The CDM Guidelines
11 also provided updated details for the Lost Revenue Adjustment Mechanism (“LRAM”) to
12 compensate distributors for lost revenues resulting from CDM programs for the 2011 to 2014
13 period.

14 **Lost Revenue Adjustment Mechanism Variance Account**

15 The OEB has authorized the establishment of an LRAM variance account (“LRAMVA”) to
16 capture at the customer rate-class level, the difference between:

- 17 (i) The results of actual, verified impacts of authorized CDM activities undertaken by
18 electricity distributors between 2011-2014 for CDM programs, and
- 19 (ii) The level of CDM program activities included in the distributor’s load forecast (i.e. the
20 level embedded into rates).

21 The variance calculated from the comparison will result in a credit or a debit to the ratepayer at
22 the customer class level in the LRAMVA.

23 For 2014 filers, the OEB has identified that distributors can apply for disposition of 2011 LRAM
24 claims, 2011 LRAM persistence claims and 2012 LRAM claims. No additional guidance has
25 been issued by the OEB for 2015 filers. At the time of the drafting of this evidence, Horizon
26 Utilities has evidence to support only the 2011 LRAM claims, 2011 LRAM persistence claims

1 and 2012 LRAM claims. Horizon Utilities will file for LRAM and persistence claims at some time
2 in the future, and potentially with its filings for annual adjustments.

3 The results of actual, verified impacts of authorized CDM activities must be verified by an
4 independent third-party for each year of the CDM program (2011 - 2014). Horizon Utilities has
5 relied on the most recent final CDM Evaluation Report from the OPA in support of its lost
6 revenue calculation. This report received, August 30, 2013, is filed as Appendix 4-13. The OPA
7 has used the most recent input assumptions available at the time of the program evaluation.
8 The lost revenue amount does not include amounts for any Board-Approved programs.

9 The details of Horizon Utilities' lost revenue calculations are provided in Exhibit 9, Tab 5,
10 Schedule 1.

11 **LRAM for Pre-2011 CDM Activities**

12 Horizon Utilities is not requesting recovery for lost revenue resulting from pre-2011 CDM
13 activities.

APPENDIX 4-13 – OPA’S 2012 CDM REPORT HORIZON UTILITIES



Message from the Vice President:

The OPA is pleased to provide you with the enclosed Final 2012 Results Report. We have seen a 39% increase in energy savings for our new province-wide 2011-2014 suite of saveONenergy initiatives. Overall progress to targets is moving up with 29% of demand and 65% of energy savings achieved. Many LDCs, both large and small, continue to stay on track to meet or exceed their OEB targets. Conservation programs continue to be a valuable and cost effective resource for customers across the province, over the past two years the program cost to consumers remains within 3 cents per kWh.

Further to programmatic savings, capability building efforts launched in 2011 are yielding healthy enabled savings through Embedded Energy Managers and Audit initiative projects. The strong momentum continues in 2013.

We remain committed to ensuring LDCs are successful in meeting their objectives and our collective efforts to date have improved the current program suite by offering more local program opportunities, implementing a new expedited change management process, and enhancing incentives to make it easier for customers to participate in programs. We invite you to continue to provide your feedback to us and to celebrate our successes as we move forward.

The format of this report was developed in collaboration with the OPA-LDC Reporting and Evaluation Working Group and is designed to help populate LDC annual report templates that will be submitted to the OEB in late September. All results are now considered final for 2012. Any additional 2012 program activity not captured will be reported in the Final 2013 Results Report.

Please continue to monitor saveONenergy E-blasts for any further updates and should you have any other questions or comments please contact LDC.Support@powerauthority.on.ca.

We appreciate your ongoing collaboration and cooperation throughout the reporting and evaluation process. We look forward to another successful year.

Sincerely,

Andrew Pride

Table of Contents

1.0 Summary	Provides a "snapshot" of your LDC's OPA-Contracted Province-Wide Program performance to date: progress to target using 2 scenarios, sector breakdown and progress against the LDC community.	4
2.0 LDC-Specific Data	Table formats, section references and table numbers align with the OEB Reporting Template.	5
2.1 LDC - Results	Provides LDC-specific initiative-level results (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	5
2.2 LDC - Adjustments to Previous Year	Provides LDC specific initiative level true-up results from previous year (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	6
2.3 LDC - NTGs	Provides LDC-specific initiative-level realization rates and net-to-gross ratios.	7
2.4 LDC - Summary	Provides a portfolio level view of achievement towards your OEB targets to date. Contains space to input LDC-specific progress to milestones set out in your CDM Strategy.	8
3.0 Province-Wide Data	LDC performance in aggregate (province-wide results)	9
3.1 Provincial - Results	Provides province-wide initiative level results (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	9
3.2 Provincial - True-up	Provides province-wide initiative level true-up results from previous year (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	10
3.3 Provincial NTGs	Provides provincial realization rates and net-to-gross ratios.	11
3.4 Provincial - Summary	Provides a portfolio level view of provincial achievement towards province-wide OEB targets to date.	12
4.0 Methodology	Provides key equations, notes and an initiative-level breakdown of: how savings are attributed to LDCs, when the savings are considered to 'start' (i.e. what period the savings are attributed to) and how the savings are calculated.	13
5.0 Reference Tables	Provides the sector mapping used for Retrofit and the allocation methodology table used in the consumer program when customer specific information is unavailable.	22
6.0 Glossary	Contains definitions for terms used throughout the report.	26

OPA-Contracted Province-Wide CDM Programs FINAL 2012 Results

LDC: Horizon Utilities Corporation

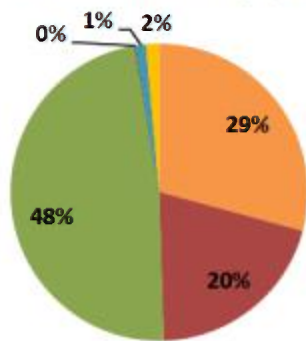
FINAL 2012 Progress to Targets	2012 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	13.6	10.6	17.6%	33.6%
Net Energy Savings (GWh)	18.9	186.7	66.3%	66.5%

Scenario 1 = Assumes that demand resource resources have a persistence of 1 year

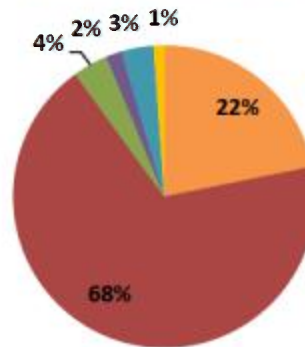
Scenario 2 = Assumes that demand response resources remain in your territory until 2014

Achievement by Sector

2012 Incremental Peak Demand Savings (MW)



2012 Incremental Energy Savings (GWh)

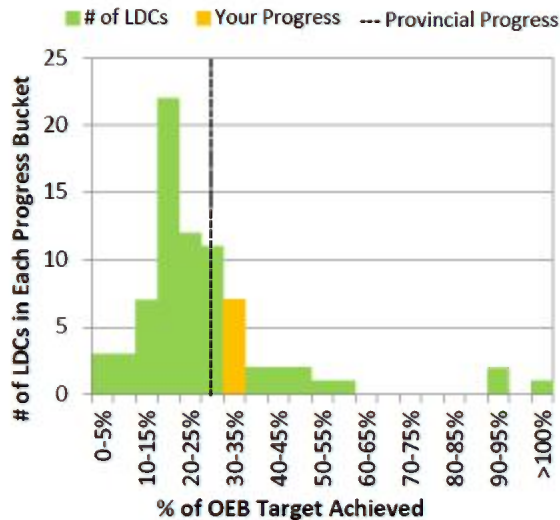


■ Consumer
 ■ Business
 ■ Industrial
 ■ HAP
 ■ Pre-2011
 ■ True-up

Comparison: Your Achievement vs. LDC Community Achievement (Progress to Target)

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

% of OEB Peak Demand Savings Target Achieved



% of OEB Energy Savings Target Achieved

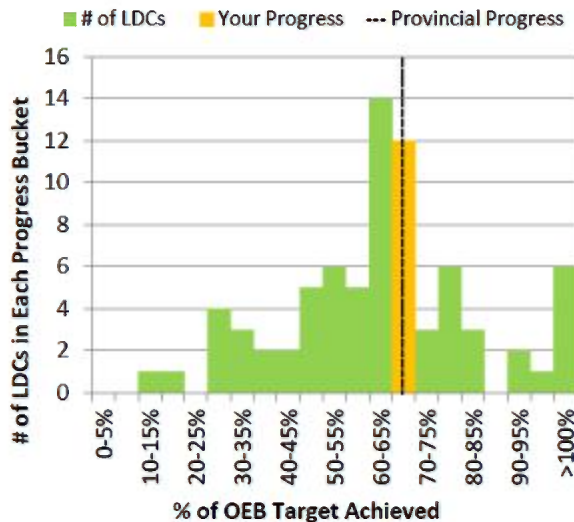


Table 1: **Horizon Utilities Corporation** Initiative and Program Level Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	3,034	1,671			172	96			1,238,865	669,778			263	6,960,954
Appliance Exchange	Appliances	186	131			18	19			21,438	33,812			25	175,999
HVAC Incentives	Equipment	6,097	5,007			1,693	1,091			3,070,047	1,843,136			2,784	17,809,596
Conservation Instant Coupon Booklet	Items	21,540	1,249			50	9			810,293	56,527			59	3,410,755
Bi-Annual Retailer Event	Items	35,186	42,891			68	60			1,188,091	1,082,743			128	8,000,594
Retailer Co-op	Items	0	0			0	0			0	0			0	0
Residential Demand Response (switch/pstat)	Devices	1,952	5,393			1,093	2,699			2,830	13,650			0	16,480
Residential Demand Response (IHD)	Devices	0	3,855			0				0					
Residential New Construction	Homes	0	0			0	0			0	0			0	0
Consumer Program Total						3,093	3,975			6,331,565	3,699,646			3,259	36,374,378
Business Program															
Retrofit	Projects	71	178			857	1,659			4,805,916	9,600,471			2,453	47,746,248
Direct Install Lighting	Projects	693	662			661	550			1,693,346	1,875,038			1,078	11,931,515
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	0	2			0	0			0	1,331			0	3,993
Energy Audit	Audits	5	3			0	16			0	75,529			16	226,586
Small Commercial Demand Response	Devices	0	9			0	6			0	33			0	33
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3	Facilities	5	4			536	531			20,936	7,718			0	28,654
Business Program Total						2,054	2,762			6,520,199	11,560,119			3,547	59,937,028
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	3			0	60			0	479,921			60	1,439,764
Retrofit	Projects	15				70				402,527				70	1,610,107
Demand Response 3	Facilities	6	7			3,498	6,445			205,346	155,311			0	360,657
Industrial Program Total						3,568	6,505			607,873	635,233			130	3,410,528
Home Assistance Program															
Home Assistance Program	Homes	0	235			0	24			0	286,839			24	860,516
Home Assistance Program Total						0	24			0	286,839			24	860,516
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	118	0			3,066	0			17,700,219	0			3,066	70,800,874
High Performance New Construction	Projects	7	3			242	146			1,244,589	582,164			389	6,724,846
Toronto Comprehensive	Projects	0	0			0	0			0	0			0	0
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0			0	0
LDC Custom Programs	Projects	0	0			0	0			0	0			0	0
Pre-2011 Programs completed in 2011 Total						3,308	146			18,944,807	582,164			3,455	77,525,721
Other															
Program Enabled Savings	Projects	0	0			0	0			0	0			0	0
Time-of-Use Savings	Homes														
Other Total							0				0			0	0
Adjustments to Previous Year's Verified Results							193				2,151,259			191	8,600,509
Energy Efficiency Total						6,896	3,730			32,175,331	16,587,289			10,414	177,702,347
Demand Response Total (Scenario 1)						5,128	9,681			229,113	176,712			0	405,825
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						12,023	13,604			32,404,444	18,915,260			10,605	186,708,680
Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.												Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item on the 2012 annual report will be left blank. Once a full year of data is available (2013 evaluation), and the savings are quantified, 2012 results will be updated to reflect the quantified savings.			
												Full OEB Target:		60,360	281,420,000
												% of Full OEB Target Achieved to Date (Scenario 1):		17.6%	66.3%

Table 2: Adjustments to **Horizon Utilities Corporation** Verified Results due to Errors or Omissions (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	0				0				0				0	0
Appliance Exchange	Appliances	0				0				0				0	0
HVAC Incentives	Equipment	-1,069				-298				-545,322				-298	-2,181,290
Conservation Instant Coupon Booklet	Items	332				1				11,144				1	44,577
Bi-Annual Retailer Event	Items	3,308				4				88,271				4	353,085
Retailer Co-op	Items	0				0				0				0	0
Residential Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Residential Demand Response (IHD)	Devices	0				0				0				0	0
Residential New Construction	Homes	0				0				0				0	0
Consumer Program Total						-293				-445,907				-293	-1,783,628
Business Program															
Retrofit	Projects	16				112				615,841				112	2,463,364
Direct Install Lighting	Projects	22				28				60,847				26	238,860
Building Commissioning	Buildings	0				0				0				0	0
New Construction	Buildings	0				0				0				0	0
Energy Audit	Audits	10				52				251,763				52	1,007,050
Small Commercial Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Small Commercial Demand Response (IHD)	Devices	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Business Program Total						191				928,450				189	3,709,274
Industrial Program															
Process & System Upgrades	Projects	0				0				0				0	0
Monitoring & Targeting	Projects	0				0				0				0	0
Energy Manager	Projects	0				0				0				0	0
Retrofit	Projects	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Industrial Program Total						0				0				0	0
Home Assistance Program															
Home Assistance Program	Homes	0				0				0				0	0
Home Assistance Program Total						0				0				0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	0				0				0				0	0
High Performance New Construction	Projects	1				295				1,668,716				295	6,674,862
Toronto Comprehensive	Projects	0				0				0				0	0
Multifamily Energy Efficiency Rebates	Projects	0				0				0				0	0
LDC Custom Programs	Projects	0				0				0				0	0
Pre-2011 Programs completed in 2011 Total						295				1,668,716				295	6,674,862
Other															
Program Enabled Savings	Projects	0				0				0				0	0
Time-of-Use Savings	Homes														
Other Total						0				0				0	0
Adjustments to Previous Year's Verified Results						193				2,151,259				191	8,600,509

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 3: Horizon Utilities Corporation Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement		1.00				0.46				1.00				0.47		
Appliance Exchange		1.00				0.52				1.00				0.52		
HVAC Incentives		1.00				0.50				1.00				0.49		
Conservation Instant Coupon Booklet		1.00				1.00				1.00				1.05		
Bi-Annual Retailer Event		1.00				0.91				1.00				0.92		
Retailer Co-op		n/a				n/a				n/a				n/a		
Residential Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Residential Demand Response (IHD)		n/a				n/a				n/a				n/a		
Residential New Construction		n/a				n/a				n/a				n/a		
Business Program																
Retrofit		0.94				0.76				1.07				0.76		
Direct Install Lighting		0.68				0.94				0.85				0.94		
Building Commissioning		n/a				n/a				n/a				n/a		
New Construction		0.68				0.49				0.86				0.49		
Energy Audit		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (IHD)		n/a				n/a				n/a				n/a		
Demand Response 3*		n/a				n/a				n/a				n/a		
Industrial Program																
Process & System Upgrades		n/a				n/a				n/a				n/a		
Monitoring & Targeting		n/a				n/a				n/a				n/a		
Energy Manager		1.31				0.90				1.31				0.90		
Retrofit																
Demand Response 3*		n/a				n/a				n/a				n/a		
Home Assistance Program																
Home Assistance Program		1.27				1.00				1.00				1.00		
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program		n/a				n/a				n/a				n/a		
High Performance New Construction		1.00				0.50				1.00				0.50		
Toronto Comprehensive		n/a				n/a				n/a				n/a		
Multifamily Energy Efficiency Rebates		n/a				n/a				n/a				n/a		
LDC Custom Programs		n/a				n/a				n/a				n/a		
Other																
Program Enabled Savings		n/a				n/a				n/a				n/a		
Time-of-Use Savings		n/a				n/a				n/a				n/a		

Progress Towards CDM Targets

Results are attributed to target using current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year. Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	12.0	6.9	6.9	6.8
2012 - Verified		13.6	3.9	3.8
2013				
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				10.6
Horizon Utilities Corporation 2014 Annual CDM Capacity Target				60.4
Verified Portion of Peak Demand Savings Target Achieved in 2014(%):				17.6%

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	32.4	32.2	32.1	31.8	128.5
2012 - Verified		18.9	18.7	18.5	58.2
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					186.7
Horizon Utilities Corporation 2011-2014 Annual CDM Energy Target					281.4
Verified Portion of Cumulative Energy Target Achieved (%):					66.3%

*2011 energy adjustments included in cumulative energy savings.

Table 6: Province-Wide Initiatives and Program Level Savings by Year

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146			3,299	2,011			23,005,812	13,424,518			5,171	132,176,857
Appliance Exchange	Appliances	3,688	3,836			371	556			450,187	974,621			689	4,512,525
HVAC Incentives	Equipment	111,587	85,221			32,037	19,060			59,437,670	32,841,283			51,097	336,274,530
Conservation Instant Coupon Booklet	Items	559,462	30,891			1,344	230			21,211,537	1,398,202			1,575	89,040,754
Bi-Annual Retailer Event	Items	870,332	1,060,901			1,681	1,480			29,387,468	26,781,674			3,161	197,894,897
Retailer Co-op	Items	152	0			0	0			2,652	0			0	10,607
Residential Demand Response (switch/pstat)*	Devices	19,550	98,388			10,947	49,038			24,870	359,408			0	384,279
Residential Demand Response (IHD)	Devices	0	49,689			0				0					
Residential New Construction	Homes	7	19			0	2			743	17,152			2	54,430
Consumer Program Total						49,681	72,377			133,520,941	75,796,859			61,696	760,348,879
Business Program															
Retrofit	Projects	2,516	5,605			24,467	61,147			136,002,258	314,922,468			84,018	1,480,647,459
Direct Install Lighting	Projects	20,297	18,494			23,724	15,284			61,076,701	57,345,798			31,181	391,072,869
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	10	69			123	764			411,717	1,814,721			888	7,091,031
Energy Audit	Audits	103	280			0	1,450			0	7,049,351			1,450	21,148,054
Small Commercial Demand Response	Devices	132	294			84	187			157	1,068			0	1,224
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3*	Facilities	145	151			16,218	19,389			633,421	281,823			0	915,244
Business Program Total						64,617	98,221			198,124,253	381,415,230			117,535	1,900,875,881
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	39			0	1,086			0	7,372,108			1,086	22,116,324
Retrofit	Projects	433				4,615				28,866,840				4,613	115,462,282
Demand Response 3*	Facilities	124	185			52,484	74,056			3,080,737	1,784,712			0	4,865,449
Industrial Program Total						57,098	75,141			31,947,577	9,156,820			5,699	142,444,054
Home Assistance Program															
Home Assistance Program	Homes	46	5,033			2	566			39,283	5,442,232			569	16,483,831
Home Assistance Program Total						2	566			39,283	5,442,232			569	16,483,831
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,016	0			21,662	0			121,138,219	0			21,662	484,552,876
High Performance New Construction	Projects	145	69			5,098	3,251			26,185,591	11,901,944			8,349	140,448,197
Toronto Comprehensive	Projects	577	0			15,805	0			86,964,886	0			15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	110	0			1,981	0			7,595,683	0			1,981	30,382,733
LDC Custom Programs	Projects	8	0			399	0			1,367,170	0			399	5,468,679
Pre-2011 Programs completed in 2011 Total						44,945	3,251			243,251,550	11,901,944			48,195	1,008,712,030
Other															
Program Enabled Savings	Projects	0	16			0	2,304			0	1,188,362			2,304	3,565,086
Time-of-Use Savings	Homes														
Other Total							2,304				1,188,362			2,304	3,565,086
Adjustments to Previous Year's Verified Results							1,406				18,689,081			1,156	73,918,598
Energy Efficiency Total						136,610	109,191			603,144,419	482,474,435			235,998	3,826,263,564
Demand Response Total (Scenario 1)						79,733	142,670			3,739,185	2,427,011			0	6,166,196
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						216,343	253,267			606,883,604	503,590,526			237,154	3,906,348,358
* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.												Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item on the 2012 annual report will be left blank. Once a full year of data is available (2013 evaluation), and the savings are quantified, 2012 results will be updated to reflect the quantified savings.			
												Full OEB Target:		1,330,000	6,000,000,000
												% of Full OEB Target Achieved to Date (Scenario 1):		17.8%	65.1%

Table 7: Adjustments to Province-Wide Verified Results due to Errors & Omissions (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	0				0				0				0	0
Appliance Exchange	Appliances	0				0				0				0	0
HVAC Incentives	Equipment	-18,866				-5,278				-9,721,817				-5,278	-38,887,267
Conservation Instant Coupon Booklet	Items	8,216				16				275,655				16	1,102,621
Bi-Annual Retailer Event	Items	81,817				108				2,183,391				108	8,733,563
Retailer Co-op	Items	0				0				0				0	0
Residential Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Residential Demand Response (IHD)	Devices	0				0				0				0	0
Residential New Construction	Homes	19				1				13,767				1	55,069
Consumer Program Total						-5,153				-7,249,004				-5,153	-28,996,015
Business Program															
Retrofit	Projects	303				3,204				16,216,165				3,083	64,398,674
Direct Install Lighting	Projects	444				501				1,250,388				372	4,624,945
Building Commissioning	Buildings	0				0				0				0	0
New Construction	Buildings	12				828				3,520,620				828	14,082,482
Energy Audit	Audits	93				481				2,341,392				481	9,365,567
Small Commercial Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Small Commercial Demand Response (IHD)	Devices	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Business Program Total						5,014				23,328,565				4,764	92,471,668
Industrial Program															
Process & System Upgrades	Projects	0				0				0				0	0
Monitoring & Targeting	Projects	0				0				0				0	0
Energy Manager	Projects	0				0				0				0	0
Retrofit	Projects	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Industrial Program Total						0				0				0	0
Home Assistance Program															
Home Assistance Program	Homes	0				0				0				0	0
Home Assistance Program Total						0				0				0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	12				138				545,536				138	2,182,145
High Performance New Construction	Projects	34				1,407				2,065,200				1,407	8,260,800
Toronto Comprehensive	Projects	0				0				0				0	0
Multifamily Energy Efficiency Rebates	Projects	0				0				0				0	0
LDC Custom Programs	Projects	0				0				0				0	0
Pre-2011 Programs completed in 2011 Total						1,545				2,610,736				1,545	10,442,945
Other															
Program Enabled Savings	Projects	0				0				0				0	0
Time-of-Use Savings	Homes														
Other Total						0				0				0	0
Adjustments to Previous Year's Verified Results						1,406				18,690,297				1,156	73,918,598

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 8: Province-Wide Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement		1.00				0.46				1.00				0.47		
Appliance Exchange		1.00				0.52				1.00				0.52		
HVAC Incentives		1.00				0.50				1.00				0.49		
Conservation Instant Coupon Booklet		1.00				1.00				1.00				1.05		
Bi-Annual Retailer Event		1.00				0.91				1.00				0.92		
Retailer Co-op		n/a				n/a				n/a				n/a		
Residential Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Residential Demand Response (IHD)		n/a				n/a				n/a				n/a		
Residential New Construction		3.65				0.49				7.17				0.49		
Business Program																
Retrofit		0.93				0.75				1.05				0.76		
Direct Install Lighting		0.69				0.94				0.85				0.94		
Building Commissioning		n/a				n/a				n/a				n/a		
New Construction		0.98				0.49				0.99				0.49		
Energy Audit		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (IHD)		n/a				n/a				n/a				n/a		
Demand Response 3*		n/a				n/a				n/a				n/a		
Industrial Program																
Process & System Upgrades		n/a				n/a				n/a				n/a		
Monitoring & Targeting		n/a				n/a				n/a				n/a		
Energy Manager		1.16				0.90				1.16				0.90		
Retrofit																
Demand Response 3*		n/a				n/a				n/a				n/a		
Home Assistance Program																
Home Assistance Program		0.32				1.00				0.99				1.00		
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program		n/a				n/a				n/a				n/a		
High Performance New Construction		1.00				0.50				1.00				0.50		
Toronto Comprehensive		n/a				n/a				n/a				n/a		
Multifamily Energy Efficiency Rebates		n/a				n/a				n/a				n/a		
LDC Custom Programs		n/a				n/a				n/a				n/a		
Other																
Program Enabled Savings		1.06				1.00				2.26				1.00		
Time-of-Use Savings		n/a				n/a				n/a				n/a		

Summary - Provincial Progress

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	216.3	136.6	135.8	129.0
2012		253.3	109.8	108.2
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				237.2
2014 Annual CDM Capacity Target				1,330
Verified Peak Demand Savings Target Achieved - 2011 (%):				17.8%

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	606.9	603.0	601.0	582.3	2,393
2012		503.6	498.4	492.6	1,513
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					3,906
2011-2014 Cumulative CDM Energy Target:					6,000
Verified Portion of Energy Target Achieved - 2011 (%):					65.1%

*2011 energy adjustments included in cumulative energy savings.

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	<p>Gross Savings = Activity * Per Unit Assumption Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</p>
Engineered and Custom Projects	<p>Gross Savings = Reported Savings * Realization Rate Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</p>
Demand Response	<p>Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)</p>
Adjustments to Previous Year's Verified Results	<p>All errors and omissions from the prior years Final Annual Results report will be adjusted within this report. Any errors and omissions with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.</p>

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program			
Appliance Retirement	Includes both retail and home pickup stream; Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection	Savings are considered to begin in the year the appliance is picked up.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year that the exchange event occurred	
HVAC Incentives	Results directly attributed to LDC based on customer postal code	Savings are considered to begin in the year that the installation occurred	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC; Otherwise results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the coupon was redeemed.	<p>Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.</p>
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	<p>Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.</p>
Residential Demand Response	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a <i>peaksaver</i> PLUS™ participant agreement.	<p>Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any "snapback" in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.</p>

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Business Program			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Additional Note: project counts were derived by filtering out "Application Status" = "Post-Project Submission - Payment denied by LDC" and only including projects with an "Actual Project Completion Date" in 2012 and pulling both the "Application Name" field followed by the "Building Address 1" field from the Post Stage Retrofit Report and finally performing a count of the Building Addresses.			

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application	Savings are considered to begin in the year of the audit date.	Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Industrial Program			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application; No completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Home Assistance Program			

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available , an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	<p>Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).</p>
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

ERII Sector (C&I vs. Industrial Mapping)

Building Type	Sector
Agribusiness - Cattle Farm	C&I
Agribusiness - Dairy Farm	C&I
Agribusiness - Greenhouse	C&I
Agribusiness - Other	C&I
Agribusiness - Other,Mixed-Use - Office/Retail	C&I
Agribusiness - Other,Office,Retail,Warehouse	C&I
Agribusiness - Other,Office,Warehouse	C&I
Agribusiness - Poultry	C&I
Agribusiness - Poultry,Hospitality - Motel	C&I
Agribusiness - Swine	C&I
Convenience Store	C&I
Education - College / Trade School	C&I
Education - College / Trade School,Multi-Residential - Condominium	C&I
Education - College / Trade School,Multi-Residential - Rental Apartment	C&I
Education - College / Trade School,Retail	C&I
Education - Primary School	C&I
Education - Primary School,Education - Secondary School	C&I
Education - Primary School,Multi-Residential - Rental Apartment	C&I
Education - Primary School,Not-for-Profit	C&I
Education - Secondary School	C&I
Education - University	C&I
Education - University,Office	C&I
Hospital/Healthcare - Clinic	C&I
Hospital/Healthcare - Clinic,Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Clinic,Industrial	C&I
Hospital/Healthcare - Clinic,Retail	C&I
Hospital/Healthcare - Long-term Care	C&I
Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail,Office	C&I
Hospitality - Hotel	C&I
Hospitality - Hotel,Restaurant - Dining	C&I
Hospitality - Motel	C&I
Industrial	Industrial
Mixed-Use - Office/Retail	C&I
Mixed-Use - Office/Retail,Industrial	Industrial
Mixed-Use - Office/Retail,Mixed-Use - Other	C&I
Mixed-Use - Office/Retail,Mixed-Use - Other,Not-for-Profit,Warehouse	C&I
Mixed-Use - Office/Retail,Mixed-Use - Residential/Retail	C&I
Mixed-Use - Office/Retail,Office,Restaurant - Dining,Restaurant - Quick Serve,Retail,Warehouse	C&I

Mixed-Use - Office/Retail,Office,Warehouse	C&I
Mixed-Use - Office/Retail,Retail	C&I
Mixed-Use - Office/Retail,Warehouse	C&I
Mixed-Use - Office/Retail,Warehouse,Industrial	Industrial
Mixed-Use - Other	C&I
Mixed-Use - Other,Industrial	Industrial
Mixed-Use - Other,Not-for-Profit,Office	C&I
Mixed-Use - Other,Office	C&I
Mixed-Use - Other,Other: Please specify	C&I
Mixed-Use - Other,Retail,Warehouse	C&I
Mixed-Use - Other,Warehouse	C&I
Mixed-Use - Residential/Retail	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Condominium	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Rental Apartment	C&I
Mixed-Use - Residential/Retail,Retail	C&I
Multi-Residential - Condominium	C&I
Multi-Residential - Condominium,Multi-Residential - Rental Apartment	C&I
Multi-Residential - Condominium,Other: Please specify	C&I
Multi-Residential - Rental Apartment	C&I
Multi-Residential - Rental Apartment,Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Warehouse	C&I
Multi-Residential - Social Housing Provider	C&I
Multi-Residential - Social Housing Provider,Industrial	C&I
Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Not-for-Profit	C&I
Not-for-Profit,Office	C&I
Not-for-Profit,Other: Please specify	C&I
Not-for-Profit,Warehouse	C&I
Office	C&I
Office,Industrial	Industrial
Office,Other: Please specify	C&I
Office,Other: Please specify,Warehouse	C&I
Office,Restaurant - Dining	C&I
Office,Restaurant - Dining,Industrial	Industrial
Office,Retail	C&I
Office,Retail,Industrial	C&I
Office,Retail,Warehouse	C&I
Office,Warehouse	C&I
Office,Warehouse,Industrial	Industrial
Other: Please specify	C&I
Other: Please specify,Industrial	Industrial
Other: Please specify,Retail	C&I
Other: Please specify,Warehouse	C&I
Restaurant - Dining	C&I
Restaurant - Dining,Retail	C&I

Restaurant - Quick Serve	C&I
Restaurant - Quick Serve,Retail	C&I
Retail	C&I
Retail,Industrial	Industrial
Retail,Warehouse	C&I
Warehouse	C&I
Warehouse,Industrial	Industrial

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%

Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%
Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).