COST OF SERVICE SUMMARY

1. INTRODUCTION

This exhibit presents an overview of Hydro One Transmission's Cost of Service. As summarized in Exhibit C2, Tab 1, Schedule 1, the Cost of Service includes OM&A expenses, Depreciation and Amortization and Income Taxes, for which the overall costs for 2017 and 2018 are shown in Table 1 below:

Table 1: Costs of Service ($ Millions)

Description	Test Year	
	2017	**2018**
OM&A	413.1	411.2
Depreciation and Amortization	435.7	470.7
Income Taxes	81.3	90.4
Total Cost of Service	**930.1**	**972.3**

2. KEY ELEMENTS OF THE COST OF SERVICE

Hydro One Transmission's forecast cost of service has been developed consistent with corporate strategic goals to sustain a safe and reliable transmission system, as noted in Exhibit B1, Tab 1, Schedule 2. The Company's planning process is described in detail in Exhibit B1, Tab 2, Schedule 1.

2.1 Operation, Maintenance and Administrative Expenses (OM&A)

Total OM&A expenses for the 2017 test year are $413.1 million and for 2018 are $411.2 million.

Hydro One Transmission plans and organizes its OM&A expenses on the basis of the various work programs and functions performed by the Company. These work programs primarily address necessary improvements in infrastructure. Exhibits in support of OM&A costs have been prepared by function, and appear within the submitted evidence as follows in Table 2:

Table 2: OM&A Expenditures by Function

Particulars	2017 Total Cost ($ million)	2018 Total Cost ($ million)	Reference
Sustaining	241.2	238.5	Exhibit C1, Tab 2, Sch 2
Development	4.8	5.0	Exhibit C1, Tab 2, Sch 3
Operations	61.3	62.1	Exhibit C1, Tab 2, Sch 4
Customer Care	4.0	3.9	Exhibit C1, Tab 2, Sch 5
Shared Services	49.9	47.5	Exhibit C1, Tab 3, Sch 1
Taxes other than Income Taxes	63.6	64.3	Exhibit C1, Tab 3, Sch 7
Updated Pension Expense	**-11.0**	**-8.0**	**Exhibit C1, Tab 4 Sch 2**
Remove B2M Expenses	**-0.8**	**-2.1**	
Total OM&A Expenditures	**413.1**	**411.2**	**Exhibit C1, Tab 2, Sch 1**

2.2 Depreciation and Amortization Expense

The Company is proposing to recover $424.0 million in depreciation and amortization expense in 2017 and $460.6 million in 2018. Hydro One Transmission's evidence regarding the depreciation study and its impact on depreciation expense is filed at Exhibit C1, Tab 7, Schedule 1.

2.3 Income Taxes

As a result of *the Electricity Act, 1998*, Hydro One Transmission has been required to pay proxy taxes from 1999 to the time it ceased to be exempt from income tax under the *Income Tax Act* (Canada). Thereafter, Hydro One Transmission has been required to pay income tax under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). Evidence outlining the calculation of Income Taxes of $81.3 million for 2017 and $90.4 million for 2018 appears in Exhibit C2, Tab 4, Schedule 1, Attachment 1.

3. KEY COMPONENTS IN THE BUILD-UP OF COST OF SERVICE

Key components in the build-up of Cost of Service are:

- resourcing,
- costing of work,
- out-sourced functions, and
- corporate cost allocation.

Each of these components is discussed below.

3.1 Resourcing

Labour costs are charged to OM&A and Capital work programs. The evidence contained at Exhibit C1, Tab 4 Schedule 1 presents total staff levels and costs incurred by the Company.

3.2 Costing of Work

OM&A and Capital work programs are comprised primarily of costs relating to labour, materials and equipment. Exhibit C1, Tab 5, Schedule 1 provides a schedule that explains how costs flow to work programs.

3.3 Outsourcing

As a strategy to reduce costs, improve efficiency and to improve focus on its primary operations, Hydro One has outsourcing arrangements with Inergi LP and Brookfield Asset Management. Evidence concerning these arrangements can be found in Exhibit C1, Tab 3, Schedule 2.

3.4 Corporate Cost Allocation

Hydro One Networks Inc. provides common services to its Transmission and Distribution businesses and to other Hydro One subsidiaries on a centralized basis, as this serves as the most economic approach. The costs of these services and assets are assigned to business units on the basis of cost causation. These costs and assets are directly assigned where it is possible to do so. All other costs and assets are allocated based on cost drivers, direct benefits or other methods as appropriate. Exhibit C1, Tab 6 Schedule 1 describes these allocation methods, as well as the derivation of the overhead capitalization rate, which determines the assignment of overhead costs to capital expenditures.

SUMMARY OF OM&A EXPENDITURES

1. SUMMARY OF OM&A EXPENDITURES

This Exhibit provides an overview of Hydro One Transmission's OM&A expenditures over the 2012 to 2018 period.

Hydro One Transmission's OM&A programs represent the work required to meet public and employee safety objectives, maintain transmission reliability at targeted performance levels, and to comply with regulatory requirements (such as those specified within the Transmission System Code), environmental requirements and government direction. The forecast OM&A expenditures result from the investment planning process described in Exhibit B1, Tab 2, Schedule 7.

Hydro One Transmission's OM&A budget is grouped into the following investment categories: Sustainment, Development, Operations, Customer Care, Common Corporate and Taxes Other than Income Taxes. Table 1 provides a summary of Hydro One Transmission's OM&A expenditures for the historical, bridge and test years.

Table 1: Summary of Transmission OM&A Expenditures ($ Million)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Sustainment	204.7	221.0	228.6	233.6	227.5	241.2	238.5
Development	8.4	8.6	7.5	6.1	5.3	4.8	5.0
Operations	54.8	56.7	56.6	59.0	60.0	61.3	62.1
Customer Care	4.4	5.3	5.4	5.1	4.1	4.0	3.9
Common Corporate Costs and Other OM&A	80.7	75.8	37.2	73.9	72.3	49.9	47.5
Taxes Other Than Income Taxes	62.1	21.2	64.1	63.9	62.9	63.6	64.3
Pension Adjustment*	-	-	-	-	-	-11.0	-8.0
B2M LP Adjustment*	-	-	-	-	-	-0.8	-2.1
Total	**415.2**	**388.4**	**399.5**	**441.6**	**432.1**	**413.1**	**411.2**

* See section 8 of this Exhibit for details.

Total OM&A expenditures for test year 2017 are forecast to be $413.1 million, which is a decrease of $19 million or 4.4% below the 2016 bridge year. Total OM&A expenditures for test year 2018 are forecast to decrease by a further $1.9 million or 0.4% over 2017. The test year expenditures are required to address the increasing maintenance requirements of a deteriorating and expanding transmission system.

As Table 1 demonstrates, these forecast OM&A expenses demonstrate a declining trend in the 2016 bridge year and in the 2017 and 2018 test years, despite upwards pressure from inflation of approximately 2% per year, a growing asset base, and increasing compliance costs arising from new regulatory standards, such as the North American Electric Reliability Corporation's Critical Infrastructure Protection Cyber Security reliability standards.

2. SUSTAINMENT

The Sustainment OM&A budget represents investments required to maintain existing transmission lines and stations facilities so that they will continue to function as originally designed. The proposed investments are intended to ensure that the overall reliability of the system is maintained, customer commitments are achieved, and all legislative, regulatory, environmental and safety requirements are met. Details are provided at Exhibit C1, Tab 2, Schedule 2.

3. DEVELOPMENT

Development OM&A expenditures consist of costs associated with developing technical standards, solutions, and expertise for the benefit of Hydro One's customers and Hydro One's business success. Development OM&A activities are described in detail in Exhibit C1, Tab 2, Schedule 3.

4. OPERATIONS

Operations OM&A costs reflect the annual expenditures required to perform the central transmission Operations function from Hydro One's Ontario Grid Control Centre. The transmission Operations function is concerned with the real-time operation of Hydro One Transmission's system equipment, including the monitoring, control, detection and response to equipment operational issues. Details of the expenditures under this program are filed at Exhibit C1, Tab 2, Schedule 4.

5. CUSTOMER CARE OM&A

Hydro One Transmission's Customer Service OM&A investments fund work activities required to develop, implement and monitor the company's plans to positively influence customer relationships and ensure affordability and overall value for the products and services offered to them. These work activities will enable Hydro One to foster a relationship based on transparency and trust. Details of the expenditures under this program are filed at Exhibit C1, Tab 2, Schedule 5.

6. COMMON CORPORATE COSTS AND OTHER OM&A

The Common Corporate and other OM&A expenditures include costs associated with: common corporate functions and services ("CCFS"), asset management planning, information technology, and cost of sales for external work.

CCFS includes the following functions and services: corporate management, finance, human resources, corporate relations, general counsel and corporate secretariat, regulatory affairs, security management, internal audit, and real estate and facilities. Other OM&A expenses include an environmental provision, indirect depreciation and other costs. Asset management planning services include system investment and asset stewardship functions. IT activities include providing and managing computer systems (for example, hardware and software) and IT infrastructure.

Details of these activities and associated costs are provided in Exhibit C1, Tab 3, Schedules 1 to 6.

7. TAXES OTHER THAN INCOME TAXES

These expenses consist of property and proxy taxes, and indemnity payments to the Province. Details of these expenditures are provided in Exhibit C1, Tab 3, Schedule 7.

8. PENSION AND B2M LP ADJUSTMENTS

Hydro One received an updated actuarial valuation report dated June 9, 2016, which is provided as Attachment 1 to Exhibit C1, Tab 4, Schedule 2. The report outlined changes in the financial position of Hydro One's pension plan as of December 31, 2015 since its last valuation of December 13, 2013. As a result of the updated valuation, the plan's operating expenses have decreased. Further details are set out in Exhibit C1, Tab 4, Schedule 2. Hydro One has reflected this change in the "Pension Adjustment" line in Table 1, reducing test year cost forecasts from those originally filed.

The "B2M LP Adjustment" line in Table 1 reflects adjustments for B2M LP costs that were inadvertently included at the time of filing this Application.

9. COMPARISON OF OM&A COSTS TO BOARD-APPROVED

Table 2 compares Hydro One Transmission's actual costs in 2015 to the 2015 OM&A expenditures approved by the Board in its Decision on Hydro One's previous transmission application (EB-2014-0140).

Table 2: 2015 Board-approved versus 2015 Actual OM&A Expenditures

OM&A Categories	2015 Board-approved ($ Million)	2015 Actual ($ Million)	Variance ($ Million)
Sustainment	238.7	233.6	-5.1
Development	12.9	6.1	-6.8
Operations	58.5	59.0	0.5
Customer Care	5.5	5.1	-0.4
Common Corporate & Other Costs	70.2	73.9	3.7
Taxes Other than Income Taxes	66.3	63.9	-2.4
Less settlement reduction	-20.0		
Exclusion of B2M	-0.9		
Total OM&A	**431.1**	**441.6**	**10.5**

*Total variance is not the sum of changes noted.

Hydro One Transmission's actual 2015 OM&A costs were $10.5 million or 2.4% above Board-approved levels. This difference is explained, in part, by the OM&A reduction prescribed by the settlement agreement (the "2015-2016 Settlement Agreement") that was accepted by the Board in proceeding EB-2014-0140. Most items were otherwise on or below target. Common Corporate costs increased by 5.3%, but this increase was offset by decreases in Sustainment (2.1%), Development (52.7%) and Taxes Other than Income Tax (3.6%).

Table 3 compares 2016 projected costs to the 2016 OM&A expenditures approved by the Board in its Decision in proceeding EB-2014-0140.

Table 3: 2016 Board-approved versus 2016 Projected OM&A Expenditures

OM&A Categories	2016 Board-approved ($ Million)	2016 Projected ($ Million)	Variance ($ Million)*
Sustainment	241.1	227.5	-13.6
Development	13.4	5.3	-8.1
Operations	59.1	60.0	0.9
Customer Care	5.5	4.1	-1.4
Common Corporate & Other Costs	71.3	72.3	1.0
Taxes other than Income Taxes	67.0	62.9	-4.1
Less settlement reduction	-20.0		
Exclusion of B2M	-0.7		
Total OM&A	**436.7**	**432.1**	**-4.6**

*Total variance is not the sum of changes noted.

Hydro One Transmission's projected 2016 OM&A costs are $4.6 million or 1.1% below the Board-approved level, which includes the $20.0 million reduction negotiated in the 2015-2016 Settlement Agreement. Otherwise, most spending areas are meaningfully below target including Sustainment (5.6%), Development (60.4%) and Taxes other than Income Tax (6.1%).

SUSTAINING OM&A

1. INTRODUCTION

Sustaining OM&A consists of expenditures required to maintain existing transmission system facilities so that they continue to function as originally designed. These expenditures are used to maintain equipment performance at appropriate levels, thereby maintaining reliability and service quality, while satisfying all legislative, regulatory, environmental and safety requirements.

Hydro One manages its Sustaining OM&A program by dividing the program expenditures into three categories:

- Stations, which funds the work required to maintain existing assets located within transmission stations including existing protection, control, and telecommunication facilities;

- Lines, which funds the work required to maintain overhead transmission lines and underground cables, including vegetation management on transmission line rights-of-way; and

- Engineering and Environmental Support, which funds the specialized and administrative support needed to assist with decision making processes in managing the transmission assets.

2. SUSTAINING OM&A SUMMARY

The investment planning, prioritization and approval process described in Transmission System Plan (Exhibit B1), applies to the sustaining OM&A programs to ensure that assets are managed prudently while meeting customer, operational and regulatory needs.

The selection of planned Sustaining OM&A investments is guided by the asset risk assessment process described in Exhibit B1, Tab 2, Schedule 6 as well as the Transmission System Code that requires Hydro One to "inspect, test and monitor its transmission facilities to ensure continued compliance with all applicable standards and instruments." This assessment process takes into account relevant factors such as the condition, age, performance, criticality and utilization of specific assets. The capital replacement activities are described in Exhibit B1, Tab 3, Schedule 2.

Over the long term, an adequately maintained transmission system that performs to the level of its original design is in the best interest of Hydro One and its customers. At the same time, Hydro One is continuously looking for opportunities that improve maintenance effectiveness, provide cost-effective risk reduction, and add value for Hydro One's customers. Reductions applied to the test years spending will have a compounding effect on cost pressures in the future.

The required funding for the Sustaining OM&A in the test years, along with the spending levels for the bridge and historic years are provided in Table 1 for each of the major sustaining categories.

Table 1: Sustaining OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Stations	146.5	159.9	161.9	175.0	164.8	178.5	174.8
Lines	48.6	50.4	57.1	52.6	58.8	59.8	60.8
Engineering and Environmental Support	9.5	10.7	9.6	6.0	4.0	2.9	2.9
Total	204.7	221.0	228.6	233.6	227.5	241.2	238.5

The overall Sustaining OM&A requirements for the test year 2017 have increased 6% over projected spending in the bridge year 2016. Sustainment OM&A in 2018 declines by 1% versus 2017 sustainment OM&A. Hydro One's operating and maintenance expenses are below the median amongst its comparators, as revealed to by The Total Transmission Cost Benchmarking study found in Exhibit B2, Tab 2, Schedule 1.

The increase in spending in the test years relative to historic and bridge year expenditures is largely attributed to:

- Increases in spending on PCB retirement and waste management to meet regulations.
- Increased work in cyber security to meet recently approved North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) standards.
- The increase in lines preventative maintenance to address worn and defective u-bolts and dampers as well as to carry out additional conductor and shieldwire sampling and testing on the deteriorating conductor population.

A number of initiatives are being undertaken to contain increases in maintenance costs associated with the system and increased regulatory requirements. These include:

- Optimized maintenance frequencies impacting overall costs and resource utilization, and additional moves to condition based maintenance;
- Increased bundling opportunities through alignment of maintenance activities and improved visibility of bundling opportunities. These provide efficiencies in the planning and execution of outages as well as with staff mobilization; and
- Increased capital replacement of assets mitigating the need for increases in corrective maintenance costs and equipment refurbishment activities through addressing replacing the worst performing assets with new equipment with lower lifecycle maintenance costs.

3. STATIONS

Transmission Station facilities are used for the delivery of power, voltage transformation, switching, and serve as connection points for both load customers and generators. Station facilities contain many of the following major components: power transformers, circuit breakers, disconnect switches, bus work, insulators, potheads, surge arrestors, capacitor banks, reactors, instrument devices, protection and control systems, station service systems, grounding systems, site infrastructure and buildings.

Stations Sustaining OM&A funding covers expenditures required to maintain the performance of the assets located within transmission stations. Hydro One manages its Stations Sustaining OM&A program by dividing the program into six categories:

1. <u>Land Assessment and Remediation</u>: a specific program that focuses on identification, mitigation and remediation of historical contamination located outside the station fence;

2. Environmental Management: an on-going program that focuses on the mitigation and remediation of contamination located both inside and outside the station fence and manages, tests for and disposes of PCB and other regulated waste that develops as part of Hydro One's normal business practices. This program also includes monthly compliance inspections as required by station ECA's and ongoing preventive and corrective maintenance of all Hydro One's spill control systems;

3. Power Equipment Maintenance: which focuses on sustaining power equipment performance through planned and corrective maintenance work and equipment refurbishment;

4. Ancillary Systems Maintenance: which focuses on sustaining the performance of ancillary systems through planned and corrective maintenance work;

5. Protection and Automation Maintenance: which focuses on sustaining the power system protection, control, monitoring, metering, cyber security and power system telecommunication facilities through planned and corrective maintenance work and providing Hydro One with the information, and communication necessary to operate the transmission system; and

6. Site Infrastructure Maintenance: which focuses on maintaining the infrastructure at stations through planned and corrective maintenance work.

Required funding for the test years 2017 and 2018, along with the spending levels for the bridge and historic years are provided in Table 2 for each of these categories.

Table 2: Stations Sustaining OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Land Assessment and Remediation	1.9	3.1	3.1	3.6	3.0	2.2	1.2
Environmental Management	11.3	11.9	10.7	9.8	10.4	18.4	18.0
Power Equipment Maintenance	55.7	60.2	61.4	64.5	54.3	60.0	57.0
Ancillary Systems Maintenance	10.1	10.1	10.0	9.2	10.8	11.2	11.2
Protection and Automation Maintenance	44.9	49.4	52.1	63.9	61.2	60.9	62.0
Site Infrastructure Maintenance	22.7	25.2	24.5	24.0	25.1	25.7	25.3
Total	146.5	159.9	161.9	175.0	164.8	178.5	174.8

The overall Stations Sustaining OM&A expenditures for the test year 2017 have increased 8.3% over projected spending in 2016. Stations Sustaining OM&A spending in 2018 declines by approximately 2% versus 2017 Stations Sustaining OM&A spending. Spending increases are primarily related to PCB funding has been increased in order to work through the company's population of affected equipment before the regulatory deadline in 2025. Power Equipment is forecast to return to $60 million in 2017 which is consistent with historical years. Ancillary equipment has been increased due to changes increase in regulatory requirements for preventive maintenance

3.1 Land Assessment and Remediation

3.1.1 Introduction

As a responsible steward committed to protecting the environment for current and future generations, Hydro One manages its operations in an environmentally responsible manner. The Land Assessment and Remediation ("LAR") program is primarily focused on the mitigation and remediation of historical discharge of contaminates from transmission station sites that may pose a risk to the public or Hydro One staff. The LAR program also funds assessment and remediation work to address contamination at real estate facilities which include field service centres, administrative buildings and garage facilities.

3.1.2 Investment Plan

The LAR program utilizes a multi-phased approach involving successive levels of environmental site assessments, risk evaluation and prioritization, and remedial option evaluations leading to the selection of the preferred remedial or mitigating solution. The prioritization and selection process for environmental site assessment and remediation work is based on two factors: type and level of contamination that exceeds Ministry of the Environment ("MOE") standards; and the potential for the contaminants to cause adverse effects on human health and/or the environment. The MOE supports Hydro One's risk-based approach and planned programs.

The LAR program consists of: Site Management, Site Assessment, and Remediation work. Site management is required once a site has been assessed or remediated, as there are often regulatory requirements imposed by the MOE to monitor groundwater quality in the area of the former contamination to ensure that groundwater is not impacted. The

station-specific groundwater monitoring program may be required for a period of 3 to 5 years, and typically involves well installations, MOE registration, groundwater measurements and sample analysis, and eventual decommissioning of the monitoring wells. Site management plans are developed to monitor and manage residual on-site contamination and to manage installed controls, such as barriers and long-term treatment systems.

Site assessment is planned at a number of transmission stations that have been identified as potential remediation sites. The assessment involves gathering information to identify actual or potential contamination and sources of contamination. This is done through a review of the site records, previous environmental reports and by analyzing soil and groundwater extracted from and around Hydro One properties. Soil and water samples are taken as surface grab samples or by drilling to obtain samples from various depths. The information is analyzed, risks assessed and sites prioritized for remediation.

Where contamination is identified, a remediation plan is developed and implemented to treat, remove or otherwise manage the contamination. The primary focus of the LAR program is to address off-site impacts and mitigate or manage on-site contamination that has a risk to contaminate adjacent lands. Where appropriate, co-ordination of LAR work with end of life refurbishment and capital upgrade projects are considered.

3.1.3 Summary of Expenditures

The planned expenditures for 2017 and 2018 are $2.2 million and $1.2 million respectively. Spending on this program fluctuates year to year depending on the number of sites selected for remediation and the extent of the remediation work required at each site to meet environmental obligations. When expenditures in this program are incurred, there is a corresponding credit to OM&A to demonstrate the fact that the cost is reflected

in revenue requirement as an amortization expense and not as OM&A. The planned decline in funding throughout the test years is due to the program completing its intended scope, with a forecasted completion at the end of 2022.

A reduction in this program may impact Hydro One's ability to maintain compliance with MOE requirements, and will result in deferral of prudent remediation activities that could have financial and environmental impacts to Hydro One properties and neighbouring sites in future years.

3.2 Environmental Management

3.2.1 Introduction

Environmental Management focuses on mitigation and remediation of contamination located both inside and outside the station fence. This program enables Hydro One to satisfy obligations relating to environmental regulations and environmental policies pertaining to transmission station equipment.

3.2.2 Investment Plan

The Environmental Management program consists of four activities. Table 3 outlines the proposed funding for the test years 2017 and 2018, along with the spending levels for the bridge and historic years for each category.

Table 3: Environmental Management OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
PCB Retirement and Waste Management	4.3	5.2	4.1	5.3	5.2	11.2	10.6
Transformer Oil Leak Reduction	2.4	3.2	2.1	0.9	2.2	3.7	3.7
Preventive and Corrective Maintenance	3.4	2.7	3.6	2.7	2.3	2.5	2.5
Environmental Compliance and Emergency Response Plan Updates	1.1	0.8	0.9	1.0	0.8	1.0	1.1
Total	11.3	11.9	10.7	9.8	10.4	18.4	18.0

PCB Retirement and Waste Management

In response to Environment Canada's PCB Regulations enacted in 2009, Hydro One initiated the PCB retirement program to identify and phase-out its PCB inventory to comply with the regulatory requirements. In accordance with the regulations, oil-filled power equipment (transformers, breakers, instrument transformers, and associated capacitors, bushings, reclosers) located at Hydro One's transmission stations that contain greater than 50 ppm PCB are to be retro-filled or replaced by December 31, 2025 (based on amendment granted to Hydro One by Environment Canada in 2014). Funding has been increased in the test years in order to ensure that the work program is finished in advance of deadline. This level of spending is expected to be maintained until the year 2023. The PCB retirement and waste management program funds the inspection, testing and retro-filling of equipment to reduce PCB contaminated oil; disposal and decommissioning of PCB contaminated equipment, as well as disposal of non-contaminated oil and other wastes.

In addition to the PCB contaminated oil, Hydro One's daily activities also generate regulated waste, such as lead, cadmium, mercury, etc. that are required to be managed and disposed of in accordance with Provincial and Federal regulations.

Transformer Oil Leak Reduction

As transformers age, they are susceptible to leaks along seal gaskets and access covers, due to the effects of thermal cycling and gradual gasket deterioration. The main tank, access covers and fittings on most power transformers built prior to the mid-1980s utilize organic seal components as gaskets between flanges to retain oil; which begin to leak oil after performing well for the first 20 to 25 years.

Oil leaks are one of the most common deficiencies on transformers, and are a significant contributor to transformer forced outages. Multiple transformer failures have been attributed to aged gasket systems that can allow oil to leak out, and free water (in the form of snow and rain) to enter the transformer.

Transformer oil leaks are repaired on a temporary basis when first discovered under the demand program in order to expeditiously respond to the environmental risks. These repairs are usually stop-gap measures until a more permanent solution is implemented. Permanent repairs generally require outages and staff with a specific skill set to work on transformers.

Preventive and Corrective Maintenance

The preventive maintenance program is in place to ensure that spill containment systems are inspected and operate as designed; underground oil piping within transmission stations that is no longer in use is removed to eliminate risk of contaminating the surrounding environment, and non-functioning mechanical components (pumps, sensors, relays) used in oil/water separators that control effluent from the transformer spill containment pits are repaired or replaced.

The corrective maintenance program includes repairing spill containment systems, maintaining spill containment capacity for non-functioning spill containment systems by removing and disposing of the rainwater, containing and cleaning up insulating fluid spills as they occur and all other actions necessary to mitigate environmental risks posed by transmission equipment problems and failures.

Preventive and corrective maintenance allows Hydro One to meet its Environmental Policy objectives, maintain compliance with the MOE, minimize the risk to human health and the environment, and mitigate corporate exposure to legal and reputation risks.

Environmental Compliance and Emergency Response Plan Updates

The environmental compliance program encompasses activities necessary to allow Hydro One to remain in compliance with MOE Environmental Compliance Approvals ("ECAs"), formerly known as Certificate of Approvals, for various transmission stations throughout the province. Hydro One is required by the MOE to regularly test effluent as a requirement of site specific ECA documents.

Emergency Response Plans ("ERPs") are documents that contain important station specific information that are kept at each transmission station. The ERPs are an effective tool for planning and responding to emergencies and contain important internal and external contact information, station maps and drawings as well as emergency response and evacuation procedures. The plans ensure that risk of harm to employees, contractors, the public, the environment and the physical assets of Hydro One is minimized. Funding under this program ensures that all ERPs contain up to date and accurate site-specific information.

3.2.3 Summary of Expenditures

The overall planned expenditures for environmental management in 2017 and 2018 are $18.4 million and $18 million, respectively. This increase from historic years is required to:

- Meet regulatory requirements to eliminate high PCB equipment by 2025;
- Complete additional transformer leak reductions as informed by recent oil leak survey to meet environmental obligations, as well as mitigating defects which could result in transformer failures impacting customers;
- Decommission additional underground oil handling systems which are no longer in use; and
- Complete additional refurbishment work on spill containment systems.

3.3 Power Equipment Maintenance

3.3.1 Introduction

The maintenance of Hydro One's power equipment is the most significant program within the Stations Sustaining OM&A category of expenditures. Hydro One’s transmission power equipment includes 721 transformers, 4,543 circuit breakers, as well as switches, insulators, bus work, instrument transformers, capacitor banks and reactors at the 292 transmission stations. Maintenance of this equipment is required to sustain in-service power equipment performance.

3.3.2 Investment Plan

The power equipment maintenance program is divided into six categories. Table 4 outlines the proposed funding for test years 2017 and 2018, along with the spending levels for the bridge and historic years for each category.

Table 4: Power Equipment Maintenance OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Preventive Maintenance	19.3	20.0	19.8	21.1	20.0	19.6	19.5
Corrective Maintenance	22.2	24.7	27.6	28.7	19.7	27.5	27.0
500kV Autotransformer Refurbishments	2.2	2.1	1.9	2.0	3.0	2.3	0.0
115kV and 230KV Transformer Refurbishments	6.1	5.6	5.9	5.8	5.1	6.4	6.5
Breaker Refurbishment	1.6	4.1	3.2	3.6	3.7	1.6	1.3
Other Maintenance and Inspection Programs	4.4	3.6	3.0	3.4	2.8	2.6	2.6
Total	55.7	60.2	61.4	64.5	54.3	60.0	57.0

<u>Preventive Maintenance</u>

Preventive maintenance is conducted to meet Hydro One's obligations defined by the Transmission System Code to "inspect, test and monitor its transmission facilities to ensure continued compliance with all applicable standards and instruments".

Hydro One's preventive maintenance program for power equipment is based on industry recognized Reliability Centered Maintenance ("RCM") principles. The RCM principles provide a structured methodology to determine inspection criteria based on known

equipment failure modes, to enable equipment functionality to be met in a cost-effective manner.

Hydro One's preventive maintenance program places a priority on the completion of condition based monitoring such as visual inspections, oil analysis, function testing and equipment performance monitoring rather than the more intrusive time-based activities. The different power equipment types have varying maintenance activities; examples of maintenance activities for transformers, breakers and switches include:

- Regular visual inspections to identify and record defects;
- Recording of pressures and temperatures to ensure that equipment is operating within appropriate specification and to identify oil leaks;
- Function testing of various equipment elements and alarms to ensure continued operation, reliability, as well as top up of oil as required;
- Selective intrusive maintenance to assess equipment condition, check contacts, test components, clean and lubricate, replace seals and complete minor repairs as required; and
- Diagnostic testing which includes oil analysis for dissolved gas, moisture content, dielectric strength assessment and insulator testing.

The frequencies of these activities vary depending upon the make, model type and condition of the subject equipment. Program expenditure is based on the volume and type of maintenance work required to be completed during the calendar year.

While the demographics and condition of the fleet, as well as the expanding asset base, would typically be indicators of a need for significant increases in these programs, test year expenditures are generally in-line with those from historic spending. This spending level is achieved through a variety of initiatives including:

- Shifting from time based maintenance scheduling to more condition based maintenance schedule – i.e., not carrying out costly intrusive maintenance activities until such time that diagnostic testing indicates a condition warranting this inspection;
- Increased stations sustaining capital expenditures to replace assets, resulting in avoided maintenance costs on aged assets that would otherwise require on-going maintenance to preserve equipment reliability;
- Installation of modern technologies with lower life cycle maintenance costs, such as replacing air blast circuit breakers with SF6 breakers which have lower maintenance requirements; and
- Improved ability to bundle activities making the most effective use of outage planning and mobilization of crews.

Corrective Maintenance

Corrective maintenance work is required to repair equipment defects and return equipment condition and performance to an acceptable state. Corrective maintenance is a combination of planned and unplanned "demand" work, including emergency response. Planned corrective maintenance addresses defects outside normal preventive maintenance cycles which can be scheduled and perhaps coordinated with other work to leverage efficiencies. Unplanned corrective maintenance results from all unscheduled, non-programmed maintenance necessitated by unforeseen problems and/or equipment failure. Emergency response may include preliminary investigation and minor or make safe repairs following equipment failure. This work is required to address the risk of harm and/or damage to any or all of employee safety, public safety, system reliability or the environment.

As expected, given the unplanned nature of this category of work, there is some variability on the number and severity of corrective maintenance issues addressed each year. Although overall station assets continue to age, which correlates to increase in

maintenance requirements, corrective maintenance is expected to remain in-line with recent historic levels as a result of the on-going focus on stations sustaining capital to address the worst performing assets.

500 kV Autotransformer Refurbishments

Refurbishment of the 500 kV autotransformer fleet is required to address the high failure rates of this critical class of equipment. Hydro One has experienced several 500 kV autotransformer failures on its system. The failure of a 500 kV autotransformer can jeopardize the reliability of the backbone 500 kV system and impact the stability of the electricity system. Interface limits may be affected and/or generation may be constrained. Due to the large amount of energy involved, failures have historically resulted in tank splits and oil spills, creating both safety and environmental hazards.

Investigations, which included third party design reviews, revealed a number of design limitations and highlighted that moisture levels in these units can reach unacceptably high levels leading to catastrophic failure. A remediation program was started in 2006 to address the primary deficiencies and has been successful at reducing the risk of failure until such time the transformers are replaced. This program is expected to conclude in 2017.

115 kV and 230 kV Transformer Refurbishments

Refurbishment of the 115 kV and 230 kV transformer fleet is required to address transformer components, such as: radiators, gaskets, gauges, bushings, fans, pumps, etc., that typically require major refurbishment or replacement prior to the end of the expected service life of the transformer. The refurbishments are extensive and include activities such as re-gasketing, replacement or refurbishment of components, painting, and oil processing. These refurbishments are done where cost effective, and allow the

transformer to remain in-service through its expected service life while maintaining reliability.

During the refurbishment, Hydro One also takes the opportunity to outfit the transformers with modern accessories, leading to various benefits as part of the transformer's life-cycle. For example, modern temperature monitors are installed and wired back to the Ontario Grid Control Centre ("OGCC") to give the operators real-time information for operating decisions. In the case of transformer temperature, a measured reading is more accurate than a theoretically modelled measurement and may allow for additional transformer loading or alternatively, will ensure that equipment is operating within its ratings as to not load beyond safe limits.

In addition to refurbishments, a number of programs are being implemented to reduce the risk of equipment failure. These programs have been developed as a result of learning from failure investigations or from industry partners. Programs targeted at upgrading fall-arrest safety systems, proactive on-line dry-outs, installation of maintenance-free self-regenerating breathers, installation of under load tap changer (ULTC) filtration systems, and the planned implementation of manufacturer recommended modifications to ULTCs are examples of such activities.

<u>Breaker Refurbishments</u>

Breaker refurbishments are required to address some specific models of circuit breakers (air blast, oil, GIS, and SF6) to allow them to reach their expected service life. Work planned in the test years focuses on mitigating reliability risks to customers or the bulk electricity system. A significant portion of these breaker refurbishment activities are as a result of past failures and the corrective action plans developed during failure investigations. For example, Hydro One continues to replace a component called the control selector switch on a cohort of breakers known to be at risk. Multiple breakers

have been forced out of service due to the failure of this component, and a program has been established to replace the defective elements to reduce the likelihood of impacting customers. The majority of the expenditure in this category of work is specific modifications and upgrades coming as a result of these similar investigations and is performed on air blast, oil, GIS, and SF6 circuit breakers.

The breaker refurbishment program is decreasing in test years due to capital replacement of ABCBs. The refurbishment program has also changed to focus on refurbishing the breaker drive mechanism.

Other Maintenance and Inspection Programs

Maintenance activities under this category include nuisance wildlife control, maintenance required for strategic spares and miscellaneous maintenance as outlined below.

Nuisance wildlife control programs are in place to combat the effects of both equipment interruptions and customer outages that can result when wildlife enter Hydro One's transmission stations for various reasons such as shelter, food, breeding and hibernation. The program involves installation of animal controls and barriers to limit the likelihood and consequence associated with animals climbing on electric equipment in a cost effective manner. Since the inception of this industry leading innovative approach, there has been a significant reduction in delivery point interruptions due to animals.

Strategic spares maintenance programs are in place to maintain the inventory of circuit breakers and transformers that support the in-service fleet. The program includes the maintenance required to ensure that these components are available to enable timely response to system component failures and are maintained in a manner that would not to void manufacturer warranties.

Other miscellaneous maintenance programs for power equipment include: capacitor bank maintenance, insulator contamination monitoring and power washing and station asset assessment activities. Although smaller, these activities are important to ensure equipment and customer reliability and manage equipment in a prudent and sustainable manner.

3.3.3 Summary of Expenditures

The overall planned expenditure for power equipment maintenance in 2017 and 2018 is $60 million and $57 million respectively. This is in line with recent historic spending. Some variations in program spending year over year can be observed, and are generally associated with implementation of specific investments rather than an on-going requirement.

By replacing assets through the capital program and with the implementation of condition based maintenance, Hydro One estimates it can save approximately 5% per year in power equipment maintenance, over the five years projected in the 5 year capital plan submitted with this application. The full saving potential from condition based maintenance will be verified through pilot programs in 2017 and 2018.

A reduction in this program will result in reduced planned maintenance and refurbishment activities, which are in place to ensure station equipment is operating within specified parameters to ensure the reliability of the transmission system.

3.4 Ancillary Systems Maintenance

3.4.1 Introduction

Ancillary Systems are required at all of Hydro One's transmission stations. These ancillary systems are comprised of station service systems, high pressure air systems, grounding systems, battery and battery charger systems, and oil processing facilities. These systems provide key services and operating support to all of the various station components.

3.4.2 Investment Plan

The ancillary systems maintenance program is divided into three categories. Table 5 outlines the proposed funding for test years 2017 and 2018, along with the spending levels for the bridge and historic years for each category.

Table 5: Ancillary Systems Maintenance OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Preventive Maintenance	4.9	5.4	4.6	4.4	5.2	5.5	5.4
Corrective Maintenance	3.5	3.8	4.2	3.6	4.1	4.3	4.3
Other Maintenance Programs	1.6	0.9	1.2	1.2	1.5	1.4	1.4
Total	10.1	10.1	10.0	9.2	10.8	11.2	11.2

<u>Preventive Maintenance</u>

Similar to the Power Equipment preventive maintenance program, the preventive maintenance program for Ancillary Systems is founded on RCM principles and is established to allow equipment to reach its expected service life. The maintenance

activities include periodic tests and inspections required to satisfy reliability, safety and regulatory requirements. Oversight bodies such as the Technical Standards and Safety Authority, IESO, NPCC, NERC, TSSA, Ministry of Health's *Occupational Health and Safety Act* and the MOE impose these requirements and in some cases mandate specific inspection and testing cycles.

Corrective Maintenance

Similar to the Power Equipment corrective maintenance program, the corrective maintenance program for Ancillary Systems is required to repair equipment defects and return equipment condition and performance to an acceptable state. Corrective maintenance is a combination of planned and unplanned 'demand' work, including emergency response. Corrective maintenance is required to address the risk of harm and/or damage to any or all of employee safety, public safety, system reliability or the environment.

Other Maintenance Programs

Other maintenance activities includes grounding studies, maintenance of Hydro One's oil storage and processing operation at its Central Maintenance Facility, and upgrades to backup diesel generators.

The program also funds the payments for services at facilities shared with OPG or Bruce Power. Hydro One has a number of sites located within or adjacent to generating stations (Hydraulic, Thermal and Nuclear) where services are purchased directly from the plant in order to maintain switchyard operations. These services include AC/DC station service, water and snow removal. Agreements are in place between Hydro One and the generating entities with respect to what services are shared and appropriate compensation. Hydro One is billed on an annual basis for these services.

3.4.3 Summary of Expenditures

The planned expenditures for ancillary systems maintenance in 2017 and 2018 are $11.2 million and $11.2 million, respectively. This is a slight increase from historic spending, primarily the result of increased regulatory requirements for preventive maintenance. A reduction in this program would not be prudent, as the ancillary systems maintenance program is substantially required to satisfy regulatory and/or safety obligations.

3.5 Protection and Automation System Maintenance

3.5.1 Introduction

Protection and automation assets are utilized to protect, control and operate the transmission system by sensing and isolating abnormal system conditions, providing real-time operational data and remote equipment control, and capturing detailed records for post-event analysis. Automation includes the systems for control, monitoring, metering, power system telecommunications and cyber security. The maintenance of these assets is required to sustain equipment performance and deliver on the compliance requirements with applicable NERC standards.

3.5.2 Investment Plan

The protection and automation maintenance program is divided into three categories. Table 6 outlines the proposed funding for the test years 2017 and 2018, along with the spending levels for the bridge and historic years for each category.

Table 6: Protection and Automation OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Protection, Control, Monitoring and Metering Equipment	19.3	20.4	19.2	19.5	18.4	22.9	23.3
Telecommunications	20.7	21.9	25.1	23.1	22.3	24.0	24.7
Cyber Security	4.9	7.1	7.8	21.2	20.4	14.1	14.0
Total	**44.9**	**49.4**	**52.1**	**63.9**	**61.2**	**60.9**	**62.0**

3.5.3 Protection and Automation Equipment

Protection and Automation equipment maintenance covers the planned and corrective maintenance work required to sustain the performance of the equipment.

Protective relays and their associated systems are critical in sensing abnormal system conditions and taking the fast automatic actions in response to those conditions. These devices protect local supply, supply within Ontario and the potential impacts of problems on the Hydro One's transmission system to the rest of the interconnected grid.

Control and Monitoring equipment is used to provide control, monitoring, and alarming functionality for each station to the Ontario Grid Control Centre ("OGCC"), the back-up control center or locally at the station. These devices also provide real time data to the IESO's energy management system in accordance with the Market Rules.

Wholesale revenue meters are used to measure energy flow between the IESO controlled power grid and metered market participants in accordance with the Market Rules and Measurement Canada requirements for transaction settlements. On market commencement in May 2002 Hydro One was the majority owner of wholesale revenue metering installations and, in accordance with the Market Rules, provides transitional

metering services until the metering installation has either been upgraded and registered in the wholesale market as Market Rule compliant or has been deregistered from the wholesale market. These choices apply to both HONI and other customer wholesale metering installations located within HONI Transmission facilities.

Services consist of responsibilities associated with the role of being a Metering Service Provider (MSP), such as, routine maintenance and testing, trouble call and corrective maintenance in accordance with the Market Rules, and documentation updates (such as energy totalization table maintenance, etc. Transmission station service metering is also maintained under this program.

A significant portion of the Protection and Automation equipment maintenance programs are regulated and non-discretionary. The expenditures for maintenance of Protection and Automation equipment fall into three activities as outlined in Table 7.

Table 7: Protection, Control, Monitoring and Metering Equipment OM&A
($ Millions)

Description	**Historic Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Preventative Maintenance	5.0	5.3	4.3	3.3	4.1	4.5	4.5
Corrective Maintenance	7.3	7.5	7.2	7.6	5.5	8.9	9.1
Support Processes and Systems	7.0	7.6	7.7	8.7	8.9	9.5	9.7
Total	**19.3**	**20.4**	**19.2**	**19.5**	**18.4**	**22.9**	**23.3**

Preventative Maintenance

Preventative Maintenance involves time based routine testing of protection systems and revenue meters. Protection systems spend most of their service life in a dormant state, yet must be relied upon to perform flawlessly during a fault or other abnormal system

condition. Routine testing is the only means to maintain a high degree of certainty that the system will operate correctly when called upon.

The testing frequency of protection systems that are designated as part of the Bulk Electric System are mandated by NERC guidelines; for the remaining portions of the system Hydro One follows internal policies that are in accordance with good utility practice. These intervals represent regulatory requirements for non-discretionary maintenance, and are consistent with industry standards for discretionary maintenance. Where new IEDs are installed, their self-monitoring capabilities allow the maintenance intervals to be extended, which is also reflected in the NERC standards.

The investment covers all protection maintenance such as protection testing, zone test trips, breaker trip coil testing, basic minimum power system testing (ST-3) and station inspections with prescribed maintenance activities and intervals outlined by Hydro One Directives and Policy documents, DARC-PRC005 (Directive to Achieve Reliability Compliance for Protection System Maintenance), PP-65004-002 (Protection System Maintenance Program for the Bulk Electric System), and PP-10-001 R0 (Protection System Maintenance & Testing Requirements for Non- BES System Elements). There are a number of tests performed during preventative maintenance to determine if a component is still capable of operating as designed. In cases where a test fails, corrective action must be taken immediately as the reliability of the electric system is lowered. The corrective action can be as minor as calibrating a relay or as major as replacing an existing relay with a new one. The costs of these corrective actions are covered within this investment.

Revenue Meters require periodic re-verification of their accuracy. These re-verifications are done at a frequency mandated by the Electricity and Gas Inspection Act and regulations overseen by Measurement Canada. Other activities include routine

maintenance and testing, energy totalization table maintenance in accordance with the Market Rules. Transmission station service metering is also maintained under this program.

Based on the regulation guidelines for testing frequency, there is some variability on the number of protection system and meter tests performed each year which is reflected in the annual budget variations.

Corrective Maintenance

All Protection and Automation assets experience some rate of failure or defects during their normal useful life. Failures decrease the reliability of the power system and can result in equipment damage as well as wide spread or prolonged power outages due to the criticality of these assets within the system. This category of work includes remedying specific problems as well as addressing issues such as defects with certain makes and models of protection relays/systems, discovered from analysis of events, which may have an impact on other installations depending on the issue.

Corrective maintenance involves field Protection and Control (P&C) staff responding to emergency trouble calls that are initiated by the Operating Centre. Field staff perform complete validation of "Planned" and "Emergency" corrective activities as they arise on a priority basis. In addition, any protection operation would require field staff to validate and to gather event records required for Natural Occurring Event Analysis (NOEA) investigations. When corrective maintenance is associated with a problem that exists in other locations, a program is created to remedy the deficiencies in all identified locations.

Given the unplanned nature of this category of work, there is variability on the number and severity of corrective maintenance issued addressed each year. Corrective maintenance is forecast to increase to $8.9 million in 2017 which is consistent with

historical years. In addition to the presently unknown deficiencies which will be uncovered throughout the planning period, extra funding is allocated to correct protection misoperations caused by the restricted ground fault protective function.

The restricted ground fault protection is used to protect transformer and switchgear. It detects and provides fast fault clearance to minimize equipment damage and arc flash energy. The restricted ground fault misoperations lead to nuisance outages, which negatively impact reliability, and may result in customer interruptions. Therefore, such misoperations need to be addressed via corrective measures.

Support Processes and Systems

Hydro One maintains a set of support processes and systems for the Protection and Automation equipment. The support systems are in place to manage change control of the settings and configuration of protection and control systems, keep records of events, as well as manage the inventory and re-seal schedule for revenue meters. The support processes are in place for carrying out event analyses and follow-up actions, performing routine inspections, managing spare parts and tracking vendor advisories. Hydro One is incorporating new processes and systems required to meet new or more stringent reliability standards issued by NERC and NPCC, and are in the process of augmenting the condition assessment of protection systems resulting in an increase over historic spending. Operating Power System IT Support maintains telecommunications systems used for operational control of the Hydro One system.

3.5.3.1 Telecommunications

Telecommunication systems provide high reliability and high-speed communications required for the protection, monitoring and control of Hydro One's transmission system. Hydro One's telecommunication system consists of digital fiber-optic networks, power

line carrier ("PLC") systems, owned or leased metallic cables, digital microwave radio, and the associated auxiliary telecommunication equipment for each. The expenditures for telecommunication systems fall into three activities as outlined in Table 8.

Table 8: Telecommunications OM&A ($ Millions)

Description	**Historic Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Preventative and Corrective Maintenance	4.6	5.5	6.4	5.1	3.4	3.6	3.8
Leased Telecommunication Circuits	8.9	9.5	11.2	9.1	9.9	10.2	10.3
Hydro One Telecom Contract	7.3	6.9	7.5	8.9	9.0	10.3	10.6
Total	**20.7**	**21.9**	**25.1**	**23.1**	**22.3**	**24.0**	**24.7**

Preventative and Corrective Maintenance

Preventative and corrective maintenance is required to sustain power system telecommunication assets. Hydro One's telecommunication assets include the terminal equipment for PLC systems, synchronous optical networking equipment, multiplexors, neutralizing transformers, tone equipment, radios and DC power supply for these devices, as well as the microwave radio towers. The maintenance program for these telecommunication assets includes the re-verification of equipment that supports protection systems directly, inspections, repairs and emergency work as well as replenishing spare parts inventories.

Telecom Preventative Maintenance

Routine telecom maintenance requires field testing of telecom schemes and equipment to ensure they are operating within expected parameters.

Telecom Preventative Maintenance involves:

1. Routine Maintenance / Re-verification;
2. Signal Adequacy Tests (SAT);
3. Microwave & PMR Tower Visual Inspection, Re-Lamping & Structural Inspections;
4. Telecom Battery / Charger Maintenance; and
5. OPGW / ADSS maintenance and inspections.

Timing intervals for telecom maintenance are dependent on the technology of the communications scheme and/or equipment, and whether the telecom equipment directly interfaces with protection schemes included in the Bulk Electric System (BES) as defined by the North American Electric Reliability Corporation (NERC).

Maintenance of Telecom devices that are integral part of protection schemes classified as BES elements is non-discretionary and requires annual compliance reporting. Maintenance on non-BES elements is discretionary and is performed on longer time intervals in line with industry best practices.

The overall strategy of the program is to reduce replacement costs, reduce corrective costs, and reduce interruption of services in the future while being compliant with the maintenance requirements of the regulatory authorities and Hydro One standards. Preventative maintenance is also used to gauge the condition of the assets, which helps in the planning of long term asset strategy including asset replacements and technology upgrades.

Preventive maintenance cost has generally declined over the years as a result of new devices having self-monitoring capabilities. Maintenance intervals for self-monitored devices have longer maintenance interval resulting in a reduction in maintenance costs.

Corrective maintenance that is performed on Telecom Assets includes: (a) Planned corrective maintenance to rectify issues that were identified earlier but did not have an immediate system impact; and (b) Emergency corrective maintenance to rectify issues that have already impacted system stability or will cause system stability issues immediately if left unchecked.

The overall program strategy is to ensure that telecom issues are corrected in a timely manner based on severity of the issue. Emergency corrective maintenance ensures that the affected telecom components and services are restored to normal operating conditions as soon as possible. Based on the available budget and identified issues, planned corrective maintenance prioritizes corrective action to ensure that future system impact is mitigated. Planned corrective actions also ensure that the long term stability of the system is maintained while reducing future corrective costs.

Leased Telecommunication Circuits

Hydro One leases telecommunication circuits in order to support the telecommunication requirements for protection and control of the power system. This program covers the monthly fees associated with leasing of the telecommunication circuits as well as for the provincial mobile radio system. This program is also subject to tariffs for telecommunication services as approved and regulated by the Canadian Radio-television Telecommunications Commission ("CRTC"). With the increasing deployment of new protection, control and monitoring equipment, the number of leased telecommunications circuits and circuit capacity required to support the power system is also increasing.

Historically, some of the protections at the remotely located stations depend on remote backup, auto-grounds and sometimes Operator intervention due to lack of communication facilities. To improve system reliability, new leased circuits are incorporated into protection scheme to help clear the fault within an appropriate time frame.

Hydro One Telecom Contract

Hydro One Telecom Contract covers the cost of labour for the monitoring, management and operation of the telecom infrastructure from the Integrated Telecom Management Center (ITMC) provided by Hydro One Telecom Inc. (HOT), under contract to Hydro One Networks Inc. (HONI).

HONI receives monitoring and alarm response for power system telecommunication circuits, outage management, vendor management, and system analysis services under contract from HOT. This program covers the payment to HOT for these contracted services, as well as the services related to updating the computer systems used in the management of the telecommunications circuits provided by HOT.

3.5.3.2 Cyber Security

Cyber Security maintenance is required to sustain the systems and facilities in compliance with the NERC Critical Infrastructure Protection (CIP) Standards. Maintenance and system support for Cyber Security includes:

- Maintaining the various Cyber Security assets (e.g. Firewalls, Intrusion Detection Systems, Malware detection systems, Physical Security systems);
- Conducting annual surveys of critical cyber assets and security perimeters;
- Managing, operating and monitoring cyber security systems (e.g. maintaining personnel access lists, patch management, maintaining logs, updating firmware, periodic tests);
- Tracking the life cycle of the critical cyber asset and proper disposal to ensure proper destruction of sensitive information; and
- Conducting ongoing assessments and testing of hardware and software components to ensure compliance. Documenting Technical Feasibility Exceptions (TFE) as evidence for submission on devices not capable of meeting compliance.

As outlined in proceeding EB-2012-0031, the energy sector is categorized as a critical infrastructure by the Canadian and US Federal governments. Acknowledging the importance of protecting the reliability of the interconnected grid, NERC developed an initial set of CIP standards to ensure regular testing and updating of the security systems and procedures for changes that occur in staffing as well as in the transmission assets that require security.

Version 5 of the NERC CIP standards extended the applicability of cyber security requirements to additional assets within the Hydro One's transmission system. With the adoption of Version 5, the number of sites for evaluation and inclusion into the NERC CIP cyber security compliance program will increase. Hydro One will be required to revise change management procedures and increase system management to incorporate these additional requirements. Full compliance of NERC CIP Version 5 will be completed by July 1, 2016.

Version 6 of the NERC CIP standards was passed by FERC on January 21, 2016. This revision extends requirements to Hydro One's Low impact classified sites requiring both physical and electronic access controls. V6 brings into scope 60 additional facilities which were not a part of the V5 compliance program, with the earliest compliance date commencing April 1, 2017 for one of the new requirements and the latest being September 1, 2018. Requirements for Transients Cyber Assets are also new, which is a further extension of work for in scope V5 Medium and High classified facilities.

This driver has been established to identify the OM&A expenditures for mitigating cyber risks to the Hydro One Bulk Electric System and for meeting compliance with the updated CIP standards. The expenditures for Cyber Security fall into three activities as outlined in Table 9.

Table 9: Cyber Security OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Cyber Security Maintenance and Support	4.0	6.3	5.8	11.1	9.4	11.2	11.5
Cyber Security Vulnerability Assessment and Audit	0.8	0.5	0.2	0.1	1.5	1.8	1.5
Special Compliance Related Projects	0.0	0.3	1.8	10.0	9.5	1.0	1.0
Total	**4.9**	**7.1**	**7.8**	**21.2**	**20.4**	**14.1**	**14.0**

Cyber Security Maintenance and Support

This investment is used to fund the necessary maintenance and support work required to operate, maintain, report, and monitor systems related to Hydro One's cyber security program. This also includes services provided by external resources. Systems include, but are not limited to, telecom, physical security, laboratory, central site tools and remote site systems. Hydro One's technical engineering teams also perform continuous evaluation and testing of both hardware and software components to address compliance issues due to new threats or vendor initiated changes such as new features or functionality and hardware modifications. The same technical staff is responsible for producing Technical Feasibility Exception (TFE) documentation which is required as evidence to the IESO in cases where technical considerations (e.g. the inherent third-party design of a device) render Hydro One incapable of meeting certain specific compliance requirements.

Cyber Security Vulnerability Assessment and Audits

This investment funds several annual assessments and audits. Vulnerability assessments are required by the NERC CIP program to confirm that implemented security controls have not been intentionally or unintentionally modified, as well to ensure that Hydro One's assets meet system security management requirements. Third Party resources will also be leveraged to evaluate Hydro One's current cyber security posture. The results of

this audit will be used to improve Hydro One's NERC CIP security programs through the unbiased examination of the controls implemented to achieve compliance. To ensure that Hydro One remains compliant to the NERC CIP requirements, the company will have an independent audit performed by an external service provider.

Special Compliance Related Projects

This investment provides the funding necessary for compliance related projects. Funding is in place to address any new V5 deficiencies identified outside of the capital spending that is required for Hydro One's compliance. The program also funds work related to new Version 6 (V6) of the NERC CIP standards, specifically to address Low Impact facilities as part of CIP-003-6 for Physical Security and Electronic access control. Hydro One has identified a large number (about sixty) of Low Impact facilities and the significant work to undertake to achieve compliance at all facilities. The Low Impact requirements have a compliance date of September 1, 2018. Spending is expected to be ramped down by 2018 as the work required for V6 will be closing out towards the compliance date.

3.5.4 Summary of Expenditures

The overall planned expenditures for protection and automation equipment maintenance in 2017 and 2018 are $60.9 million and $62.0 million, respectively. This represents an increase of 2% year over year in 2017 and 2018.

The spending on Protection, Control, Monitoring and Metering Equipment OM&A is steady with a slight increase in Telecommunication OM&A due to telecommunication systems with the increased new and upgraded leased telecommunications services required to support protection, control, monitoring and metering equipment.

The spending on Cyber Security is steady over 2016 and 2017 with a decrease in 2018 as the V5 and V6 compliance projects come to conclusion.

A reduction in this program may compromise Hydro One's ability to comply with reliability and cyber security regulations and result in an increase in equipment failures causing one or more of the following: equipment outages, equipment damage, load interruption and wide spread interruption to the interconnected electrical system.

3.6 Site Infrastructure Maintenance

3.6.1 Introduction

Hydro One's site facilities and infrastructure systems are comprised of yard drainage, fire protection and detection, structural footings, station buildings, cranes, elevators, heating ventilation and air-conditioning ("HVAC") systems, access roads, water supplies, sewage management, and fences at transmission stations. These systems provide infrastructure and support services to all other station components, prevent unauthorized access, and make the station site functional for equipment and staff.

3.6.2 Investment Plan

The Site Infrastructure Maintenance program is focused on the planned and corrective maintenance at transmission stations to ensure that these site facilities and infrastructure systems remain in a safe condition and in compliance with regulations.

The program is extensively driven by assessment of data collected, demand work, regulatory requirements (such as building and fire codes, the *Occupational Health and Safety Act*, Ministry of Environment requirements, and community by-laws) and

corporate standards. The program is divided into three categories. Table 9 outlines the proposed funding for test years 2017 and 2018, along with the spending levels for the bridge and historic years.

Table 9: Site Infrastructure Maintenance OM&A ($ Millions)

Description	**Historic Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Facilities and Infrastructure Maintenance	18.5	20.3	18.4	17.7	18.7	19.7	19.7
Grounds Maintenance	3.4	3.4	4.6	4.6	5.0	4.9	4.9
Site Perimeter Maintenance	0.7	1.4	1.6	1.7	1.4	1.1	0.7
Total	**22.7**	**25.2**	**24.5**	**24.0**	**25.1**	**25.7**	**25.3**

Facilities and Infrastructure Maintenance

This program is focused on the preventative and corrective maintenance of transmission station facilities and infrastructure. Data and information on the condition of station sites and buildings are collected through regular inspections, in addition to information gathered during maintenance work and trouble call response. Contracted inspections and asset surveys are also conducted.

The preventive maintenance program for site facilities and infrastructure addresses a wide variety of activities such as: building maintenance and facility improvements; HVAC maintenance; inspections; janitorial services; water system maintenance and testing; roads, bridges and railway maintenance; station civil geotechnical inspections and maintenance; and asset assessments.

The corrective maintenance program addresses demand work including trouble calls and identified defects related to station infrastructure facilities.

Grounds Maintenance

The grounds maintenance program funds a number of activities, including the application of herbicides to control weeds and vegetation inside Hydro One's transmission stations. Weed and vegetation control is required to keep step and touch voltages at safe levels for workers and others that enter the station. In addition, grounds maintenance includes snow removal to allow access to and within a station, grass cutting, clean-up and general maintenance that may be required for site drainage and grading.

Site Perimeter Maintenance

The site perimeter maintenance program includes preventive and corrective maintenance at station perimeters, (e.g., fences and gates) to prevent unauthorized access, and perimeter measures to keep animals out of stations and reduce the likelihood of power interruptions due to animal contact. The activities under this program complement broader corporate security initiatives targeted at safeguarding transmission assets to ensure public and employee safety and maintain equipment and system reliability.

3.6.3 Summary of Expenditures

The planned expenditures for Site Infrastructure Maintenance in 2017 and 2018 are $25.7 million and $25.3 million respectively. The increase from the historic years is a result of on-going work to address deficiencies with Hydro One's building infrastructure that pose a risk to reliability if not remedied (i.e. leaking roofs, basements, etc.), as well as additional work to maintain station perimeter fences to keep unauthorized individuals and animals out of stations.

A reduction in this program will result in more building infrastructure or station perimeter defects going unresolved, which can lead to events impacting the customer through system reliability.

4. LINES

Hydro One's lines primarily operate at voltages of 500 kV, 230 kV, and 115 kV, with minor lengths operating at 345 kV and 69 kV. Hydro One's transmission system consists of approximately 30,000 circuit km of overhead transmission lines located on about 21,000 km of rights-of-way, and 290 circuit km of underground transmission lines.

Overhead transmission line components include structures (primarily steel or wood) and corresponding foundations, conductors, shieldwire, insulators, lightning arrestors, hardware, switches, and grounding systems. Underground transmission line components include cables, terminations, oil pressure systems and grounding systems. The underground transmission lines are generally located in large urban centres.

Lines Sustaining OM&A funding covers expenditures required to maintain existing overhead and underground transmission lines assets. Hydro One manages its Lines Sustaining OM&A program by dividing the program into three categories:

1. Vegetation Management, which ensures that clearances to energized equipment are maintained and includes brush control, line clearing, condition patrol, demand maintenance and ground maintenance;

2. Overhead Lines Maintenance, which focuses on inspections and testing of overhead lines components to identify defects as well as emergency response and minor component replacement programs; and

3. Underground Cable Maintenance, which focuses on inspections, analysis, tests, surveys and diagnostics of cables, vaults, jackets and potheads as well as condition and route patrols, and corrective maintenance.

Required funding levels for the test years 2017 and 2018, along with spending levels for the bridge and historic years are provided in Table 10 for each category.

Table 10: Lines Sustaining OM&A ($ Millions)

Description	**Historic Years**				**Bridge**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Vegetation Management	27.1	31.1	35.5	32.6	35.8	33.8	34.8
Overhead Lines Maintenance	17.9	15.7	17.6	15.9	18.0	20.9	20.8
Underground Cable Maintenance	3.6	3.6	4.0	4.1	5.0	5.1	5.2
Total	**48.6**	**50.4**	**57.1**	**52.6**	**58.8**	**59.8**	**60.8**

The overall expenditures for the test years 2017 and 2018 are consistent with the 2016 bridge year expenses. Increases from historic years are for additional vegetation management inspections required by the NERC standards and additional line clearing and brush control. There is also a requirement for increased levels of condition assessment work on transmission line components.

4.1 Vegetation Management

4.1.1 Introduction

Hydro One has approximately 30,000 circuit km of overhead transmission lines across the province with various types of surrounding vegetation, including tress and forests which can grow into the proximity of transmission lines and threaten system reliability. To ensure system reliability, a vegetation management program is required to maintain clearances between vegetation and energized equipment are maintained. The program

controls vegetation growth in a manner that considers environmental, ecological and social impacts, while addressing reliability and safety concerns.

4.1.2 Investment Plan

The vegetation management program is divided into six categories. Table 11 outlines the proposed funding for the test years 2017 and 2018; along with the spending levels for the bridge and historic years for each category.

Table 11: Vegetation Management OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Brush Control	15.5	19.8	20.7	17.8	21.9	20.9	21.5
Line Clearing	5.3	5.2	8.3	8.4	6.8	6.5	6.5
Property Owner Contact	1.3	1.2	1.2	1.4	1.9	1.4	1.5
Condition Patrols	1.4	1.6	1.5	2.0	1.7	1.6	1.7
Demand Maintenance	1.4	0.9	1.3	1.5	1.5	1.5	1.6
Grounds Maintenance	2.2	2.3	2.5	1.5	2.0	2.0	2.0
Total	**27.1**	**31.1**	**35.5**	**32.6**	**35.8**	**33.8**	**34.8**

<u>Brush Control</u>

Brush control refers to managing the growth of vegetation on the rights-of-way to ensure it does not grow to a height that would cause an outage to the transmission line. The brush control also maintains access along the rights-of-way for inspection, maintenance activities, and emergency response. A number of different methods are used to manage rights-of-way vegetation, including selective herbicide application, species management, and mechanical brushing.

Line Clearing

Line clearing refers to the activity of assessing and removing "Danger Trees" that grow at the side of the right-of-way or on the right-of-way, as well as trimming of any trees that may pose a threat to the line. Danger trees are trees of questionable soundness and health, which could fall and contact line conductors, causing an outage. In some cases, removed trees are replaced with compatible vegetation to address local and environmental concerns. Line clearing is carried out as a separate activity from brush control, as it requires a higher level of skill to identify and remove trees that may jeopardize the security of a transmission line.

The activities of brush control and line clearing must comply with the requirements of the NERC Vegetation Management Standard (FAC-003-3) which were established to prevent blackout reoccurrences after the 2003 blackout event.

Brush control and line clearing are generally performed on a cyclical basis, as rights-of-way are maintained on approximately six and eight year cycles depending on the region and its associated growth cycle (i.e. climate, species composition, etc.). These cycle lengths have been evaluated over time and are considered to be appropriate for Hydro One's system, as they provide a cost-effective and sustainable level of reliability.

Property Owner Contact

Property Owner Contact is undertaken to acquire approval for access onto private property, obtain input concerning any restrictions and environmental concerns, and to communicate maintenance plans to property owners. Additionally, Hydro One has implemented an Urban Communications Strategy for lands owned by the Province of Ontario used for the purpose of transmission of electricity. This involves early engagement with municipal officials and staff, Conservation Authorities, Interest groups and adjacent property owners, sharing the need for the planned vegetation management.

During this activity, job planning and project layouts are completed, a detailed work package is prepared, and approvals are obtained from stakeholders such as property owners, municipalities, and the Ministry of Natural Resources, where applicable. This work is done in conjunction with the line clearing and brush control programs, and thus any increase in these programs or their complexity (with respect to number of property owners), will have a direct impact on the volume of property owner contacts.

Condition Patrols

Condition patrols are conducted along rights-of-way to identify, assess and document potential risks to the security of a line, including the condition of the vegetation. Patrols are typically carried out mid-cycle by experienced staff to assess the condition of the rights-of-way and schedule the removal of vegetation that may pose a threat before the next clearing cycle. Similarly, if a right-of-way is found to be in good condition despite not having been maintained for a lengthy period of time, then the line clearing and brush control schedule could be lengthened.

In addition to the condition patrols, Hydro One is required to inspect applicable lines annually as outlined in the NERC Vegetation Management Standard (FAC-003-3).

Demand Maintenance

Demand maintenance work is required to address vegetation management issues that cannot wait until the next scheduled line clearing or brush control maintenance. Issues addressed through demand maintenance arise as a result of problems identified by the public, storm damage, urban development, tree caused outages and problems identified during annual and condition patrols.

Grounds Maintenance

Grounds maintenance includes activities on transmission rights-of-ways such as grass cutting in urban areas, security patrols, maintenance of access barriers and fences, snow removal, and garbage removal. Maintenance is undertaken in consideration of regulatory requirements, local by-laws, and customer requirements. For example, grass cutting must be carried out during the growing season to comply with local by-laws with respect to weed control.

4.1.3 Summary of Expenditures

The overall planned expenditure for vegetation management in 2017 and 2018 is $33.8 million and $34.8 million respectively, which is consistent with the bridge year but an increase from previous years. The increase from the historic years is a result of the requirement to perform additional necessary brush control.

A reduction in this program would result in an increased risk of trees and brush encroaching on transmission lines potentially resulting in outages, violation of NERC requirements, as well as a decline in customer and system reliability.

4.2 Overhead Lines Maintenance

4.2.1 Introduction

The overhead lines maintenance program is required to maintain the reliability of transmission lines, address safety issues, meet regulatory requirements, and ensure the economic long term viability of the overhead lines system. The program includes activities such as overhead lines inspections to identify defects, emergency response, and the gathering of information that will enable funding to be allocated on a priority basis to

maximize the life of the lines assets and maintain performance. The program also provides for repair or replacement of defective equipment and components.

4.2.2 Investment Plan

The Overhead Lines Maintenance program is divided into three activities. Table 12 outlines the proposed funding for the test years 2017 and 2018; along with the spending levels for the bridge and historic years for each category.

Table 12: Overhead Line Maintenance OM&A ($ Millions)

Description	Historic Years				Bridge Year	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Preventive Maintenance and Asset Assessment	9.1	7.9	9.1	6.5	10.2	12.6	12.8
Demand Maintenance	3.2	3.2	2.8	4.0	3.2	3.4	3.6
Planned Corrective Maintenance and Projects	5.6	4.6	5.7	5.4	4.6	5.0	4.4
Total	**17.9**	**15.7**	**17.6**	**15.9**	**18.0**	**20.9**	**20.8**

<u>Preventive Maintenance and Asset Assessment</u>

Preventive maintenance and asset assessment encompasses a number of activities that are undertaken to keep lines assets in working order and to identify conditions that may impact their operation and reliability, as well as acquiring condition information needed to identify components in need of replacement or refurbishment.

The preventive maintenance activities include foot, helicopter and thermovision patrols; insulator washing; switch maintenance; and the assessment of various transmission line components that include poles, steel towers, insulators, conductors, shieldwires, anchors, and guys. The patrols identify any public safety issues and defects that may jeopardize customer and system reliability. Annual patrols are undertaken by helicopter but in areas

where flight restrictions exist, lines are patrolled on foot. System-wide thermovision patrols are carried out on a three year cycle, with the purpose of identifying "hot spots" (e.g. loose connections) that put line components at risk of failure. More critical lines such as those on the 500 kV system, inter-ties (i.e. inter-provincial or international lines), and those servicing critical generating plants have thermovision patrols conducted on an annual basis.

Asset assessment includes a number of activities that have been designed to provide the information needed to manage the transmission lines system and to identify defects that jeopardize public and worker safety and the reliability of the system. Specific activities include:

- Steel tower assessments to examine tower components above ground and at the ground line. Assessments include visual inspection and remaining zinc measurement and are carried out on those lines that show signs of noticeable corrosion and that have structures in swamps, standing water or are located in known corrosive areas; and
- Shieldwire and conductor testing targeting conductors that have been in service for more than 50 years and shieldwires that have been in service for more than 30 years. Once tested, those conductors and shieldwires determined to be at end of life, and posing a risk to the reliability of the system or a hazard to the public and employees, are scheduled for replacement under the appropriate capital replacement programs.

Figure 1: End Of Life conductor steel core due to corrosion

In order to increase productivity and constrain costs associated with conductor and shieldwire assessments, Hydro One has implemented the use of a new condition assessment device, known as 'LineVue', to assess conductors and shieldwires, beginning in 2016. LineVue is a non-destructive device capable of assessing conductors and shieldwires in-situ, on energized line circuits, rather than conventional conductor sample removal from the field and laboratory assessment. The accuracy of LineVue is comparable with conventional methods, while the cost is expected to be lower. In addition LineVue technology allows for the elimination of line outages to conduct the conductor condition assessments.

- Insulator testing is conducted on specific line sections where annual assessments of reliability performance or patrol observations suggest insulator conditions may be deteriorating. The main focus of the insulator testing program will be to assess polymeric insulators in the system.
- Periodic field surveys of electrical clearances of transmission lines are performed to ensure that clearances are adequate for current operating conditions, or in response to proposed increases in operating conditions.
- Wood pole line assessments involve detailed helicopter inspections of the condition of cross-arms and pole tops, and individual pole testing to evaluate the soundness of

the wood near the ground line. The lines selected for detailed helicopter inspections are identified based on accessibility, pole ages, and reliability information.

Figure 2: End of life wood pole cross arm detected by condition assessment

Wherever possible, assessment activities are scheduled in a complementary fashion, such that cyclical and non-cyclical needs are addressed as efficiently as possible. For example, a line section that requires pole and cross-arm assessments will be scheduled for a detailed helicopter patrol and pole testing so that both assessments are met and the need for the separate cyclical helicopter patrol is avoided.

Demand Maintenance

Demand maintenance is needed to respond to emerging problems and to restore power when necessary. Lightning storms, ice build-up on lines and high winds can result in the failure of transmission line components, which requires immediate response and repair. This program also addresses problems identified during line patrols that need a short term response to prevent a potential outage or to address a serious safety issue. This program is reactive in nature and varies due to weather severity, equipment deterioration and failures.

Planned Corrective Maintenance and Projects

The planned corrective maintenance and projects program includes minor corrective work, larger scale projects, and technical support to resolve reliability problems with transmission line assets. The planned corrective maintenance activities and projects are developed using the data collected through the patrols and asset assessment activities, as well as information on equipment reliability performance, and findings of expert analysis.

Planned corrective maintenance addresses broken ground wire connections, ground wire replacements, conductor clearance corrections, and planned defect corrections such as loose guy wires, broken strands of conductor, damaged insulator strings and dislodged tower members.

The larger scale projects address wide-spread design, manufacturing, or condition deficiencies or safety and reliability concerns. Maintenance of this type is targeted to specific locations that have been identified as high risk. Some of the activities include:

- Replacement of worn u-bolts that support the insulator strings and conductors (Figure 3 below);
- Replacement of dampers that limit vibration of conductor;
- Addition of tower anchor bolt security to deter vandalism; and
- Installation of anti-climbing barriers to prevent public access to towers.

Figure 3: End of Life U-bolts detected by Detailed Helicopter Inspection

4.2.3 Summary of Expenditures

The overall planned expenditures for the overhead lines program in 2017 and 2018 are $20.9 million and $20.8 million, respectively. This represents an increase over the bridge and historic years, due to the need to conduct more condition assessment on deteriorating assets.

A reduction in this program will result in defects remaining undiscovered, increasing the likelihood of failures, and in turn resulting in increased reliability risks and public safety issues.

4.3 Underground Cable Maintenance

4.3.1 Introduction

Hydro One's high voltage underground ("HVUG") cable system consists of 115 kV and 230 kV cables. Underground cables are located in the urban centres of Toronto, Hamilton and Ottawa, with short sections in London, Sarnia, Picton, Windsor and Thunder Bay.

This program reduces the risk of cable equipment failure, which can seriously impact service and reliability to a large number of urban areas. The activities within this program ensure that corrective action is taken when component failure is imminent or when defects are discovered during routine inspections. Hydro One provides timely response to external requests for a cable locate, thereby maintaining the integrity of the cable while safeguarding public and worker safety from potential dig-ins of the high voltage cable. Additionally, cable diagnostics and testing are conducted to provide an indication of the cable component and cable health, as most of the underground facilities are not visible or easily accessible.

4.3.2 Investment Plan

The Underground Cable Maintenance program is divided into three activities. Table 13 outlines the proposed funding levels for the test years 2017 and 2018, along with the spending levels for the bridge and historic years for each category.

Table 13: Underground Cable Maintenance OM&A ($ Millions)

Description	**Historic Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Cable Locates	1.4	1.2	1.3	1.2	1.4	1.4	1.4
Preventative Maintenance	0.4	0.9	0.8	0.8	1.3	1.4	1.4
Corrective Maintenance	1.8	1.6	1.9	2.1	2.3	2.3	2.3
Total	**3.6**	**3.6**	**4.0**	**4.1**	**5.0**	**5.1**	**5.2**

<u>Cable Locates</u>

This program responds to external requests for locating Hydro One's underground cable facilities. Responding to these requests is in the interest of both public safety and asset protection. Hydro One uses the services of "Ontario One Call" to field requests for cable

locates and then Hydro One completes the field identification as required.

This program is driven by external demand and the costs are not recovered by end use charges, which is consistent with the practice of other utilities. The "no fee" policy is in place to encourage contractors to make use of the service and avoid costly and hazardous situations. The forecast for the future volume of cable locates is based on the analysis of the historical number of requests.

Preventive Maintenance

Preventative Maintenance activities are aimed at determining cable condition and ensuring system reliability. Underground cables are made of a number of components and subsystems, the condition of which can deteriorate during the cables' service life.

Underground cable condition information is determined through a number of activities as listed below:

- Condition patrols focused on underground cables and their auxiliary systems such as the oil pumping plants and cathodic rectifiers;
- Cable pipe polarization spot checks and corrosion surveys to monitor the corrosion protection systems and steel pipe condition which protect many of Hydro One's Transmission cables;
- Oil testing and analysis to determine if there is any accumulation of dissolved gases in the insulating oil, which may be a sign of deteriorating condition;
- Route patrols at ground level to look for any unknown excavations near the cables or any evidence of oil leaks that would indicate a breach in the piping system;
- Jacket tests on cables in the system that are not protected by a steel pipe. These include oil filled cables protected by a metallic sheath and an outer polyethylene jacket;

- Infrared tests on cable components called potheads, which mark the transition of a conductor from overhead to underground, to determine if the materials that make up the pothead are exceeding thermal limits;
- Vault inspections on cable systems having splice locations that are enclosed in a concrete vault; and
- Cable diagnostic activities to assess condition and maintain reliability of the cable systems. Tests include oil leak detection, sheath current measurements and laboratory insulation assessment.

Hydro One is implementing a new technique in 2017 to more efficiently detect the oil leaks when they occur. By adding chemical tracer into the oil, a leak would be detected much easier and faster. This would decrease the response time and environmental impacts in the event of an oil leak, and therefore increase the efficiency within the program.

The large majority of preventative maintenance activities are cyclical in nature (e.g., route patrols are conducted twice per month). However, condition data and reliability performance may drive the need to adjust the frequency of maintenance activities for specific cables that may be a source of concern.

Corrective Maintenance

Corrective maintenance work includes repairs of defects discovered through preventative maintenance activities, and may involve repairing oil leaks, coating of cable terminations, repairing of cable sheath and pipe coating, and topping up oil levels. These repairs are essential to keep the cables and their associated components in a reliable state of operation.

The activities included under corrective maintenance are primarily reactive and demand-driven, but also include planned corrective activities. Planned corrective work is done where problems arise and there is adequate time to correct defects without significantly jeopardizing reliability and safety. Planned corrective work includes removal and replacement of oil that has unacceptable concentrations of harmful gases, repairs to sheaths that have been damaged through corrosion, and adjustment and repairs to monitoring equipment.

4.3.3 Summary of Expenditures

The overall planned expenditures for the underground cable program in 2017 and 2018 are $5.1 million and $5.2 million respectively. This represents an increase compared to the historic years, but consistent with the 2016 bridge year expenditures. The increased funding is required to complete necessary activities such as cable jacket tests and polarization surveys on the cable sheaths and pipes which are cycle driven, outage dependent and critical in order to maintain the expected service life of these assets.

A reduction in this program will limit the ability to detect and repair defects, which will shorten the life expectancy of these critical assets, and will cause deterioration leading to oil leaks, insulation damage, premature replacement and loss of supply to critical customers in the major urban centres of Ontario. It will also increase environmental risks associated with an increase in oil leaks from these cables.

5. ENGINEERING AND ENVIRONMENTAL SUPPORT

5.1 Introduction

The engineering and environmental support program is in place to support activities, including management of records and drawings, data base management and provision of specific technical information, technical support including specialized studies, outage assessments conducted by the IESO, event investigation and incidents response, and to fund the use of external technical expertise not available within Hydro One.

5.2 Investment Plan

This program is primarily driven by demand and the level work required to support the transmission capital work programs. As the capital work program increases, the level of required support increases, as these projects will require drawings, and, in turn, increased drawing maintenance. The technical support and specialized studies are completed on an ad hoc basis to aid in the decision-making process for capital investments.

Table 14 outlines the proposed funding levels for the test years 2017 and 2018, along with the spending levels for the bridge and historic years.

Table 14: Engineering and Environmental Support OM&A

($ Millions)

Description	**Historic Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Engineering and Environmental Support	9.5	10.7	9.6	6.0	4.0	2.9	2.9
Total	9.5	10.7	9.6	6.0	4.0	2.9	2.9

This program is reviewed annually to assess the level of engineering and environmental support needs and has been decreased as a result of streamlining design and engineering processes. Computer Aided Design and Drafting support was reported here but is now captured under Information Services Division expense.

5.3 Summary of Expenditures

The planned expenditure for the engineering and environmental support program is $2.9 million for each of the test years and is representative of cost saving initiatives and organizational changes with some costs reflected in other areas within this application.

DEVELOPMENT OM&A

1. INTRODUCTION

Development OM&A consists of expenditures to develop technical standards, technical approaches and solutions, and bodies of knowledge; which are for the benefit of Hydro One's customers and/or are critical for Hydro One's business success.

Hydro One Transmission manages its Development OM&A program by dividing the program expenditures into the following key areas:

- Transmission Standards Program
- Research Development and Demonstration
- Customer Power Quality Program

A summary of required funding for the Development OM&A in the test years, along with the spending levels for the bridge and historic years, are presented in Table 1 for each of the major Development OM&A categories.

Table 1: Summary of Development OM&A
($ Million)

Description	Historic Years				Bridge	Test Years	
	2012	2013	2014	2015	2016	2017	2018
Transmission Standards Program	2.5	3.1	3.3	2.8	3.0	2.5	2.6
Research Development and Demonstration	0.0	0.0	0.0	0.0	2.1	2.1	2.2
Customer Power Quality Program	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Technology Program – Studies *	3.5	3.2	2.8	3.0	0.0	0.0	0.0
Smart Grid – Studies *	2.4	2.2	1.4	0.3	0.0	0.0	0.0
Total Development	**8.4**	**8.6**	**7.5**	**6.1**	**5.3**	**4.8**	**5.0**

***** *In 2016, investments in smart-grid related studies were integrated with other technology program studies under the new Research Development and Demonstration program.*

The overall Development OM&A requirements for the test years 2017 and 2018 represent a decrease compared to the historic year spending. This overall trend is largely attributed to the implementation of the newly integrated Research Development and Demonstration program, and cost savings in the Transmission Standards Program.

A further description of each of the major categories and the associated funding requirements is provided herein.

2. TRANSMISSION STANDARDS PROGRAM

2.1 Investment Plan

The Transmission Standards Program ("TSP") supports the planning, design, installation, operations, and maintenance of Hydro One's transmission system by maintaining and developing new transmission technical standards for power system assets such as: stations, transformers, lines, protection and control equipment, and other transmission equipment.

Hydro One's technical standards define suitable equipment and provide consistent design approaches. This ensures clear direction is in place for field employees and/or contractors to conduct work procedures in order to safe-guard electric utility employees and the public where electrical supplies are installed, operated and maintained. The use of repeatable and consistent designs is also expected to result in cost savings from the standardization of maintenance practices; as well as standardization of technical specifications that enable bulk purchasing of transmission equipment.

The TSP also supports the development of standards triggered by changes to reliability standards from organizations such as the North American Electric Reliability Corporation

("NERC") and/or the Northeast Power Coordinating Council ("NPCC"), as well as any revisions to wide-scale, externally-developed industry standards such as the Transmission System Code.

Furthermore, the TSP manages Hydro One's external standards subscriptions and service-level agreements with Standards Development Organizations such as the Institute of Electrical and Electronic Engineers ("IEEE") and the Canadian Standards Association ("CSA"). This corporate-wide function provides employees with access to industry standards and operates as a mechanism to request additional standards if outside the current subscription. It also provides Hydro One a mechanism to influence industry standards and requirements.

A description of the TSP projects planned in 2017 and 2018 are provided below.

1. Internal Standards Development: Planning
   To support the development and revision of functional requirement standards. Hydro One intends to develop approximately twelve standards over each of the test years.

2. Internal Standards Development: Engineering
   To support the development and revision of production standards, and engineering design and construction standards required for the transmission system. Hydro One intends to develop approximately seventy standards over each of the test years.

3. Internal Standards Development: Work Execution
   To support the development and revision of commissioning and maintenance procedures, and work processes due to introduction of new equipment. This work will also support the development and revision of lines, stations, and P&C maintenance

policies, testing procedures and directives. Hydro One intends to develop approximately eighteen standards over each of the test years.

4. External Standards Development and Standards Subscription

To support standard development work requiring expertise from External Consultants and fund external standard subscriptions. It entails review of material standards, and provides technical support and analysis on various issues. Hydro One expects external standard development on approximately three standards over each of the test years.

2.2 Summary of Expenditures

The planned expenditure for 2017 and 2018 is $2.5 million and $2.6 million respectively, which represents a decrease from historic and bridge year spending levels. This level of funding will ensure that a continued focus on development and revision of technical standards is maintained in order to: address scheduled updates of existing standards for lines and stations, prepare new standards that will need to be developed for intelligent electronic devices, and comply with mandatory standards for safety and reliability.

3. RESEARCH DEVELOPMENT AND DEMONSTRATION

3.1 Investment Plan

The corporate Research, Development and Demonstration ("RD&D") program addresses both operational needs by resolving immediate and specific technical challenges experienced by Hydro One, as well as strategic needs by engaging in research and demonstration of emerging technologies.

The key objectives of the RD&D program are to:

- Monitor and assess emerging technologies, approaches, processes and tools with potential impact on Hydro One's business interests;
- Sustain a repository of RD&D reports;
- Provide centralized RD&D-centric contract management services in respect to external research providers; and
- Champion projects involving early/emerging technologies.

Hydro One engages various external research providers to facilitate research and demonstration projects in order to obtain operational and strategic value. For example, the Electric Power Research Institute ("EPRI") is a global research entity and one of the major external research providers of services. Services are primarily obtained by way of subscription-based enrolment. EPRI's programs and projects cover a range of electricity utility topics vital to Hydro One.

The other predominant external researcher provider is the Centre for Energy Advancement through Technological Innovation ("CEATI"). CEATI is Canadian-based, but with memberships that extend beyond Canada. Like EPRI, CEATI includes standing interest groups devoted to particular areas of focus for utilities, as well as specific projects for current and emerging issues.

Subscription-type programs such as those offered by EPRI and CEATI are especially cost-effective by leveraging joint funding of projects with other utilities, risk sharing, and access to the broader expertise of companies with similar interests or challenges.

Hydro One also undertakes specific research projects through a variety of external service providers, such as Kinectrics and others. Many of these specific projects are developed

in response to particular new or sudden issues affecting Hydro One, and/or longer-term initiatives involving emerging technologies.

The following examples illustrate both operational and strategic investments under the RD&D program.

Operational Investments:

1. Transformer Health Indices Project

   This project was developed to advance the quality of Hydro One's transformer asset data and risk assessments by leveraging an independent, scientifically-based source of information and methodology. The results of the study are to provide Hydro One with a list of potential degradation and failure modes within some critical transformers. If this project proves successful, other, similar health indices projects may be initiated for other power equipment.

2. Insulator Replacement Plan project

   This project was initiated to test insulators in order to assess the condition of a certain class of in-service porcelain insulators that are of concern. The results of this study will assist in the development of a technically informed, risk-based and cost-effective replacement strategy to address the pace of replacement for both the critical and non-critical strings and to assist in structuring a replacement program.

3. Leakage Current Demonstration project

   This project was developed to measure, in real time, the levels of leakage current that occur due to dirt on the insulators. With the use of RF sensors the measurement will determine when insulator washing is required to reduce the risk of an insulator failure. The results of this demonstration will assist Hydro One in determining

whether it is beneficial to implement a "precision maintenance" program or continue with the current "timed maintenance" program.

4. Ampacity Calculation Field Verification project

This project will utilize sensor technology to evaluate the feasibility of migrating to the IEEE model for calculating ampacity. Hydro One currently uses its own, internally-developed calculations for ampacity ratings, as opposed to using IEEE's industry standard. The results of this project will determine if there is potential that the IEEE calculation for ampacity could significantly improve the calculated line rating.

Strategic Investments:

1. Unmanned Aerial Vehicles ("UAVs") project

This RD&D sponsored research project will assess the capability of UAV technologies to perform transmission line inspections. Inspections of transmission lines are essential to pinpoint stressed or at-risk components prior to failure, preventing outages, and optimizing maintenance efforts. The traditional means of providing these inspections are costly and labour-intensive. The results of this research will determine what functional requirements and standards are necessary to utilize UAV technology; as well as provide an assessment of the associated risks, costs and benefits.

2. Disruptive Technologies project

Through several focused RD&D projects, Hydro One will assess and evaluate the feasibility and viability of emerging technologies such as: energy storage and

microgrids[1] that could have a significant disruptive effect on Hydro One and the utility industry as customers look for different ways to use and receive electricity. The results of this research will provide Hydro One with an understanding of the behavior and impact of emerging technologies that can inform new strategies to meet changing customer needs.

3.2 Summary of Expenditures

The planned expenditures for 2017 and 2018 are $2.1 million and $2.2 million respectively; which are in-line with the projected spending in the bridge year. However these expenditures represent a significant reduction from the historic spending. This interim reduction represents a transition from the completion of multi-year work in the area of renewable generation and smart grid, to the commencement of new projects related to emerging technologies such as microgrids, energy storage, and unmanned aerial vehicles.

4. CUSTOMER POWER QUALITY PROGRAM

4.1 Investment Plan

The Customer Power Quality Program is designed to address the quality of delivered power which can materially impact customers' operations and satisfaction, as reaffirmed in the Customer Engagement consultations. The *impacts* of power quality issues are particular to individual customers and are functions of:

[1] A microgrid is a group of interconnected loads and distributed energy resources within a clearly defined electrical boundary that acts as a single controllable entity with respect to the grid. It can connect and disconnect from the grid to enable it to operate in both grid-connected and islanded mode.

1. The nature, severity and frequency of the power quality issue; and
2. Customer resilience or "ride-through" capability.

It is clearly in the best interests of both customers and the transmission system to improve and sustain adequate levels of power quality. However, there are several challenges that transmission utilities face in actually doing so. Many power quality issues are inherent in the physical nature of a transmission system such as routine switching operations that may cause voltage spikes and dips. As well, the leading cause of power quality issues in North America are naturally occurring, wide-ranging events such as lightning and other weather events. These types of power quality issues are difficult, cost prohibitive and/or simply impossible to address in any wholesale, network-wide manner. However, there are certain power quality issues faced by customers that can be mitigated on a case by case basis.

In an effort to better understand the impacts of power quality issues upon customers, and based on feedback from the Customer Engagement consultations, Hydro One has undertaken an outreach and stakeholder program called the Power Quality working group. Based on this initial outreach, Hydro One's new power quality program is focused on the following four initiative streams:

1. Power quality monitoring and data acquisition;
2. Event analysis, correlation and modeling;
3. Mitigation development; and
4. Customer support.

These initiative streams consist of both a proactive component of predicting and informing customers of potential system-specific power quality problems as well as a responsive component of addressing customer power quality issues on an ad hoc demand

basis. These combine to address the impacts of power quality by improving system power quality performance or improving customer resilience or both. Both these initiative streams have Capital and OM&A components. The Capital component is described further in Exhibit B1, Tab 3, Schedule 3.

The specific investments under Customer Power Quality OM&A program include:

- Undertaking studies and modeling;
- Providing third party customer power quality evaluations;
- Enabling power quality metering features in revenue meters; and
- Licensing power quality related databases.

4.2 Summary of Expenditures

The planned expenditure for the test years is $0.2 million annually. This is a new program which has been nominally funded as a pilot to address expected demand work. An increase in funding may be required in the future after the value and benefits of such power quality work is assessed.

OPERATIONS OM&A

1. INTRODUCTION

The Operations function manages the Hydro One Transmission System in real time on a continuous basis. This includes performing tasks such as monitoring and controlling transmission assets, coordinating and scheduling planned outages, reacting to system contingencies, provisioning for customer notifications and reporting on the performance of the Transmission System. The operations OM&A expenditures fund the operation of Hydro One's Transmission System consistent with good utility practice and meet requirements established by operating agreements, market rules and regulatory authorities as a Transmission Owner and Operator. Lastly, this funding supports Hydro One programs for managing its relationship with its large transmission customers and generators.

Operations OM&A also includes initiatives to support environmental, health and safety activities that are required to meet legal obligations, due diligence and that align with Hydro One's strategic objectives.

2. DISCUSSION

Operational activities associated with the Transmission System are carried out centrally at the Ontario Grid Control Centre ("OGCC") and in the event the OGCC or its computer systems are rendered unavailable, at the Back-up Control Centre ("BUCC"). The OGCC and the BUCC are shared facilities which allow central operations of the transmission and distribution systems. The BUCC facility is located at a separate site as required to meet North American Electricity Reliability Corporation ("NERC") standards and is

consistent with good utility practice. The current BUCC will be replaced with the new Integrated Systems Operations Centre ("ISOC"), that has a proposed in-service date of 2020. This is further discussed in Exhibit B1, Tab 3, Schedule 4.

The OM&A costs for transmission operations for the 2017 and 2018 test years are based on the "Review of Allocation of Common Corporate Costs (Transmission)" methodology, updated March 17, 2014 and accepted by the Board during the previous five transmission applications under Proceedings EB-2006-0501, EB-2008-0272, EB-2010-0002, EB-2012-0031 and EB-2014-0140 and as discussed further in Exhibit C1, Tab 6, Schedule 1.

The OGCC is accountable for operating Hydro One's transmission system including interconnections to other neighbouring transmission systems in Canada and the United States. Using the Network Management System, the OGCC monitors and controls Hydro One's transmission system and transformer stations in real time to maintain acceptable voltage levels, equipment loadings, and manage equipment outages. The OGCC also performs the transmission outage planning function to coordinate maintenance and capital work programs. Lastly, the OGCC develops Utility Work Protection Code ("UWPC") documentation including switching orders for planned and unplanned outages on the transmission system, to ensure a safe working environment for Hydro One staff, utility employees and the public.

The operations OM&A expenditures are divided into three categories; Operations, Operations Support, and Environment, Health and Safety.

- **Operations** investments fund the staff and work activities required to conduct the safe and reliable operation of the transmission system, including the planning,

scheduling and execution of transmission outages and managing the relationships with large transmission customers and generators;

- **Operations Support** investments provide for the maintenance of the operating computer tools and systems, and Operating-directed field activities; and
- **Environment, Health and Safety** investments fund programs to support environmental, health and safety initiatives required to meet legal obligations, due diligence requirements and to assist in achieving corporate health and safety objectives.

The required funding for the test years, along with the spending levels for the bridge and historic years, are provided in Table 1 for each category.

Table 1: Operations OM&A Allocated to Transmission ($ Millions)

Description	**Historical Years**				**Bridge Year**	**Test Years**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Operations	32.1	33.9	34.6	35.5	35.5	35.9	36.1
Operations Support	21.4	21.3	20.9	22.4	22.9	23.6	24.3
Environment, Health and Safety	1.3	1.5	1.1	1.1	1.6	1.9	1.8
Total	54.8	56.7	56.6	59.0	60.0	61.3	62.1

- Operations expenditures have remained fairly constant between the historical years and the test years.
- The Operations Support spending remains relatively stable in the bridge year and in the test years.
- Environment, health and safety spending remains stable in the bridge year and in the test years.

The description and details for individual operations OM&A categories are provided in:

- Section 3.0 for Operations;
- Section 4.0 for Operations Support; and
- Section 5.0 for Environment, Health and Safety.

3. OPERATIONS

The Operations program funds the work and staff required to conduct the safe and reliable operation of the transmission system, including the planning and scheduling of transmission outages, coordinating emergency response and monitoring system performance. It also includes maintenance and support for the Network Management System ("NMS"), a mission critical tool for the monitoring and control of the Hydro One transmission system and the Network Outage Management System ("NOMS"), an essential tool for execution of the outage planning function at the OGCC and other related systems.

Hydro One is registered with North American Electric Reliability Corporation ("NERC") as a transmission owner and operator. This registration requires that the control room operators be NERC certified. Aside from the initial cost of the NERC certification training for new hires and controller trainees, there is an on-going mandated requirement to provide continuing education hours annually, to maintain NERC certification. System operator competency is critical to the reliability of the North American Bulk Electric System.

Hydro One Operations continue to hire new controller trainee's ("CTs") annually, given current attrition rates, the increased number of resouces eligible for retirement and resources accepting positions in other lines of business or externally.

The three year Controller Trainee Program, is currently being transitioned to a two year program to offset the forecasted attrition rate of control room and outage planning staff. It is expected that this transition will be fully realized in 2016. Although the Controller Training Program includes on the job training in the control room and outage planning, CTs are not considered part of the shift complement until they complete their training program and are deemed qualified, thus inflating the actual number of controllers required.

Station and line centric work programs and projects require more extensive outage co-ordination and planning in addition to operating a more complex transmission system due to the addition of distributed generation and the installation of more automated equipment in field locations. With a significant increase in the sustainment capital work programs any reduction in the planned Operations funding and annual hiring of CTs will result in a shortage of skilled resources. This will greatly affect the efficient and reliable operation of the Hydro One transmission system and the ability of Hydro One to maintain the level of service its customers expect.

The spending requirements for the test years 2017 and 2018 are $35.9 million and $36.1 million respectively.

4. OPERATIONS SUPPORT

Operations Support programs provides funding for maintenance and enhancements to the operating facilities at the OGCC and BUCC, as well as services and tools essential to the planning and execution of outages. The primary critical operating systems are the NMS, NOMS, the Utility Work Protection Code (UWPC), the Electronic Log, the Integrated Voice Communications and Telephony System (IVCT) and the Emergency Services

Information System. Details concerning each of these systems are provided in Exhibit B1, Tab 3, Schedule 4.

The essential services to support the day to day operation of the transmission system are described in Sections 4.1 to 4.7.

4.1 Operating Power System IT Support

This investment provides funding to maintain support for operating computer tools, systems and hardware as it relates to the operation of Hydro One Transmission's assets to ensure the safe, reliable, efficient and cost effective delivery of power to Hydro One customers. Critical support activities are provided for the following operating system and tools elements; NMS, NOMS, IVCT and other system applications, data services, architecture and infrastructure management, voice communication systems, IT building facilities, system control support and program management. Typical services include asset lifecycle replacement, systems performance monitoring, configuration and release management, power restoration, system operating, capacity planning, minor modifications and enhancements.

The costs for Operating Power System IT Support activities in 2017 and 2018 are $15.5 million and $16.0 million respectively.

4.2 Field Switching – Stations & Lines

Many elements of the transmission system cannot be remotely controlled. In order to fully execute its accountabilities related to the provision of safe working conditions and reliable operations, the operations function directs staff in the field to carry out required

manual field switching activities. The field switching program also funds responses to unplanned outages and third party requests.

The costs for Field Switching activities in 2017 and 2018 are $5.4 million and $5.5 million respectively.

4.3 Load Transfer Studies

Load transfer studies are required to assess the feasibility of electrical configuration changes when forced and planned outages are required on the Hydro One transmission system due to maintenance, new connections, device installations, contingencies and abnormal system or asset conditions. The funding of these studies ensures continued system reliability, reduced impact of outages to customers and safer working environments for Hydro One transmission employees.

The costs for Load Transfer Studies in 2017 and 2018 are $0.6 million in each year.

4.4 Operating Diagram Maintenance

Operating diagrams show the interconnectivity of transmission system elements and the devices that isolate them from the system.

The operating diagrams are maintained on the following systems:

- The Computer Aided Design system contains the operating diagrams for auxiliary facilities associated with transmission assets such as AC/DC station service diagrams, fire protection systems, air systems, protection and control systems, etc.; and
- The NMS contains all transmission system related drawings used for real time operation and control.

One of the primary uses of operating diagrams is the administration and execution of the Utility Work Protection Code documentation required to provide guaranteed safe working conditions for Hydro One field crews, electric utility staff, customers and the general public. The development and sustainment work programs result in numerous changes to the transmission system each year. It is paramount to safety that these changes be reflected on the operating diagrams accurately and in a timely fashion.

The costs for maintenance of Operating Diagrams in 2017 and 2018 are $0.4 million in each year.

4.5 Voice Communications System Support & Maintenance

This investment funds the maintenance program for the control room IVCT system and provides for essential expert telecommunications support. The integrated voice system is Operating's method of communicating with customers, field crews and other authorities (e.g. IESO, Hydro Quebec, NYPA, etc.) involved in the management and operation of the transmission system. The IVCT system provides integrated access and intelligent call routing via multiple communication methods (i.e. Provincial Mobile Radio System and Public Switched Telephone Network) incorporating multiple technologies (i.e. Interactive Voice Response technology, rolodex, Intercom, voice messaging, and conference bridge functions) to provide efficient management of hundreds of control room calls each day. Supplemental support for emergency satellite communications is also provisioned under this program.

The costs for support and maintenance in 2017 and 2018 are $0.9 million in each year.

4.6 Miscellaneous

The remaining miscellaneous programs include; Customer Event Investigations, Emergency Preparedness, Field Verification and Level II Inspections.

Customer Event Investigations program provides funding to complete requested investigations, customer interface requests and operations training needs by Station Services. The costs for this investment in 2017 and 2018 are $0.2 million in each year.

The Emergency Preparedness program is required to ensure the Emergency Response Implementation Procedures and emergency contact information is updated annually, and to ensure emergency communications and back-up generator testing are completed. This program ensures all emergency preparedness regulatory requirements (market rules, NERC, etc.) are properly managed and documented as prescribed by regulation. The costs for this investment in 2017 and 2018 are $0.1 million in each year.

Field Verification is required for equipment and print reverification to facilitate incident reporting and to ensure diagrams are adequately maintained. Accurate and up-to-date diagrams are important to ensure employee, public safety and for the administration of the Utility Work Protection Code (UWPC). The costs for this investment in 2017 and 2018 are $0.2 million in each year.

Level II Inspections are bi-annual inspections of all transmission stations required to ensure equipment is in good repair and the necessary tools are in place so that field switching can be completed safely and efficiently. The costs for this investment in 2017 and 2018 are $0.4 million in each year.

The total costs of miscellaneous programs are $0.9 million in each of the test years.

4.7 Summary of Operations Support Expenditures

Operations Support funding is essential to ensure the facilities, systems and tools maintain the highest level of availability commensurate with the functions it supports. The requested level of funding ensures real-time monitoring and control is sustained under all systems, environmental or facility conditions and is essential for the overall reliability of Ontario's Bulk Electric System.

The spending requirement for test year 2017 is $23.6 million and for 2018 is $24.3 million. Operations support cost levels are maintained through the bridge and test years.

The risks of not proceeding with these funding levels include, but are not limited to the following:

- Expiration of software licenses, vendor maintenance contracts and appropriate support staff will result in prolonged disruption of critical facilities (i.e. NMS and NOMS) required to support the operation of the transmission system;
- Decreased field switching activities will cause longer outage durations (planned and unplanned) resulting in negative impacts on customers, their businesses and completion of the annual work program;
- Inability to perform load transfer studies will result in diminished system reliability, increased outage impacts on customers and will adversely affect worker safety; and
- Failure to maintain the accuracy of operating diagrams in a timely fashion will:
    - seriously affect Hydro One and utility worker safety caused by incorrect equipment switching;
    - result in damage to transmission assets if subjected to intolerable voltages and loadings; and
    - directly affect system reliability and the ability to react to system contingencies.

5. ENVIRONMENT, HEALTH AND SAFETY

The Environment, Health and Safety programs funded through "Greener Choices" and "Environment Health & Safety" span both transmission and distribution; therefore the following information will apply to both.

These drivers support environmental, health and safety programs that are required to meet legal obligations and ensure a level of due diligence commensurate with the size and scale of Hydro One Networks Inc. In addition, these programs fund activities to meet the corporate Environmental and Safety performance targets.

Greener Choices programs support the Corporate Environment Policy by promoting employee awareness on how environmental impacts can be reduced, creating a culture of conservation within Hydro One, helping to make our facilities more energy efficient, waste conscious and by reducing emissions from our fleet. Hydro One received the Canadian Electricity Association Sustainable Electricity Company designation for its effort in this area.

Environment, Health and Safety activities (which support the Corporate Health and Safety Policy and Public Safety Policy) funded by this investment include:

- Occupational and non-occupational injury/illness support for medical assessments of workplace injuries and illnesses (occupational); audiometric testing for noise exposed employees (testing is the primary method to measure hearing loss, the effectiveness of engineering/administrative controls and the proper use of hearing protection devices). Hearing tests are vital as they identify the beginning of noise-induced hearing loss long before an employee will notice it; the Care Management Program which provides the right care at the right time for Hydro One employees who suffer a

major medical absence of five days or more (non-occupational); and pandemic planning (occupational and non-occupational);

- Hazardous Materials Management which identifies hazardous materials and establishes a protocol for on-going management of these materials in the workplace as per the Occupational Health and Safety Act (i.e., designated substances such as asbestos, lead, mercury). Formal programs have been established for managing asbestos and lead-containing materials in Hydro One workplaces;
- Public safety which includes school presentations by Hydro One Lines employees using Hazard Hamlet models, participation in community events, fall fairs, media campaigns and the development and production of educational materials to inform and educate members of the public about the hazards associated with Hydro One's assets;
- Proactive forums to assist the health and safety of employees by raising awareness and providing education about health, wellness and lifestyle issues as well as employee health screening clinics and flu shot clinics;
- E-learning modules continue to be developed and refreshed to enable employees to be trained remotely allowing for timely and immediate delivery of required training. E-learning contributes to employee competence and reduces delivery costs;
- Development and casting implementation of new training media to improve the effectiveness of trades training. Approaches include: web, video streaming, mobile learning, simulation, and knowledge transfer technologies. This is used in trades and technical training and will contribute to ensuring future skilled labour for the maintenance and operation of Hydro One assets;
- The Journey to Zero initiative supports the corporate goal of reaching world class safety performance by 2019. The initiative which began in 2010 has achieved continuous improvement in the Hydro One health and safety performance toward achieving an injury free workplace. Part of the success of the program can be attributed to the formation of cross-functional teams to identify specific functional

areas impacting safety performance, determine a remedial or educational course of action for implementation and establish corporate goals to measure success.

- Maintenance of Hydro One's OHSAS 18001 Registration includes ongoing system and field audits to ensure Hydro One's Health & Safety Management System (HSEMS) is meeting the OHSAS standard and closing of any identified gaps. The HSEMS was first registered in 2013 and external audits on our system have shown steady reduction in the number of audit findings. The HSEMS demonstrates how Hydro One implements the Corporate Health and Safety, Environment and Public Safety Policies;
- Ice and Water rescue training for staff who work on and around water and ice so that they are prepared to meet the hazards in these environments; and
- The Species at Risk program ensures compliance with revised federal and provincial regulations that requires protection of migratory birds, endangered species, and protection of their habitat. To ensure Hydro One meets the regulations, necessitates the development and maintenance of special treatment requirements for areas containing migratory birds and endangered species and the development and implementation of a system to effectively relay these requirements to staff responsible for developing work programs.

5.1 Summary of Environmental Health & Safety Expenditures

Environment, health and safety costs remain stable from historic to bridge and test years. The transmission costs associated with these investments in 2017 and 2018 are $1.9 million and $1.8 million respectively.

CUSTOMER CARE OM&A

1. OVERVIEW

Hydro One's Customer Care OM&A investments fund activities required to develop, implement and monitor plans to positively influence customer relationships and ensure affordability and overall value for the products and services offered to them. The Customer Care work activities for Hydro One Transmission include management of key relationships with large grid-connected customers, meter data aggregation, billing, customer contact handling and settlement function activities.

Table 1: Customer Care Costs by Function ($ Million)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Customer Operations	0.9	1.8	1.9	1.5	0.9	0.9	0.8
Customer Business Relations	3.5	3.4	3.5	3.6	3.2	3.2	3.1
Total	**4.4**	**5.3**	**5.4**	**5.1**	**4.1**	**4.0**	**3.9**

2. CUSTOMER OPERATIONS

Customer operations costs relate primarily to the settlements activities, customer care management, and some strategic work that supports Hydro One's business objectives.

The settlements function ensures the integrity of financial transactions between Hydro One, the Independent Electricity System Operator ("IESO"), and applicable transmission-connected customers. Settlement activities include:

- calculating gross load-billed quantities at specific delivery points and submitting them to the IESO;

- reconciling transmission delivery point quantities and charges, and the allocation of transmission pool revenues according to OEB-approved allocations; and
- identifying anomalies and exceptions in metering data used by the IESO to bill Hydro One Transmission-connected customers.

The Customer Care management function is accountable for work program budgeting, service performance management, customer research, and responding to escalated customer complaints. Specific work includes:

- specifying the appropriate transmission tariffs to be applied by the IESO for each transmission delivery point as per the applicable transmission connection agreement;
- updating, reviewing and approving transmission totalization tables and related IESO transmission delivery point site registration reports and meter connectivity and wholesale meter registration information for each transmission delivery point;
- identifying transmission tariff gross-load billing for specific transmission delivery points as a result of the connection of non-renewable and renewable generators; and
- surveying and researching transmission-connected Hydro One customers.

3. CUSTOMER BUSINESS RELATIONS

Core work programs include: customer policy development and monitoring; contract development and management; program implementation; customer communications; operational and business support; overseeing the operation of various customer consultation venues, such as the customer advisory board for transmission, and the customer connection process; and project coordination. Beginning in 2015, this work includes the creation and distribution to customers of reliability reports specific to delivery points relevant to those customers. This is discussed further in Exhibit B1, Tab 2, Schedule 2. Hydro One has also undertaken a power quality initiative, directly

engaging with customers to define power quality events, which has resulted in new investments in power quality mitigation for impacted customers.

O&M WORK EXECUTION STRATEGY

1. BACKGROUND

Hydro One is constantly looking for innovative and productive ways to complete its operations and maintenance (O&M) work program. This presents a challenge for Hydro One as the transmission system continues evolve in complexity, planned equipment outages are more difficult to obtain, assets are stressed and there is an increase in compliance requirements resulting from government and regulatory directives. To complete the O&M work program, Hydro One must also contend with increasing work volumes and a highly competitive labour market for the necessary skilled labour. Hydro One will complete its O&M work program with no material increase in spending levels through the bridge and test years, through the effective management of resources that optimizes skill sets, new work program management initiatives and continuous improvements through process changes and the leveraging of new technology, Productivity initiatives will mitigate the effects of an increasing asset base on on-going cost pressures.

2. WORK EXECUTION CHALLENGES

2.1 Transmission System Asset Condition

Hydro One has an aging transmission system as further validated by the Transmission Total Cost Benchmarking Study. Aged assets tend to require more maintenance for reasons such as wear and tear and exposure to fault current. Maintenance expenditures will continue to be required for the foreseeable future due to the volume of older assets that need to be addressed through the Hydro One capital investment program.

There will be an increased need for sustaining capital infrastructure investment over the next few years as discussed further in Exhibit B1, Tab 3, Schedule 2. By addressing assets in deteriorating condition, Hydro One aims to increase reliability and reduce corrective maintenance costs.

2.2 O&M Staffing Resources

Both capital and O&M projects require the expertise of Hydro One's skilled labour force. With increasing capital work program targets, Hydro One expects to face challenges in ensuring the availability of sufficient skilled labor resources to complete all planned work across capital and O&M programs, but is taking steps to ensure the efficient recruitment and deployment of skilled staff. Although, Hydro One realizes economies of scale and efficiencies by integrating the workforce for its transmission and distribution businesses, the continuing loss of skilled staff through attrition has forced Hydro One to review its staffing strategies to accomplish the planned work program.

Specialized skilled staff, such as qualified Protection and Control (P&C) engineers, field technicians, linemen and arborists are more difficult to recruit than in the past, due to competing needs from other organizations in Ontario and across North America. Hydro One’s capacity to maintain the skill level of the work force required to deliver the work program remains a challenge. However, Hydro One has developed an effective recruitment program to attract the necessary skills that consists of partnerships with colleges, Apprentice and Graduate Training Programs and University and College Co-Op Education Programs. Further details on the Corporate Staffing Strategy can be found in Exhibit C1, Tab 4, Schedule 1.

2.3 Planned Equipment Outages

Much of Hydro One's O&M work requires transmission system outages. Completing the maintenance program without interruptions to customers requires significant planning and coordination. Scheduling of outages must consider forecasted bulk electrical system conditions, system limits, operating constraints and stakeholder requests. The Transmission System Outage Groupings (TSOG) process is the initiative to enhance outage related services, effectively plan farther out and to better align with the interconnected customers. Longer term certainty and visibility of outage requests will improve coordination among Hydro One lines of business and result in enhanced efficiencies. A greater emphasis will also be given to contingency plans and reliability to benefit transmission customers.

2.4 Compliance

Hydro One is governed by many authorities that can impose regulations and directives on the company as a licensed transmitter. These entities include, but are not limited to the North American Electric Corporation (NERC), the Northeast Power Coordinating Council (NPCC), the IESO, the, Ontario Energy Board, the National Energy Board, and various Ontario Government ministries. Hydro One is expected to operate in a manner consistent with all applicable rules, regulations, and guidelines at all times. Doing so can result in undue pressure to meet timelines with available resources and funding.

2.4.1 Compliance in Stations

Recent changes to PCB regulations have added complexity and cost to any work involving equipment containing greater than 2ppm PCB content. Oil must now be contained, disposed of and replaced with new PCB-free oil. The deadline to become 100% PCB free is 2025 and an aggressive funding plan is in place starting in 2017.

Compliance with the NERC Critical Infrastructure Protection (CIP) Standards is an obligation prescribed in the Ontario Market Rules to ensure the reliability of the Bulk Electric System (BES). CIP Standard Version 5 introduces sweeping changes to most of the existing cyber security requirements, significantly increases the total number of Hydro One protected assets and facilities, and stipulates annual testing of specific assets. This creates added complexity and work to the O&M program. The budget to meet requirements is estimated to be $1 million per year through to 2022.

The Northeast Power Coordinating Council (NPCC) and Technical Standards and Safety Authority – Ontario (TSSA) compliance standards continue to change. Testing intervals for specific equipment have been accelerated. For example one year and six month intervals for battery testing have been narrowed to 4 month intervals resulting in an increase of approximately $100k annually. Other work has the potential of becoming mandatory in the near future, such as SF6 Breaker tests. The new standards now require testing to be performed at precise intervals from the actual date of the last test to be compliant. Accurate records must be maintained and work orders updated as required to ensure compliance.

2.4.2 Compliance in Forestry

In previous vegetation maintenance cycles, incompatible vegetation growth and encroachments onto transmission corridors and rights-of-way by adjacent property owners were not fully addressed. Hydro One's vegetation management staff has been actively working with property owners to obtain the necessary clearance to prevent vegetation-related outages.

Previous NERC transmission standards for vegetation management included an option for Forestry Services to treat vegetation up to the mature tree edge where securing to design width was not possible. However, in 2015, transmission standards were revised to

ensure that corridors are brought back to design during regular maintenance. Further, a NERC vegetation management compliance standard (FAC-003) has also introduced a new requirement to ensure that 100% of NERC applicable transmission lines are patrolled within 18 months to review the growth.

Herbicides usage is one of the best practices for long term vegetation management control on transmission corridors. Hydro One uses basal and foliar type of herbicide applications. If herbicides are not applied during the company's regular cycle maintenance, the regrowth occurs faster, with the result that future vegetation management costs are harder to control. Forestry Services continue to face challenges obtaining permission to apply herbicides from property owners, municipal authorities and cottage associations.

3. IMPLEMENTATION OF WORK EXECUTION STRATEGY FOR THE 2017-2018 WORK PROGRAM

Hydro One's O&M work execution strategy continually strives to increase the volume of work that can be accomplished annually at a lower cost through improved productivity. The work execution strategy optimizes the deployment and development of the workforce to effectively complete the volume of work, implements improvements in planning, work management, and logistics and leverages new technology.

3.1 Labour Productivity and Skill Optimization

3.1.1 Work Force Management

Hydro One is actively managing its workforce to identify the appropriate balance of regular and non-regular staff to complete work plan programs. The growing contingent

of non-regular staff provides Hydro One the flexibility to employ staff according to its work program rather than to plan its work program according to staffing levels. To provide greater visibility to its outsourcing requirements, Hydro One is developing resourcing models to identify allocation opportunities. As of the first quarter 2016, Hydro One has outsourced approximately 20% of the transmission grounds and sites work within the Stations group to Brookfield Global Integrated Solutions.

The current work program presents challenges to Hydro One's specialized resources when work exceeds the Company's internal capacity to meet the demand. To address these challenges, Hydro One has established a Purchased Services Agreement (PSA) with the Power Workers' Union (PWU) to:

- Enable outsourcing when a skill set required on temporary basis is not available internally;
- Free internal resources to complete work for required for regulatory compliance and additional O&M work; and
- Address the variation in requirements for specific skills on a weekly basis.

Staff will continue to be hired and developed at the required rate in the critical core trades and professional groups with consideration to the period of training (three to five years) required for them to be effective.

3.1.2 Optimizing Skill Sets

Hydro One is looking at optimizing skill levels and developing employees in all areas of the Company. This will promote the one company, one team culture and empower staff to contribute to working more efficiently and at reduced costs.

Hydro One is a focusing on improving the business acumen of its field management and supervision groups through training and the provision of new reporting tools. Leveraging enhanced information and analytical tools will allow Field Managers to improve their decision making in the areas of overtime and administration costs as well as crew size, supervision, training time, 'windshield time', fleet utilization, and facilities utilization at a field level. As a result, Field Managers will play a more active role in lowering costs in the field.

Hydro One is focusing on expanding the skill set of its employees to avoid the added cost of hiring externally to perform specific tasks. External resources will be still be used in cases where work can be performed readily by an external company and still meet Hydro One quality and safety requirements. Enhanced internal training packages are being developed to strategically target productivity improvements and for long term employee development. In an effort to reduce costs at our Central Maintenance Shop (CMS), Hydro One has internally trained employees to drive tractor trailers and has purchased a Gantry Crane for in-house operation of power equipment lifts to move equipment around the yard. Annual savings for these two initiatives are estimated in the range of $400k - $500k.

Hydro One is working with external firms to develop specific skills training programs such as the three year CMS Transformer Overhaul training program which will be used to train/qualify both regular and Hiring Hall temporary staff in the various stages of transformer overhaul and testing.

To reduce costs on light vehicle maintenance, Hydro One is performing the re-torqueing of lug nuts in-house rather than contracting this work out to more expensive external services. Re-torqueing is now done as part of the vehicle inspection. This increases

wrench time and fleet savings, and the resultant savings are approximately $100,000 annually based on the size of the fleet.

3.1.3 Overtime Spend and Corrective Maintenance Reductions

Hydro One is focusing on reducing overtime spend by tightening controls and implementing more stringent approval methods. High priority corrective maintenance can account for a large portion of overtime spend. Hydro One is actively working on decreasing its corrective maintenance spend in stations. Initiatives include the following:

- A new integrated planning and scheduling tool will facilitate more preventative work being completed in a timely manner to reduce the amount of corrective maintenance;
- A decrease in corrective maintenance will also be realized with the replacement of assets in poor condition through the sustainment capital program;
- Asset Management staff are working towards identifying the criteria for replacing high maintenance equipment through detailed analysis;
- A review to reduce the number of trouble calls performed on overtime; and
- Greater collaboration with customers regarding optimal scheduling times.

3.1.4 Wrench Time Studies

Hydro One's Stations organization is introducing Wrench Time Studies in 2016 to identify opportunities for specific work improvement. A detailed analysis of specific work tasks performed on the same equipment across all zones is being performed to determine the best and worst cost ratios and establish a median standard for internal benchmarking. The identified best practices used by the most efficient crews will be implemented across all zones to increase overall efficiency. Data will be collected and trended to measure the success achieved in the standardization of these practices. This

standard will serve as the baseline for the estimating group. This should refine estimates leading to better control and scheduling/planning of resources.

3.1.5 Temporary Head Quarters

The optimal deployment of Hydro One expert internal resources is needed to maximize work program execution. The Company temporarily re-assigns staff to areas of extreme work demand. Hydro One has established Temporary Work Headquarters for employees who are required to work outside of their residence headquarters for extended periods of time. The benefits of this initiative include increased wrench time, fleet savings, decreased travel expenses, scheduling efficiencies and safety improvements (e.g. less windshield time). The annual quantifiable savings for this initiative will range from $500,000 to $1 million based on the requirement to redeploy staff and the location where work is required.

A full discussion of the Hydro One staffing strategy including enhanced internal training programs, educational partnerships and increased utilization of casual workers and temporary employees is provided in Exhibit C1, Tab 4, Schedule 1.

3.2 Improved Planning, Scheduling And Reporting Processes

Hydro One continuously focuses efforts on managing work more effectively. The Company has made changes to the way it prioritizes, plans, and releases work in order to execute work more efficiently. Hydro One Transmission is now using fully integrated work planning methods that balance and optimize the use of internal and external resources, costs, system outages, customer needs and material availability. Maintenance plans are being reviewed in a more stringent manner between lines of business to ensure

that the right work is being released for the right equipment to be completed in most optimal conditions on a more consistent basis.

3.2.1 Work Bundling Opportunities

Hydro One continues to plan and bundle work at the station level rather than the asset level. This integrated line- and station-centric approach allows the Company to utilize resources more efficiently and increase work accomplishment. The station-centric approach results in a reduction of mobilization and demobilization activities, lessens the number of transmission system outages required and increases the level of safety for field staff on site. This approach allows staff to be aware of all work and tests being performed and the boundaries of the safe work area according to the points of isolation and de-energization.

3.2.2 Outage Availability and Optimization

Figure 1 illustrates the decline in the average volume of cancelled outages. Reductions in cancelled outages can be attributed to a reduction in the number of total outages and greater coordination between the Ontario Grid Control Centre (OGCC), Independent Electricity System Operator (IESO), transmission customers and the executing lines of business. The station-centric and line-centric approach to work has also reduced the number of outages required to accomplish the work program. A new initiative in 2016 to identify the reasons for cancellations and mitigate the impacts of controllable factors such as a lack of manpower, system conditions, defective transport and work equipment and lack of materials has been implemented.

The volume of planned Bulk Electric System planned outages processed annually from 2008 to 2015 has declined by twenty percent. The noted decrease is a result of more

work being completed per outage due to the line and station-centric approach and other work bundling initiatives.

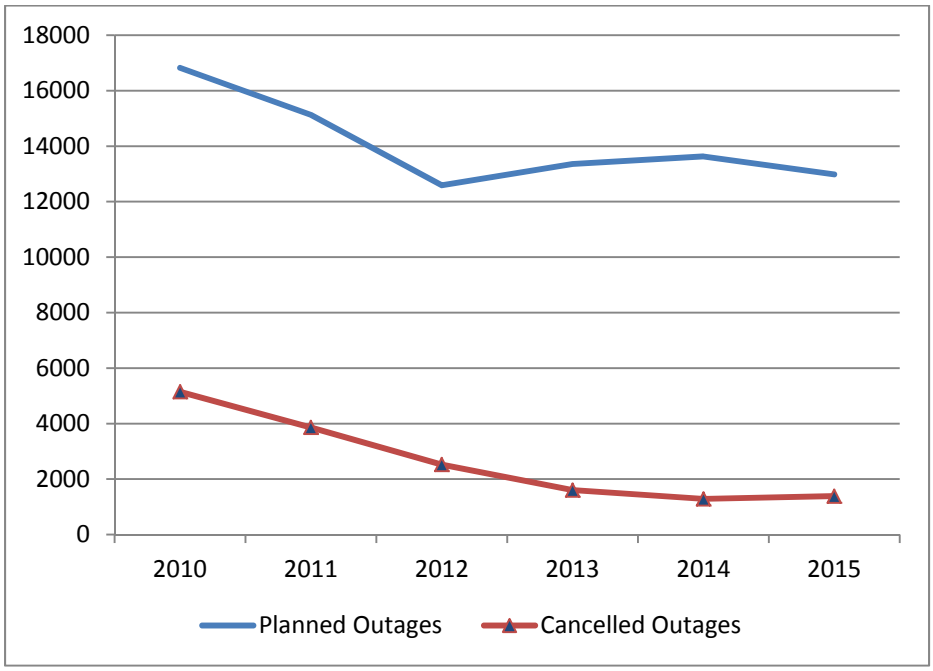

Figure 1: Planned and Cancelled Outages Year-Over-Year

3.2.3 Reducing Maintenance Cycles

Hydro One is making strides to reduce maintenance costs by reviewing preventive cycles and extending cycles for certain equipment; moving towards condition-based maintenance as opposed to time based maintenance, where appropriate. Investment in a new integrated planning and scheduling tool will also assist in preventative maintenance being performed in a timely manner which should also reduce corrective maintenance costs. This is noticeable in the trend below from the Transmission Total Cost Benchmarking Study found at Exhibit B2, Tab 2, Schedule 1, Attachment 1.

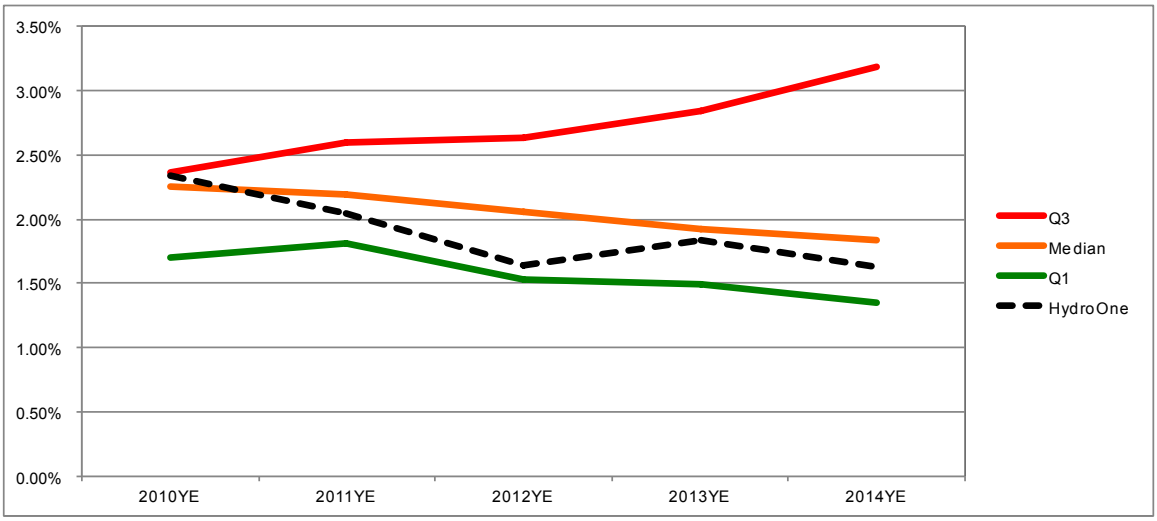

Figure 2: Transmission Lines and Substations O&M per Asset

3.2.4 Reducing maintenance backlog

Hydro One has developed a reconciliation process to ensure the work released is aligned with the funding levels and any backlogs are managed at an appropriate level at the start of the budget year. A quarterly review is performed to analyze trends and effect necessary adjustments to ensure completion of the work program. A pipeline of ready jobs is maintained to replace any cancelled work and to assist in the management of any maintenance backlog.

3.2.5 Internal reporting

Hydro One is making enhancements to its internal reporting processes and introducing new reports throughout the Company to provide more visibility to areas for cost efficiency and productivity improvement. For example, enhanced reporting is being implemented for the program closure process. Internal reporting monitors the status of work to ensure the work orders are closed on completion on a more consistent and

thorough basis. Lessons learned are also documented to ensure incorporation into existing processes and future programs.

3.3 Improved Management Of Equipment Inventory

3.3.1 Logistics Support

Optimizing the material inventoried in the Company's warehouse is an important element of the work execution strategy. Hydro One is provisioning core materials from inventory rather than waiting to purchase these materials after projects have received final approval. This approach reduces materials bottlenecks associated with vendor lead times. Warehouse facilities also store emergency and strategic spares such as bushings, breakers and cable in case of existing equipment failure in the electrical system.

For OM&A programs, inventories at the Company's warehouse are automatically maintained. Equipment such as tap changers and breakers has minimum level requirements. If inventory reaches the minimum level for a particular piece of equipment, an order is automatically generated.

3.3.2 Local Material Stocking

Hydro One implemented a cost savings initiative to stock frequently used materials at strategic locations to reduce costs associated with travel to purchase items, thereby effectively utilizing strategic sourcing initiatives that take advantage of volume discounts. The benefits from this initiative include increased wrench time, reduced fleet costs and reduced administrative duties. Depending on the demand for these materials savings of approximately $250k annually will be realized.

3.3.3 Remote Impact Recorders

Impact Recorders measure any impacts that occur to a transformer during transportation from manufacturer to site. Instead of employees travelling to the final destination of the transformer to analyze the readings, they are now completed remotely from CMS. This results in less travel costs for employees, more productivity and safety improvements (e.g. less windshield time). The savings are estimated at $100k annually.

3.3.4 Use of Reconditioned Oil

Hydro One initiated a cost saving measure by using re-conditioned oil in transformers. The re-conditioned oil meets all standard requirements. This initiative results in lower costs and environmental benefits. Savings associated with this initiative are estimated at $600k annually.

3.4 Leveraging Technology

3.4.1 Camera Cable Vault Inspections

Hydro One has implemented the use of a video camera to conduct cable vault inspections, eliminating the need for employees to physically enter the vault and take cables out of service. This also reduces the number of employees involved in the operation from four to two. It provides a safer workplace and allows for scheduling and outage efficiencies. The annual quantifiable savings associated with this initiative are based on the amount of associated work required and will range from $40,000 to $100,000 in savings per year.

3.4.2 Leveraging Technology in Lines

3.4.2.1 The Transmission Lines Geographical Information System (TLGIS)

TLGIS is the source of record for geographical information of Hydro One assets for Transmission Overhead Lines. Imagery of assets, photographs and videos of assets are also stored in TLGIS and are updated as assets change. Each year during planned Helicopter Patrols, imagery is updated for all transmission line assets including but not limited to, structures, switches, taps, junctions, demarcation points, line/station transition, and station egress, buses.

3.4.2.2 LineVue

The LineVue tool is a piece of equipment used for assessing the condition of conductors and shield wires. The tool is more efficient than traditional methods of conductor sampling because it requires neither an outage nor cutting/splicing wires to provide information about the conductor. As a result, it reduces circuit unavailability, particularly on radial circuits. Although the sampling costs remain the same, use of the tool enables a less intrusive sampling process and a potential reduction in trouble calls from spliced wires.

3.4.2.3 Tablet Use for Helicopter and Foot Patrol, and Wood Pole Condition Assessment

Line and junction foot patrols are the main ground-based preventative maintenance activity used to detect, correct and/or report defects that exist on transmission line structures, conductors, junctions and rights-of-way. Staff have been equipped with tablets loaded with appropriate asset data and are able to update data and report on defects in real time. Greater access to data enables Hydro One to cost effectively manage

work, develop programs, identify trends/emerging issues, establish priorities and make future projections.

3.4.3 Leveraging Technology in Forestry

3.4.3.1 LiDAR Technology Pilot

Hydro One Vegetation management is looking to incorporate next generation technologies including LiDAR to integrate into the program mix. LiDAR is a surveying technology that measures distance by illuminating a target with a laser light. LiDAR technology has been increasingly adopted within the utility industry to patrol transmission lines to assess the vegetation growth and the need for pruning,

Hydro One has completed one pilot project in 2013 where it patrolled approximately 200 kms of high voltage lines (200 kV and above) primarily in the central and eastern part of the province. Results of the pilot were validated using field visits. Hydro One is currently engaged in another pilot with more specific requirements that will validate the results from this technology within Hydro One vegetation management.

3.4.3.2 The Feller Buncher

Hydro One's vegetation management program has been using Feller Bunchers to take down trees for a number of years in distribution applications. The Feller Buncher is a fleet vehicle that significantly increases the efficiency of the Forestry division by cutting trees and stacking them in clusters. This machine reduces the total labour time required per tree from 0.8 hours to 0.16 hours. With the change in NERC transmission standards to require trimming all corridors back to their design width, the use of Feller Bunchers for transmission vegetation management will increase.

3.4.4 Leveraging Technology in Stations

3.4.4.1 Scheduling and Resource Planning Tool

The Stations organization is embarking on a project in 2016 to introduce a fully integrated Scheduling and Planning tool to replace the current manual scheduling process. This tool is expected to result in more effective scheduling and planning through increased visibility. Cost savings will be derived from a decrease in headcount due to the automated generation of reports, increased wrench time and a reduction in corrective spend with better planning and execution of preventative maintenance.

Hydro One expects to realize a full return on the investment of this new tool in approximately two years.

4. SUMMARY

Hydro One's O&M work execution strategy is aligned with the business objectives of the Transmission System Plan. It is focused on ensuring that Hydro One is maintaining system reliability, addressing customer needs, and meeting regulatory requirements, while continuing to ensure a safe environment for workers and customers. In addition, Hydro One is actively pursuing productivity improvement initiatives that will allow the Company to reduce total O&M expenses in both 2017 and 2018 despite numerous cost challenges.

SUMMARY OF COMMON CORPORATE COSTS - OM&A

Hydro One Common Corporate OM&A costs are comprised of common corporate functions and services ("CCFS"), asset management planning services, information technology ("IT"), cost of sales to external parties and other OM&A.

CCFS includes corporate management, finance, human resources, corporate communications, legal, regulatory affairs, corporate security, internal audit and real estate. Asset management planning includes system investment activities and asset stewardship planning and strategies. IT activities include providing and managing computer systems and installing enterprise IT systems. Other OM&A includes the capitalized overhead credit, the environmental provision credit, indirect depreciation and other costs.

Hydro One utilizes a centralized shared services model to deliver its common services to its transmission and distribution businesses and to its affiliated companies as described in Exhibit A, Tab 5, Schedule 3. Many organizations have adopted a common corporate cost model as an effective method of delivering common services to multiple subsidiaries and/or multiple business units. Hydro One adopted this model in 1999.

Table 1 summarizes the Hydro One Transmission's portion of the Common Corporate OM&A Costs over the historic, bridge and test years.

Table 1: Summary of Common Corporate OM&A Costs 2012-2018 ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Asset Management	32.3	31.8	32.6	31.0	36.6	36.5	35.8
Common Corporate Functions & Services	80.5	87.7	93.1	95.7	98.9	98.3	97.6
Information Technology	60.7	61.1	55.2	55.1	61.4	59.8	57.6
Cost of Sales	11.4	13.9	11.1	8.8	5.0	5.0	5.0
Other OM&A	-104.2	-118.6	-154.8	-116.8	-129.6	-149.7	-148.5
Total	80.7	75.8	37.2	73.9	72.3	49.9	47.5

Since 2009, Hydro One has applied a cost allocation methodology developed by Black and Veatch Corporation which utilizes a breakdown of activities and drivers. In 2015, Hydro One commissioned Black and Veatch Corporation to update the methodology to allocate common costs among the business entities using the common services, as discussed in Exhibit C1, Tab 6, Schedule 1. Other OM&A costs are discussed in Exhibit C1, Tab 3, Schedule 3.

OUTSOURCING

1. INTRODUCTION

Hydro One relies on two main outsourcing arrangements in the operation of its businesses, one with Inergi LP ("Inergi") and another with Brookfield Asset Management.

2. INERGI LP

2.1 Background

Following a competitive procurement process, on March 1, 2015, Hydro One began a new services arrangement with Inergi ("Inergi Agreement"), a limited partnership wholly-owned by Capgemini Canada, which is held by Capgemini SA. The Inergi Agreement has a 58-month term and can be extended twice, at Hydro One's option, for additional one-year periods. Financial and performance guarantees have been provided by Inergi's affiliates.

In its procurement process, Hydro One retained an outsourcing advisory firm, Information Services Group, to assist in the design of the overall sourcing strategy and procurement process and supported the selection and negotiation processes.

2.2 Scope of Work

The scope of work under the Inergi Agreement is comprised of services ("Base Services") and project services performed over a finite period to produce a project deliverable, solution or result ("Project Services"). Base Services are divided into the

following areas (individually, a "statement of work" or a "SOW"), each of which relates to a line of business within Hydro One: (1) information technology services; (2) settlements; (3) supply chain services; (4) payroll; and (5) finance and accounting services. Supply chain services, excluding accounts payable, are recovered through the material surcharge rate, which is discussed in detail in section 2.3 of Exhibit C1, Tab 5, Schedule 1. Customer service operations is also a SOW under the Inergi Agreement, however it is not being considered in this Application as these services are not provided to Hydro One Transmission. Appendix A contains the descriptions of Base Services contracted for each SOW.

2.3 Fee Structure

Appendix B to this Exhibit sets out the outsourcing fees spent in historical period of 2013-2015.

Under the new Inergi Agreement, Inergi provides Base Services based on a declining fee structure. Fees for Base Services will decline over time so long as transaction volumes remain within normal volume ranges, as defined in the Inergi Agreement, while meeting or exceeding prevailing service levels. Additional charges apply if there are higher transaction volumes than the prescribed volumes. Conversely, Hydro One is entitled to fee credits if transaction volumes are lower than prescribed volumes.

Fees are subject to an economic cost adjustment ("ECA") using a government published index that reflects movements in a broad-based consumer-focused price index. The current index being used is "CPI - Ontario excluding Energy". The ECA is adjusted for inflation sensitivity as well.

The Inergi Agreement provides for optional benchmarking reviews of fees by an independent third party, the costs of which are borne equally by Hydro One and Inergi. The third party analyst is selected from a predetermined list included in the Inergi Agreement. The new agreement allows for continued competitive benchmarking cycles, but without restrictions on when the benchmarking can take place. Further, benchmarking can be undertaken at a SOW-level, rather than at a global level. The benchmarking exercises will use a group of peers who operate in a unionized, Ontario-only environment. The benchmarking arrangement retains the "automatic" feature of the previous agreement: if the benchmarking determines that Inergi fees are above the benchmark, Inergi must adjust its fees to the benchmark price.

2.4 Service Quality Assurances

The Inergi Agreement sets out a methodology to measure Inergi's performance, which includes defined service levels or performance indicators ("PIs") and client satisfaction surveys. Inergi's services are measured regularly (monthly, quarterly, and yearly) for achievement of PIs. The PIs vary based on the nature of the service in question and set both minimum and targeted service levels. When Inergi fails to meet certain PIs, Hydro One is entitled to either: (a) a service credit(s) calculated in accordance with predetermined formulae, (b) at Inergi's cost, remediation action based on a remediation plan that Hydro One has approved, or (c) both, depending on the level of criticality and frequency of such failures.[1] The PIs are adjusted upwards annually, where applicable, to drive continuous improvement. Inergi's performance for the contract life-to-date as of February 2016 met or exceeded 94% of all PIs for all SOWs.

[1] Termination of individual statements of work or any part thereof is allowed under defined circumstances without payment of any penalties or termination charges.

Inergi performs client satisfaction surveys of Hydro One's relevant business managers and internal users. Inergi must address dissatisfaction revealed by the surveys. Together, the parties are to identify opportunities and strategies for responding to any issues the surveys reveal. The scores of these surveys have recently been 3.36 out of 5 for Base Services and 4.16 out of 5 for Project Services and service desk support.

2.5 Continuous Improvement, Innovation and Transformation

The Inergi Agreement includes a continued commitment to continuous improvement, including a new process to proactively and continuously introduce global best practices from Capgemini to Hydro One. In addition, the Inergi Agreement introduced an annual requirement in the information technology services SOW to submit innovation proposals for commercially reasonable projects offering demonstrable savings to Hydro One.

Hydro One contracted for Inergi to deliver agreed changes under a transformation program. These projects target specific improvements in areas to increase operational efficiency of the services delivered by Inergi and increasing value to Hydro One across the business units. The program will further promote sustained continuous improvement and quality management. Key active projects highlighting benefits to Hydro One include: 1) implementation of SAP Close Cockpit to improve transparency and efficiency of financial period closing processes; 2) deployment of "service asset and configuration management and service catalogue", an information technology initiative aimed at improving the way applications and services are delivered to end-users; 3) implementation of a spend analytics and insight tool, driving visibility to corporate spending, which will allow the company to source strategically and buy smart to achieve savings.

2.6 Governance

The Inergi Agreement sets out a governing structure to manage the parties' relationship, which includes a joint executive committee, a joint governance committee, a joint SOW service strategy committee, a joint SOW services delivery oversight committee, and a joint project services oversight committee. These committees meet regularly, at different intervals, to ensure strategic alignment between the parties, oversee relationship, review Inergi's global business strategies, review operational and project performance, change management, continuous improvement, and address any risks and issues. The governing structure includes processes that have been tailored to monitor and derive value in areas of finance, compliance, performance etc. These processes have also been enhanced to provide greater integration with Hydro One's lines of business.

3. BROOKFIELD

3.1 Background

Following a competitive procurement process, and in accordance with terms of a purchased services agreement with the Power Worker's Union, on January 1, 2015, Hydro One began a new services arrangement (the "BGIS Agreement") with Brookfield Johnson Controls Canada ("BJCC"), a joint venture between Johnson Controls and Brookfield. Effective February 19, 2015, Brookfield Asset Management subsequently acquired the interest of Johnson Controls in BJCC and re-branded the entity as Brookfield Global Integrated Solutions ("BGIS"). BGIS is a wholly-owned subsidiary of Brookfield Asset Management.

The BGIS Agreement has a 10-year term, which can be extended at Hydro One's option for an additional three years. In its procurement process, Hydro One retained an

outsourcing advisory firm, Information Services Group, to assist in the design of the overall sourcing strategy and procurement process. Information Services Group also supported the firm selection and final negotiation processes.

3.2 Scope of Work

The scope of work under the BGIS Agreement is comprised of ongoing daily facilities management, accommodation activities and related maintenance and repair work at its operations centres, transmission stations facilities, distribution stations, administration facilities and rights of way locations. The BGIS Agreement also includes capital project management services related to new facilities as defined by Hydro One.

3.3 Fees

BGIS receives an annual management and administrative fees which include overhead and profit. This fee is adjusted annually for inflation in accordance with the consumer price index and as necessary in the event of material changes in the scope of the work. Built into the fee structure are incentives for BGIS to achieve cost savings.

Works and services that are self-performed by BGIS, and supplies and services provided by third parties through BGIS, are billed to Hydro One at full cost, as a pass through expense with no mark up.

Fees are subject to an economic cost adjustment using a government published index that reflects movements in a broad-based consumer-focused price index.

Hydro One may request third party benchmarking after three years and every two years thereafter, with a "benchmark fee adjustment", if the aggregate fees are above five percent of the target results.

3.4 Service Quality Assurances

The BGIS Agreement provides for critical service levels (CSLs), key performance measures (KPIs) and critical deliverables. BGIS's services are measured and reviewed regularly (monthly, quarterly and annually) to validate achievement of KPIs.

The CSLs and KPIs are based on the nature of the services provided by BGIS and set forth both expected and minimally accepted service levels. If BGIS fails to meet specific criteria, there are adverse financial consequences for BGIS.

BGIS performs client satisfaction surveys of Hydro One's relevant internal user. Results are measured with expected thresholds and reviewed regularly with Hydro One.

3.5 Continuous Improvement and Governance

The BGIS Agreement includes shared savings incentives which are directly attributable to process or service improvements made by BGIS.

As one of the world's leading commercial property owners, BGIS is able to leverage their capabilities and global reach of their broader organization to bring innovation and create value for clients.

The BGIS Agreement sets out a governing structure to manage the parties' relationship, which includes an executive steering committee, contract oversight committee and the

line of business facility management committee. These committees meet regularly, at different intervals, to ensure strategic alignment between the parties, oversee relationship, review operational and project performance, change management, continuous improvement, and address any risks and issues. The processes have also been enhanced to provide greater integration with Hydro One's lines of business.

APPENDIX A: OUTSOURCING

SOW	Service Description
Information Technology Services	End User Support services – Service desk serving as a single point of contact for Hydro One staff and providing a range of access options: phone, web, chat, email, and a service request portal. Manage incidents, problems and change to resolution. Desktop Services – Desk side/remote/depot support to handle break fix, installs, moves, adds change and removal spanning hardware, operating systems, application software, software packaging/software publishing, etc. Messaging Services – Range of messaging services provided spanning email, mobile, text that includes account administration, end-user support, directory access, usage management, capacity management, etc. File and Print Services – Range of services managing file and printer/copiers across the Hydro One locations, including administration, performance, capacity, issue, problem, change, technical support, certification, etc. Project Delivery Services – Range of project management/execution services that span all services and domains. Innovation and Continuous Improvement – Methods, structure and process to improve business processes and service delivery. Data center management services, data centre facility management, data center network services, server management services, database management, storage management, asset management – Range of services provided to manage/engineer the computing network infrastructure, availability, capacity, performance, protection/security, disaster recovery, contingency, data back-up/recovery, incident, problem, change, host intrusion & detection, etc. Application Management, SAP BASIS Support, Monitoring Services – Range of services provided to manage application availability, interfaces, capacity, performance, access, incident, problem, change, etc.

SOW	Service Description
Settlements	Wholesale Settlements – Provide settlement and reconciliation services for power procured from the Independent Electricity System Operator and embedded retail generators with due consideration to legislative initiatives for fixed energy prices for low volume customers, transmission revenues and inter-utility load transfers, and cost of power reporting. Retail Settlements – Provide complex billing for interval meter accounts.
Supply Chain	Maintain market intelligence of applicable commodities, source commodities and services, manage and develop supply strategies (strategic sourcing), process purchase transactions, monitor spend on all commodities and services.
	Services supporting the execution of daily transactions, maintenance and development of job aids, training, provision of audit files for compliance, quality checks and records management.
	Provision of order desk, expediting services, inspection services, general inquiries and transportation.
	Provision of support systems, statistical and data reporting.
	Services required for processing disbursements which include: invoice processing, payments management, accounts payable inquiries support, period-end reconciliations, management reporting and special projects.
Payroll	Services necessary to calculate all pay cycles, remit pay to all staff and pensioners, remit deductions to the appropriate authorities and organizations, and to provide appropriate supporting documentation and filing systems.
	Payroll accounting necessary to account for the pay cycles and to provide appropriate supporting documentation.
	Inquiries and application support services, including tool support and issue resolution.
	Contingency responsibilities to deal with eventualities which disrupt pay, such as system outages and inclement weather.

SOW	**Service Description**
Finance and Accounting Services	General Accounting – Ensuring financial recognition consistent with corporate requirements, accounting adjustments, processing of transactions, and support of financial systems.
	Services required for processing non-energy miscellaneous billings and accounts receivable which include: customer invoicing, customer collections support, applying accounts receivable payments and adjustments, accounts receivable inquiries support, period end and reconciliation, and management reporting.
	Provide fixed assets and project costing transaction processing, transfer of projects to fixed assets, recording sales and retirement of assets, minor fixed assets inventory certification, and depreciation analysis.
	Provide advice, guidance, consultation and project support on routine operating processes and business support initiatives for areas such as regulatory accounting, primary revenue and cost of power, actuarial support, and planning and budgeting.
	Provision of "centre of excellence" for analysis and reconciliation of general ledger accounts ensuring appropriate financial recognition according to corporate and legislative requirements. Also support and analysis for accounts that cross into other domains e.g. vendor master, material master, and fixed assets.

1

APPENDIX B

Table 1 - Summary of Contract Fees ($ Million)

	Historic			Bridge	Test	
Description	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Fees for Base Services	$128,286,028	$119,869,783	$127,436,383.16	$131,938,400.98	$127,455,555.16	$124,587,512.42
Volume, Scope & Other	$13,741,856	$14,018,401	$20,055,300.24	$9,188,774.79	$11,263,363.56	$11,080,650.29
ECA	$6,420,890	$9,550,484	$1,828,520	$2,602,164.04	$5,206,312.15	$7,392,131.11
Subtotal Fees for Base Services	**$148,448,774.75**	**$143,438,667.90**	**$149,320,203.49**	**$143,729,339.81**	**$143,925,230.88**	**$143,060,293.82**
Project Spend (all LOB's)	$56,763,827.44	$84,464,566.38	$65,264,996.70	$25,704,782.76	$13,506,713.57	$15,488,046.93
Total Payments	**$205,212,602.19**	**$227,903,234.28**	**$214,585,200.19**	**$169,434,122.57**	**$157,431,944.45**	**$158,548,340.75**

Table 2 - Allocation of Fees to Transmission ($ Million)

	2016	2017	2018
Finance and Accounting	$3,607,813.13	$3,472,278.73	$3,542,558.68
Payroll	$1,888,659.05	$1,886,830.57	$1,928,234.58
Information Technology Services	$25,785,206.62	$25,584,696.28	$25,185,457.97
Accounts Payable	$601,030.04	$577,433.37	$587,873.80
Settlements	$429,305.70	$438,437.10	$451,017.20
Subtotal Fees for Base Services	**$32,312,014.54**	**$31,959,676.06**	**$31,695,142.23**
Project Spend (all LOB's)	$2,976,613.84	$1,564,077.43	$1,793,515.83
Total Payments	**$35,288,628.39**	**$33,523,753.49**	**$33,488,658.06**

COMMON CORPORATE FUNCTIONS AND SERVICES AND OTHER OM&A

1. OVERVIEW

Hydro One has identified certain functions that provide common services to all business units. It was determined that these functions could be shared effectively by all business units, avoiding costly and unnecessary duplication. These functions are referred to as "common corporate functions and services" ("CCFS").

This Exhibit discusses CCFS costs and other OM&A expenses, which are comprised of credits associated with capitalized overhead, environmental provisions, indirect depreciation and other costs.

2. COMMON CORPORATE FUNCTIONS AND SERVICES

CCFS is comprised of the following functions and services: corporate management, finance, human resources, corporate relations, general counsel and corporate secretariat, regulatory affairs, security management, internal audit, and real estate and facilities.

For comparison purposes, Table 1 presents the total CCFS costs between 2012 and 2018 as well as amounts allocated to Hydro One Transmission in the test years.

Table 1: CCFS Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Corporate Management	5.0	4.9	5.5	5.4	11.1	22.3	22.1	7.2	7.1
Finance	35.2	41.9	41.0	40.4	42.2	41.0	38.6	21.9	19.4
People and Culture	9.9	11.1	13.1	13.9	16.0	14.8	14.2	7.6	7.3
Corporate Relations	11.3	15.0	19.6	17.4	17.5	17.3	19.4	8.7	9.9
General Counsel and Secretariat	8.8	9.6	9.3	9.3	10.5	10.4	10.5	5.5	5.6
Regulatory Affairs	20.6	20.6	23.1	24.4	25.8	25.4	25.9	9.6	9.8
Security Management	3.1	3.4	3.5	4.2	5.1	4.7	4.8	2.2	2.3
Internal Audit	3.5	3.4	4.0	4.3	6.0	6.3	6.4	3.3	3.4
Real Estate and Facilities	54.6	54.1	53.6	60.0	60.1	59.6	60.7	32.2	32.7
Total CCF&S Costs	**152.0**	**164.0**	**172.8**	**179.4**	**194.2**	**201.8**	**202.7**	**98.3**	**97.6**

Total CCFS costs increase by $23.3 million from 2015 to 2018 primarily due to the following factors:

- higher Corporate Management costs due to increases in compensation;
- higher Internal Audit costs resulting from making rotational staff permanent and an increased staffing requirement to address an expanding work program;
- higher Regulatory Affairs costs reflecting an aggressive regulatory agenda and, beginning in 2015, the inclusion of business performance management costs previously included in Finance costs; and
- higher General Counsel and Corporate Secretariat costs to address an increasing workload and greater complexity in the company's legal matters.

2.1 Corporate Management

Table 2 provides an overview of Hydro One's Corporate Management costs over the 2012-2018 period.

Table 2: Corporate Management Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Corporate Management	5.0	4.9	5.5	5.4	11.1	22.3	22.1	7.2	7.1

"Corporate Management" represents those functions responsible for providing overall strategic direction to Hydro One. Corporate Management costs relate to the Board of Directors, the Chief Executive Officer, the Treasurer, the Chief Financial Officer ("CFO") and the General Counsel and Corporate Secretariat as advisors to the Board of Directors and corporate officers on overall strategic matters.

Included in the total Corporate Management costs are expenses related to Hydro One's investor relations and corporate development functions. There has been no allocation of these expenses to Hydro One Transmission.

The allocation of Corporate Management costs between Hydro One's distribution and transmission businesses is determined by the common cost allocation methodology described in Exhibit C1, Tab 6, Schedule 1. The allocation of these costs between Hydro One and its affiliates is governed by affiliate service level agreements described in Exhibit A, Tab 5, Schedule 3. There is no service level agreement with Hydro One Limited.

The increase in 2015 Corporate Management costs and the 2016 to 2018 forecast costs stems from changes in compensation.

2.2 Finance

Hydro One's Finance division provides strategic advice and services related to planning, processing, recording, reporting and monitoring all financial transactions taking place within an organization. The Finance division performs the following functions: corporate controller services, corporate tax services, treasury services, and business planning and decision support.

Table 3 provides an overview of Hydro One's finance costs over the 2012-2018 period.

Table 3: Finance Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Finance	35.2	41.9	41.0	40.4	42.2	41.0	38.6	21.9	19.4

2.2.1 Corporate Controller

The corporate controller function provides leadership and direction regarding all performance management, financial reporting, accounting and internal control policies and procedures to ensure statutory and regulatory compliance and consistency with generally accepted accounting principles.

This function oversees the development of actual and forecast financial information and manages reporting processes for appropriate audiences or stakeholders. This function is also responsible for managing and providing direction to the company on internal control

matters, employing measures such as "organization authority registers" and financial policies and procedures. It also provides leadership on compliance with Ontario securities laws, including Bill 198, and the Multi-Jurisdictional Disclosure System rules for a foreign-issuer registered with the U.S. Securities Exchange Commission.

Many routine financial services are outsourced to Inergi LP as described in Exhibit C1, Tab 3, Schedule 2, such as accounts payable, accounts receivable, fixed asset accounting, general accounting, planning budgeting and reporting and pension support, human resources pay services and a number of administrative services. The costs of these outsourced services comprise a major portion of the corporate controller costs.

Also included in corporate controller costs are costs associated with the Chief Risk Officer's department and the company's business planning and decision support function. The Chief Risk Officer's department is accountable for performing internal risk assessments to ensure the company is appropriately addressing risks. The business planning and decision support function is responsible for:

- establishing and leading the annual business planning and budgeting processes;
- performing business case reviews, business valuations, transaction support;
- developing and maintaining financial models; and
- providing analytical support for a variety of financial planning and reporting processes.

In 2015, business performance support services moved from the corporate controller function to the company's Regulatory Affairs division. These services support the development of business strategies by conducting studies on corporate performance in

areas such as reliability, work program performance, productivity and cost savings management. See section 2.6.4 of this Exhibit for more information on this function.

The forecasted corporate controller costs are $33.2 million in 2017 and $30.8 million in 2018. The amounts allocated to Hydro One Transmission are $17.8 million in 2017 and $15.4 million in 2018.

2.2.2 Corporate Tax

Corporate tax services manage the tax affairs (namely, compliance, audits and planning) for each taxable entity within the Hydro One group of companies. This includes matters related to corporate income taxes, harmonized sales tax, debt retirement charge, payroll and non-resident withholding tax, and the employer health tax. Corporate tax services ensure that internal and external tax compliance requirements are met. Moreover, tax consulting services are provided to other departments with respect to mergers and acquisitions activities, payroll tax, taxable benefits, agreements, financing, and all transactions and information about tax costs for regulatory purposes.

The costs associated with corporate tax services are $3.1 million in 2017 and $2.8 million in 2018, with $1.5 million being charged to Hydro One Transmission in 2017 and $1.3 million in 2018.

2.2.3 Treasury

Treasury costs are associated with the following activities:

- executing on borrowing plans and issuing commercial paper and long-term debt;
- ensuring compliance with securities regulations, banks and debt covenants;
- managing the company's daily liquidity position, control cash and manage the company's bank accounts;
- settling all transactions and manage the relationship with creditors; and
- communicating with debt investors, banks and credit rating agencies.

A portion of the treasury budget is recovered through the cost of long-term debt, as stated in Exhibit D1, Tab 5, Schedule 1.

Included in treasury costs are expenses for the negotiation and purchase of insurance policies, and claims management and settlement. In 2017 and 2018, these expenses are forecast to be $4.5 million and $4.8 million, respectively. These expenses cover premiums paid for corporate shared services insurance coverage and the cost to self-insure against liability exposures that are either not covered by insurance policies or fall below the specified deductibles.

Table 4 shows the premiums for all of Hydro One Inc.'s insurance policies and the cost of self-insurance for the 2012-2018 period. Self-insurance costs for the 2017 and 2018 period reflect the company's risk exposures, its long-term history of claims, the deductible on the liability policies, and liability payments to third parties. The main contributor to self-insurance costs are claims by third parties which can fluctuate from year to year.

Table 4: Hydro One Inc. Insurance Costs ($ Millions)

Description	2012	2013	2014	2015	2016	2017	2018
Premiums paid for Corporate Functions and Services Insurance Policies *	1.3	1.4	1.5	1.6	2.5	2.7	2.8
Self-insurance Cost	1.3	1.5	2.9	1.2	1.9	1.9	1.9
Total	**2.6**	**2.8**	**4.4**	**2.9**	**4.3**	**4.5**	**4.8**

*The cost of other insurance coverage that applies to only certain lines of business is captured and reported by the lines of business where the coverage is applicable.

Hydro One Transmission accounts for $2.6 million of the treasury budget for 2017 and $2.7 million of the budget for 2018.

2.3 People and Culture

The "People and Culture" organization ensures that Hydro One has the policies, systems and programs to attract, manage, engage and retain a high performing workforce to execute business strategy. The organization provides human resources consulting, leadership development and recruiting, diversity and resourcing programs, compensation and benefits services, and labour relations services.

Table 5 provides an overview of the People and Culture organization's costs over the 2012-2018 period.

Table 5: People and Culture Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
People & Culture	9.9	11.1	13.1	13.9	16.0	14.8	14.2	7.6	7.3

The People and Culture organization performs multiple functions, which are described in this section.

2.3.1 Human Resources Operations

Hydro One's human resources function provides advice and guidance to managers, supervisors, and employees on a myriad of issues related to human resources policies and procedures, collective agreement administration, staffing and other large initiatives that impact staff.

2.3.2 Talent Management

The talent management function recommends and administers policy in areas related to external hiring and leadership development. This function manages all of Hydro One's management/leadership development activities, including the assessment of high-potential succession candidates and miscellaneous specialized one-off hiring initiatives, as required. The talent management function also manages Hydro One's principal cyclical hiring and on-boarding processes, Hydro One's new grad training and development program, and the company's diversity plan.

2.3.3 Compensation and Benefits

The compensation and benefits function manages compensation, benefits, reporting and master data for all Hydro One's employees and pensioners by ensuring the accurate application, record-keeping and security of such information. This function provides regular, strategic reports to senior management on topics such as retirement demographics, headcount, overtime, and data for OEB submissions. This function facilitates the company's participation in industry-wide compensation, benefit and

pension surveys. It also administers Hydro One's pension plan for approximately 7,100 pensioners and the benefits program for all employee groups.

2.3.4 Labour Relations

The labour relations function provides advice, guidance and training to managers regarding collective agreements and labour legislation and manages the grievance and arbitration process. The company is a party to 24 collective agreements and a number of mid-term agreements and letters of understanding. The labour relations function negotiates and administers all such agreements and letters of understanding.

2.4 Corporate Relations

Table 6 provides an overview of Hydro One's Corporate Communications costs over the 2012-2018 period.

Table 6: Corporate Communications Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Corporate Communications Total	11.3	15.0	19.6	17.4	17.5	17.3	19.4	8.7	9.9

Corporate Communications costs include expenses associated with Hydro One's First Nations and Métis relations function, outsourcing services function, and Hydro One's corporate communications and external relations function.

2.4.1 First Nations and Métis

Hydro One owns and maintains assets on reserve lands and within the traditional territories of First Nations and Métis peoples. Building relationships with First Nations and Métis communities based upon trust, confidence, and accountability is vital to achieving Hydro One's business objectives.

The First Nations and Métis Relations function is accountable for:

- supporting and sustaining long-term relationship-building and negotiations with First Nations and Métis communities impacted by the growth of Hydro One core work programs;
- developing and maintaining key relationships with government officials as well as representatives of key businesses including but not limited to other energy companies;
- supporting procurement opportunities for qualified First Nations and Métis businesses;
- providing engagement services on projects and/or initiatives that potentially affect the First Nations and Métis peoples and communities;
- providing leadership and advice within the company in the building of knowledge and awareness of First Nations and Métis historic and contemporary issues; and
- together with the People and Culture organization, developing initiatives to enhance the level of aboriginal employment at Hydro One.

First Nations and Métis Relations forecast costs are $4.5 million in 2017 and in 2018. The amounts allocated to Hydro One Transmission are $2.6 million annually for 2017 and 2018.

2.4.2 Outsourcing Services

The outsourcing services function manages the contractual relationship with the company's key outsourcing partner in a manner that fosters collaboration and optimizes value and minimizes risk by ensuring that contracted services are delivered. This function is responsible for managing the design, development, and implementation of new service delivery agreements with Hydro One's suppliers.

The outsourcing services' costs are $2.0 million in 2017 and $4.0 million in 2018. The amounts allocated to Hydro One Transmission are $0.7 million in 2017 and $1.8 million for 2018. The increase in 2018 includes anticipated costs associated with retendering Hydro One's biggest outsourcing arrangement.

2.4.3 Corporate Relations

The corporate relations function ensures that Hydro One builds the strategic relationships required to advance its business objectives and presents a single, positive brand internally and externally. It is accountable for corporate reputation, executive support, customer and employee communications, media relations, community investment, web communications and corporate brand identity. The corporate relations function is also accountable for supporting the company's relationships with the government and its key stakeholders. This function leads a "public affairs group" which supports Hydro One's public consultation obligations and community relations programs. This group targets improvements in customer communications regarding power outages while increasing customer education and engagement efforts and research to support improved customer communication.

Costs associated with the corporate relations function are $10.8 million in 2017 and $10.9 million in 2018. The amounts allocated to Hydro One Transmission are $5.4 million and $5.5 million in 2017 and 2018.

2.5 General Counsel and Corporate Secretariat

Table 7 provides an overview of the Hydro One's General Counsel and Corporate Secretariat costs over the 2012-2018 period.

Table 7: General Counsel and Corporate Secretariat Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
General Counsel and Corporate Secretariat	8.8	9.6	9.3	9.3	10.5	10.4	10.5	5.5	5.6

The General Counsel and Corporate Secretariat group provides legal advice and direction to Hydro One and its affiliates, as well as overall guidance in the areas of corporate structure, governance, business ethics and the business code of conduct. It performs the following primary functions:

- ensuring compliance with law and providing legal services relating to all of Hydro One's activities, including the company's major borrowing and financing initiatives, regulatory matters, litigation, transmission and distribution operations, employer-related activities, corporate governance-related matters, and health, safety and environment activities;
- providing corporate secretariat services, which includes supporting the Chair of the Board of Directors, the Board of Directors and its committees and advising on a

variety of board-related matters, such as best practices and emerging trends and issues in the area of corporate governance; and

- providing advice and direction with regard to Hydro One's Code of Conduct, ensuring appropriate actions are taken to resolve known or suspected violations.

The level of required legal and corporate secretarial services is driven by capital and OM&A activities and increasing regulatory and legislative oversight. Most legal work is performed in-house. External legal services are retained when in-house expertise is not available or when the workload exceeds the capacity of the internal legal group.

Hydro One's General Counsel and Corporate Secretariat costs are $10.4 million in 2017 and $10.5 million in 2018. The portion allocated to Hydro One Transmission is $5.5 million in 2017 and $5.6 million in 2018. The increase over historical years is attributable to a heightened complexity in Hydro One's legal matters and a greater volume of work related to procurement, work programs, land acquisition, litigation, and securities compliance.

2.6 Regulatory Affairs

Hydro One's Regulatory Affairs division manages the company's relationships with regulatory bodies such as the OEB, the IESO, and the National Energy Board. It is responsible for developing regulatory strategy and coordinating submissions to these organizations and participating in regulatory initiatives.

Table 8 provides an overview of the Hydro One's Regulatory Affairs costs over the 2012-2018 period.

Table 8: Regulatory Affairs Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Regulatory Affairs	7.4	7.6	8.1	8.7	9.5	10.2	10.0	4.5	4.5
OEB/NEB Costs	13.2	13.1	15.0	15.6	16.3	15.2	15.9	5.1	5.3
Total	**20.6**	**20.6**	**23.1**	**24.4**	**25.8**	**25.4**	**25.9**	**9.6**	**9.8**

The Regulatory Affairs division performs compliance, applications, pricing and load forecasting, and business performance management functions. These functions are described in this section.

The increase in Regulatory Affairs' costs in 2015 and 2016 is primarily attributable to the inclusion of the business performance management costs previously included in Finance costs. (This transition is discussed in in section 2.6.4.) Technology-centric productivity initiatives are expected to decrease costs slightly in the test years, but this decrease is offset by increased staffing needs related to an aggressive regulatory agenda.

2.6.1 Compliance

The regulatory compliance function ensures Hydro One's compliance with the regulations and policies of the OEB, the IESO, and the National Energy Board as they apply to Hydro One's distribution and transmission businesses.

2.6.2 Applications

The applications function coordinates, prepares and processes regulatory applications and provides support to witnesses in regulatory proceedings and business support staff. These services are provided for a wide range of regulatory applications, including distribution and transmission revenue requirement applications, transmission leave–to-construct applications, and applications related to mergers, acquisitions, amalgamations, divestitures and area and system supply planning.

2.6.3 Pricing and Load Forecasting

This function provides pricing and cost allocation analysis and support for rate applications. This work entails developing rates for transmission and distribution tariffs and supporting the preparation and defense of rate proposals. The function also assists with the implementation of approved transmission and distribution rates.

The load forecasting and load data management functions are included within the Regulatory Affairs group. Load forecasts are developed to enable system planning and financial planning which underlie Hydro One's financial forecasts. The load forecast function provides load forecast data including the capture of conservation and demand management impacts. Load forecast staff supports the company’s business units and the IESO with forecasting analysis and evaluation, covering matters such as time of use, bypass and embedded generation. This function also provides analytical support for conservation and demand management projects and provides load research analysis.

2.6.4 Performance Management

In May 2015, the business performance management function moved to the Regulatory Affairs division from the Finance division. This function collects and analyzes data related to the performance of the company and its operations. It provides management with information related to corporate and regulatory scorecards, customer delivery point performance standards, benchmarking and other metrics related to reliability and performance. This function also prepares quarterly and annual reports required under the OEB's *Reporting and Record-keeping Requirements*.

2.6.5 Ontario Energy Board (OEB) / National Energy Board (NEB) Costs

The OEB/NEB costs also include the external costs associated with applications filed with regulatory bodies. Specifically, these costs stem from the provision of notice, stakeholder and consultation activities, provision of expert studies and witnesses, hearing-related expenses, intervenor cost awards, and miscellaneous items like printing and shipping. Over the test period, Hydro One anticipates filing two major revenue requirement applications, several facility applications, as well as filings related to real estate and regional planning efforts.

For this Application, Hydro One has estimated a total cost of $1.3 million, attributing $300,000 to external consultants, $400,000 to the OEB for time spent and notice fees, and $600,000 for intervenor costs.

The OEB/NEB costs also include Hydro One's share of the OEB's costs, including expenses related to the OEB's quarterly assessments, proceedings and intervenor cost awards, and regulatory license assessments.

Under the *Ontario Energy Board Act, 1998*, the OEB is required to recover all of its annual operating costs. Almost all of its costs are recovered from gas and electricity distributors and electricity transmitters. A small fraction of OEB costs are recovered from the IESO and Ontario Power Generation and from licensing fees and penalties. OEB costs that are subject to recovery include expenses related to staff, office space, administration and overheads. These costs are allocated to one of five categories: electricity distribution, electricity transmission, gas distribution, IESO, and Ontario Power Generation. Hydro One's share of OEB costs is derived from the allocations to electricity distribution and transmission.

2.7 Security Management

Table 9 provides an overview of the Hydro One's Security Management costs over the 2012-2018 period.

Table 9: Security Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Security Management	3.1	3.4	3.5	4.2	5.1	4.7	4.8	2.2	2.3

The Security Management function exists to enable Hydro One's success primarily in the protection of assets (including people, property and information), development and maintenance of business continuity and emergency preparedness and response plans and to assist in the reliable delivery of electricity. Security Management adds value by providing advice, coordination, and investigative, technical and intelligence gathering expertise and services to Hydro One staff. This supports the reliable delivery of electricity, the protection of Hydro One's assets, and the resumption of business in the

event of an all-hazards (i.e. natural, technological or human-caused) incident. Effective asset protection and recovery can be the primary differentiating factor between success and failure for Hydro One's business objectives. This is achieved by effective corporate security policies, directives, guidelines and services, which can significantly enhance productivity and safety.

Incidents of copper theft have dropped, in part, due to adding security protection systems at heavily targeted transmission sites. However, more organized criminal incidents have occurred in relation to metal thefts, primarily targeting stations that have not benefited from increased capital expenditures for protection systems. Although the total number of incidents has dropped, the average loss per incident is increasing due to the sophistication and organization of these crime groups. These crimes take longer to investigate, and prevention methods and strategies are often very complex and costly.

Security Management costs are forecasted to be $4.7 million in 2017 and $4.8 million in 2018. The amounts allocated to Hydro One Transmission are $2.2 million in 2017 and $2.3 million in 2018.

2.8 Internal Audit & Risk Management

Table 10 provides an overview of the Hydro One's Internal Audit and Risk Management costs over the 2012-2018 period.

Table 10: Internal Audit and Risk Management Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Internal Audit & Risk Management	3.5	3.4	4.0	4.3	6.0	6.3	6.4	3.3	3.4

The Internal Audit group reports on a functional basis to the Audit Committee of the Board of Directors and administratively to the CFO. It provides independent and objective assurance and consulting services designed to add value to and improve Hydro One's operations. The group's mandate is to provide independent assurance to management of the company and to the Board of Directors that internal controls are designed and operating effectively in areas of material business risk, both financial and non-financial, and to follow-up and report on timeliness and effectiveness of management actions to address findings from past audits.

The Internal Audit group helps Hydro One accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes.

The cost increase in the bridge and test years is the result of two factors. First, rotational resources were made permanent. Costs associated with rotational resources were attributed to the resource's originating department. Once made permanent, these resource costs were reflected fully in Internal Audit costs. Second, there is an increased need for improved Internal Audit capability and capacity due to more stringent governance needs.

Internal Audit costs are forecasted to be $6.3 million in 2017 and $6.4 million in 2018. The amounts allocated to Hydro One Transmission are $3.3 million in 2017 and $3.4 million in 2018.

2.9 Real Estate and Facilities

Table 11 provides an overview of the Hydro One's Real Estate and Facilities costs over the 2012-2018 period.

Table 11: Real Estate and Facilities Costs ($ Millions)

Description	Historic Years				Bridge Year	Test Years		TX Allocation	
	2012	2013	2014	2015	2016	2017	2018	2017	2018
Real Estate	8.8	9.3	9.0	8.7	10.2	10.1	10.2	7.6	7.6
Facilities	45.7	44.8	44.6	51.3	49.9	49.5	50.5	24.6	25.1
Total	**54.6**	**54.1**	**53.6**	**60.0**	**60.1**	**59.6**	**60.7**	**32.2**	**32.7**

Real Estate and Facilities OM&A funding for the test years is required for the facilities work program that responds to current and future anticipated Hydro One's work space accommodation needs. This includes new facilities in the field. The facilities work program accounts for approximately 83% of total OM&A funding in test years 2017 and 2018. The funding requirements in the bridge and test years reflect mainly expected increases in fixed operating costs.

2.9.1 Real Estate Services

The real estate services function manages Hydro One's land rights portfolio across the Province. This involves maintaining rights across over 200,000 acres of owned corridor,

easement and "statutory right" properties and acquiring any new rights needed to ensure the safe and reliable operation of the transmission and distribution system. In addition, this function oversees the management of Hydro One's rights associated with distribution and transmission lands, stations and other property.

The real estate services function's key work activities include:

- managing the acquisition of new real estate rights, which supports the company's distribution and transmission development and reinforcement project initiatives across the province including those designed to accommodate renewable power sources on the grid;
- managing the provincial secondary land use program on behalf of Ministry of Infrastructure/ Infrastructure Ontario (leasing transmission corridor lands to external parties);
- managing easement, other rights agreements on public/private sector, railway and other lands;
- managing First Nations land use permit settlements on reserve lands;
- managing about 500,000 unregistered, low-voltage, real estate rights agreements;
- providing specialized real estate service activities including managing property tax payments to municipalities, appealing property tax assessments, and providing employee relocation services; and
- maintaining geographic information system – property record database.

More specific support is provided on a selected project basis. This includes provision of land ownership information, damage claim settlement, road access and other rights acquisitions. Specialized real estate services are provided as necessary. This includes assessment appeals, payment of property taxes on lands/buildings, and employee relocation services as appropriate.

2.9.2 Facilities

The facilities work program addresses all aspects of company work space requirements. This involves managing company-owned facilities and a portfolio of leased facilities as well as overseeing the construction of new facilities. The work program focuses on providing and maintaining in compliance with laws and applicable codes: (a) storage and garage facilities that meet business requirements, and (b) employee workspace at sites across the province including head office, administrative and service centres, the OGCC, and other work locations (for example, the London Call Centre).

This facilities function is accountable for:

- the management of 50 contract lease agreements for workspace rented from other parties, including renewals and contractual obligations undertaken regarding payment of rent, operating expenses and taxes;
- the coordination of activities related to the ongoing management, operation, maintenance and inspection of 90 administrative/service centres, OGCC;
- managing support services for head office space, such as the provision of office supplies, coordinating office moves and providing tenant services; and
- developing accommodation strategies and acquiring new employee/trades workspace in line with operational requirements.

Facilities expenses include, but are not limited to, leasing costs, contract management costs for head office, as well as costs for administrative facilities, service centres, and other work locations (for example, the London Call Centre). A significant portion of the facilities' workload needs are met using outsourcing partners, such as Brookfield Global Integrated Solutions, as described in Exhibit C1, Tab 3, Schedule 2. Facilities costs are

largely driven by space needs which are determined by Hydro One's work programs, business and regulatory requirements, and fixed cost contractual obligations.

The majority of the facilities work program costs are fixed. The facilities work program is driven by fixed-cost contractual obligations, which arise primarily through lease agreements. For example, rent, operating and tax costs are fixed by lease agreements. Other costs are set by Hydro One's contracts with service providers for facility maintenance and other services. It is expected that fixed facility cost components (such as utilities, property taxes, operational costs) will continue to rise.

3. OTHER OM&A

Other OM&A expenses are comprised of credits associated with capitalized overhead, environmental provisions, indirect depreciation and other costs as listed in Table 12.

Table 12: Transmission Other OM&A ($ Millions)

Description	Test	
	2017	2018
Capitalized Overhead	(133.2)	(134.7)
Environmental Provision	(11.6)	(10.0)
Indirect Depreciation	(5.7)	(5.8)
Other	0.8	2.0
Total	**(149.7)**	**(148.5)**

3.1 Capitalized Overhead Credit

Capitalized overheads represent that portion of allocated Common Corporate and/or business unit functions and services that support capital work. These costs are included

in Common Corporate services and in the lines of businesses. OM&A expenses are thus reduced by the capitalized amounts.

Capitalized OM&A costs are charged to capital work based on a capital overhead rate derived from the allocation and capitalization studies performed by Black & Veatch, as described in Exhibit B1, Tab 3, Schedules 9 and 10.

3.2 Environmental Provision

In 2001, Hydro One first recognized a liability on its balance sheet for the present value of the future estimated environmental expenditures needed to manage the risks associated with two legacy environmental issues inherited from Ontario Hydro. These risks pertained to polychlorinated biphenyls and two chemically contaminated lands. Future expenditures are required to inspect, test and remediate the contamination. Environmental work is initially recognized in the Sustainment OM&A work program. The amount is then removed from OM&A as the costs are charged to the balance sheet provision. As well, the offsetting environmental regulatory asset is amortized based on the pattern of expenditure. The resultant impact on revenue requirement of this environmental work is nil, since the amortization expense is grouped with “Depreciation and Amortization” on the operating statement.

3.3 Indirect Depreciation

Transportation and Work Equipment (“TWE”) charges in the OM&A work programs include depreciation expense associated with the asset being used. For accounting classification purposes, it is necessary to remove this depreciation amount from OM&A work programs and appropriately charge it as a depreciation expense. The credit

increases in the test years due to the expanded use of TWE in the larger Sustainment, Development and Operations work programs.

3.4 Other Costs

These costs represent material unexpected or non-recurring expenses. For example, they include items such as adjustments to provisions, vacation reserves, Gregorian or fiscal adjustments and inventory adjustments. For this Application, also included in these costs is the OM&A component of the Employee Share Ownership Program, the Long Term Incentive Program and the union share grants described in Exhibit C1, Tab 4, Schedule 1.

COMMON CORPORATE COSTS OM&A - PLANNING

1. INTRODUCTION

This Exhibit describes the Common Corporate OM&A costs for the period 2012 to 2018 for Hydro One's asset management planning organization ("Planning").

As described in Exhibit B1, Tab 1, Schedule 2, Hydro One operates its transmission and distribution businesses using an asset management model. Planning ensures that the necessary transmission and distribution assets are constructed, maintained and operated so they continue to deliver the required level of performance.

Planning has the following key accountabilities, which promote the RRFE outcomes of operational effectiveness, customer focus and public policy responsiveness:

- developing asset strategies, long-term perspectives and investment plans to support the company's business objectives set out in Exhibit B1, Tab 1, Schedule 2;
- developing investment plans for the Sustainment and Development of the transmission and distribution systems;
- leading initiatives that address the needs of customers and the asset base, and accommodate changing industry and regulatory standards and broader policy initiatives;
- optimizing the bundling, pacing and release of capital investments to enable the effective delivery of the investment plan in a manner that balances customer impacts, asset and system needs and cost; and
- redirecting investments in response to new or unforeseen factors (such as major storms) and other cost drivers.

Planning has two distinct functions, system investment planning ("System Investment") and the development of asset stewardship strategies ("Asset Stewardship"), which are described in greater detail in Sections 2 and 3. The costs associated with the System Investment and Asset Stewardship strategies for the historical, bridge and test years are shown in Table 1.

Table 1: Planning Expenditures ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
System Investment	42.3	39.2	38.1	32.9	34.1	34.1	33.1	25.6	24.9
Asset Stewardship & Strategies	15.1	12.5	9.6	14.5	15.8	15.6	15.6	10.9	10.9
Total	**57.5**	**51.6**	**47.6**	**47.4**	**50.0**	**49.7**	**48.7**	**36.5**	**35.8**

1.1 Trend Analysis

Although costs declined between 2012 and 2015, they are expected to stabilize between 2016 and 2018. Through the test years, the workload within the Planning organization is anticipated to increase due to an increasingly complex power system planning environment that is reflected in the transmission system plan set out in Exhibit B of this application. The planning environment is also challenged by the introduction of more complex and stringent compliance requirements, regulatory and performance expectations, and industry standards and codes.

Over the test years, despite continued cost pressures and inflation, Hydro One's planning costs are expected to be controlled through process improvements and productivity and cost efficiency initiatives. These initiatives are expected to result in a reduction in costs of approximately 15% over the 2012-2018 period: (1) strategic workforce demographic management: and (2) mature renewable generation contracting, assessment, and connections processes.

1.1.1 Demographic Management Strategy

As documented in previous filings, the Planning function experienced steady growth over the 2007 to 2011 period to address the anticipated loss of experience expected to result from the retirement of a large portion of the planning workforce. At that time, the demographic profile of the Planning organization included a marked segmentation between staff with more than 20 years of experience and staff with less than five years of experience. This experience gap drove the need to hire in advance of expected retirement dates to facilitate staff development and a structured knowledge transfer, resulting in a period of overlap between the two staff segments. As retirements occur, the workload of retired staff is assumed by remaining staff that were previously hired and trained.

1.1.2 Mature Renewable Generation Offer Programs

The decline in Planning costs from 2012 to 2015 also reflects the impact and maturity of Ontario's Feed-In-Tariff ("FIT") and Micro-FIT programs. The initial timelines and technical complexities of these programs initially necessitated increased short-term, external and non-permanent resources to support them and evaluate their impacts on the distribution grid pursuant to regulation. As these programs have matured and application volumes have stabilized, the need for non-permanent resources has decreased.

2. SYSTEM INVESTMENT

System Investment develops and defines the scope of transmission and distribution plans to address equipment performance, system reliability, system capacity, compliance obligations, customer requests, OEB requirements, as well as IESO and broader policy initiatives. System Investment ensures the integration of all aspects of asset management

planning, such as investment planning, work bundling and the release of capital and OM&A work programs as discussed in Exhibit B1, Tab 2, Schedule 7.

Table 2 provides a summary of System Investment costs.

Table 2: System Investment ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Total System Investment	42.3	39.2	38.1	32.9	34.1	34.1	33.1	25.6	24.9

System Investment's activities include:

- as part of the investment planning process, described in Exhibit B1, Tab 2, Schedule 7, monitoring equipment condition and network performance through technical asset- and system-centered studies/analyses to identify potential asset and system needs;
- scoping and developing power system investment proposals in response to asset and customer needs and business requirements;
- coordinating infrastructure planning with customers, managing load and generation customer connections to the transmission network, responding to customer requests for new or expanded connections or customer concerns regarding connection security or power quality;
- leading the development and implementation of strategies, plans and processes that support business objectives and goals related to the transmission and distribution businesses, which includes leading Hydro One's involvement in the bulk and regional planning process described in Exhibit B1, Tab 2, Schedule 3;
- conducting the investment planning process described in Exhibit B1, Tab 2, Schedule 7;
- developing strategies, policies and functional standards to optimize the life-cycle costs of transmission and distribution assets while maintaining system safety and reliability as assets age and deteriorate;

- managing the investment development, work bundling and investment release processes, engaging with service delivery units to ensure the effective execution of specific investments;
- monitoring and analyzing the results of investment execution and collaborating with service delivery units to ensure targets are achieved;
- supporting the redirection of funds and re-prioritizing investments in response to unforeseen events and work execution opportunities, integrating changes into future investment plans; and
- proactively interfacing and collaborating with neighboring utilities, external governmental, regulatory and planning authorities on matters of planning direction, requirements, policy and guidance.

3. ASSET STEWARDSHIP

The Asset Stewardship group provides leadership and supports asset stewardship by developing and advancing functional, business and technological strategies and plans, as well as detailed policies and standards. This group also includes research and development activities, and liaison with external industry organizations, government agencies and universities.

Table 3 provides a summary of Asset Stewardship costs:

Table 3: Asset Stewardship ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Total Asset Stewardship & Strategies	15.1	12.5	9.6	14.5	15.8	15.6	15.6	10.9	10.9

Included in these amounts is funding for property, boiler and machinery insurance, the costs of which are provided in Table 4 below:

Table 4: Property, Boiler and Machinery Insurance ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Property, Boiler and Machinery Insurance	5.5	5.4	5.9	6.1	6.3	6.3	6.3	3.3	3.3

Asset Stewardship activities include:

- providing oversight to improve the integration of Planning functions, initiatives, plans, processes and practices to enhance the implementation of the asset management model in support of overall asset stewardship;
- through continuous improvement initiatives, ensuring an integrated approach to data, systems, and processes and implementing enhancements to support tools, leading to improved asset management approaches;
- providing expert participation in and corporate representation on various national and international industry entities, forums and standard-setting bodies including the International Council on Large Electric Systems, the Canadian Electricity Association, NERC, the Northeast Power Coordinating Council, the IESO, the International Electrotechnical Commission, the Institute of Electrical and Electronics Engineers, the National Institute of Standards and Technology and the North American Transmission Forum;

- overseeing the development, implementation and maintenance of: (a) operational policies and technical standards for power system assets; and (b) research, development and demonstration initiatives that address operational and strategic challenges in conjunction with industry and research organizations such as the Electric Power Research Institute and the Centre for Energy Advancement through Technological Innovation; and
- providing technical support to, conducting investigations and specialized studies for, and developing technical solutions for Hydro One stakeholders, such as those investigating power system disturbances, short circuit studies, power quality and harmonic assessments, delivery point and system reliability analysis, stray voltage investigations, geomagnetic disturbance research, and reliability performance assessments.

Asset Stewardship staff play a key role in influencing, monitoring and policing its compliance obligations. Hydro One actively participates in reliability standards development processes in order to monitor and track the status of all proposed new and revised reliability standards. Asset Stewardship staff serves as the transmitter representative on the IESO Technical Panel, which reviews and recommends amendments to the Ontario wholesale electricity market rules, and advises the IESO board of directors on specific technical issues related to the operation of the Ontario electricity market. Asset Stewardship staff also provide overall management and subject matter expertise for interpreting, advising upon and demonstrating compliance with applicable reliability standards. Asset Stewardship staff also manage Hydro One's internal compliance program, evaluating Hydro One's compliance with applicable reliability standards and reporting instances of non-compliance to the appropriate regulatory authority, such as the IESO's Market Assessment and Compliance Division.

COMMON CORPORATE COSTS OM&A - INFORMATION TECHNOLOGY

1. OVERVIEW

Information Technology ("IT") refers to computer systems (hardware, software and applications), data and voice communication systems that support business processes and allow employees to perform their work. IT work programs include both OM&A and capital items and involves: the ongoing maintenance and sustainment of existing and newly commissioned applications and technologies; the development and implementation of new technologies or systems; the provision of business telecom services; and the overall management and control of the information technology program. IT capital investments are described in Exhibit B1, Tab 3, Schedule 6.

OM&A costs associated with supporting Hydro One's IT assets are shown in Table 1.

Table 1: Information Technology Summary of OM&A Expenditures ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Sustainment	88.5	84.9	84.1	87.2	86.5	80.5	80.2	29.5	29.2
Development[1]	8.2	18.4	44.8[2]	18.0	27.6	24.5	21.7	8.0	7.2
Business Telecom	18.4	19.5	17.8	17.3	18.7	18.2	18.3	9.7	9.7
IT Security	-	-	-	-	0.0	3.6	3.6	1.3	1.3
IT Management & Project Control	19.0	21.6	18.6	20.0	23.1	21.5	19.4	11.4	10.2
Cornerstone	8.6	18.3	0.7	0.0	-	-	-	-	-
Total	**142.7**	**162.7**	**166.0**	**142.5**	**155.9**	**148.3**	**143.2**	**59.9**	**57.6**

[1] Customer Care work related to regulatory compliance and service enhancements moved to IT from Customer Service Operations in 2013 and are Hydro One distribution-related only.
[2] The 2014 spending level reflects CIS remediation and stabilization costs.

Sustainment costs support the Hydro One IT applications and infrastructure. Some of these costs are paid to Inergi LP ("Inergi") pursuant to the current outsourcing contract, which was negotiated in 2015 following a competitive procurement process. The remaining costs are for third party software/hardware license and maintenance fees.

The development budget covers application upgrades, enhancements and the OM&A portions of capital projects. The funds are required to maintain the applications at vendor-supported levels and to support enhancements to those applications.

Business telecom costs cover data and voice telecommunications and associated operation and maintenance of Hydro One's telecom network, which is comprised of a mixture of company-owned and leased facilities and equipment. Changes in costs vary with the addition of data and voice telecom capacity at sites throughout the province, and security-related services for the expanding telecom network.

IT security programs ensure the ongoing maintenance and sustainment of existing and new commissioned security tools/applications/technologies, policies, practices, standards and regulatory requirements.

IT management and project control is responsible for Hydro One's overall IT program, including IT projects. Its costs relate to IT administration, outsourced services oversight, project governance and reporting, system and security architecture, program and spend coordination, and quality assurance/quality control processes.

Technology costs are validated through Hydro One's IT governance process which looks proactively at IT strategy, project expenditures and service delivery to align technology spending with business and corporate objectives. Senior business managers provide

guidance, direction and support to the decision-making for corporate technology decisions.

2. IT SUSTAINMENT OM&A

Table 2 shows the specific expenditures for IT sustainment.

Table 2: OM&A Sustainment of Information Technology ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Base IT Sustainment Services	73.6	68.2	65.8	67.8	64.4	60.3	59.0	22.0	21.4
3rd Party Contracts	14.9	16.7	18.3	19.4	22.1	20.2	21.2	7.5	7.8
Total	**88.5**	**84.9**	**84.1**	**87.2**	**86.5**	**80.5**	**80.2**	**29.5**	**29.2**

2.1 Base IT Sustainment Services

The term “base IT sustainment services” refers to the IT services outsourced to Inergi, which are described Exhibit C1, Tab 3, Schedule 2. In 2014, these costs declined (year-over-year) due to a scheduled price reduction in the old Inergi outsourcing contract. The small spending increase in 2015 is due to the transition to the current contract. Cost decreases in the following years reflect savings attributable to the new contract.

Base IT services can be broken down into the four categories described below.

2.1.1 Application Maintenance

Application maintenance includes the work to maintain, address and fix matters associated with approximately 800 business software applications used by the various

business units across the province. Applications used in major functional areas are shown in Table 3.

Based on support levels established by IT and the respective business operations, applications are managed through the "IT infrastructure library", a framework focussed on incident, problem, and change management. Application incidents and user inquiries are logged, prioritized, and managed through to resolution.

Table 3: Strategic Information Technology Systems

IT Systems	Description
Desktop Applications	These include Microsoft Office XP and the Windows 7 and Office 2010 platforms, e-mail, Internet browser, and various other applications such as anti-virus and directory functions.
SAP™	This is an integrated enterprise resource planning, business intelligence, and enterprise asset management application suite that provides asset and work management, purchasing and supply chain as well as inventory management functions. It also provides general ledger, accounts receivable, fixed assets, project accounting, payroll, time reporting, reporting, human resources and pension functions. The Customer Information System (CIS) provides improved call center interactions with our customers, increased accuracy and timelines in our billing process, and improved ability to help our customers address their problems with up to date information.
Contact Centre Technology	This suite of applications enables contact centre operators to respond to customers (service requests, billing inquiries, information), including telephony interfaces and call centre technology and provides operators scheduling and service quality-monitoring functions.
Field Design Tool (ArcFM)	This is a geographic application that is used to design and modify customer connections to the electrical distribution system as part of the geographic information system ("GIS") suite of applications.
Work Execution Tools	Work execution tools consists of a collection of applications which are used to plan, schedule, dispatch and report on field work completion. The applications are linked to ArcFM and SAP through the use of enterprise middleware.

IT Systems	Description
Smart Meter Head End System and IESO's Meter Data Management Repository (MDMR) Interface	The billing system produces bills for customers through its integration with the MDMR and the smart meter infrastructure.
Computer Aided Design and Drafting (CADD)	CADD is a suite of tools that aid in the design, engineering and construction of transmission, distribution, and network infrastructure.

2.1.2 Data Centre Services

Data centre services include the operations, maintenance, and management of hardware (servers, mainframe, storage area network and data storage devices), operating systems, associated applications and infrastructure located at the data centre facilities. This hardware is used to run the enterprise business applications noted above.

Current data centre service levels ensure the reliable operation of business applications and are based on system criticality. The system hardware is located at production and backup data centres, which have the required system redundancies including 24/7 monitoring. Hydro One utilizes the backup data centre facility as a disaster recovery site in the case it is unable to operate from its production data centre.

2.1.3 Distributed Server Sustainment

Distributed server sustainment includes the support services that maintain and operate the application and file servers located at various Hydro One facilities across the province. The servers are used to run business applications and administration systems such as file sharing, e-mail exchange, web hosting and security monitoring systems.

2.1.4 Help Desk and Desk-side Support

The help desk and desk-side support services includes daily management and maintenance services delivered to employees across the province. Help desk services provide centralized incident resolution by phone and through e-mail for all IT and telecom service areas. Desk-side support services provide physical desk side support to fix hardware and software problems for laptops, desktops, peripherals and rugged tablet computers. These services can be provided by telephone, remotely through the data network or, if necessary, through the use of Inergi field technicians.

2.2 Third Party Contracts

Third party contract costs are comprised of fees related to hardware maintenance and software license and maintenance fees paid to third party vendors of IT applications and infrastructure. These fees usually increase annually under their governing contracts. Hydro One's usage and corresponding payment of fees is typically subject to annual audits by third party vendors.

In 2014, Hydro One's costs in this area increased due to higher Microsoft Enterprise software license fees and higher usage volumes. In 2016, costs will further increase to purchase support from Oracle for items that were previously unsupported. Costs are expected to stabilize in 2017 and 2018.

3. IT DEVELOPMENT

Table 4 lists the expenditures driven by non-capital IT projects and the OM&A portions of capital projects.

Table 4: Development Expenditures ($Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Enhancements	4.3	14.6	40.6[1]	7.9	8.0	9.0	8.6	2.9	2.9
Upgrades	3.9	3.8	4.1	7.5	8.4	8.7	8.1	3.2	3.0
Impact of Capital Projects	0.0	0.0	0.1	2.6	11.2[2]	6.8	5.0	1.9	1.3
Total	**8.2**	**18.4**	**44.8**	**18.0**	**27.6**	**24.5**	**21.7**	**8.0**	**7.2**

[1] The 2014 spending level is attributable to CIS remediation and stabilization costs.
[2] The 2016 figure reflects the increase in spending required to support an increased capital portfolio.

3.1 Enhancements

Enhancements include changes to SAP and Non-SAP systems to meet legal/regulatory requirements, to deliver business functionality that meets the objectives of the business, and to further Hydro One's application rationalization strategy.

Starting in 2013, Customer Care costs related to regulatory compliance and service enhancement moved to IT. Costs for 2013 and 2014 reflect post-CIS system stabilization work and the implementation of system changes deferred from 2012. Enhancement costs for 2015 through 2018 resume for required application, data and process changes to SAP and non-SAP systems.

3.2 Upgrades

The upgrade program finances necessary software releases, periodic version upgrades, and application replacements. These costs are charged to OM&A as they do not meet the total capital threshold of two million dollars. Applications are replaced or upgraded to ensure compatibility with current IT platforms and other interfacing applications. In this manner, vendor support is maintained to help fix breakdowns or other issues that may

occur. Funding decisions are made based on software lifecycles, vendor schedules, reliability requirements, and experience with similar initiatives or projects.

Starting in 2015 through the test years 2017-2018, costs increase due to the refresh program which includes enhancement pack upgrades for modules of SAP, Trilliant smart meter head-end system, CADD Systems, GIS as well as minor upgrades to several other applications and infrastructure in order to keep them in a vendor-supported state.

3.3 Impact of Capital Projects

This program funds business process re-engineering costs, such as training and change management costs, that are required when new or revised IT applications are introduced. In accordance with Hydro One's accounting practices, these costs are not capitalized. The higher 2016 forecast is attributable to higher IT capital project spending in 2016, which is reflected in Exhibit B1, Tab 3, Schedule 6.

4. IT SECURITY

Table 5 reflects costs to remediate and improve security capabilities based on lessons learned from past incidents, audit reviews, and industry practices. Funding will drive: continuous improvement in the security awareness program; security threat intelligence and analysis through improved machine-to-machine threat information exchange with providers like the Canadian Cyber Threat Exchange and Electricity Information Sharing and Analysis Center; increase vulnerability testing by vendors to validate the security controls implemented protect Hydro One's assets and identify potential risks for remediation; and application security remediation.

Table 5: IT Security ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
IT Security	**-**	**-**	**-**	**-**	**-**	**3.6**	**3.6**	**1.3**	**1.3**

IT security funding will improve the overall security posture, efficiency and productivity under a consolidated 7x24x365 security event management team that provides proactive monitoring, security incident management and situational awareness of IT threats. It will also improve data security by monitoring, protecting and providing data security awareness training of data. Vulnerabilities will be identified and remediated. This funding will also implement governance and compliance protocols, reflecting legal requirements (such as Bill 198 and NERC CIP) and corporate standards, to prevent unauthorized access to data and IT systems.

5. BUSINESS TELECOM

Business telecom costs are primarily costs for third party services. They are reflected in Table 6.

Table 6: Business Telecom OM&A Expenditures ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
Operations and Carrier Management	5.8	7.5	7.3	7.5	7.6	7.7	7.9	4.1	4.2
Field Services	2.7	2.5	2.4	2.0	1.7	1.7	1.7	0.9	0.9
Voice and Data Network Services	9.9	9.5	8.1	7.8	8.4	7.8	7.7	4.2	4.1
Mobility Services [1]	-	-	-	-	1.0	1.0	1.0	0.5	0.5
Total	**18.4**	**19.5**	**17.8**	**17.3**	**18.7**	**18.2**	**18.3**	**9.7**	**9.7**

[1] Mobility Services costs moved to IT from each business division's non-labour costs starting in 2016

5.1 Operations and Carrier Management (Hydro One Telecom Inc.)

These costs relate to telecommunications management services provided by Hydro One Telecom Inc. ("Hydro One Telecom") to provide telecommunications monitoring and network operations for Hydro One's power system and the business operations. Their affiliate arrangement is described in Exhibit A, Tab 5, Schedule 3. Hydro One Telecom's work includes: operating and monitoring the business telecom and data networks; management of security firewalls; security patching and security event monitoring; management of network interfaces with third parties; managing data and voice system problems; obtaining and managing fibre services from third party vendors; and directing other vendors (such as Bell Canada, Telus and MTS/Allstream) to change, maintain, and restore the networks as required.

In 2011, an independent industry review was conducted which concluded that:

> …[T]he [Hydro One Telecom] Network Operation Center is performing networking monitoring functions at a more efficient level than comparable Canadian utilities' 24x7 telecommunication operation.

The report also affirmed that Hydro One obtains cost and operational benefits through its relationship with Hydro One Telecom:

> Cost of services increases to [Hydro One] since 2002 have been less than if the network monitoring function had remained within [Hydro One]. [Hydro One Telecom] continues to achieve efficiency gains relative to its peer group of utilities, and has now achieved the status of most efficient in performing the network monitoring function. The differentiating factor for the [Hydro One] operations as compared to the benchmarked utilities is that they have found a way to interject a commercial telecommunication approach with a solid power

> system telecommunication operation to bring a successful and cost effective solution to both businesses.

The study confirmed that an electric utility has unique requirements pertaining to its telecommunication system that are not easily met by third party non-electric utility carrier. The assessment process included a review of the service level agreements, statements of work for services, and fees.

Higher business telecom costs in 2013 were due to increased work related to network and application security event management. These costs stabilize in 2015 through 2018. In the test years, to address a heightened focus on information and cyber security, Hydro One Telecom will play a critical role in security event monitoring for Hydro One's critical networks and information systems.

5.2 Field Services

Field services include the maintenance and repair of voice and data telecom equipment. Field services also include the handling of connection changes for moves, additions, changes, and deletions ("MACDs"). In 2013, a contract for field services was awarded to Bell Canada, and Hydro One realized a reduction in rates. The year-over-year cost for field services has decreased due to the reduction in MACDs to voice and data.

5.3 Voice Services and Data Network Services

Voice services costs consist of payments made to common carriers and vendors to use voice circuits and equipment. These include monthly charges, usage fees and equipment rentals for voice grade business telecom (local and long distance). Rates charged by common carriers are competitive. The local voice service rates are regulated under the

Canadian Radio-television and Telecommunications Commission. Long distance rates were secured using a competitive bid process. Annual costs are volumetric and usage-based.

Data network services costs consist of payments made to common carriers to lease data network circuits and equipment at market rates. The data network is used to connect servers and computers across the province. While network capacity grows each year to accommodate data sharing among more functions, Hydro One maintains cost levels by investing in up-to-date IT platforms.

In 2014, the costs for voice and data network services decreased due to a renegotiated contract with carriers. Costs are expected to stabilize in 2017 and 2018 after a new contract is negotiated with carriers in 2016.

5.4 Mobility Services

These costs consist of mobile phone payments. Rates charged by common carriers are competitive and include device and monthly rate plan charges. There is a single mobility plan with all common carriers with multiple usage tiers. Starting in 2016, mobility services costs are included in IT OM&A budget. Previously, they were embedded in each business unit's costs. A centralized mobility services operation results in costs savings, service simplification and improved governance. From 2017 to 2018, there is no increase in this line item.

6. IT MANAGEMENT & PROJECT CONTROL

The IT management and project control function develops and implements IT strategies, policies and processes, IT architectural standards for application interoperability,

infrastructure capacity, network security, regulatory compliance, and IT governance. It includes hardware procurement, training, detailing vendor responsibilities, architecture development, and research services. Table 7 reflects the historical and projected spending for this function over the bridge and test years.

Table 7: IT Management & Project Control Expenditures ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018	TX 2017	TX 2018
IT Management	17.8	20.1	17.4*	18.2	21.0	19.4	17.3	10.6	9.4
Project Support and Control	1.2	1.5	1.2	1.8	2.1	2.1	2.1	0.8	0.8
Total	**19.0**	**21.6**	**18.6**	**20.0**	**23.1**	**21.5**	**19.4**	**11.4**	**10.2**

*Cost restrictions and costs charged back to projects.

6.1 IT Management

IT management costs relate to the planning, coordination and management of Hydro One's IT infrastructure and outsourced services. This involves needs assessments, solution architecture development, and service delivery to the lines of business. Specific projects or programs captured by this line item relate to: IT lifecycle refreshes and infrastructure upgrades; application rationalization; data architecture and management; evolving business-technology roadmaps; ongoing security requirements and enhancements; negotiation of contracts; supporting hardware purchases for major projects and for growth; continuously improving the outsourced services; and implementation of more self-service and automation for end users.

Increased costs in the bridge and test years are primarily due to the incremental resources needed to expand functions of the enterprise systems, such as mobile IT, the SAP platform and GIS. To counter-balance this increase, costs will be reduced by simplifying

the information systems environment through application rationalization and streamlined support processes.

6.2 Project Support and Control

This function provides standard project management services for the delivery of all projects impacting information systems: project management processes, templates and tools; project governance and controls over scope, quality, effort, risk and schedule; change management processes to address changes affecting organizational culture, business processes, organization and job design; and training and transition of projects into sustainment and closure. It is closely associated to the IT development work described in section 3 of this Exhibit. In 2017 and 2018, no increase in costs is forecast to support the required enhancements and upgrades outlined in section 3.

COMMON CORPORATE COSTS OM&A - COST OF SALES - EXTERNAL WORK

1. OVERVIEW

This Exhibit details the cost of sales for Hydro One Transmission's unregulated revenues. Hydro One directly tracks these costs, which include station maintenance activities, engineering and construction work and other smaller activities that are competitive services requested by customers and are individually priced. Exhibit E1, Tab 2, Schedule 1 describes the categories of external business and associated revenues over the 2012 to 2018 period, which also relates to the level of external costs.

Hydro One does not directly track costs for all its unregulated service revenues for secondary land use and other external revenues. These costs are embedded in the company's Common Corporate costs.

The cost of sales for the 2012 to 2018 period is provided in Table 1.

Table 1: Cost of Sales – Transmission External Work ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Station Maintenance	10.2	11.6	10.6	7.7	4.8	4.8	4.8
Engineering and Construction	1.0	0.7	0.3	0.3	-	-	-
Other	0.2	1.6	0.2	0.7	0.2	0.2	0.2
Total	**11.4**	**13.9**	**11.1**	**8.8**	**5.0**	**5.0**	**5.0**

The costs categories reflected in Table 1 are consistent with the work categories identified in Exhibit E1, Tab 2, Schedule 1, but do not include the secondary land use category and a portion of the "other external work" described in that Exhibit.

Witness: Glenn Scott

The costing of external work is calculated the same way as for internal work as described in Exhibit E1, Tab 2, Schedule 1 and Exhibit C1, Tab 5, Schedule 1.

2. STATION MAINTENANCE

Cost for station maintenance is directly related to the volume of work performed by Hydro One to support Ontario's key generating suppliers: Ontario Power Generation Inc. and Siemens Westinghouse Inc.

3. ENGINEERING AND CONSTRUCTION

Cost for engineering and construction is directly related to the volume of work performed by Hydro One for the upgrading of revenue meters at various sites within the province per IESO requirements. The costs for historic, bridge and test years are outlined in Table 1. This program was completed in 2015.

4. OTHER

Other costs represent the cost of work performed for Hydro One's affiliates and other miscellaneous cost of goods sold not included in external revenues. See Exhibit A, Tab 5, Schedule 3 and Exhibit E1, Tab 2, Schedule 1.

TAXES OTHER THAN INCOME TAXES

1. SUMMARY

This Exhibit describes Hydro One Transmission's expenses related to taxes other than income and capital taxes. A summary of these costs is presented in Table 1.

Table 1: Taxes Other than Income Tax ($ Millions)

Description	2012	2013*	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Property Tax	54.1	12.9	56.6	57.0	58.4	59.1	59.8
Indemnity Payment	4.5	4.5	4.5	3.8	0.0	0.0	0.0
Rights Payment	3.5	3.7	3.0	3.1	4.5	4.5	4.5
Total	**62.1**	**21.2**	**64.1**	**63.9**	**62.9**	**63.6**	**64.3**

*The 2013 property tax expense reflects a one-time property tax rebate.

Property tax and rights payments funding levels generally reflect higher tax rates, increases in the assessed value of Hydro One properties and increases in land values.

2. PROPERTY TAX

Like every other land owner within the Province of Ontario, Hydro One is responsible for the payment of property taxes. Property taxes for Hydro One are regulated under the *Electricity Act 1998*, the *Municipal Act 2001*, and the *Assessment Act 1990*. Property taxes are levied on Hydro One's land and buildings, including service centre sites, transmission stations and transmission lines. Hydro One pays property tax to about 400 municipalities each year.

A summary of annual transmission property taxes is presented in Table 2 below.

Table 2: Breakdown of Total Property Tax Expense ($ Millions)

Description	2012	2013	2014	Historic 2015	Bridge 2016	Test 2017	Test 2018
Stations and Buildings, including Proxy Tax	17.0	18.6	19.3	19.7	20.0	20.7	21.4
Transmission lines	37.1	37.3	37.3	37.3	38.4	38.4	38.4
Property Tax Refund (1999-2012)*	-	(43.0)	-	-	-	-	-
Total	**54.1**	**12.9**	**56.6**	**57.0**	**58.4**	**59.1**	**59.8**

*Refund related to O. Reg. 423/11 made under the *Electricity Act, 1998* which adjusted valuations of certain Hydro One properties for tax years 1999-2011.

2.1 Transmission Stations and Buildings

For municipal property tax purposes, transmission station buildings are assessed at a statutory rate of $86.11 per square metre, according to the *Assessment Act*, R.S.O. 1990, c. A31, section 19. The lands containing the transmission stations are assessed using the current value assessment ("CVA") method - the valuation method used for other property owners within the province. Hydro One property other than transmission lines and not classified as a transmission station (for example, a service centre), is assessed using only the CVA method. The Municipal Property Assessment Corporation assigns the total assessed value, which is updated utilizing the same schedule as for the rest of the province. Provincial reassessment was issued for 2012 tax year, the next scheduled province wide assessment is 2016. Under the *Assessment Act*, an increase in assessed value between January 1, 2008 and January 1, 2012 is phased in over four years, from 2013 to 2016, assuming the property characteristics and assessment evaluation stays the same.

Notices of assessment are received and reviewed for accurate valuation and tax classification each year. Any incorrect classes and/or over-valuations are appealed through the Municipal Property Assessment Corporation, and/or the Assessment Review Board.

Additional property tax payments, called proxy property taxes, for owned transmission stations are levied and paid to the Minister of Finance, to be applied against the stranded debt of the former Ontario Hydro. Transmission transformer stations buildings are assessed at a statutory rate of $86.11 per square metre, per the *Assessment Act*. Transmission transformer stations are subject to additional property tax payments, called property proxy taxes, payable to the Minister of Finance under O. Reg. 423/11 of the *Electricity Act, 1998*. The additional tax is the difference between the statutory rate for transmission station buildings and the municipal tax that would apply to the buildings if they were taxed using the CVA method. This amount is calculated each year for each transmission station owned by Hydro One.

Ontario Power Generation Inc. ("OPG") is the owner of various properties within the province, on which Hydro One's facilities are located. OPG and Hydro One entered into lease and easement agreements with respect to these properties, effective April 1, 1999. Under these agreements, Hydro One is required to pay realty taxes with respect to its occupancy to OPG.

Other municipal property tax costs relate to costs on other sundry properties, such as transmission communication towers, and administrative buildings.

2.2 Transmission Lines

Hydro One's line corridors are assessed, and municipal taxes are calculated at a rate per acre of owned corridor land. These rates are established by Ontario Regulation 387/98 (Tax Matter – Taxation of Certain Railway, Power Utility Lands) made under the *Municipal Act, 2001* and Ontario Regulation 494/98 made under the *Education Act*, all as amended. As payments are made based on an area of land multiplied by a legislated rate, appeals must be based on corrections to the area of the property, or on the decision to re-

classify a property as outside the utility corridor tax class.

An additional amount is paid annually to various First Nations bands for Payment in Lieu of Taxes ("PILs") with respect to transmission assets on reserves. Since June 1985, Section 83 of the *Indian Act* has provided for taxation by First Nations, of property interests on their reserve lands. Hydro One makes payments in lieu of taxes similar to taxes paid to municipalities that have Hydro One Transmission facilities within their boundaries.

3. INDEMNITY PAYMENT TO PROVINCE

As result of Hydro One restructuring in 2015, the indemnity payments to the Province have ceased in bridge year 2016 and test years 2017 and 2018.

4. RIGHTS PAYMENT

Through agreements or permits, Hydro One Transmission's line facilities cross and/or occupy properties owned by railway companies (e.g. Canadian National) and/or governmental bodies (e.g. federal government, Rideau Canal). According to the terms of the individual agreements, Hydro One pays an annual fee to the railway companies and the government entities for the right to cross and/or occupy their properties. These agreements contain rental review provisions allowing for rent increases tied to increased land values, subject to negotiation by both parties. Hydro One anticipates increased costs as reviews within the individual agreements are triggered, due to recent increases in land values. Rights payments associated with the railway companies are currently under review and steps are being taken to reach new agreements.

At this point, Hydro One is not able to predict the outcome nor the timing of the future negotiated agreements and the amount that it will have to pay to secure the crossing or occupation rights with railway companies. However, for planning purposes, the rights payments for the 2017 and 2018 test years are budgeted to be $3.0 million per year.

Through agreements or permits granted by the Department of Indian and Northern Affairs, Canada ("INAC"), Hydro One has approval for its transmission and distribution facilities (that is, lines and transformer and distribution stations), to cross and/or occupy First Nation Reserves. Some of these permits and agreements require Hydro One to pay annual rental fees, the payment of which are administered by INAC.

The transfer orders by which Hydro One acquired Ontario Hydro's electricity transmission, distribution and energy services businesses as of April 1, 1999 did not transfer title to some assets located on lands held for First Nations under the *Indian Act* (Canada). The transfer of title to these assets did not occur because authorizations originally granted by the federal Minister of Indian and Northern Affairs for the construction and operation of these assets could not be transferred without the consent of the Minister and the relevant First Nations or, in several cases, because the authorizations had either expired or had never been properly issued. The transmission portion comprises approximately about 82 kilometres of transmission lines, primarily, held by the OEFC. Under the terms of the transfer orders, Hydro One is required to manage these assets until it has obtained all consents necessary to complete the transfer of title of them to Hydro One. Hydro One is seeking to obtain from the relevant First Nations, the consents necessary to complete the transfer of title to these assets.

Hydro One cannot predict with accuracy the aggregate amount that it may have to pay to obtain the required consents. For planning purposes, however, the First Nations rights payments for the 2017 and 2018 test years are budgeted to be $1.5 million per year. This

amount is based on continuing payments and the current status of the on-going negotiations with various First Nations bands.

CORPORATE STAFFING AND COMPENSATION

1. INTRODUCTION

This exhibit outlines Hydro One Network Inc.'s (in this exhibit, "Hydro One") total compensation and corporate staffing strategies. Hydro One acknowledges the concern of the Ontario Energy Board and external stakeholders regarding compensation and employee headcount. In response to these concerns, Hydro One has made gains in either reducing or restraining compensation costs and managing its workforce. To accomplish the work program reflected in this application, Hydro One must attract, motivate, engage and retain a highly skilled and high performing workforce.

2. THE PEOPLE STRATEGY

The People Strategy is a critical component in driving high performance and achieving corporate objectives. The three key objectives of the People Strategy are: (i) aligning the workforce in support of the corporate strategy and goals: (ii) building human capital capacity; and (iii) driving employee performance. The framework to achieve these objectives is the overall talent management process as shown in Figure 1.

The People Strategy is the framework that guides the Talent Management process. The focus is to ensure Hydro One has the right people in the right jobs at the right time to deliver expected results.

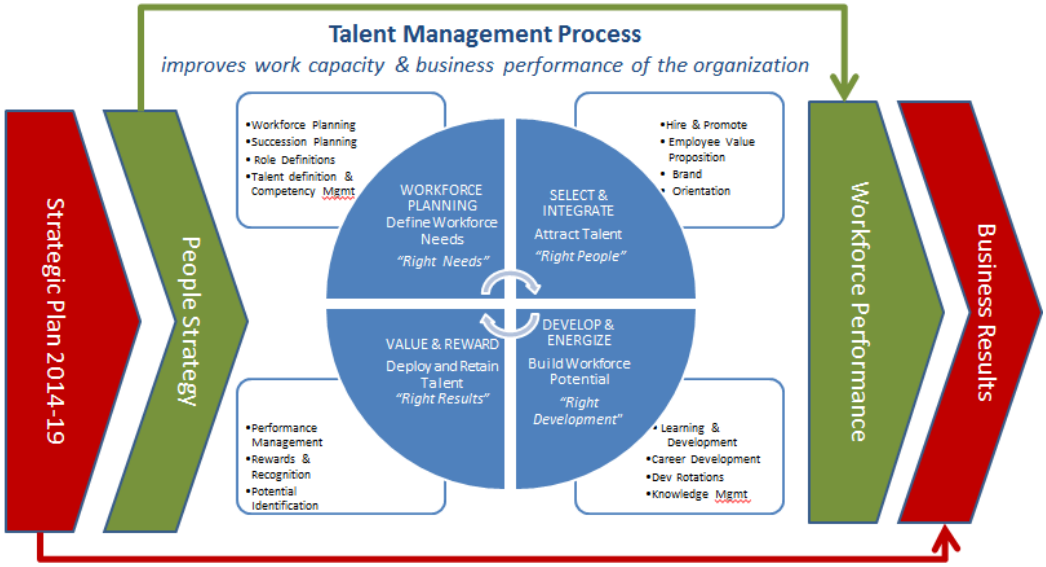

Figure 1: The People Strategy

3. EMPLOYEE CLASSIFICATIONS

3.1 Management Compensation Employees (MCP)

MCP employees represent approximately 10% of the Hydro One Networks Inc. regular employee population. These positions are excluded from union representation because they carry out managerial duties or work on confidential labour relations, security or legal matters.

3.2 The Power Workers Union ("PWU")

The PWU represents over 65% of Hydro One regular employees. The PWU is an industrial union that represents the trades, controllers, technicians and clerical workers.

Its members perform line work, forestry, electrical, mechanical, protection and control, meter reading, stock keeping, system operation, technical and clerical/administrative work. The PWU also administers a hiring hall of contingent workers to meet fluctuating work demands, (e.g. work peaks and special projects), performing primarily supplemental construction and maintenance work. PWU hiring hall resources are acquired through the hiring hall upon Hydro One issuing a work requisition.

3.3 The Society of Energy Professionals ("The Society")

The Society represents approximately 25% of Hydro One regular employees. Society-represented staff performs engineering, high level technical and administrative work and supervisory functions. The majority of the Society-represented employees in Hydro One have post-secondary education (university degrees) and/or post-graduate education. These include graduate engineers, finance and telecommunication specialists. The Society also represents First Line Managers in field locations.

3.4 Casual Workers (Construction Employees)

The majority of construction work at Hydro One is performed by the Building Trades Unions (BTUs) under agreements with the Electrical Power Sector Construction Association (EPSCA)[1] and members of the Canadian Union of Skilled Workers (CUSW).

i. Seventeen construction BTUs supply a contingent workforce through their hiring halls, negotiating their collective agreements with EPSCA. These BTUs represent the

[1] The Electrical Power Systems Construction Association negotiates and administers collective agreements on behalf of Hydro One, Ontario Power Generation, Bruce Power and other contractors performing work in the Electrical Power System Sector under the Ontario Labour Relations Act.

construction trades employed by Hydro One, with the exception of those represented by the CUSW.

ii. The CUSW, also a contingent workforce, represents lines and electrical tradespersons who work on transmission construction, including the construction of lines over 50 kV, transmission stations, switchyards, substations, system control centres, and associated telecommunications systems.

4. DEMOGRAPHICS

Hydro One continues to face challenges associated with the availability of some skilled and professional staff to operate, sustain and develop its transmission and distribution systems. An aging workforce and a scarcity of certain core skills in the electricity industry continue to be a human resource risk.

4.1 Retirements

At year-end 2013, 861 employees or approximately 17% of Networks staff (transmission and distribution) were eligible for an undiscounted retirement. By 2019, a further 1000 Networks staff will be eligible for an undiscounted retirement. Cumulatively, this represents approximately 36% of the 2015 year end headcount total of Networks employees. Hydro One is also experiencing a large uptake in actual retirements annually. On average, over 200 regular employees have retired each year between 2011 and 2015. This is shown in Figure 2. This trend is expected to continue through the next decade and is consistent with challenges faced by other utilities in the electricity sector.

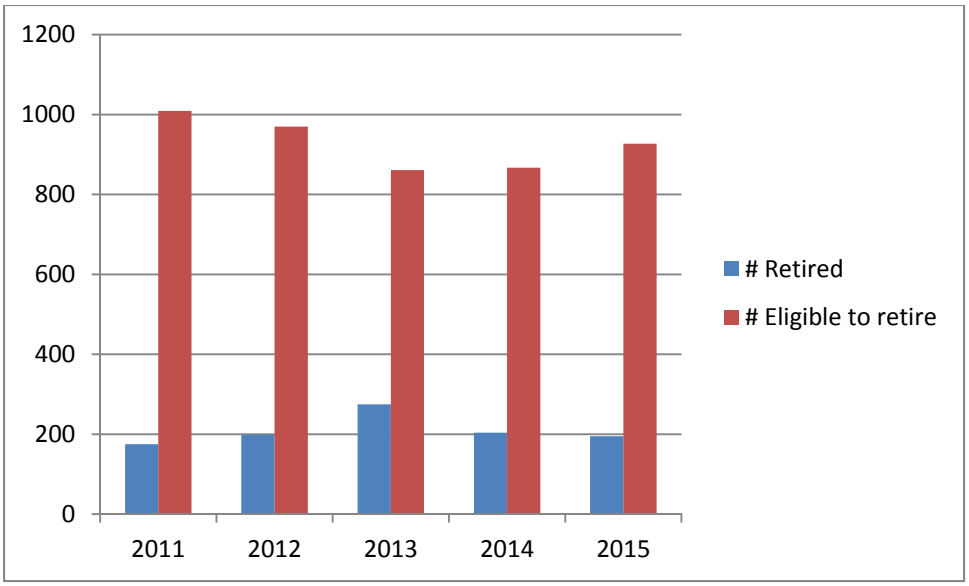

Figure 2: Retirement Eligibility and Retirements (2011 – 2015)

4.2 Aging Workforce

The average age of Hydro One's regular employees is 45.3 years old. The overall age distribution in 2013 and 2016 is shown in Figure 3. Employees under the age of 30 represent 12.8% of the year end 2015 regular workforce, an increase from 10.5% at year-end 2013. Employees aged 50 or over represent 39.3% of the workforce. This segment of the workforce has many years of experience, but is poised to exit the organization through retirement.

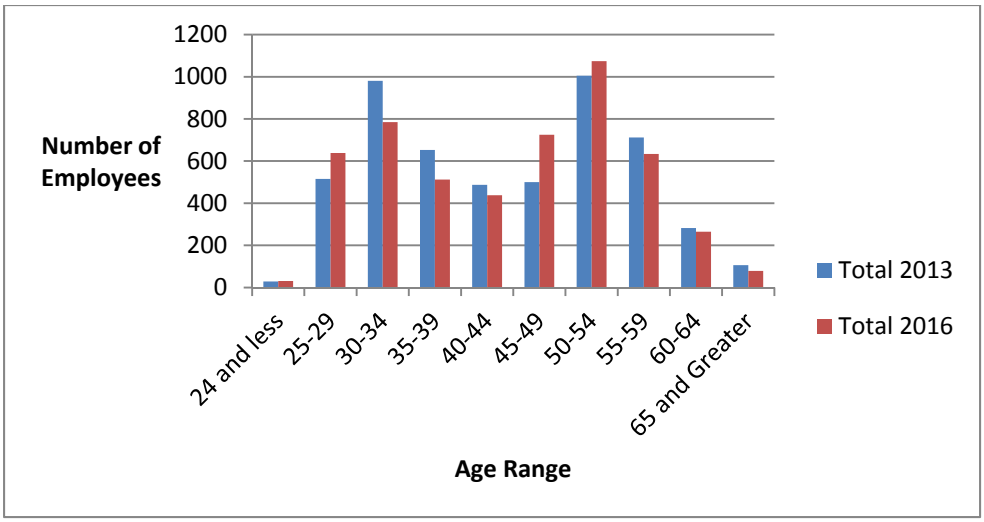

Figure 3: Age Range of Regular Employees 2013 vs 2016

To address these demographic challenges, Hydro One has been proactively implementing a number of initiatives. These include implementation of a staffing strategy, as well as the recruitment and training of new staff. These initiatives are discussed in the sections that follow.

5. STAFFING STRATEGY

Hydro One has an integrated workforce for its transmission and distribution businesses. This allows Hydro One to take advantage of economies of scale and efficiencies that would not be available through separate transmission and distribution operations. Examples would include a centralized grid control centre, centralized fleet operations, and an integrated asset management strategy.

For the period 2016-2018, the total Networks (Transmission and Distribution) work program is expected to increase by approximately 6.0% while the regular headcount is expected to decrease by 3.9 % over the same period.

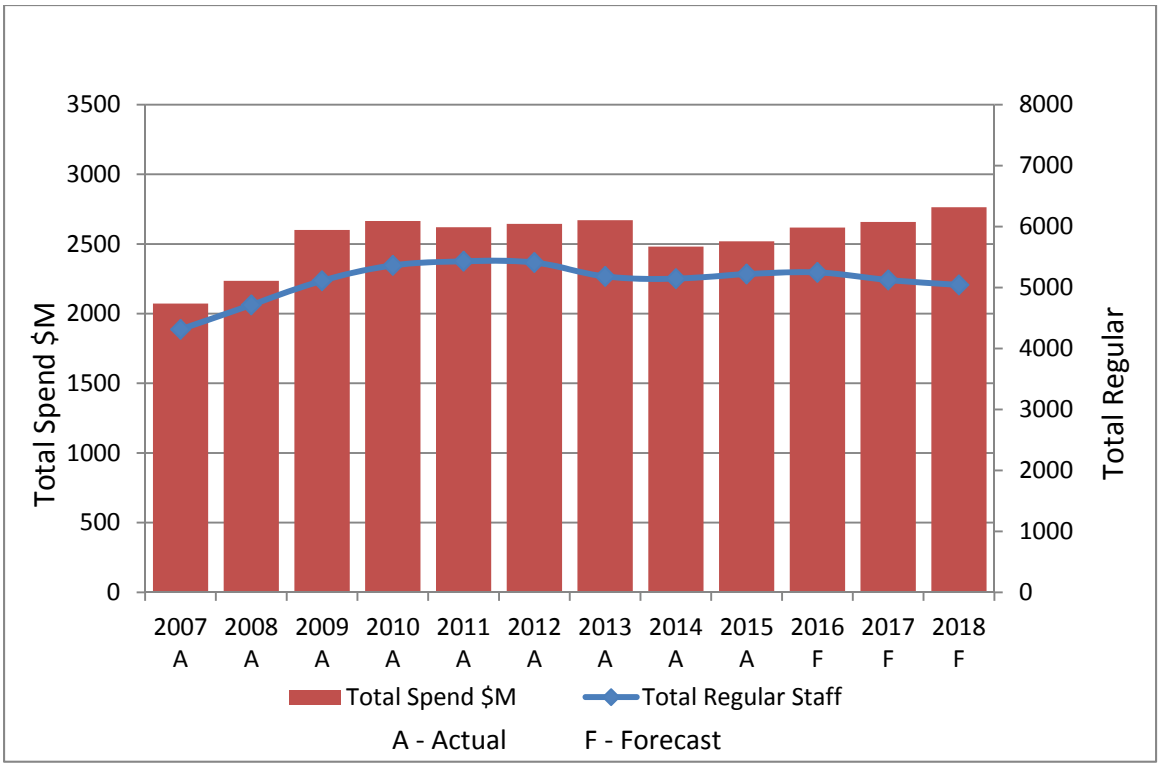

Figure 4: Work Program and Year End Head Count (2007-2018)

Hydro One utilizes a work-based approach to staffing, whereby the Company resources according to work programs rather than planning the work around the number of internal resources available. To address the fluctuating and seasonal nature of work programs, the Company maintains as much flexibility as possible by utilizing a variety of labour resources, including regular, temporary, hiring hall and contract staff.

Matching staff to dynamic work programs requires a managed approach to staff planning. The company must consider the amount of work to be done, the nature of the work and the skills required. At the same time, the company must identify the most cost effective means of acquiring needed skills, within the constraints of the collective agreements. Demographic and skills analyses are conducted to ensure that Hydro One retains the

appropriate talent in the present and is positioned properly in the market to attract the talent required in the future.

Progress has been made in attaining the appropriate number and mix of staff required to complete the Company's planned work programs. However, Hydro One's highly skilled jobs require long learning curves, so it is essential that the Company hire well in advance of forecasted retirements.

6. HEADCOUNT

Hydro One recognizes the concerns expressed in previous OEB Decisions with respect to headcount. Figure 5 illustrates the actual year end regular employee complement (2013-2015) and the forecasted year end regular employee complement (2016-2018). Total Regular employees in 2018 are expected to be 2.7% lower than in 2013.

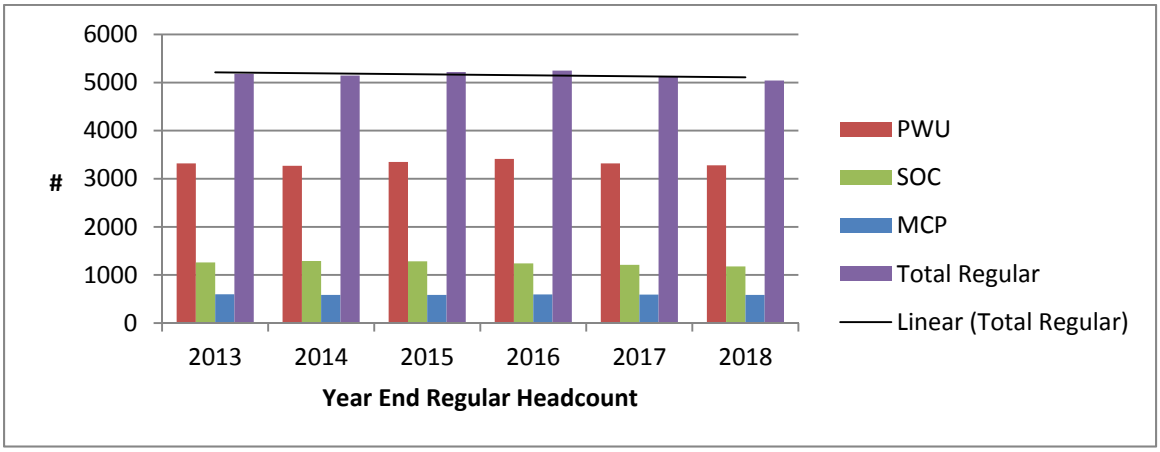

Figure 5: Regular Employees – Year End 2013-2018

Figure 6 illustrates that Hydro One employs a large number of non–regular casual employees (PWU Hiring Hall and Construction Hiring Hall) and temporary employees to assist with its various work programs. The use of non-regular resources reduces overall

compensation costs since non-regular staff do not join pension or benefit programs, are not entitled to paid vacation days off, and can be deployed more and/or terminated. The company uses casual labour to appropriately supplement its required workforce to complete its capital work program using the lowest cost labour in the context of collective agreements commitments.

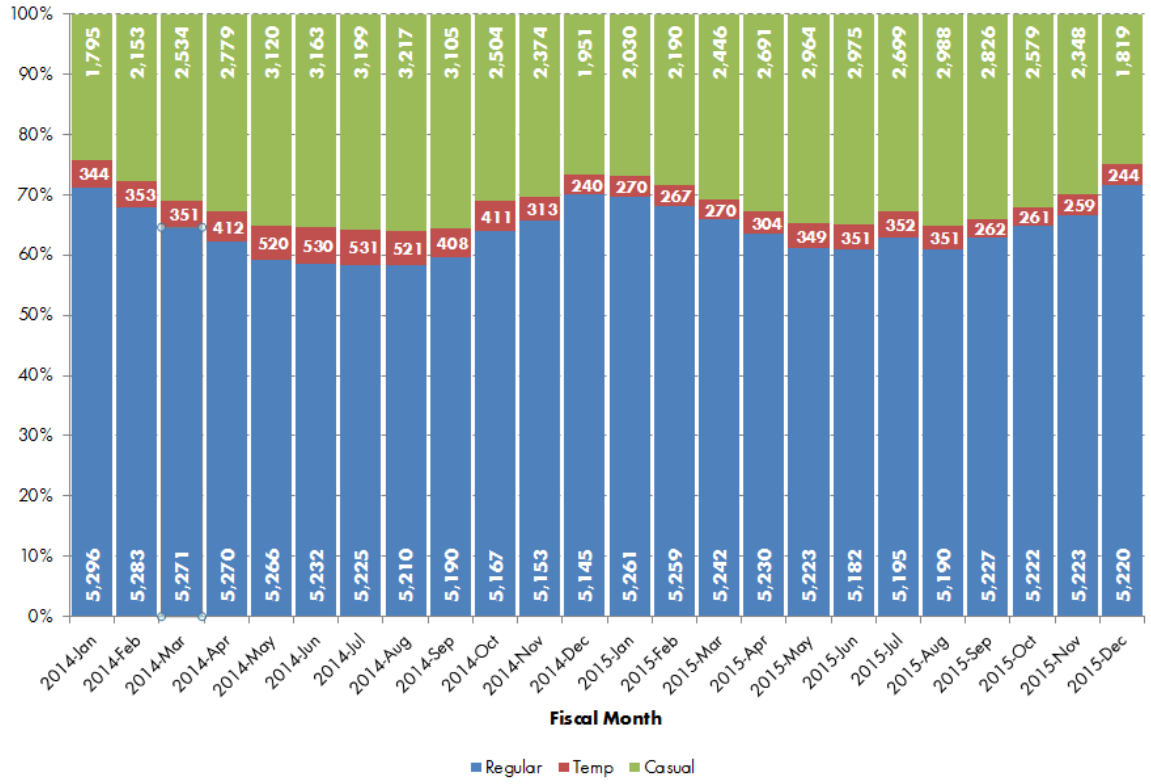

Figure 6: Percent Use of Employee Categories (Monthly 2014-2015)

7. RECRUITMENT

Hydro One continues to hire, albeit at a lesser level than previous years, into its Apprentice and Graduate Training Programs to help address the significant wave of retirements in its critical trades, technical and engineering groups.

Since January 1, 2004, 473 graduate trainees have been hired through the Company's on-campus recruitment program. New graduates bring not only much needed skills but also new perspectives and fresh energy to Hydro One's work. The New Graduate program is a two year training program for recent university graduates. The program is designed to provide new graduates with the skills, knowledge and experience needed to become successful and productive employees. The New Graduate program consists of three main components: (i) corporate training; (ii) technical training; and (iii) rotations.

Hydro One also continues to recruit into trades apprenticeship and technical training programs and has partnered with a number of universities and colleges. Hydro One has taken a leadership role in support for power system engineering programs, assisting in developing on-line power system engineering programs and providing scholarships to encourage enrolment in key areas where the company faces labour shortages.

Hydro One will also continue its support of the University and College Co-Op Education Program, hiring approximately 300 co-op students a year. This is a mutually beneficial process in that Hydro One gains bright, skilled workers trained in the latest theories and practices for four-month or eight-month work-terms, while the students gain practical and relevant work experience that can be used to develop their future careers. Hydro One has also found that the co-op programs have proven to be a rich source of talented candidates for graduate trainee positions by offering the company an opportunity to assess the student's "fit" and long-term potential with the company. Once hired, Hydro One's

experience shows that these former co-op students have a shorter learning curve than other new hires with no previous Hydro One experience.

Hydro One believes a sustainable and longer term strategy is to invest in programs where knowledge transfer is the key objective. Programs such as new Graduate and Apprentice Hiring, and knowledge documentation all contribute to ensuring knowledge is transferred to more junior staff.

7.1 Apprentice Hiring

Through structured in-house apprenticeship programs, Hydro One has and continues to revitalize its trades employee base in order to ensure a ready supply of trades talent. Hydro One's main apprenticeship programs are Powerline Technician, Utility Arborist, Electrician and Truck & Coach Mechanics. Table 1 illustrates the number of apprentices hired from 2010 to 2016. Based on the anticipated number of retirements expected in trades classifications and the increases in labour demand as a result of additional work requirements, Hydro One expects to continue investing in apprentices as a viable source of talent for skilled trades. Apprenticeships are part of the PWU Hiring Hall and therefore not eligible to join the Hydro One pension or benefit programs.

Table 1: Apprentice Hiring

Year	Lines	Forestry	Stations	Fleet
2010	100	24	36	4
2011	32	16	15	4
2012	48	36	4	3
2013	64	32	22	6
2014	80	40	20	7
2015	80	24	12	5
2016	80	24	18	4

8. LEADERSHIP AND SENIOR MANAGEMENT DEVELOPMENT

The primary objective of this program is to ensure that Hydro One has a systematic management development framework. This helps ensure the company retains a competitive advantage by developing, maintaining, and enhancing those management competencies deemed to be essential. In 2015, a new mandatory curriculum was introduced for managers and supervisors. The goal of this program is to ensure that all managers and supervisors have a common knowledge and skill set to lead their teams. Through proper development and training of managers and supervisors, they will have the tools to be effective managers

8.1 Succession Planning

A Succession Planning Process has been developed for all senior management staff within the company. The program's goal is to ensure that for each of the senior management positions, at least two successor candidates have been identified, and that a developmental plan for each of the candidates is developed and implemented. In order to transition to a new commercially focused organization, new external senior managers with the requisite skill set and experience have also been recruited into the organization.

8.2 Performance Management

Since 2010, Hydro One has been active in implementing a well-defined performance management system throughout the managerial levels. All MCP employees will identify three to four clearly defined goals that will be linked to the overall corporate scorecard. Employee's performance against these goals will be monitored by their manager and compensation rewards will be based upon both corporate and individual success.

8.3 Engagement

Hydro One continues to focus on employee engagement throughout the workforce. Engaged employees bring their best effort to work every day. They are a competitive advantage as engaged employees have a demonstrated positive impact on business outcomes: improving profitability, productivity, customer satisfaction and shareholder value and decreasing safety incidents and absenteeism. Engagement survey results allow the company to focus its continuous improvement processes at the local level, while comparing performance outcomes to best in class external benchmarks. By measuring the key drivers of employee engagement and following through on what employees are indicating, Hydro One is able to identify and remove barriers, and recognize and reward great performance.

9. LABOUR RELATIONS

The collective agreements establish the terms and conditions of the employment relationship for a fixed period of time. Hydro One inherited collective agreements from Ontario Hydro, which established terms of employment. These legacy collective agreements have established a ‘floor’ upon which future negotiations are based. While legacy collective agreements continue to strongly influence current Hydro One collective agreements, Hydro One has done much to change the status quo. Hydro One has been successful in incrementally reducing costs and/or increasing productivity through collective bargaining.

Collective Agreements are legal contracts. In labour agreements, more so than commercial contracts, parties must also consider their longer term relationship. Hydro One’s Human Resources strategy is to negotiate fair and reasonable collective agreements to foster and promote healthy union–management relationships.

Hydro One has been able to achieve reasonable settlements with moderate incremental cost reductions and increased flexibility in a variety of areas in every round of collective bargaining since 2001. Examples include:

- elimination of costly incentive pay plans;
- economic increases in line or below with industry norms;
- reductions and cost containment in benefit improvements;
- introduction of new salary schedules with lower starting rates and lower maximum rates;
- introduction of a less costly pension plan;
- increased employee pension contributions;
- increased flexibility to contract out work;
- reduction in the hourly rate for a variety of jobs;
- increased flexibility to move staff;
- increased utilization of contingent workers;
- introduction of less costly classifications;
- greater shift scheduling flexibility; and
- reduction in temporary work headquarter costs.

9.1 Recent Negotiation Highlights

In the most recent round of collective bargaining with both the PWU and the Society, Hydro One was able to achieve significant paradigm shifts in three key areas. First, instead of traditional base wage adjustments, the parties agreed to lower base adjustments with lump sum payments. This is significant because lump sum payments do not impact other wage sensitive items such as overtime premiums, pensionable credit and other allowances. Second, the parties agreed to introduce "ownership" type compensation in

the form of share grants and employee share ownership opportunities in order to engage employees and align their interests with the goals and success of Hydro One. Third, employee pension contributions continued to increase and future pension benefits were reduced.

PWU Negotiations

In 2015, a new 3 year collective agreement was successfully negotiated by the bargaining committees of Hydro One and the PWU and ratified by the PWU-represented staff. The term of this collective agreement ends on March 31st, 2018. Negotiations included:

- Modest economic increases (see section 11.2);
- Increased resourcing flexibility was achieved by negotiating enhancements to utilize temporary employees longer and to contract out more work;
- Favourable future pension service benefit accrual impacts for active employees and new hires pensions including:
  - increased early retirement eligibility rule of 85 (up from 82) commencing in 2025;
  - adjustment to number of years for final average earnings from 3 to 5 years commencing in 2025; and
  - employee pension contribution increases (see section 14.0).

Society Negotiations

In 2015, Hydro One and the Society entered into early negotiations to renew the collective agreement. The parties successfully negotiated a new three year collective agreement that expires March 31, 2019.

Negotiations included:

- Modest economic increases and a lump sum payment in 2016 and 2017 (see section 11.3);
- Increased employee pension contributions for employees (see section 14.0); and

- Increased early retirement eligibility rule of 85 (up from 82) commencing in 2025.

CUSW Negotiations

In 2015, Hydro One and CUSW successfully negotiated a three year collective agreement that expires April 30, 2017. Negotiations included:

- Modest economic increases in 2014, 2015, 2016 (see section 11.1); and
- Increased ability to contract out work.

10. TOTAL COMPENSATION STRATEGY

Hydro One's approach to compensation is driven by the need to attract, retain and engage a highly skilled workforce that supports an accountability-based, performance-driven culture by rewarding performance appropriately and fairly. Hydro One has experienced increasing transmission and distribution work programs since 2004**.**

Total compensation consists of a mix of elements: base salaries, at risk short term incentive (STIP) and at risk long term incentive-based (LTIP) programs, Employee Share Ownership Program (ESOP), Share Grants, benefit plans and pension plans dependent on the employee representation group and level within the organization.

10.1 MCP Compensation

The main focus of the MCP compensation strategy is driving a cultural shift to commercial company norms, with new shareholder expectations and an increased focus on customers, productivity, efficiency and accountability. It is critical that an appropriate compensation strategy be implemented to attract internal and external talent, retain high performing employees, and focus efforts to achieve corporate strategy. To achieve this goal, Hydro One engaged Willis Towers Watson to undertake competitive market

assessments and sought advice from and Hugessen Consulting[2] to determine the basis for the components of a new management compensation program.

Hydro One now offers MCP employees a total cash compensation package that consists of a fixed component (base salary) and a variable, at risk pay component (Short Term Incentive Plan "STIP"). A small number of key leadership employees also have a long term variable pay component ("LTIP") as part of their compensation. Each of these compensation components is critical to Hydro One's ability to acquire talent and retain a high performing workforce. Hydro One's compensation philosophy is to align target total rewards at or below market median, as reflected in the Willis Towers Watson design elements. In addition, the compensation plan is intended to provide a balance of fixed and variable or "at risk" compensation with a greater emphasis on longer term variable rewards for more senior management.

10.2 Competitive Market Assessments

To recruit a new Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), Hugessen Consulting provided advice to the Hydro One Board on an appropriate compensation framework and more broadly, to provide advice on a new compensation structure to be established in 2016. A primary reference group was identified that consisted of the four largest utilities listed on the TSX plus four other TSX listed companies in the broader energy sector of comparable scope and complexity to Hydro One. For additional compensation market data, thirty additional companies on the S&P/TSX 60 index were reviewed. The target total direct pay for the CEO is positioned close to the average of the four other larger utilities and is in the bottom quartile of the

[2] Hugessen Consulting Inc. is an independent consulting firm that provides advice to Boards and Compensation Committees

thirty companies on the S&P/TSX 60 index. Similarly, the target total direct pay for the CFO is in the bottom quartile of the S&P/TSX 60 index.

Willis Towers Watson conducted market assessments for MCP Bands 3-10 (SVP to Administration roles). Executive level (Bands 3-4) compensation was assessed against a peer group consisting of twenty-one companies that included utilities and other Canadian publicly traded companies. The results show that Hydro One is positioned around the 25th percentile in terms of salary and target total cash. On a total rewards basis, Hydro One is still positioned on average below the 25th percentile

Non-executive level (Bands 5-10) compensation was assessed by segmenting these roles into Core Operations and Support Services. Core Operations roles were assessed against twenty eight Canadian utilities. Core Operational roles require specific education, skills and knowledge in a professional area that is directly related to the Transmission, Distribution or regulation of power. Support Services positions require education, skills and /or knowledge not necessarily specific to the utility business. On a total rewards basis, Core Operation roles are positioned at market median or slightly below market median depending on whether the assessment included the current Defined Benefit Pension or the new Defined Contribution Pension Plan. Support Services roles were assessed against seventy-six companies. On an aggregate basis, Hydro One's position relative to market for non-executive total rewards is aligned at or slightly above market median.

In situations where current incumbents are below market median as determined by these market assessments, future compensation increases will be managed and approved based upon demonstrated successful performance.

10.3 MCP Base Salaries

MCP base salaries are adjusted through a merit program that recognizes individual performance, behaviours, potential, internal relativities and external benchmarking**.** To better reflect and respond to the realities of the external labour market and internal compensation issues, non-represented roles have been reorganized into either Executive (Bands 1-4), Core Operations and Support Services positions. External Peer groups have been established for each segment and future base pay adjustments will be based upon external benchmarking against peer roles, performance and positioning within the salary band range. This targeted approach will restrain the base salary adjustments for employees already above market median.

10.4 Incentive-Based Compensation

Incentive-based or variable/at risk compensation is a common feature of compensation strategies in publicly traded companies. Incentive-based compensation is also recognized to be an effective way to reward for performance and to attract, motivate and retain qualified employees in a competitive labour market. A shift away from variable pay in favour of increased base salaries would increase Hydro One's fixed costs and reduce the company's ability to align employee performance with business objectives and reward employees for successful performance results.

10.4.1 Short Term Incentive Plan (STIP)

MCP employees are eligible for annual incentive-based pay as a component of their total cash compensation. A new STIP has been introduced in 2016 that supports the MCP compensation strategy. This Plan is designed to:

- reward participants for the achievement of annual team (corporate) and individual performance goals;
- Align corporate goals and objectives with individual goals;
- focus on short term goals and immediate priorities; and
- reward and retain top performers.

STIP rewards are based on Company and individual performance and are measured against a balanced scorecard. The balanced scorecard approach considers an employee's contributions to cost efficiency and productivity improvements. It is based on financial (Net Income) and non-financial objectives such as customer satisfaction, operational results and safety. Focussing on these metrics and meeting the corporate targets will ultimately benefit Hydro One's customers.

10.4.2 Long Term Incentive Program (LTIP)

An LTIP was introduced in 2016 for select senior leaders and is designed to:

- reward executives for longer-term value creation and foster alignment with shareholder interests;
- support line-of-sight and achievement of near-term objectives that lead to long-term value creation;

- attract and retain top talent by aligning high performance with commensurate payout opportunities; and
- align compensation with current market practices.

Approximately forty-five executive and senior management employees are participating in the 2016 LTIP Program. Participation in the LTIP is determined by the Hydro One Board annually and is restricted to key talent. The intent of this plan is to provide a balance between short term performance and long term success. This plan enables senior leadership participants to be rewarded for creating long term value to the benefit of the shareholders and ratepayers.

10.5 Employee Share Ownership Plan (ESOP)

MCP employees are eligible to participate in an ESOP. MCP employees can contribute up to 6% of their base salary and Hydro One will provide a 50% match on contributions to a maximum of 3% of base salary. The introduction of the ESOP is an important element of the total compensation program as it will: (i) promote an ownership mentality amongst employees; (ii) facilitate the attraction and retention of talent;, (iii) and enhance employee engagement and productivity through company ownership. [3]

11. UNIONIZED EMPLOYEES – COMPENSATION

Hydro One's Transmission business requires a skilled workforce to execute functions related to engineering, design, estimating, constructing, maintenance and operating functions, customer service, and other support services. Various work jurisdiction rules result in the majority of the Transmission work being performed by the Canadian Union

[3] "Employee Stock Purchases Plans are Back!" An Article in Workspan August 2013

of Skilled Workers (CUSW) and other casual building trade unions. In 2015, approximately 57% of the total transmission capital work was performed by casual, unionized employees.

11.1 Casual Workers (Construction Employees)

The construction workforce utilized to work on transmission assets has a favourable compensation cost structure, in that this workforce:

- is paid an industry standard wage (for building trades governed by EPSCA Collective Agreements) or wages that are either competitive and in some cases less than other rates in the industry;
- does not join the Hydro One pension plan;
- does not join the Hydro One group benefit plan;
- does not have entitlement to sick leave benefits;
- does not have paid scheduled vacation time off;
- is more easily deployed to work throughout the province;
- is more easily dismissed when work load fluctuates; and
- is accessed through the union hiring halls to perform specific work programs and laid off when it is no longer required.

Hydro One negotiates directly with CUSW and through EPSCA, Hydro One is bound to collective agreements negotiated for the other seventeen Building Trade Unions. In 2015, Hydro One negotiated a three year collective agreement with CUSW (May 1, 2014 to April 30, 2017). Negotiated wage increases include a 1% base wage adjustment in each year. CUSW wage rates are generally lower than paid to similar classifications represented by the International Brotherhood Electrical Workers (IBEW) as shown in Table 2.

Table 2: CUSW Rates versus IBEW Rates – 2015 $

Union	Base Wage ($)	Total Base Package ($)[4]
CUSW (Hydro One)	40.98	54.33
IBEW Windsor	37.84	59.99
IBEW Port Hope	42.78	59.81
IBEW Ottawa	42.99	59.94
IBEW Sudbury	42.99	59.94
IBEW Thunder Bay	44.29	59.22
IBEW South	42.85	61.28
IBEW Hamilton	41.16	60.61
IBEW Sarnia	46.10	60.80

Wages paid to the remaining Building Trade Unions are the industry wage paid by all employers in the electrical power systems sector when performing work on Ontario Power Generation, Bruce Power and Hydro One property in Ontario.

11.2 Power Workers' Union (PWU)

The current collective agreement provides for negotiated wage increases and annual employee progressions within salary ranges. Negotiated wage increases include a 1% base wage adjustment and a 1.0% lump sum payment on April 1, 2015, a 1% base adjustment and a 2.0% lump sum payment on April 1, 2016 and a 1% base adjustment on April 1, 2017. Negotiated lump sum adjustments are an effective way to restrain compensation costs as lump sum payments are not built into an employee's base rate.

[4] Total Wage package includes Base Pay, Vacation & Statutory Pay, Welfare, Pension and Union Fund

Compensation restraint is achieved because other forms of compensation such as premium time for overtime, shift allowances and pensionable service are not impacted by lump sum payments.

11.3 The Society of Energy Professionals (The Society)

The current collective agreement provides for negotiated wage increases and annual employee step progressions. Negotiated wage increases include a 0.5% base salary adjustment on April 1, 2016, April 1, 2017 and April 1, 2018. A 1% lump sum payment will be made on April 1, 2016 and a 2% lump sum payment will be made on April 1, 2017.

11.4 Share Grants – PWU and Society

As part of the collective bargaining settlements with the PWU and Society, represented employees will be eligible to receive shares of Hydro One Limited. The introduction of share grants as part of the compensation package for represented employees is a significant paradigm shift that will benefit Hydro One, employees and ratepayers.

Previously, both unions were focused more on achieving base wage increases that were at least in line with industry norms. The philosophical shift to a compensation model that provides for below average base wage increases, combined with lump sum payments and share grants reduces the overall cash portion of compensation. Compensation cost escalation is further restrained as other compensation items such as overtime premiums, allowances and pension benefits are not impacted as much as would be the case if higher base wages were negotiated. Awarding share grants also instils a sense of ownership in the employees. Aligning company interests with employee interests has produced consequential ratepayer benefits.

The first grant day for eligible PWU represented employees is April 1, 2017. Additional shares will be granted in each of the following eleven years. The last share grant date is April 1, 2028. The first grant date for eligible Society represented employees is April 1, 2018, with additional shares granted for the following eleven years. The last share grant date is April 1, 2029. In order to be eligible for share grants, employees must remain employed with Hydro One.

12. COMPENSATION COSTS

The Payroll Table 2013 to 2018 in Attachment 1 to this exhibit provides actual year end compensation costs for Hydro One Networks (Transmission and Distribution) from 2013 to 2015 and forecasted year end compensation cost for the bridge year 2016 and test years 2017 and 2018. Figure 7 represents a segment of Attachment 1 and depicts the total compensation trend for regular employees over the 2013 to 2018 time period. The attachment does not reflect the revenue requirement for compensation for this Application. Over this period, total year end compensation for regular employees increased by 1.27% per year. The Company believes that the modest increase in these costs is reasonable in light of the steadily increasing transmission and distribution work programs since 2007 and the annual rate of inflation over this period.

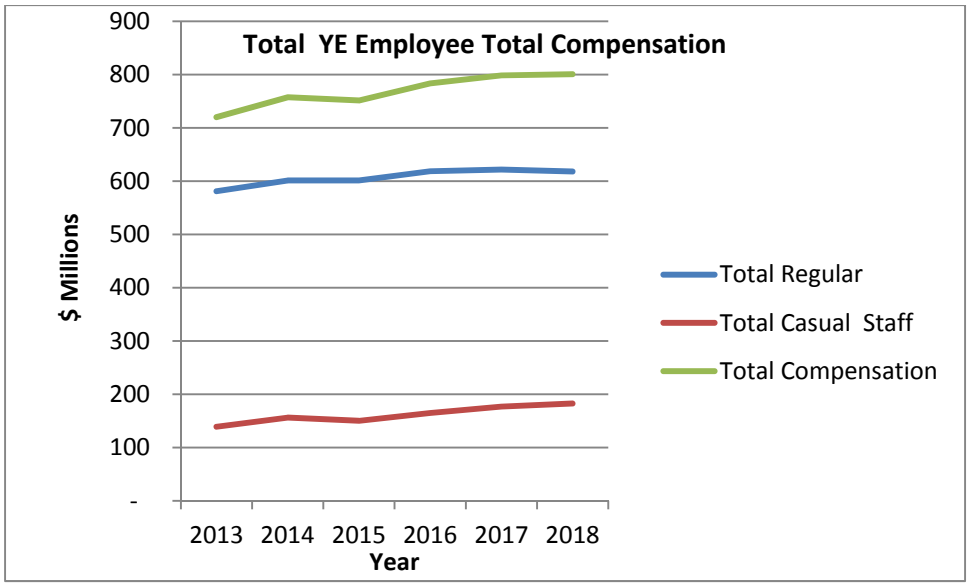

Figure 7: Year End Employee Total Compensation

13. TOTAL COMPENSATION STUDIES

In a series of Board Decisions (EB-2006-0501, EB-2010-0002 and EB-2013-0416) the Board expressed concerns with rising compensation levels at Hydro One. The Board directed Hydro One to conduct total compensation studies that would provide useful and reliable information concerning Hydro One‘s compensation costs, and how they compare to those of other regulated transmission and/or distribution utilities in North America. Three total compensation studies (2008, 2011 and 2013) have been conducted. The results show that Hydro One has succeeded in lowering total employee compensation compared to a declining market median.

As directed by the OEB, Hydro One will perform an updated compensation study for submission with the next Distribution Rate Application, expected to be filed in the first quarter of 2017.

Hydro One understands the need to restrain compensation cost but must also attract and engage highly skilled employees, in the face of an aging workforce and competition for similar skills. The fact that Hydro One is heavily unionized only adds to the challenge of further reducing compensation costs. Despite these challenges, Hydro One has been successful in balancing the competing pressures of reducing compensation costs and attracting and maintaining an engaged workforce. Rate payers benefit from the quality, expertise and reliability of Hydro One employees.

Table 3 compares the study results for all three studies.

Table 3: Mercer Compensation Benchmarking Study Results vs. Market Median Total Compensation

Employee Group	2013 Survey Results	2011 Survey Results	2008 Survey Results	Total Change from 2008 to 2013
Management	-1%	-17%*	-1%	0%
Society	9%	5%	5%	4%
PWU	12%	18%	21%	-9%
Overall	10%	13%	17%	-7%

* Management employee group positioning of -17% to market median likely impacted by legislative freezing of non-represented compensation

The 2013 study findings show that on an overall weighted average, Hydro One was positioned approximately 10% above market median. This was an improvement relative to the 2008 Mercer study where Hydro One's overall weighted average was found to be 17% above market median. Mercer stated the shift towards market median was notable, especially given the peer group, like Hydro One, had worked to minimize labour costs through the substantial economic downturn which began in 2008. In other words, Hydro

One improved its standing against others in the peer group who were also attempting to reduce compensation costs over the same measured period.

14. PENSIONS

In EB–2010-0002, the Board stated that: "Hydro One must demonstrate measurable progress towards having its pension contributions reflect those prevailing in the public sector generally. The evidence suggests that an employee contribution level of 50% is the norm". Hydro One has strived to increase employee contributions and reduce benefits with all employee groups. Hydro One has demonstrated this commitment to reducing pension costs by:

- Introducing lower cost defined benefit plans for MCP employees (2004) and Society employees (2005);
- Increasing employee pension plan contributions annually since 2013 for all employee groups (see Figure 8 for PWU represented employee pension contributions and Appendix A for employee contributions for other employee groups);
- Closing the Defined Benefit Pension Plan for new externally hired MCP employees as of September 30, 2015 and introducing a new Defined Contribution Pension Plan; and
- Reducing future service benefits for all current PWU and future PWU employees as well as Society legacy pension plan members by adjusting the number of years for determining the final average earnings from three years to five years and increasing the early undiscounted pension eligibility from Rule of 82 to Rule of 85 (both effective March 31, 2025).

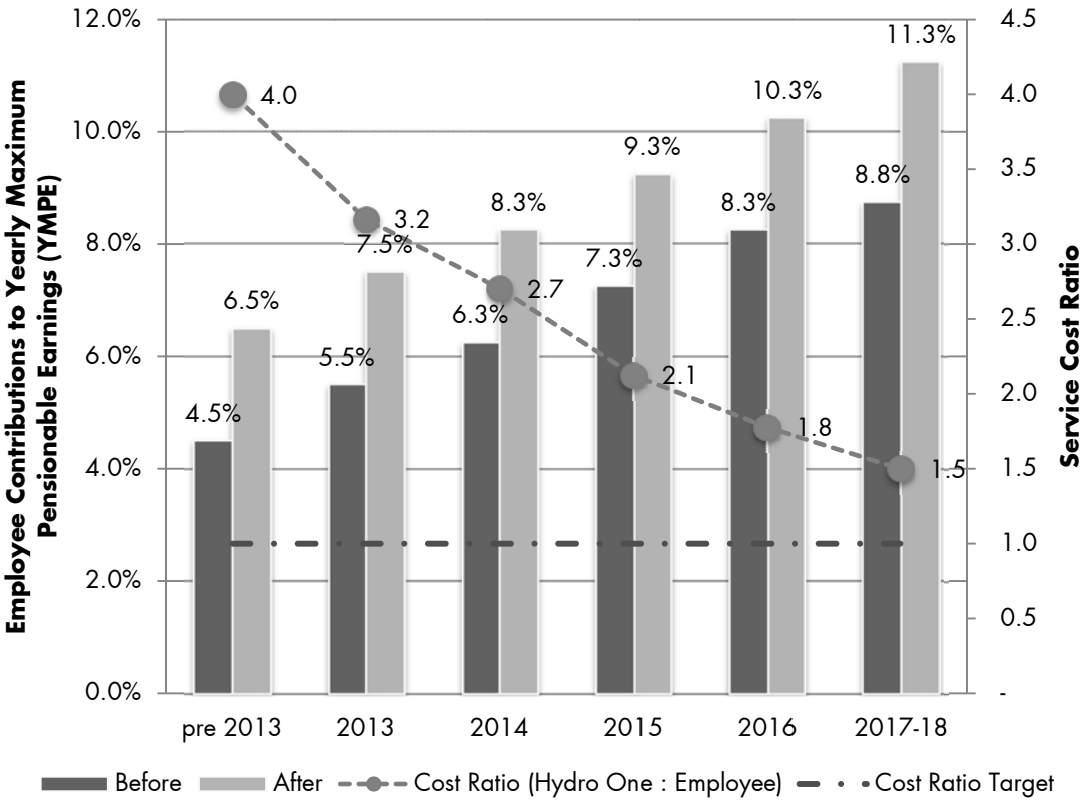

Figure 8: Employee Pension Plan Contributions - PWU

Annual savings as a result of the increased employee contributions are found in Table 4.

Table 4: Annual Savings from Increased Employee Pension Contributions

Year	$M
2016	$7.9
2017	$15.2
2018	$20.5

In summary, Hydro One has been successful in reducing pension costs by:

- making incremental increases every year since 2013 in employee pension contributions for all employee groups; and

- improving the ratio of employer and employee cost sharing by moving towards the 50%-50% cost sharing ratio.

As described in Exhibit C1, Tab 4, Schedule 1, the employee contribution rate to the pension plan has increased and Hydro One engaged Willis Towers Watson to provide an estimate of the resultant savings to the company. These savings were are reflected in cash pension costs provided in the Table 4, as well as the pension expense that is included in Hydro One's operating and capital expenses provided in this application for the test years 2017 and 2018.

As described in Exhibit C1, Tab 4, Schedule 2, Hydro One has also engaged Willis Towers Watson to prepare an actuarial valuation as at December 31, 2015. Although the valuation was not finalized at the time this application was filed, it is expected to be received by Hydro One at the end of June 2016 and will be filed with Financial Services Commission of Ontario shortly thereafter. In addition to the recently negotiated changes in employee contribution rates, the valuation will also reflect updated investment returns, negotiated changes in employee benefits, and refreshed actuarial assumptions. It is anticipated that the valuation will demonstrate a further reduction in transmission pension contribution costs. In order to ensure that Hydro One's rates for the 2017 and 2018 test years reflect the anticipated reduction in costs, Hydro One will submit an update to this application to reflect the actual changes when the final valuation is received.

15. SUMMARY

Attracting, motivating and retaining the right people is key to Hydro One's success. Hydro One will continue to utilize a mix of regular, non-regular and contract staff in order to maintain the necessary flexibility to meet the needs of the company's investment plan. In an industry with aging demographics and a competitive labour market, Hydro

One needs to be positioned as an attractive employer if it is to succeed in recruiting and retaining staff with the requisite skills. To do so, it must provide challenging and rewarding job opportunities and a competitive compensation package.

Compensation levels at Hydro One are reasonable and have a declining trend. Hydro One's demographic challenge requires the Company to be active in the labour market with competitive compensation.

Recent fundamental changes in the compensation and pension programs for both represented and non-represented employees are a reasonable balance between rewarding employees, addressing cost concerns and enabling Hydro One to recruit, retain and motivate a highly skilled workforce.

APPENDIX A:

Employee Pension Contributions for Other Employee Groups

The following graphs illustrate the increasing employee pension plan contributions annually since 2013 for Society-represented employees; Legacy and post November 2005 members and Management Compensated staff.

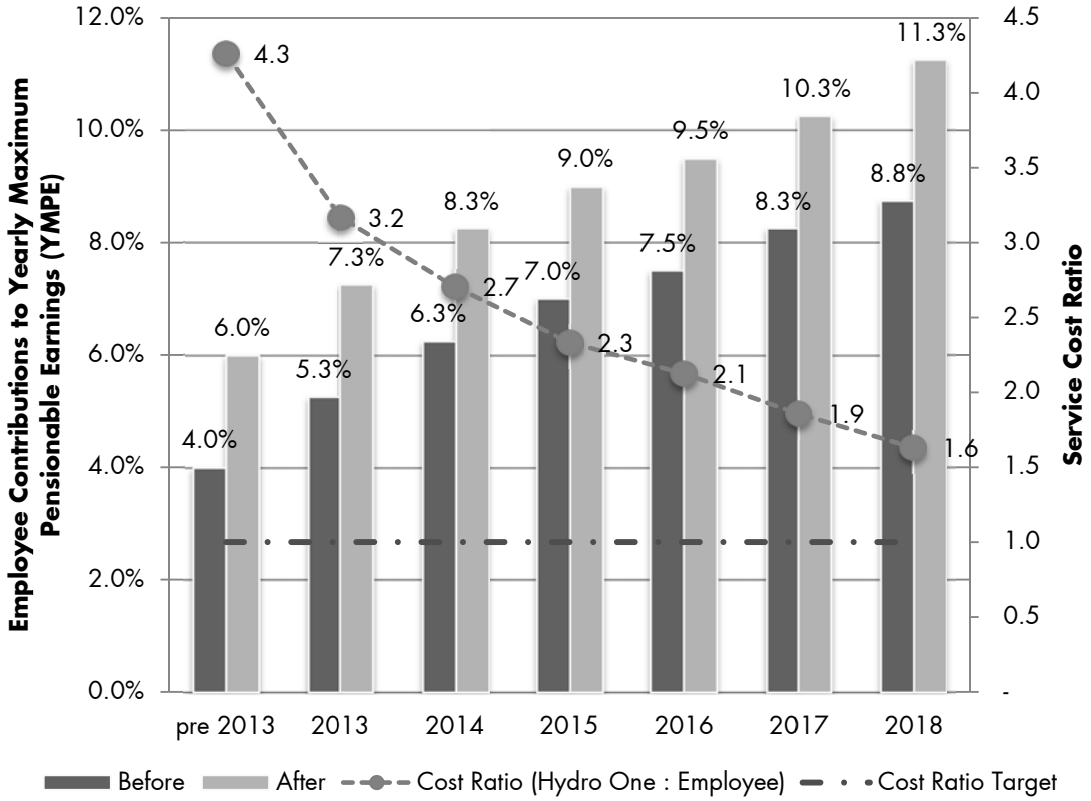

Figure 1: Society Pension Changes - Legacy Pension Plan

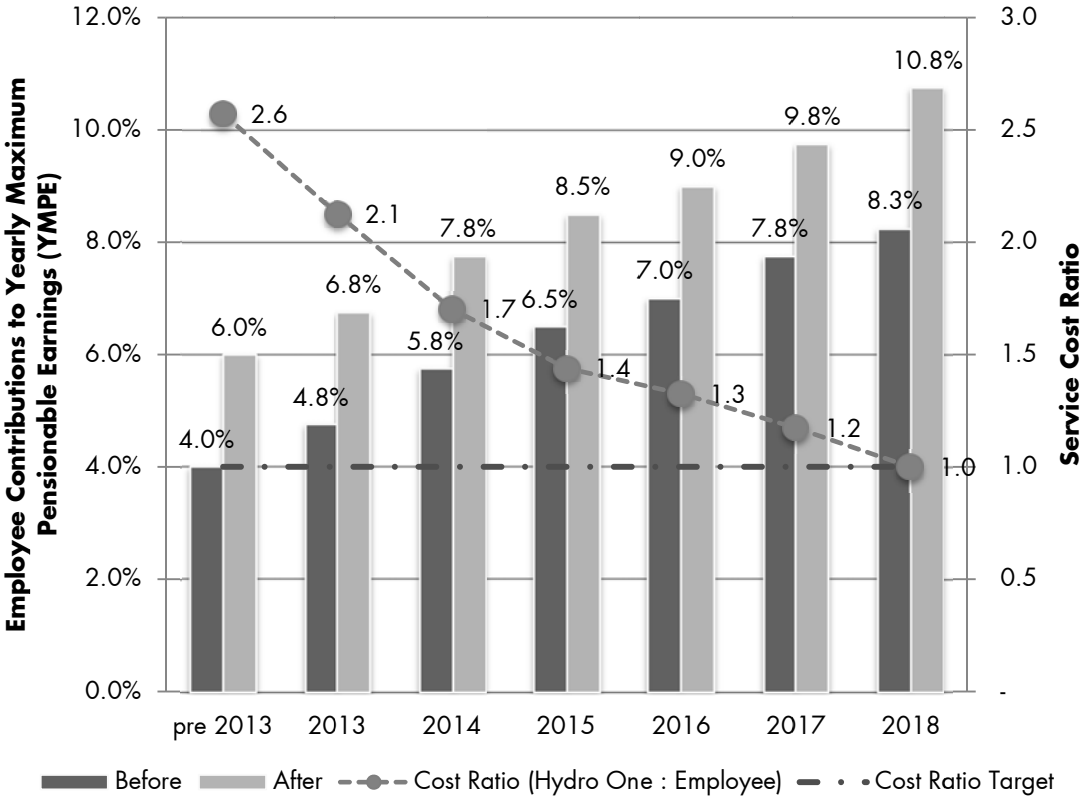

Figure 2: Society Pension Changes - Post November 2005 Members

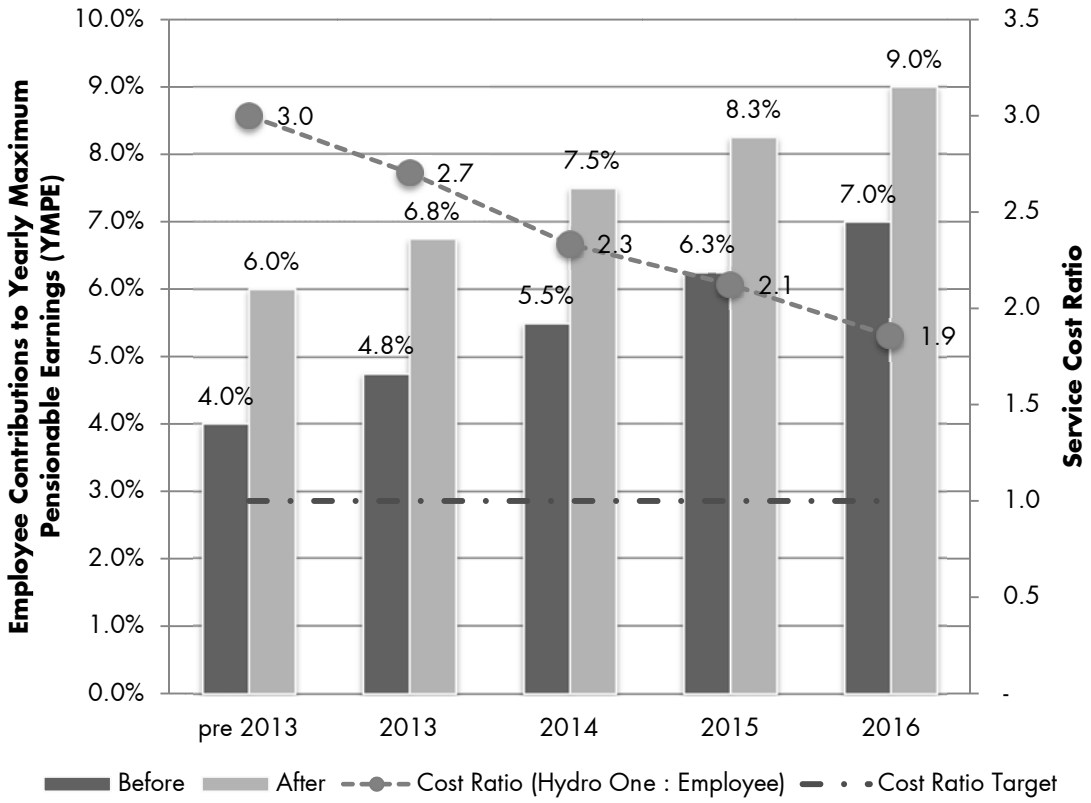

Figure 3: MCP Pension Changes

PAYROLL TABLE 2013 TO 2018

2013

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,321	360,796,279	281,875,202	63,863,013	5,000	15,053,064	84,877
SOCIETY Reg	1,260	137,310,153	127,597,867	6,218,672	18,650	3,474,964	101,268
MCP Reg	600	82,939,240	70,290,362	176,885	8,229,068	4,242,924	117,151
Total Reg	**5,181**	**581,045,672**	**479,763,431**	**70,258,571**	**8,252,718**	**22,770,952**	**92,601**
PWU Temp	205	6,751,607	6,520,851	189,533	0	41,224	31,809
Society Temp	46	3,144,574	2,911,798	115,174	0	117,602	63,300
MCP Temp	25	1,221,374	1,175,065	1,172	0	45,138	47,003
Total Temp	**276**	**11,117,556**	**10,607,714**	**305,878**	**0**	**203,963**	**38,434**
CASUAL	1,781	127,813,187	98,482,627	14,650,054	11,000	14,669,505	55,296
TOTAL	**7,238**	**719,976,414**	**588,853,773**	**85,214,503**	**8,263,718**	**37,644,421**	**81,356**

2014

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,271	370,778,651	289,722,800	65,829,127	21,363	15,205,361	88,573
SOCIETY Reg	1,290	148,807,143	137,143,088	7,665,451	40,600	3,958,004	106,312
MCP Reg	584	81,578,789	67,757,213	185,789	7,192,909	6,442,879	116,023
Total Reg	**5,145**	**601,164,583**	**494,623,100**	**73,680,367**	**7,254,872**	**25,606,244**	**96,137**
PWU Temp	160	4,641,750	4,545,582	71,729	0	24,439	28,410
Society Temp	53	2,999,247	2,850,420	49,519	0	99,308	53,782
MCP Temp	27	1,597,893	1,527,837	0	0	70,056	56,587
Total Temp	**240**	**9,238,889**	**8,923,838**	**121,248**		**193,803**	**37,183**
CASUAL	1,951	146,895,649	111,501,232	18,773,141	0	16,621,276	57,151
Total	**7,336**	**757,299,121**	**615,048,171**	**92,574,755**	**7,254,872**	**42,421,323**	**83,840**

2015

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,350	368,449,119	293,565,741	57,001,053	14,000	17,868,324	87,632
SOCIETY Reg	1,285	148,539,224	137,568,561	6,732,360	2,000	4,236,303	107,057
MCP Reg	585	84,289,003	71,950,517	66,188	8,326,449	3,945,849	122,992
Total Reg	**5,220**	**601,277,346**	**503,084,819**	**63,799,601**	**8,342,449**	**26,050,477**	**96,376**
PWU Temp	154	4,604,443	4,379,175	142,105	0	83,162	28,436
Society Temp	56	3,370,167	3,185,769	30,148	0	154,250	56,889
MCP Temp	34	1,858,713	1,780,187	28,392	0	50,134	52,358
Total Temp	**244**	**9,833,322**	**9,345,132**	**200,645**	**0**	**287,546**	**38,300**
CASUAL	1,819	140,242,277	109,059,885	15,359,842	0	15,822,550	59,956
TOTAL	**7,283**	**751,352,945**	**621,489,835**	**79,360,089**	**8,342,449**	**42,160,572**	**85,334**

2016

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,411	384,766,692	307,771,694	58,619,373	0	18,375,625	90,229
SOCIETY Reg	1,241	145,544,065	134,898,018	6,534,345	0	4,111,703	108,701
MCP Reg	596	88,255,656	75,502,535		8,652,675	4,100,445	126,682
Total Reg	**5,248**	**618,566,413**	**518,172,247**	**65,153,717**	**8,652,675**	**26,587,773**	**98,737**
PWU Temp	230	6,945,533	6,605,730	214,357	0	125,446	28,721
Society Temp	51	3,084,606	2,915,832	27,593	0	141,180	57,173
MCP Temp	26	1,427,650	1,388,546		0	39,104	53,406
Total Temp	**307**	**11,457,788**	**10,910,108**	**241,951**	**0**	**305,730**	**35,538**
CASUAL	1,971	153,480,870	119,354,922	16,809,781	0	17,316,167	60,556
TOTAL	**7,526**	**783,505,072**	**648,437,277**	**82,205,449**	**8,652,675**	**44,209,670**	**86,160**

2017

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,319	386,516,917	310,849,411	57,608,700	0	18,058,806	93,658
SOCIETY Reg	1,212	145,551,630	135,102,376	6,413,557	0	4,035,698	111,471
MCP Reg	593	89,567,644	76,624,939		8,781,304	4,161,402	129,216
Total Reg	**5,124**	**621,636,191**	**522,576,726**	**64,022,257**	**8,781,304**	**26,255,905**	**101,986**
PWU Temp	221	6,740,488	6,410,717	208,029	0	121,742	29,008
Society Temp	49	2,978,459	2,815,493	26,644	0	136,322	57,459
MCP Temp	25	1,400,195	1,361,843		0	38,352	54,474
Total Temp	**295**	**11,119,143**	**10,588,054**	**234,673**	**0**	**296,416**	**35,892**
CASUAL	2,106	165,633,191	128,805,216	18,140,747	0	18,687,228	61,161
TOTAL	**7,525**	**798,388,525**	**661,969,995**	**82,397,677**	**8,781,304**	**45,239,549**	**87,969**

2018

REPRESENTATION	TOTAL NO. EMPLOYEES	TOTAL WAGES	Base Pay	Overtime (Incl. Premium)	Incentive	Other Allowances	Average Base Pay
PWU Reg	3,278	385,559,650	310,079,546	57,466,023	0	18,014,080	94,594
SOCIETY Reg	1,177	142,055,149	131,856,909	6,259,488	0	3,938,751	112,028
MCP Reg	587	90,434,623	77,366,637	0	8,866,303	4,201,682	131,800
Total Reg	**5,042**	**618,049,421**	**519,303,092**	**63,725,512**	**8,866,303**	**26,154,514**	**102,995**
PWU Temp	215	6,623,064	6,299,037	204,405	0	119,621	29,298
Society Temp	49	2,993,351	2,829,571	26,777	0	137,003	57,746
MCP Temp	25	1,428,199	1,389,080		0	39,119	55,563
Total Temp	**289**	**11,044,614**	**10,517,688**	**231,182**	**0**	**295,744**	**36,393**
CASUAL	2,158	171,420,129	133,305,447	18,774,553	0	19,340,128	61,773
TOTAL	**7,489**	**800,514,164**	**663,126,228**	**82,731,247**	**8,866,303**	**45,790,385**	**88,547**

PENSION COSTS

1. INTRODUCTION

Hydro One Networks Inc. ("Hydro One Networks") is a participant in the Hydro One Pension Plan ("the Plan"). The Plan is a contributory, defined-benefit pension plan whose members comprise represented employees of the Power Workers Union ("PWU"), the Society of Energy Professionals ("Society"), non-represented Management ("MCP") employees, pensioners who were employees, and pensioners who are beneficiaries of employees or pensioners.

The Plan covers Hydro One and its subsidiaries, except Haldimand Hydro and Woodstock Hydro. The Plan does not segregate assets in a separate account for individual subsidiaries, nor is the accrual cost of the benefit plans allocated to, or funded separately by, entities within the consolidated group. Accordingly, for Hydro One Networks, the Plan is accounted for as a defined contribution plan and no deferred pension asset or liability is recorded on Hydro One Networks' financial statements.

The Board has previously allowed cash payments related to pension obligations to be recorded in rates (RP-1998-0001). As well, in April 2006, the OEB in its Decision with Reasons, approved full recovery of Distribution pension costs included in OM&A (RP-2005-0020/EB-2005-0378). Pension costs were similarly approved for Transmission pension costs (EB-2006-0501, EB-2008-0272, EB-2010-0002, EB-2012-0031 and EB-2014-0140); this treatment was continued in Hydro One Distribution's last cost of service application as well (EB-2013-0416).

The Hydro One pension cost allocated to Hydro One Networks is based on the ratio of base pensionable earnings for Hydro One Networks' staff, as compared to the total base

pensionable earnings for all of Hydro One employees. The method of allocation of the pension cost is consistent among all shared services costs, for operating and capital costs, and is consistent with the methodology reviewed during RP-2005-0020/EB-2005-0378, EB-2006-0501, EB-2007-0681 and EB-2008-0272, EB-2009-0096, EB-2010-0002, EB-2012-0031 and EB-2014-0140.

In 2014 and 2015, actual contributions were $174 million and $177 million, respectively. For the Transmission business, the annual charges sought for recovery through rates for the test years 2017 and 2018 are provided in the Transmission column in table below:

Table 1: Cash Pension Cost (millions, Updated)

2017 Cash pension cost (millions)

Pension Costs		Transmission	Distribution	Other	Total
OM&A	$M	18	27	6	52
Capital	$M	33	27		59
	$M	**51**	**54**	**6**	**111**

2018 Cash pension cost (millions)

Pension Costs		Transmission	Distribution	Other	Total
OM&A	$M	18	26	6	50
Capital	$M	32	31		63
	$M	**50**	**57**	**6**	**113**

2. ACTUARIAL CALCULATION

The most recent actuarial valuation for the Plan was as at December 31, 2013. In June 2014, Hydro One filed this actuarial valuation with the Financial Services Commission of Ontario (FSCO).

As described in Exhibit C1, Tab 4, Schedule 1, the employee contribution rate to the pension plan has increased and Hydro One engaged Willis Towers Watson to provide an estimate of the resultant savings to the company. These savings are reflected in cash pension costs provided in the table above, as well as the pension expense that is included in Hydro One's operating and capital expenses provided in this application for the test years 2017 and 2018.

Hydro One also engaged Willis Towers Watson to prepare an actuarial valuation as at December 31, 2015, which was finalized in June 2016 and subsequently filed with FSCO. The report is provided as Attachment 1 to this Exhibit. In addition to the recently negotiated changes in employee contribution rates, the valuation also reflects updated investment returns, negotiated changes in employee benefits, and refreshed actuarial assumptions. As anticipated, the valuation demonstrates a further reduction in transmission pension contribution operating expenses of approximately $11 million in 2017 and $8 million in 2018.

Actual contribution requirements in 2017 and 2018 may differ depending on the level of base pension earnings used to compute the monthly contribution. The difference between the estimated and actual pension costs will be tracked in a variance account (see Exhibit F1, Tab 1, Schedule 1).

3. PENSION PLAN GOVERNANCE AND PERFORMANCE

Hydro One is the Plan sponsor and administers the pension assets and obligations of the Plan. As of December 31, 2015, the Plan had a reported net asset value of $6,746 million and about 13,064 members. About 42% of the Plan's members are active. The remaining Plan members are inactive, either retired, beneficiaries of retirees, former employees eligible for a deferred pension or members on long-term disability.

The Fund has consistently outperformed the benchmark made up of passive market indices. In the period from June 29, 2001 (the Fund's inception) to December 31, 2015, the Fund returned 7.14% annualized while the Fund's target benchmark is 6.92%, thus outperforming its target benchmark return by 0.22%. The fund's investments are divided into asset classes and each asset class has a corresponding market index (i.e. Canadian Equities market index is the S&P/TSX). The actual performance of each asset class is then measured against this market index (policy benchmark). The Fund's policy benchmark is a calculated weighted average benchmark based on the Fund's strategic asset mix.

HYDRO ONE INC.

HYDRO ONE PENSION PLAN

Actuarial Valuation as at December 31, 2015

June 9, 2016

Registration Number: 1059104

This document is being filed with the Financial Services Commission of Ontario and the Canada Revenue Agency as required by statute and contains confidential financial information regarding the plan, the plan sponsor, and the plan members. Therefore, pursuant to subsection 20(1)(b) of the *Access to Information Act (Canada)*, or a corresponding provision under any comparable federal or provincial legislation, a government institution shall not disclose this document to any party as a result of a request under the *Access to Information Act (Canada)* or other applicable legislation.

Willis Towers Watson

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Introduction

Purpose

This report with respect to the Hydro One Pension Plan has been prepared for Hydro One Inc., the plan administrator, and presents the results of the actuarial valuation of the plan as at December 31, 2015.

The principal purposes of the report are:

- to present information on the financial position of the plan on both going concern and solvency bases;
- to review the hypothetical windup status of the plan;
- to provide the basis for employer contributions; and
- to provide certain additional information required for the administration of the plan.

This report outlines the changes in the plan's financial situation since the previous actuarial valuation at December 31, 2013, provides the information and the actuarial opinion required by the *Pension Benefits Act (Ontario)* and Regulation thereto and provides the information required to maintain plan registration under the *Income Tax Act (Canada)* and Regulations thereto.

This report summarizes the results of the actuarial valuation and contains an actuarial opinion as an integral part of the report. Supporting detailed information on the significant terms of engagement, assets, actuarial basis, membership data and plan provisions is contained in the Appendices.

The information contained in this report was prepared for Hydro One Inc., for its internal use and for filing with the Financial Services Commission of Ontario and the Canada Revenue Agency, in connection with the actuarial valuation of the plan prepared by Towers Watson Canada Inc. ("Willis Towers Watson"). This report is not intended, nor necessarily suitable, for other parties or for other purposes. Furthermore, some results in this report are based on assumptions mandated by legislation. These results may not be appropriate for purposes other than those for which they were prepared. Further distribution of all or part of this report to other parties (except where such distribution is required by applicable legislation or except in accordance with our written agreement with Hydro One Inc.) or other use of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson is available to provide additional information with respect to this report to the above-mentioned intended users upon request.

Significant Events Since Previous Actuarial Valuation

Actuarial Basis

Since the previous actuarial valuation, the assumptions used in the solvency and hypothetical windup valuations have been updated to reflect market conditions at the actuarial valuation date as outlined in Appendix D. In addition, there have been changes to the going concern actuarial basis, as outlined in Appendix C.

Plan Provisions

This actuarial valuation reflects the plan provisions as at December 31, 2015 and does not make any provision for the possibility that a change or action (retroactive or otherwise) may be imposed by order of a regulatory body or a court as we were not aware of any definitive events that would require such change or action at the time this actuarial valuation was completed.

Since the previous valuation, there have been changes to the plan provisions as follows:

- Management employees who were not eligible to elect to become a member of the plan by September 30, 2015 are no longer eligible to join the plan.
- Employee contribution rates were changed as outlined in Appendix F.
- Effective January 1, 2018, a temporary bridge benefit has been added for Society represented employees hired on or after November 17, 2005 as outlined in Appendix F.

These changes had no material impact on the valuation results at December 31, 2015.

Legislative and Actuarial Standards Updates

Since the previous actuarial valuation, the *Standards of Practice for Pension Commuted Values* published by the Canadian Institute of Actuaries effective February 1, 2011 were revised, effective February 1, 2014, to provide for updates to the mortality assumption as promulgated from time to time by the Actuarial Standards Board (ASB). On December 4, 2014 and April 27, 2015, the ASB proposed to promulgate the use of the mortality rates underlying the 2014 Canadian Pensioners Mortality Table (CPM2014) combined with the mortality improvement scale CPM Improvement Scale B (CPM-B) for calculations, effective October 1, 2015. The updated mortality rates have been reflected for purposes of the solvency and hypothetical windup valuations.

Subsequent Events

We completed this actuarial valuation on June 9, 2016.

To the best of our knowledge and on the basis of our discussions with Hydro One Inc., no events which would have a material financial effect on the actuarial valuation occurred between the actuarial valuation date and the date this actuarial valuation was completed.

Section 1: Going Concern Financial Position

1.1 Statement of Financial Position

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Going Concern Value of Assets	$ 6,071,094	$ 5,204,378
Actuarial Liability		
Active and disabled members	$ 2,208,495	$ 2,161,286
Retired members and beneficiaries	3,860,866	3,676,923
Terminated vested members	39,400	33,623
Total	$ 6,108,761	$ 5,871,832
Additional voluntary contribution	20	19
Total Actuarial Liability	$ 6,108,781	$ 5,871,851
Actuarial Surplus (Unfunded Actuarial Liability)	$ (37,687)	$ (667,473)
Prior Year Credit Balance	(48,000)	(48,000)
Actuarial Surplus (Unfunded Actuarial Liability) After Prior Year Credit Balance	$ (85,687)	$ (715,473)

Comments:

- The financial position of the plan on a going concern basis is determined by comparing the going concern value of assets to the actuarial liability and is a reflection of the assets available for the benefits accrued in respect of credited service prior to the actuarial valuation date assuming the plan continues indefinitely.

- The prior year credit balance is employer contributions made prior to the actuarial valuation date that are in excess of the minimum required and are set aside as a reserve for application towards future contribution requirements.

- The increase in the defined benefit actuarial liability as at December 31, 2015 that would result from a 1% decrease in the assumed liability discount rate is $953,459,000. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

1.2 Reconciliation of Financial Position

(dollar amounts in thousands)		
Actuarial surplus (unfunded actuarial liability) as at December, 2013 before prior year credit balance		$ (667,473)
Net special payments		177,330
Application of:		
- Actuarial surplus	$ 0	
- Prior year credit balance	0	0
Expected interest on:		
- Actuarial surplus (unfunded actuarial liability)	$ (79,672)	
- Net special payments	10,360	
- Application of actuarial surplus	0	
- Application of prior year credit balance	0	(69,312)
Plan experience:		
- Investment gains (losses)	$ 483,373	
- Salary and YMPE gains (losses)	24,170	
- Cost-of-living adjustment gains (losses)	16,122	
- Retirement gains (losses)	6,603	
- Withdrawal gains (losses)	(17,534)	
- Mortality gains (losses)	6,360	
- Other miscellaneous sources gains (losses)	(8,185)	510,909
Change in actuarial assumptions		$ 10,859
Change in plan provisions		0
Actuarial surplus (unfunded actuarial liability) as at December 31, 2015 before prior year credit balance		$ (37,687)

Comment:

- Actual contributions do not include amounts which were reported as outstanding contributions at the current actuarial valuation date (nor any applicable interest on such outstanding amounts) but include amounts reported as outstanding contributions at the previous actuarial valuation date and contributed prior to the current actuarial valuation date.

1.3 Reconciliation of Prior Year Credit Balance

(dollar amounts in thousands)

Prior year credit balance as at December 31, 2013		$ 48,000
Actual employer contributions:		
• Defined benefit normal actuarial cost	$ 178,102	
• Going concern amortization payments	177,330	
• Solvency amortization payments	0	
• Transfer deficiency payments	0	
• Prior year credit balance	0	
• Other contributions	0	355,432
Minimum employer contributions required:		
• Defined benefit normal actuarial cost	$ (178,102)	
• Going concern amortization payments	(177,330)	
• Solvency amortization payments	0	
• Transfer deficiency payments	0	
• Other contributions	0	(355,432)
Application against unfunded actuarial liability		0
Prior year credit balance as at December 31, 2015		$ 48,000

Section 2: Solvency and Hypothetical Windup Financial Position

2.1 Statement of Solvency Financial Position

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Solvency Value of Assets		
Market value of assets	$ 6,743,615	$ 5,742,219
Provision for plan windup expenses	(16,859)	(14,356)
Total Solvency Value of Assets	$ 6,726,756	$ 5,727,863
Solvency Liability		
Active and disabled members	$ 2,434,330	$ 2,070,880
Retired members and beneficiaries	3,988,651	3,321,439
Terminated vested members	42,265	30,090
Total	$ 6,465,246	$ 5,422,409
Additional voluntary contribution	20	19
Total Solvency Liability	$ 6,465,266	$ 5,422,428
Solvency Surplus (Unfunded Solvency Liability)	$ 261,490	$ 305,435

Comments:

- The financial position of the plan on a solvency basis is determined by comparing the solvency value of assets to the solvency liability (the actuarial present value of benefits accrued in respect of credited service prior to the actuarial valuation date, calculated as if the plan were wound up on that date).

- The solvency actuarial valuation results presented in this report are determined under a scenario where, following a plan windup, the employer continues its operations.

- Under an amendment to the Regulation to the *Pension Benefits Act (Ontario)* effective November 26, 1992, the employer had the option to make an election to exclude from the

solvency liability any benefits relating to plant closure and permanent layoff. This plan does not have any such benefits.

- In addition, the Regulation permits certain benefits to be excluded from the solvency liability, without requiring the employer to make an election. Pursuant to the directions from the plan administrator, the value of benefits attributable to future indexation of benefits have been excluded from the solvency valuation. The full defined benefit hypothetical windup liability, taking into account the benefits excluded under the Regulation, is $9,545,090,000 as at December 31, 2015.

- The increase in the defined benefit solvency liability as at December 31, 2015 that would result from a 1% decrease in the assumed liability discount rate is $937,161,000. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

2.2 Hypothetical Windup Financial Position

The hypothetical windup valuation results presented in this report are determined under the same scenario used for the solvency valuation.

If the plan were to be wound up on the actuarial valuation date, the hypothetical windup value of assets would be equal to the solvency value of assets. As permitted by the Regulation to the *Pension Benefits Act (Ontario),* the employer has elected to exclude certain benefits from the solvency liability. The full hypothetical windup liability, taking into account all of the benefits excluded under the Regulation, is $9,545,090,000 as at December 31, 2015. Consequently, the hypothetical windup surplus (unfunded hypothetical windup liability) as at the actuarial valuation date is $(2,818,334,000).

2.3 Solvency Incremental Cost

The solvency incremental cost for a given year represents the present value, at the actuarial valuation date, of the expected aggregate change in the defined benefit solvency liability during the year, increased for expected benefit payments during the year. The solvency incremental cost in respect of each year between December 31, 2015 and December 31, 2018, the next valuation date, are derived from the projection of the solvency liability, as follows:

(dollar amounts in thousands)	2016	2017	2018
Projected solvency liability as at beginning of year	$ 6,465,266	$ 6,544,378	$ 6,615,885
Solvency incremental cost for the year[1]	201,022	201,820	206,268
Interest on projected solvency liability, solvency incremental cost and expected benefit payments	188,686	190,970	193,189
Expected benefit payments during year	(310,596)	(321,283)	(330,710)
Projected solvency liability as at end of year	$ 6,544,378	$ 6,615,885	$ 6,684,633

Note:

[1] These amounts are as at the beginning of the year. The solvency incremental cost, adjusted with interest as at December 31, 2015, is $196,132,000 for 2017 and $194,805,000 for 2018.

2.4 Determination of the Statutory Solvency Excess (Statutory Solvency Deficiency)

The minimum funding requirements under the Regulation to the *Pension Benefits Act (Ontario)* are based on the statutory solvency excess (statutory solvency deficiency) as at the actuarial valuation date. In calculating the statutory solvency excess (statutory solvency deficiency), various adjustments can be made to the solvency financial position including:

- recognition of the present value of existing amortization payments, including any going concern amortization payments established at the actuarial valuation date, due to be paid within the periods prescribed by the Regulation;
- smoothing of the asset value by use of an averaging technique;
- adjustment to the solvency liability by use of an averaging technique in determining the discount rate used to value the liabilities; and
- removal of any prior year credit balance from the asset value.

To the extent that there exists a statutory solvency deficiency, after taking account of these adjustments, additional amortization payments must be made. If there is no statutory solvency deficiency, the statutory solvency excess may be used to reduce the period of any existing solvency amortization payments.

Statutory Solvency Excess (Statutory Solvency Deficiency)

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Solvency surplus (unfunded solvency liability)	$ 261,490	$ 305,435
Adjustments to solvency position:		
● Present value of existing amortization payments	$ 41,929	$ 404,773
● Smoothing of asset value	(672,521)	(537,841)
● Averaging of liability discount rate	345,438	(20,130)
● Prior year credit balance	(48,000)	(48,000)
● Total	$ (333,154)	$ (201,198)
Statutory solvency excess (statutory solvency deficiency)	$ (71,664)	$ 104,237

Comments:

- Further details on the present value of existing amortization payments at December 31, 2015 are provided below.

Details of Present Value of Existing Amortization Payments

(dollar amounts in thousands)

Type of payment	Effective date	Month of last payment recognized in calculation	Annual amortization payment	Present value as at December 31, 2015 (at 3.40% per annum)
Going Concern	Dec. 31, 2013	Dec. 2021	$ 9,119	$ 41,929

Section 3: Contribution Requirements

3.1 Contributions for Current Service (Ensuing Year)

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Employer Normal Actuarial Cost		
Estimated contribution	$ 85,632	$ 84,818
Estimated payroll	578,543	523,045
% of payroll	14.8%	16.2%
Estimated Member Contributions	$ 45,183	$ 34,798

Comments:

- The employer defined benefit normal actuarial cost rate changed by (1.3)% of payroll due to the changes in membership profile, by 1.0% of payroll due to changes in actuarial basis and by (1.1)% of payroll due to changes in the plan provisions since the previous actuarial valuation.

- The increase in the employer defined benefit normal actuarial cost rate between the actuarial valuation date and the next actuarial valuation date that would result from a 1% decrease in the assumed liability discount rate, is 7.2% of payroll. For purposes of this calculation, no changes were made to any of the other actuarial assumptions or actuarial methods.

3.2 Contributions for Past Service

Going Concern Amortization Payments

The unfunded actuarial liability, adjusted for the prior year credit balance, is $85,687,000. The going concern amortization payments from the previous actuarial valuation have been eliminated or reduced such that the present value of the remaining payment schedule is equal to the unfunded actuarial liability. The unfunded actuarial liability must be liquidated by employer amortization payments at least equal to the amounts, payable monthly in arrears, and for the periods set forth below in order to comply with the Regulation to the *Pension Benefits Act (Ontario).*

(dollar amounts in thousands)

Effective date	Month of last payment	Annual amortization payment	Present value as at December 31, 2015 (at 5.40% per annum)
Dec. 31, 2013	Dec. 2028	$ 9,119	$ 85,687

Solvency Amortization Payments

The statutory solvency deficiency revealed at this actuarial valuation is $71,664,000. This statutory solvency deficiency must be liquidated by employer amortization payments at least equal to the amounts, payable monthly in arrears, and for the periods set forth below in order to comply with the Regulation to the *Pension Benefits Act (Ontario)*.

(dollar amounts in thousands)

Effective date	Month of last payment	Annual amortization payment	Present value as at December 31, 2015 (at 3.40% per annum)
Dec. 31, 2015	Dec. 2020	$ 15,586	$ 71,664

The employer may establish a letter of credit in order to cover all of or a portion of the above amortization payments, to the extent the letter(s) of credit does not exceed 15% of the solvency liabilities.

3.3 Estimated Minimum Employer Contribution (Ensuing Year)

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Employer Normal Actuarial Cost	$ 85,632	$ 84,818
Amortization Payments		
Going concern	$ 9,119	$ 88,665
Solvency	15,586	0
Total	$ 24,705	$ 88,665
Estimated Minimum Employer Contribution[1]	$ 110,337	$ 173,483

Note:

[1] Prior to any application of the prior year credit balance.

3.4 Estimated Maximum Employer Contribution (Ensuing Year)

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Employer Normal Actuarial Cost	$ 85,632	$ 84,818
Greater of the Unfunded Actuarial Liability and the Unfunded Hypothetical Windup Liability	2,818,334	2,617,669
Estimated Maximum Employer Contribution	$ 2,903,966	$ 2,702,487

Comment:

- The *Income Tax Act (Canada)* permits the employer to make contributions up to the above amount less the amortization payments made in respect of periods since December 31, 2015, provided that all assumptions made for the purposes of the hypothetical windup valuation remain reasonable at the time each contribution is made. In addition, the maximum employer contribution is to be adjusted with interest for the period between the actuarial valuation date and the date each contribution is made.

3.5 Timing of Contributions

To satisfy the requirements of Ontario pension legislation, the employer normal actuarial cost must be paid monthly and within 30 days of the month to which it pertains while the amortization payments must also be paid monthly but within the period to which they are applicable. Members' contributions must be remitted to the fund monthly and within 30 days of the month to which they pertain.

In addition, within 60 days after this report is filed with the Financial Services Commission of Ontario, the employer must make a special contribution equal to the excess, if any, of:

- the amount of employer contributions (employer normal actuarial cost and amortization payments) that should have been paid after December 31, 2015 according to the minimum contribution requirements revealed by this report (determined with regard to any reported prior year credit balance available to meet these minimum contribution requirements), over

- the actual amount of employer contributions made in respect of periods after December 31, 2015.

Interest must be added to this excess, with such interest determined by reference to the going concern discount rate for payments in respect of employer normal actuarial cost or going concern amortization payments and the solvency discount rate for payments in respect of solvency amortization payments.

To satisfy the requirements of the *Income Tax Act (Canada)*, employer contributions that are remitted to the plan in the taxation year or within 120 days after the end of such taxation year are deductible in such taxation year provided they were made to fund benefits in respect of periods preceding the end of the taxation year.

3.6 Other Statutory Contributions

Additional contributions may be required in respect of the transfer values for members who terminate employment or active plan membership. Where applicable, such additional contributions must be remitted before the related transfer value may be paid in full to the terminated member. Details are provided in Appendix G.

3.7 Future Contribution Levels

Future contribution levels may change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future actuarial valuations.

Section 4: Actuarial Certification and Opinion

4.1 Actuarial Certification

Based on the results of these actuarial valuations, we hereby certify that, in our opinion, as at December 31, 2015:

- The plan has a prior year credit balance of $48,000,000. The employer may use this prior year credit balance to meet the future contribution requirements of the plan.

- The actuarial surplus (unfunded actuarial liability), determined by comparing the actuarial liability, the measure of obligations of the plan on a going concern basis, to the going concern value of assets, is $(37,687,000).

- The unfunded actuarial liability, adjusted for the prior year credit balance, is $85,687,000 and must be liquidated by employer amortization payments at least equal to the amounts and for the periods set forth in Section 3 in order to comply with the Regulation to the *Pension Benefits Act (Ontario)*.

- The solvency surplus (unfunded solvency liability), determined by comparing the solvency liability, as defined in the Regulation to the *Pension Benefits Act (Ontario)*, to the solvency value of assets, is $261,490,000.

- The statutory solvency excess (statutory solvency deficiency) revealed at this actuarial valuation is $(71,664,000). This statutory solvency deficiency must be liquidated by employer amortization payments at least equal to the amounts and for the periods set forth in Section 3 in order to comply with the Regulation to the *Pension Benefits Act (Ontario)*.

- The hypothetical windup surplus (unfunded hypothetical windup liability), determined by comparing the hypothetical windup liability, the measure of the obligations of the plan on a hypothetical windup basis including the value of any potential obligations that may have been excluded for purposes of the solvency valuation, to the hypothetical windup value of assets, is $(2,818,334,000).

- The excess actuarial surplus, pursuant to section 147.2(2) of the *Income Tax Act (Canada)*, is $0.

- The rule for computing the employer defined benefit normal actuarial cost is outlined in the table below. Based on the plan membership used for this actuarial valuation (assuming no new

entrants) and the scheduled increases in the employee contribution rates disclosed in the summary of plan provisions, the normal actuarial cost for the next three years is estimated to be:

(dollar amounts in thousands)		**2016**	**2017**	**2018**
Estimated employer normal actuarial cost	$	85,632	79,932	77,446
Estimated payroll		578,543	564,507	554,853
% of payroll		14.8%	14.2%	14.0%
Estimated member contributions	$	45,183	47,870	49,267

The employer is required to make normal actuarial cost contributions to the plan in accordance with the above rule until the effective date of the next actuarial opinion.

- The maximum employer contributions permissible under the *Income Tax Act (Canada)* are described in Section 3.

- The transfer ratio, as defined in the Regulation to the *Pension Benefits Act (Ontario)*, is 0.70. The solvency ratio, defined as the ratio of the solvency value of assets prior to deduction of the provision for plan windup expenses to the solvency liabilities, is not less than 1.00.

- The assessment base determined for the Pension Benefits Guarantee Fund (PBGF) is $0. The PBGF liabilities are $6,465,246,000. Additional liabilities for excluded plant closure benefits, in accordance with section 37(4)(a)(ii) of the Regulation to the *Pension Benefits Act (Ontario)*, are $0.

- In accordance with the Regulation to the *Pension Benefits Act (Ontario)*, the next actuarial valuation should be performed with an effective date not later than December 31, 2018. The basis for employer contributions presented in this report is effective until the next actuarial opinion is filed.

4.2 Actuarial Opinion

In our opinion:

- the membership data on which the actuarial valuations are based are sufficient and reliable for the purposes of the going concern, solvency and hypothetical windup valuations,
- the assumptions are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations, and
- the methods employed in the actuarial valuations are appropriate for the purposes of the going concern, solvency and hypothetical windup valuations.

This report has been prepared, and our opinion has been given, in accordance with accepted actuarial practice in Canada. The actuarial valuations have been conducted in accordance with our understanding of the funding and solvency standards prescribed by the *Pension Benefits Act (Ontario)* and Regulation thereto, and in accordance with our understanding of the requirements of the *Income Tax Act (Canada)* and Regulations thereto. This actuarial opinion forms an integral part of the report.

The results presented in this report have been developed using a particular set of actuarial assumptions. Other results could have been developed by selecting different actuarial assumptions. The results presented in this report are reasonable actuarial results based on actuarial assumptions reflecting our expectation of future events.

Towers Watson Canada Inc.

David Kenny
Fellow of the Canadian Institute of Actuaries

Suzanne Jacques
Fellow of the Canadian Institute of Actuaries

Toronto, Ontario
June 9, 2016

Appendix A: Significant Terms of Engagement

For purposes of preparing this actuarial valuation report, the plan administrator has directed that:

- The actuarial valuation is to be prepared as at December 31, 2015.
- For purposes of the going concern valuation, the terms of engagement require the use of the margins for adverse deviations mentioned in Appendix C.
- For purposes of determining the going concern liability discount rate, the target asset class distribution is to be established in accordance with the investment policy dated November 12, 2015, which is the most up to date version. There are no expectations that this asset class distribution will be modified in the future.
- For purposes of determining the going concern financial position of the plan, the going concern value of assets is to be determined using the averaging technique described in the Asset Valuation Method section in Appendix C.
- For purposes of determining the solvency liabilities of the plan, the value of benefits arising from future indexation are to be excluded, as permitted by the Regulation to the *Pension Benefits Act (Ontario)*, without requiring an election from the employer.
- For purposes of determining the statutory solvency financial position of the plan, the asset value and liability discount rates are to be determined using the averaging techniques described in the Asset Valuation Method and Rationale for Actuarial Assumptions sections in Appendix D.
- Since to the best of the knowledge of the plan administrator, there is no partial plan windup with an effective date prior to the date of this actuarial valuation, involving members employed in Ontario, not yet completed where the partial windup portion of the plan is in a surplus position on the date of this actuarial valuation, this report is to be prepared on the basis that there will be no retroactive changes to previously filed partial windup reports, if any, and neither the applicable pension regulator nor the plan sponsor will order/declare any partial plan windup with an effective date prior to the actuarial valuation date.
- The solvency and hypothetical windup valuation results presented in this report are to be determined under a scenario where the employer continues to operate and certain expenses are paid from the pension fund (consistent with past practice) while the employer pays other plan expenses.

- This report is to be prepared on the basis that the employer is entitled to apply the actuarial surplus, if any, revealed in an actuarial valuation report to meet its contribution requirements under the plan while the plan remains a going concern, to the extent permitted by applicable pension legislation. (This report does not address the disposition of any surplus assets remaining in the event of plan windup.) If an applicable pension regulator or other entity with jurisdiction directs otherwise, certain financial measures contained in this report, including contribution requirements, may be affected.

Should these directions from the plan administrator be amended or withdrawn, Willis Towers Watson reserves the right to amend or withdraw this report.

Appendix B: Assets

Statement of Market Value

(dollar amounts in thousands)	December 31, 2015	December 31, 2013
Total assets	$ 6,745,869	$ 5,743,450
Net additional outstanding amounts:		
● Contributions receivable	$ 0	$ 0
● Benefits payable	(2,254)	(1,231)
● Investment income receivable	0	0
● Total net outstanding amounts	$ (2,254)	$ (1,231)
Total	$ 6,743,615	$ 5,742,219

Comments:

- The invested assets are held by CIBC Mellon under account OHSG10000000.

- The data relating to the invested assets are based on the financial statements issued by KPMG. The data relating to net outstanding amounts were furnished by Hydro One Inc. All such data have been relied upon by Willis Towers Watson following tests of reasonableness with respect to contributions, benefit payments and investment income. However, Willis Towers Watson has not independently audited or verified these data.

Asset Class Distribution

The following table shows the target asset allocation stipulated by the plan's defined benefit component investment policy in respect of various major asset classes and the actual asset allocation as at December 31, 2015.

	Target asset allocation [1]	Asset allocation as at December 31, 2015 [2]
Canadian equities	12%	12%
Foreign equities	38%	47%
Bonds and debentures	33%	34%
Real estate and infrastructure	10%	1%
Cash and short-term investments	2%	4%
Private Equities	5%	2%
Total	100%	100%

Notes:

[1] This information was obtained from the investment policy in effect for the plan as at December 31, 2015. The target asset allocation is expected to remain in effect indefinitely and there are no expectations that the allocation will change in the future.

[2] This information was obtained from Hydro One Inc. All such data have been relied upon by Willis Towers Watson and compared against the target asset allocation to assess reasonableness. However, Willis Towers Watson has not independently audited or verified these data.

Reconciliation of Assets

(dollar amounts in thousands)

Assets as at December 31, 2013		$ 5,743,450
Receipts:		
● Contributions:		
– Employer normal actuarial cost	$ 178,102	
– Employer amortization payments	177,330	
– Employer transfer deficiency payments	0	
– Members' current service contributions	74,173	
– Past service contributions	842	
– Reciprocal transfers	267	
– Provision for non-investment expenses	0	$ 430,714
● Investment return, net of investment expenses		1,283,944
● Total receipts		$ 1,714,658
Disbursements:		
● Benefit payments:		
– Pension payments	$ (579,658)	
– Lump sum settlements	(75,173)	
– Other benefit payments	0	$ (654,831)
● Non-investment expenses		(57,408)
● Total disbursements		$ (712,239)
Assets as at December 31, 2015		$ 6,745,869

Comments:

- This reconciliation is based on the financial statements issued by KPMG. All such data have been relied upon by Willis Towers Watson following tests of reasonableness with respect to contributions, benefit payments and investment income. However, Willis Towers Watson has not independently audited or verified these data.

- The rate of return earned on the market value of assets, net of all expenses, from December 31, 2013 to December 31, 2015 is approximately 10.4% per annum.

Development of the Going Concern Value of Assets

	Adjusted Market Value Beginning from:				
(dollar amounts in thousands)	**December 31, 2011**	**December 31, 2012**	**December 31, 2013**	**December 31, 2014**	**December 31, 2015**
Adjusted market value as at December 31, 2011	$ 4,693,703				
Net cash flow for 2012	(98,786)				
Assumed investment return (5.5%)	255,473				
Adjusted market value as at December 31, 2012	4,850,390	$ 5,004,546			
Net cash flow for 2013	(126,979)	(126,979)			
Assumed investment return (5.5%)	263,326	271,805			
Adjusted market value as at December 31, 2013	4,986,737	5,149,372	$ 5,743,450		
Net cash flow for 2014	(106,744)	(106,744)	(106,744)		
Assumed investment return (5.8%)	286,179	295,612	330,068		
Adjusted market value as at December 31, 2014	5,166,172	5,338,240	5,966,774	$ 6,311,204	
Net cash flow for 2015	(117,373)	(117,373)	(117,373)	(117,373)	
Assumed investment return (5.8%)	296,282	306,262	342,717	362,695	
Adjusted market value as at December 31, 2015	$ 5,345,081	$ 5,527,129	$ 6,192,118	$ 6,556,545	$ 6,745,869
Going Concern Value of Assets					
Average of the five adjusted market values as at December 31, 2015					$ 6,073,348
Net outstanding amounts					(2,254)
Going concern value of assets as at December 31, 2015					$ 6,071,094

Comments:

- The asset valuation method is described in Appendix C.
- The rate of return earned on the going concern value of assets, net of all expenses, from December 31, 2013 to December 31, 2015 is approximately 10.2% per annum.

Appendix C: Actuarial Basis – Going Concern Valuation

Methods

Asset Valuation Method

The going concern value of assets was calculated as the average of the market value of assets at the valuation date and the four previous years' adjusted market values. To obtain these adjusted market values, the market values at December 31 of each of the four preceding years were accumulated to the valuation date with net cash flow (i.e., contributions less benefit payments) and assumed investment return. Net cash flow was assumed to occur uniformly throughout each year. Assumed investment return for a year was calculated assuming that each year, the assets earned interest at the going concern discount rate in effect for that year. Finally, this 5-year average of adjusted market values was then adjusted for net additional outstanding amounts.

The objective of the asset valuation method is to produce a smoother pattern of going-concern surplus (deficit) and hence a smoother pattern of contributions, consistent with the long-term nature of a going concern valuation.

Such smoothing is achieved by use of an averaging process which systematically recognizes investment returns different from expectations over a five-year period, with 20% recognized at the valuation date and the remainder at a rate of 20% per year. This method will be expected to average periods of outperformance with periods of underperformance.

The expected return of the going concern discount rate has been selected to equal the expected return on the assets over long periods of time, with a margin for adverse deviations. As such, it is anticipated that, on average, the asset valuation method will tend to produce a result that is somewhat less than the market value of assets.

Actuarial Cost Method

The actuarial liability and the normal actuarial cost were calculated using the projected unit credit cost method.

Prospective benefits were calculated for each active and disabled member according to the plan provisions and actuarial assumptions. The actuarial liability was calculated as the actuarial present value of the member's prospective benefits accrued for credited service to date (the benefit accrual

method). The calculation of the actuarial present value of the member's prospective benefits reflects additional entitlements which may arise due to the application of the 50% employer cost-sharing rule, and is at least equal to the member's contributions with interest.

The actuarial liability for retired members and beneficiaries and terminated vested members was calculated as the actuarial present value of their respective benefits.

The employer normal cost for each active and disabled member was determined as the excess of the total normal cost over the member’s required contributions. The normal actuarial cost for each active and disabled member was calculated as the actuarial present value of the member's prospective benefits accruing in respect of credited service in the ensuing year, but not less than the member's required contributions. The employer normal actuarial cost for each active and disabled member was determined as the excess of the total normal actuarial cost over the member's required contributions. The normal actuarial cost rate determined by the projected unit credit cost method will be stable over time if the demographic characteristics of the active and disabled members remain stable from actuarial valuation to actuarial valuation. All other things being equal, a population of active and disabled members whose average age increases (decreases) between actuarial valuations will result in an increasing (decreasing) normal actuarial cost rate.

Additional Voluntary Contributions

For the purposes of the going concern valuation, the determination of the actuarial liability for the additional voluntary contributions does not involve the use of an actuarial cost method, nor does it involve actuarial assumptions. By definition, the actuarial liability under the additional voluntary contributions corresponds with the market value of the members' additional voluntary contribution accounts at the actuarial valuation date.

Actuarial Assumptions

	December 31, 2015	December 31, 2013
Economic Assumptions (per annum)		
Liability discount rate	5.40%	5.80%
Rate of salary increase	2.50% plus merit (see table 1)	2.75% plus merit (see table 1)
Escalation of YMPE under Canada/Québec Pension Plan [1]	3.00%	3.25%
Escalation of *Income Tax Act (Canada)* maximum pension limitation [2]	3.00%	3.25%
Rate of inflation	2.00%	2.25%
Interest on members' contributions	2.00%	Same
Demographic Assumptions		
Mortality	95% of the 2014 Private Sector Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	Public Sector Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B, not adjusted for pension size
Withdrawal	Service-related rates (see Table 2a)	Age-related rates (see Table 2b)
Retirement/pension commencement	Age and service related rates (see Table 3a)	Age and service related rates (see Table 3b)
Disability rates	Age-related rates (see Table 4)	Same
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	90%	Same
Years male spouse older than female spouse	3	4
Provision for non-investment expenses	None; return on plan assets is net of all expenses	Same

Notes:

[1] The YMPE of $54,900 for 2016 is the starting value for the YMPE projection as at the current actuarial valuation and is indexed starting in 2016.

[2] The *Income Tax Act (Canada)* maximum pension limit of $2,890 per year of service in 2016 is the starting value for maximum pension limit projection as at the current valuation and is indexed starting in 2016.

Table 1 — Salary Increases due to Movement within the Salary Structure

Age	First 4 Years of Employment	Subsequent Years
under 25	7.0%	1.0%
25 – 29	3.0%	1.0%
30 – 34	3.5%	1.5%
35 – 39	3.5%	1.5%
40 – 44	3.5%	2.0%
45 – 49	3.5%	1.5%
50 – 54	2.0%	1.5%
55 – 59	2.0%	1.5%
60 & over	2.0%	0.0%

Table 2a — Current Withdrawal Rates

Service (years)	Male & Female
Under 20	0.01
20 and over	0.00

Table 2b — Sample Prior Withdrawal Rates

Age	Male	Female
15 to 25	0.04	0.05
30 to 35	0.02	0.04
40 to 50	0.01	0.03
over 55	0.00	0.00

Table 3a — Current Retirement Rates

Age	Eligible for Unreduced Retirement: Based on points (82 or 85)	Eligible for Unreduced Retirement: 35 years of service and over	Not Eligible for Unreduced Retirement
under 55	0.10	0.30	0.00
55 to 59	0.15	0.30	0.05
60 to 64	0.12	0.30	0.07
65	0.50	0.30	0.20
66 to 69	0.25	0.30	0.15
70 and over	1.00	1.00	1.00

Table 3b — Prior Retirement Rates

Age	Eligible for Unreduced Retirement	Not Eligible for Unreduced Retirement: Male	Not Eligible for Unreduced Retirement: Female
under 55	0.15	0.00	0.00
55 to 60	0.25	0.02	0.05
61 to 64	0.25	0.07	0.10
65	1.00	1.00	1.00

Table 4 — Disability Rates

Age	Male and Female
under 30	0%
30 to 35	0.105%
35 to 40	0.110%
40 to 45	0.115%
45 to 50	0.120%
50 to 55	0.295%
55 to 59	1.000%
60 and above	1.878%

Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the going concern valuation is summarized below.

The going concern assumptions do not include margins for adverse deviations, except as noted below.

Liability discount rate

Actuarial valuation economic assumptions used for establishing the liability discount rate have been developed based on Willis Towers Watson's capital market model. The capital market model simulates economic variables (e.g. inflation and yields) and asset class returns, with the assumptions being developed through both the analysis of historical rates and returns, and the application of econometric theory. In modeling inflation and bond yields, current conditions and long term expectations are used and the serial correlation inherent in these parameters is recognized.

Our long term nominal rate of return assumption was determined using the expected long term asset mix for the plan, which is consistent with the target mix found in the investment policy in effect for the plan as at the actuarial valuation date.

Based on Willis Towers Watson's capital market model, a best estimate long term gross nominal rate of return as of December 31, 2015 of 6.05%. The following adjustments were subsequently made before selecting the discount rate assumption:

● Best estimate long term nominal rate of return before adjustments	6.05%
● Adjustment for investment expenses paid by the plan (excluding active management fees)	(0.04)
● Adjustment for non-investment expenses paid by the plan	(0.10)
● Best estimate long term nominal rate of return after adjustments	5.91%

In the selection of the discount rate, we have assumed that additional returns associated with employing an active investment management strategy would equal the additional expenses associated with employing such strategy. Consequently, we have disregarded any potential additional returns.

After allowing for a 0.54% margin for adverse deviations, we established the discount rate assumption for the plan as 5.40% (rate is rounded to the nearest 10 basis points).

Rate of salary increase and service

The assumption reflects an assumed rate of inflation of 2.00% per annum, plus an allowance of 0.50% per annum for the effect of real economic growth and productivity gains in the economy. In addition, an allowance has been made for individual employee merit and promotion based on a scale which varies by age and service as shown in this Appendix C. The merit/promotion assumption is based on discussions with Hydro One Inc. management concerning their future expectations.

Escalation of YMPE under Canada/Québec Pension Plan

The YMPE is indexed annually based on increases in the Industrial Aggregate Wage index for Canada. The assumption reflects an assumed rate of inflation of 2.00% per annum, plus an allowance of 1.00% per annum for the effect of real economic growth and productivity gains in the economy.

Escalation of Income Tax Act (Canada) maximum pension limitation

The maximum pension limitation under the *Income Tax Act (Canada)* is scheduled to be indexed annually based on assumed increases in the Industrial Aggregate Wage index. The assumption reflects an assumed rate of inflation of 2.00% per annum, plus an allowance of 1.00% per annum for the effect of real economic growth and productivity gains in the economy.

Rate of inflation

The assumption reflects an estimate of future rates of inflation considering economic and financial market conditions at the actuarial valuation date. For the current valuation, the assumed inflation rate is 2.00% per annum. This assumption has been updated since the last actuarial valuation (2.25% per annum) to reflect current long term expectation.

Mortality

The 2014 Private Sector Canadian Pensioners' Mortality Table (CPM2014Priv) is based on a mortality experience study for calendar years 1999 to 2008 conducted by the Canadian Institute of Actuaries on a sample of Canadian registered pension plans. The CPM2014Priv table allows for adjustments to the mortality rates based on pension size and/or industry classification. Improvement Scale B (CPM-B) is a two-dimensional scale developed by the Canadian Institute of Actuaries based primarily on the mortality experience of pensioners under the Canada Pension Plan (CPP) and the Québec Pension Plan (QPP) up to 2007 as well as the assumptions used in the 26th CPP Actuarial Report.

Base mortality rates from the CPM2014Priv table, with a multiplier of 95% based on the plan's actual mortality experience are considered reasonable for the actuarial valuation of the plan. Applying improvement scale CPM-B generationally provides an allowance for improvements in mortality after 2014 and is considered reasonable for projecting mortality experience into the future.

At the previous actuarial valuation, the 2014 Public Sector Canadian Pensioners' Mortality Table projected generationally using CPM-B was used. The mortality table was changed as a result of a review of the actual historical mortality of plan members over the period 2007-2015.

Withdrawal

The rates of withdrawal were developed based on a review of plan experience for the years 2007 to 2015 and an assessment of future expectations.

The rates of withdrawal at the last actuarial valuation were developed based on a review of plan experience, performed by Mercer (Canada) Limited, for the years 2000 to 2006.

Percentage of involuntary terminations of employment

No allowance has been made for involuntary terminations of employment on the basis that the impact of including such an assumption and valuing statutory grow-in rights would not have a material impact on the actuarial valuation results.

Disability incidence/recovery

The rates of disability incidence/recovery are based on a prior assessment performed by Mercer (Canada) Limited. The use of a different assumption would not have a material impact on the actuarial valuation results.

Retirement from active membership

The rates of retirement were developed based on a review of plan experience for the years 2007 to 2015 and an assessment of future expectations. All members are assumed to commence their pension at their retirement date.

The rates of retirement at the last actuarial valuation were developed based on a review of plan experience, performed by Mercer (Canada) Limited, for the years 2000 to 2006.

Pension commencement after termination of employment

All terminated members are assumed to commence their pension at the age that produces the highest liability value based on the plan’s subsidized early retirement reductions applicable to terminated members commencing their pension prior to normal retirement age.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

When provided, the actual data for the spouse and form of payment were used for retired members. For other members, the assumed percentage of members with a spouse is based on the percentages for the general population and an assessment of future expectations for members of the plan.

Years male spouse older than female spouse

When provided, the actual data for the spouse were used for retired members. For other members, the assumption is based on surveys of the age difference in the general population, a review of plan data for the years 2006 to 2015, and an assessment of future expectations for members of the plan.

This assumption has been updated from 4 years at the last valuation to 3 years at the current valuation.

Provision for non-investment expenses

The liability discount rate is net of all expenses. The assumed level of expenses reflected in the liability discount rate is based on recent experience of the plan and an assessment of future expectations.

Appendix D: Actuarial Basis – Solvency and Hypothetical Windup Valuations

Methods

Asset Valuation Method

The market value of assets, adjusted for net outstanding amounts, has been used for the solvency and hypothetical windup valuations. The resulting value has been reduced by a provision for plan windup expenses.

The adjustment in respect of the smoothing of solvency assets for purposes of determining the statutory solvency deficiency was calculated as the difference between the actuarial value of assets used for the going concern valuation and the market value of assets.

Liability Calculation Method

The solvency and hypothetical windup liabilities were calculated using the traditional unit credit cost method.

The solvency and hypothetical windup liabilities for active and disabled members were calculated as the actuarial present value of all benefits accrued up to the actuarial valuation date. This calculation reflects additional entitlements which may arise due to the application of the 50% employer cost-sharing rule, and is at least equal to the member's contributions with interest.

The solvency and hypothetical windup liabilities for retired members and beneficiaries and terminated vested members were calculated as the actuarial present value of their respective benefits.

Other Considerations

The solvency and hypothetical windup valuations have been prepared on a hypothetical basis. In the event of an actual plan windup, the plan assets may have to be allocated between various classes of plan members or beneficiaries as required by applicable pension legislation. Such potential allocation has not been performed as part of these solvency and hypothetical windup valuations.

Additional Voluntary Contribution

For the purposes of the solvency and hypothetical windup valuations, the determination of the liability for the additional voluntary contributions does not involve the use of a liability calculation method, nor does it involve actuarial assumptions. By definition, the solvency and hypothetical windup liability under the additional voluntary contributions corresponds with the market value of the members' additional voluntary contribution accounts at the actuarial valuation date.

Solvency Incremental Cost Actuarial Method

The solvency incremental cost for a given year represents the present value, at the actuarial valuation date, of the expected aggregate change in the defined benefit solvency liability during the year, increased for expected benefit payments during the year.

The solvency incremental cost reflects expected decrements and related changes in membership status, accrual of service, any expected changes in benefits, entitlements, members' contributions, pension formula or increases in the maximum pension limits, and projected pensionable earnings during the year.

The solvency incremental cost has been calculated for each year until the next actuarial valuation date as the projected solvency liability at the end of the year, minus the solvency liability at the beginning of the year, increased for expected benefit payments during the year. Each of these amounts is discounted to the actuarial valuation date using the projected solvency liability discount rate.

The method used to calculate the projected solvency liabilities at each projection year is the same as used in the solvency valuation.

Actuarial Assumptions

	December 31, 2015	December 31, 2013
Economic Assumptions (per annum)		
Liability discount rate (before averaging for solvency and for hypothetical windup)		
● Annuity purchase (non-indexed)	3.10%	3.90%
● Annuity purchase (fully-indexed)	-0.05%	0.15%
● Annuity purchase (partially-indexed) [1]	0.74%	1.10%
● Commuted value (non-indexed)	2.10% for 10 years, 3.70% thereafter	3.00% for 10 years, 4.60% thereafter
● Commuted value (fully-indexed)	1.30% for 10 years, 1.80% thereafter	1.70% for 10 years, 2.30% thereafter
● Commuted value (partially-indexed) [1]	1.50% for 10 years, 2.30% thereafter	2.00% for 10 years, 2.90% thereafter
Liability discount rate (after averaging for solvency)		
● Annuity purchase	3.58%	3.85%
● Commuted value	2.52% for 10 years, 3.96% thereafter	3.08% for 10 years, 4.54% thereafter
Discount rate for determining amortization payments [2]	3.40%	3.70%
Escalation of *Income Tax Act (Canada)* maximum pension limitation [3]	1.16% for 10 years, 2.20% thereafter	1.46% for 10 years, 2.43% thereafter
Demographic Assumptions		
Mortality	CPM2014 Canadian Pensioners' Mortality Table, projected generationally using Scale CPM-B	1994 Uninsured Pensioner Mortality Table, projected generationally using Scale AA
Withdrawal	N/A	Same
Disability incidence/recovery	N/A	Same
Retirement/pension commencement	Described in detail on page D-8	Same

	December 31, 2015	December 31, 2013
Other		
Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form	90%	Same
Years male spouse older than female spouse	3	4
Percentage of members receiving settlement by commuted value [4]	Retired members and beneficiaries: 0% Other members: ● not eligible for retirement: 70% ● eligible for retirement: 40%	Same
Provision for expenses		
● Solvency	0.25% of assets	Same
● Hypothetical windup	0.25% of assets	Same

Notes:

[1] Applicable to New Society and New Management members only.

[2] Equal to the liability-weighted average of the liability discount rates for settlements by commuted value transfer (rate in effect for the first 10 years) and annuity purchase.

[3] The *Income Tax Act (Canada)* maximum pension limit of $2,890 per year of service in 2016 is the starting value for maximum pension limit projection as at the current valuation and is indexed starting in 2016.

[4] The balance are assumed to receive settlement by annuity purchase.

Rationale for Actuarial Assumptions

The rationale for the material actuarial assumptions used in the solvency and hypothetical windup valuations is summarized below.

The actuarial assumptions used in the solvency and hypothetical windup valuations do not include margins for adverse deviations.

Liability discount rate

Discount Rates for Solvency (before averaging) and Hypothetical Windup

In the event of a plan windup, it is expected that a portion of the liabilities will be settled by a group annuity purchase and the balance of the liabilities will be settled by commuted value transfers.

For the calculation of the portion of the solvency and hypothetical windup liabilities relating to the benefits that are expected to be settled by a group annuity purchase, the liability discount rate corresponds to an approximation of the annuity purchase rates as at the actuarial valuation date following application of the relevant guidance on assumptions for solvency and hypothetical windup valuations issued by the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. The guidance provides that the approximation of the annuity purchase rate varies in accordance with the duration of the liabilities for non-indexed benefits assumed to be settled by group annuity. The duration of the liabilities assumed to be settled through the purchase of non-indexed annuities is 11.8.

For the calculation of the portion of the solvency and hypothetical windup liabilities relating to the benefits that are expected to be settled by commuted value transfers, the liability discount rates have been determined in accordance with the *Standards of Practice for Pension Commuted Values* in effect at the valuation date. For this actuarial valuation, the December 2015 rates have been used.

Discount Rates for Solvency (after averaging)

- The average discount rates for calculation of the statutory solvency deficiency are based on the following: Benefits that are expected to be settled by a group annuity purchase:

  The average of the annualized approximate annuity purchase rates at December 31, 2015 and the four previous year-ends [1], determined as follows:

December 31, 2011	3.79%
December 31, 2012	3.44%
December 31, 2013	4.38%
December 31, 2014	3.18%
December 31, 2015	3.10%
Average	3.58%

Note:

[1] The approximate annuity purchase interest rates prior to October 1, 2015 have been adjusted to reflect the change in the mortality table assumption applicable to the determination of liabilities settled by group annuity purchase.

- Benefits that are expected to be settled by commuted value transfers:

The average of the interest rates determined under the *Standards of Practice for Pension Commuted Values,* published by the Canadian Institute of Actuaries, at December 31, 2015 and the four previous year-ends[1], determined as follows:

	Rate for 10 years	**Rate after 10 years**
December 31, 2011	2.60%	4.10%
December 31, 2012	2.40%	3.60%
December 31, 2013	3.00%	4.60%
December 31, 2014	2.50%	3.80%
December 31, 2015	2.10%	3.70%
Average	2.52%	3.96%

Note:

[1] The *Standards of Practice for Pension Commuted Values* effective on December 31, 2015 are assumed to have always been in effect when determining the interest rates prior to October 1, 2015.

Escalation of Income Tax Act (Canada) maximum pension limitation

The maximum pension limitation under the *Income Tax Act (Canada)* is scheduled to be indexed annually based on assumed increases in the Industrial Aggregate Wage index. This assumption has been determined as the underlying inflation rates from the rates applicable to benefits expected to be settled by commuted value transfers (after averaging for solvency). For simplicity, this assumption has also been used for the benefits that are expected to be settled by a group annuity purchase.

Mortality

For the benefits that are expected to be settled by a group annuity purchase, the assumption has been set following application of the relevant guidance on assumptions for solvency and hypothetical windup valuations issued by the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting.

For benefits that are expected to be settled by commuted value transfers, the assumption has been determined in accordance with the *Standards of Practice for Pension Commuted Values* in effect at the valuation date. No pre-retirement mortality has been assumed in order to approximate the value of pre-retirement death benefits.

Retirement/pension commencement

For active and disabled members:

- Members eligible to retire: pension commences at the age that produces the highest actuarial value (including statutory grow-in rights).
- Members with age plus continuous service greater than or equal to 55 years and employed in Ontario or Nova Scotia: pension commences at the age that produces the highest actuarial value of pension (including statutory grow-in rights).
- Other members: pension commences at the age that produces the highest actuarial value

For deferred vested members:

- Members are assumed to retire at the earliest age at which they qualify for an unreduced pension.

For the benefits that are expected to be settled by a group annuity purchase, this is consistent with the expected assumption that will be used by insurers to price the group annuity. For benefits that are expected to be settled by commuted value transfers, this assumption is in accordance with the Canadian Institute of Actuaries' *Standards of Practice for Pension Commuted Values*.

Percentage of members with eligible spouses at pension commencement and electing joint and survivor pension form

See rationale for going concern assumptions in Appendix C.

Years male spouse older than female spouse

See rationale for going concern assumptions in Appendix C.

Percentage of members receiving settlement by commuted value transfer

This assumption has been determined by considering the benefit provisions of the plan, legislative requirements to offer specific settlement options to various classes of members, and, in particular, the options to be provided to members upon plan windup.

The assumption also reflects the expectation that members further from retirement are more likely to elect to settle their pension benefit by a commuted value transfer, while members closer to retirement are more likely to elect to settle their pension benefit through a group annuity purchase where this option is available.

Provision for expenses

Allowance was made for normal administrative, actuarial, legal and other costs which would be incurred if the plan were to be wound up (excluding costs relating to the resolution of surplus or deficit issues). The actuarial valuation is premised on a scenario in which the employer continues to operate after the windup date. In establishing the allowance for plan windup costs, certain administrative costs were assumed to be paid from the pension fund (consistent with past practice) while other costs were assumed to be borne directly by the employer.

Solvency Incremental Cost Actuarial Assumptions

Demographic and Benefit Projection Actuarial Assumptions

Except as noted below, the projected population, benefits and members' contributions valued in the solvency liability projection are based on the demographic and benefit projection assumptions used for the going concern valuation described in Appendix C.

New entrants

An allowance has been made for new entrants for the Post-Society and PWU groups only, between the current actuarial valuation date and next actuarial valuation date. The new entrants profile is assumed to be similar to the profile of average new entrants in the plan over the years 2008-2012. We have assumed no new entrants under the management group as new management employees are not entitled to join this plan. Membership in the PWU and Society groups is assumed to remain stable over the projection period.

Solvency Liability Projection Actuarial Assumptions

The solvency liability projections for purposes of calculating the solvency incremental cost are based on the assumptions used for the solvency valuation described previously.

Appendix E: Membership Data

Summary of Membership Data

Active members

	December 31, 2015	December 31, 2013
● Number	5,355	5,360
● Average age	44.1	44.1
● Average credited service	13.3	13.5
● Annual payroll	$ 543,523,888	$ 512,892,395
● Average salary	$ 101,498	$ 95,689
● Accumulated contributions with interest	$ 367,013,623	$ 344,471,267

Disabled Members

	December 31, 2015	December 31, 2013
● Number	131	127
● Average age	54.9	55.4
● Average credited service	23.4	24.3
● Annual payroll	$ 11,169,636	$ 10,152,527
● Average salary	$ 85,264	$ 79,941
● Accumulated contributions with interest	$ 9,230,244	$ 9,175,783

Comment:

- The following distribution relates to active and disabled members. The following meanings have been assigned to age, credited service and earnings:

The following distribution relates to active and disabled members. The following meanings have been assigned to age, credited service and earnings:

- Age — Age as at December 31, 2015
- Credited Service — Credited service as at December 31, 2015
- Earnings — Annual rate of earnings as at December 31, 2015

Active and Disabled Members

		Credited Service								
Age		*0 - 4*	*5 - 9*	*10 - 14*	*15 - 19*	*20 - 24*	*25 - 29*	*30 - 34*	*35 +*	*Total*
< 25	Number	46								46
	Average Earnings	74,940								74,940
25 - 29	Number	415	172							587
	Average Earnings	85,769	90,794							87,241
30 - 34	Number	323	590	32						945
	Average Earnings	88,106	95,815	114,408						93,810
35 - 39	Number	143	335	142	20					640
	Average Earnings	92,827	97,906	107,524	102,732					99,056
40 - 44	Number	78	255	131	34	8	3			509
	Average Earnings	97,414	102,273	105,756	116,031	100,737	98,400			103,297
45 - 49	Number	40	191	97	26	76	146	1		577
	Average Earnings	106,298	102,621	108,600	**	108,667	108,173	**		106,603
50 - 54	Number	46	191	126	46	79	513	97	7	1,105
	Average Earnings	109,043	101,154	106,285	111,880	106,073	108,513	107,856	108,970	106,920
55 - 59	Number	32	116	78	23	43	174	138	75	679
	Average Earnings	92,248	101,065	104,731	127,487	105,011	106,521	115,495	114,327	108,011
60 - 64	Number	12	53	36	24	10	66	50	60	311
	Average Earnings	**	105,610	102,315	109,172	127,285	106,862	100,450	101,895	104,340
65 +	Number	2	16	16	2	3	16	19	13	87
	Average Earnings	**	113,429	98,493	**	171,735	114,443	**	119,733	114,551
Total	Number	1,137	1,919	658	175	219	918	305	155	5,486
	Average Earnings	89,603	98,532	106,592	113,393	108,438	108,033	110,891	109,726	101,111

Average Age = 44.3 Average Credited Service = 13.5

** For confidentiality

Retired members

	December 31, 2015	December 31, 2013
● Number	5,502	5,445
● Average age	71.5	71.1
● Total annual pension	$ 240,389,865	$ 215,558,746
● Average annual pension[1]	$ 43,691	$ 39,588
● Total temporary annual pension	$ 24,642,237	$ 25,163,484

Beneficiaries and survivors

	December 31, 2015	December 31, 2013
● Number	1,777	1,793
● Average age	80.4	79.9
● Total annual pension	$ 44,098,256	$ 41,483,088
● Average annual pension	$ 24,816	$ 23,136
● Total temporary annual pension	$ 460,627	$ 487,347

Terminated vested members

	December 31, 2015	December 31, 2013
● Number	294	292
● Average age	53.5	53.2
● Total annual pension[2]	$ 2,872,957	$ 2,543,201
● Average annual pension	$ 9,772	$ 8,710

Notes:

1 Excluding temporary annual pension.

2 Prior to application of Income Tax Act maximum pension limits.

Review of Membership Data

The membership data were supplied by Hydro One Inc.'s third-party administrator, Morneau Shepell, as at December 31, 2015.

The membership data have been relied upon by Willis Towers Watson following tests for reasonableness and found to be sufficient and reliable for the purposes of the actuarial valuation. Elements of the data review included the following:

- ensuring that the data were intelligible (i.e., that an appropriate number of records was obtained, that the appropriate data fields were provided and that the data fields contained valid information);
- preparation and review of membership reconciliations to ascertain whether the complete membership of the plan appeared to be accounted for;
- preparation and review of age and service distributions for active and disabled member for reasonableness;
- review of consistency of individual data items and statistical summaries between the current actuarial valuation and the previous actuarial valuation;
- review of reasonableness of individual data items, statistical summaries and changes in such information since the previous actuarial valuation date; and
- comparison of the membership data and the plan's financial statements for consistency.

However, the tests conducted as part of the membership data review may not have captured certain deficiencies in the data. We have also relied on the certification of the plan administrator as to the quality of the data.

Membership Reconciliation

	Actives	Disabled	Terminated vested	Retired	Beneficiaries and survivors	Total
As at December 31, 2013	5,360	127	292	5,445	1,793	13,017
• New entrants (including re-employed)	485	0	0	0	0	485
• From disabled	6	(6)	0	0	0	0
• To disabled	(34)	34	0	0	0	0
• Terminated (with lump sum payment)	(71)	(2)	(8)	0	0	(81)
• Termination (with vested pension entitlement)	(34)	0	34	0	0	0
• Retirement	(349)	(18)	(22)	389	0	0
• Deceased (without beneficiary)[1]	0	0	0	(148)	(215)	(363)
• Deceased (with beneficiary)	(7)	(4)	0	(184)	195	0
• New ex-spouse	0	0	0	0	4	4
• Data corrections	(1)	0	(2)	0	0	(3)
• Net change	(5)	4	2	57	(16)	42
As at December 31, 2015	5,355	131	294	5,502	1,777	13,059

[1] Includes pensioners whose guarantee period has expired.

Appendix F: Summary of Plan Provisions

The following is an outline of the principal features of the plan which are of financial significance to valuing the plan benefits. This summary is based on the most recently restated plan document as at January 1, 2000 and amendments up to and including the valuation date, as provided by Hydro One Inc., and does not make any provisions for the possibility that a change or action (retroactive or otherwise) could be imposed by order of a regulatory body or a court. It is not a complete description of the plan terms and should not be relied upon for administration or interpretation of benefits. For a detailed description of the benefits, please refer to the plan document.

Membership

The following categories of employees are members of the Pension Plan:

a) All regular employees (see Note 1a and Note 1b);

b) Employees for whom the Office and Professional Employees International Union was the bargaining agent prior to July 30, 1982;

c) Continuing construction employees who were members admitted to the Ontario Electricity Financial Corporation Pension Plan and its predecessors;

d) Employees who became continuing construction clerical employees after July 29,1982 and before August 8, 1984;

e) Employees who have completed three months of continuous employment as a probationary employee (see Note 1a and Note 1b).

Note 1a: Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005 are eligible after completing three months of continuous employment but are not required to join the Pension Plan.

Note 1b: Management employees who were not eligible to elect to become a member of the Pension Plan on or after September 30, 2015 are no longer eligible to join the Pension Plan.

Any other employee who has completed twenty-four months of continuous employment and who has at least 700 hours of employment or earnings of 35% of the Year's Maximum Pensionable Earnings ("YMPE"), as defined under the Canada Pension Plan in each of the two previous consecutive calendar years, may elect to become a member of the Pension Plan.

Normal Retirement Date

a) Female members whose continuous employment commenced prior to January 1, 1976: The first day of the month when she in fact retires, coincident with or next following the attainment of age 60 or any subsequent month up to the month coincident with or next following her 65th birthday.

b) All other members: The first day of the month coincident with or next following the attainment of age 65.

Amount of Accrued Pension

Life Pension

a) 2% of the member's "high three-year average" (see Note 5) for each year of credited service, subject to a maximum of 35 years (see Note 2).

Note 2: For Management employees hired on or after January 1, 2004, and Society represented employees hired on or after November 17, 2005 the reference to "high three-year average" is changed to "high five-year average" for pensionable service while a Management or Society-represented employee.

LESS

b) 0.625% of the member's "high five-year average" up to the "average YMPE" (see Note 5) for each year of credited service included in (a) above subsequent to December 31, 1965, subject to a maximum of 35 years – see Note 3.

Note 3: Effective July 1, 2001, for members of the PWU, and effective January 1, 2004, for Society represented members hired before November 17, 2005; the factor is reduced from 0.625% to 0.50%.

Bridge Pension (see Note 4)

0.625% of the member's "high five-year average" up to the "average YMPE" (see Note 5) for each year of credited service included in (a) above, subject to a maximum of 30 years, multiplied by 35, and divided by 30. This is generally payable until age 65.

The bridge benefit is reduced for early retirement in accordance with the same early retirement reduction provision applicable to the early retirement life pension described below.

Note 4: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, no bridge pension is payable for pensionable service

while a Management or Society-represented employee. Effective January 1, 2018, Society represented employees hired on or after November 17, 2005 will be entitled to a bridge benefit equal to 0.625% up to the average YMPE for each year of service from January 1, 2018 onward while the member is earning a benefit under the basic formula.

Note 5: "High three-year average"/ "high five-year average" is the average of the member's base annual earnings plus bonuses up to a set percentage during the 36/60 consecutive months when the base earnings were highest. For earnings after 1999, the percentage of bonus under the performance achievement plan included in pensionable earnings is 50%. The "average YMPE" is the average of the YMPE's during the 60 consecutive months when the base earnings were highest.

Early Retirement

Age Plus Service (See Note 7)

A member may retire prior to the normal retirement date without any reduction in the accrued pension, if the sum of the member's age and years of continuous employment is equal to or greater than 82 or the member has 35 years of continuous employment, whichever occurs first (see Note 6).

Note 6: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, retirement without reduction is available when the sum of the employee's age and years of pensionable service is equal to or greater than 85 or the employee has 35 years of pensionable service, whichever occurs first.

25 or More Years of Continuous Employment (see Note 7)

A member who does not qualify for the early retirement provisions above who is at least age 55 and has 25 or more years of continuous employment may retire prior to age 60, in which case the member's accrued pension is reduced by 3% for each year by which early retirement precedes age 60. These reductions also apply to members who elected a deferred pension when they left the Pension Plan and had 25 or more years of continuous employment.

Female Members with More Than 15 Years or Other Members with 15 or More Years but Less than 25 Years of Continuous Employment (see Note 7)

A female member whose continuous employment commenced prior to 1976 with at least 15 years of continuous employment, or any other member with 15 or more years but less than 25 years of continuous employment, who does not qualify for any of the previously mentioned early retirement provisions, may retire within 10 years of normal retirement date. In such a case the member's accrued pension is reduced by 2% for each year up to five years and 3% for each additional year by which the early retirement date precedes the member's normal retirement date.

These reductions apply with respect to a female member whose employment commenced prior to 1976 and who has a deferred pension and at least 25 years of continuous employment at retirement. For any other members who have a deferred vested pension and have fewer than 25 years of continuous employment and are at least age 55 when they request that the pension payments begin, the deferred vested pension will be actuarially reduced (unless the member was eligible for an unreduced early retirement provision in effect when the member terminated active employment).

Other Members

A member, who does not qualify under any of the previously mentioned early retirement provisions, may retire within 10 years of normal retirement date. If the retirement occurred prior to July 1, 2012, the member is also required to have at least two years of Pension Plan membership. In such a case, the pension is the actuarial equivalent of the member's deferred pension provided that the reduction shall not be less than the minimum early retirement reduction required under the *Income Tax Act* (Canada).

Terminated Members with Deferred Pensions

A terminated member with a deferred pension may retire under any of the previously mentioned provisions for early retirement without reduction provided that such provision was in effect on the date of termination. In addition, if the member's employment is terminated on or after July 1, 2012, the member may be eligible for grow-in benefits under the *Pension Benefits Act* (Ontario) ("PBA"), resulting in the member being entitled to early retirement benefits under the Pension Plan that the member would not otherwise be eligible to receive on the date of termination.

Note 7: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005 all references to "continuous employment" are to be replaced with "pensionable service" for service while a Management or Society-represented employee.

Postponed Retirement

Members who work past their normal retirement date shall continue to accrue benefits until December 1st of the calendar year they reach age 71 (or the Income Tax Act age limit, if different), they reach the 35 year service limit, or they terminate employment, whichever occurs first. If a member reaches 35 years of service and ceases contributions to the Pension Plan, service after 35 years is not counted in the calculation of the member's pension, but the pension is calculated using the member's base earnings up to the date of postponed retirement. If the member works past age 71, the member's pension will commence to be paid not later than December 1st of the year in which the member turns age 71.

Pension Increases

Pension increases of 100% (see Note 8) of the increase in the Consumer Product Index ("CPI") (Ontario), for the 12-month period ending in June of the previous year , will be given every January 1

to pensioners, beneficiaries and terminated employees with deferred pensions to an annual maximum of 8% each year after 1999. Any excess will be carried forward to use in future years up to the 8% limit.

Note 8: For Management employees hired on or after January 1, 2004 and Society represented employees hired on or after November 17, 2005, pension increases of 75% CPI (Ontario) for the 12-month period ending in June of the previous year will be given every January 1, to an annual maximum increase of 5%, with no carry forward.

Disability

A totally disabled employee receives benefits from an income replacement plan and ceases to contribute to the Pension Fund, but continues to accrue credited service. For this member, the base annual earnings for pension purposes are deemed to be increased by the same percentage increases described for pensions above.

Employee Contributions

Members, not represented by the Society or PWU, contribute at the following rates until they complete 35 years of credited service:

On and after April 1, 2015,

i. 6.25% of base annual earnings up to the YMPE; and

ii. 8.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Members represented by the Society hired on or after November 17, 2005 contribute at the following rates until they complete 35 years of credited service (see Note 9):

Up to and including March 31, 2016,

i. 6.50% of base annual earnings up to the YMPE; and

ii. 8.50% of base annual earnings in excess of the YMPE;

On and after April 1, 2016,

i. 7.00% of base annual earnings up to the YMPE; and

ii. 9.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

i. 7.75% of base annual earnings up to the YMPE; and

ii. 9.75% of base annual earnings in excess of the YMPE;

On and after April 1, 2018

i. 8.25% of base annual earnings up to the YMPE; and

ii. 10.75% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Members represented by the Society hired before November 17, 2005 contribute at the following rates until they complete 35 years of credited service (see Note 9):

Up to and including March 31, 2016,

iii. 6.50% of base annual earnings up to the YMPE; and

iv. 8.50% of base annual earnings in excess of the YMPE;

On and after April 1, 2016,

iii. 7.00% of base annual earnings up to the YMPE; and

iv. 9.00% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

iii. 7.75% of base annual earnings up to the YMPE; and

iv. 9.75% of base annual earnings in excess of the YMPE;

On and after April 1, 2018

iii. 8.75% of base annual earnings up to the YMPE; and

iv. 11.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Note 9: For Society represented members hired before November 17, 2005, contributions increase by 0.5% in the event that after January 1, 2004 a valuation report reveals that the solvency assets are lower than 106% of the solvency liabilities. Effective April 1, 2018 this clause is no longer applicable.

Members represented by the PWU contribute at the following rates until they complete 35 years of credited service:

Up to and including March 31, 2016,

i. 7.25% of base annual earnings up to the YMPE; and

ii. 9.25% of base annual earnings in excess of the YMPE;

On and after April 1, 2016,

i. 8.25% of base annual earnings up to the YMPE; and

ii. 10.25% of base annual earnings in excess of the YMPE;

On and after April 1, 2017,

i. 8.75% of base annual earnings up to the YMPE; and

ii. 11.25% of base annual earnings in excess of the YMPE;

up to the limits established by the Income Tax Act.

Death Before Retirement

No Surviving Spouse or Eligible Dependent Children

Fewer than two years of Pension Plan membership (Deaths prior to July 1, 2012)

The member's beneficiary or estate receives a cash refund of the member's contributions plus interest.

Two or more years of Pension Plan membership

The beneficiary or estate will receive the following:

- For pre-1987 service: a cash refund of the member's contributions plus interest.
- For post-1986 service: a lump sum equal to the commuted value of the member's pension earned since 1986, plus a refund of any excess contributions.

For deaths occurring on or after July 1, 2012, the beneficiary or estate will be entitled to the death benefits described above regardless of the member's length of service.

Surviving Spouse (see Note 10)

Fewer than two years of Pension Plan membership and less than 10 years of continuous employment

The beneficiary or estate receives a cash refund of the member's contributions plus interest.

Fewer than two years of Pension Plan membership and more than 10 years of continuous employment

The surviving spouse receives an immediate pension of 66.67% of the member's accrued pension earned to the date of death.

More than two years of Pension Plan membership, but less than 10 years of continuous employment

For pre-1987 service: The beneficiary or estate receives a cash refund of the member's contributions plus interest.

For post-1986 service:

- The beneficiary or estate receives a refund of any excess member contributions; and
- The surviving spouse chooses either:

a. a lump-sum payment equal to the commuted value of the pension earned after 1986, or

b. an immediate or deferred pension with a commuted value equal to pension earned after 1986.

More than two years of Pension Plan membership, and more than 10 years of continuous employment

For pre-1987 service: The surviving spouse receives an immediate pension of 66.67% of the member's accrued pension earned prior to 1987.

For post-1986 service:

- The beneficiary or estate receives a refund of any excess member contributions; and
- The surviving spouse chooses either:

a. a lump-sum payment equal to the commuted value of the pension earned after 1986, or

b. an immediate or deferred pension with a commuted value equal to pension earned after 1986. The immediate pension will not be less than 66.67% of the pension earned after 1986.

Note 10: For deaths occurring on or after July 1, 2012, the surviving spouse's entitlement to death benefits for post-1986 service shall be determined without reference to whether the member had more or less than two years of Pension Plan membership. In addition, for deaths occurring on or after July 1, 2012, if the surviving spouse is entitled to the death benefits in respect of the member's post-1986 service, the surviving spouse is also entitled to an amount equal to the member's contributions, with interest, in respect of pre-1987 service, rather than the designated beneficiary or estate.

Dependent Children, No Surviving Spouse

If the member completed 10 years of continuous employment, the survivor's pension is payable to the surviving spouse until death or, if there is no eligible spouse, to the dependent children until age 18 (longer if disabled or in full-time attendance at a school or university). The total benefits paid are subject to a minimum of the member's contributions with interest. A payment of the commuted value of the member's deferred pension less the commuted value of the pension payable to any dependent children is made to the beneficiary or estate.

Death After Retirement

A survivor's pension, being an amount equal to 66.67% of the pension to which the member would have been entitled, is payable on death after retirement to the surviving spouse, subject to other options chosen at the time of retirement. If the survivor spouse subsequently dies and is survived by the dependent children, or the member does not have a surviving spouse and is survived only by dependent children, the 66.67% survivor pension is split among the dependent children and is payable to age 18 (longer if disabled or in full-time attendance at a school or university).

If the member does not have a surviving spouse at retirement, the normal form of pension is a pension payable for life with a guarantee of 60 payments.

Optional forms of pension are available on an actuarially equivalent basis.

Termination of Employment (see Note 12)

Less Than One Year of Pension Plan Membership

A cash refund of the member's contributions plus interest.

More Than One Year But Fewer Than Two Years of Pension Plan Membership

The member is entitled to elect a cash refund of the member's contributions plus interest, or may leave the earned pension benefit in the Pension Plan to be paid upon retirement.

More Than Two Years but fewer than 10 Years of Pension Plan Membership and, either under Age 45, or Fewer Than 10 Years of Continuous Employment

For pre-1987 service: the member is entitled to a cash refund of the member's contributions plus interest, or may leave all of the earned pension benefit in the Pension Plan until retirement.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 11) the commuted value of the earned pension.

More Than Two Years but fewer than 10 Years of Pension Plan Membership, and Age 45 or Older with More Than 10 Years of Continuous Employment

For pre-1987 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 11) 75% of the commuted value of the pension and receive a refund of 25% of the commuted value of your earned pension; or to leave 75% of the earned pension benefit in the Pension Plan until retirement, and receive a refund of 25% of the commuted value of the earned pension.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 11) the commuted value of the earned pension.

More Than 10 Years of Pension Plan Membership, But Younger Than Age 45

For service from 1965 to 1986: the member is entitled to a cash refund of the member's contributions plus interest; or to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value of the earned pension.

For post-1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer (see Note 11) the commuted value of the earned pension.

More than 10 Years of Pension Plan Membership and Age 45 or Older

For pre-1965 service: the member is entitled to a cash refund of the member's contributions plus interest; or to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value.

For service from 1965 to 1986: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to leave 75% of the earned pension benefit in the Pension Plan until retirement and receive a refund of 25% of the commuted value; or to transfer (see Note 11) the greater of the commuted value of 75% of the earned pension or the member's contributions with interest and receive a refund of 25% of the commuted value of the earned pension.

For post 1986 service: the member is entitled to leave all of the earned pension benefit in the Pension Plan until retirement; or to transfer the commuted value of the earned pension.

If a member is terminated on or after July 1, 2012, the member may be eligible for grow-in benefits under the PBA, which could result in the member being entitled to early retirement benefits under the Pension Plan that the member would not otherwise be eligible to receive on the date of termination. If grow-in benefits apply, this may affect the value of the benefits the member is entitled to receive on termination of employment or retirement.

Note 11: Amounts must be transferred to a pension fund related to another pension plan, a prescribed retirement savings arrangement, or a life annuity which does not commence before the earliest date on which the member would have been entitled to retire.

Note 12: In respect of terminations occurring on or after July 1, 2012, a member is entitled to the earned pension benefits for all service regardless of length of Pension Plan membership, continuous employment or age.

Excess Contributions

Upon the earliest of termination of employment, death or retirement, the amount by which the member's post-1986 contributions with interest exceed 50% of the commuted value of the vested deferred pension accrued after 1986 is refunded to the member (or to the spouse, beneficiary or estate, as applicable in the case of death before retirement).

Upon termination of employment, if a member who has attained age 45 and completed 10 or more years of continuous employment elects to fully divest the pension accrued prior to 1987, the member is entitled to receive the amount by which the contributions with interest made after 1964 but prior to 1987 exceeds the commuted value of the pension accrued after 1964 but prior to 1987. (See Note 13)

Note 13: For terminations occurring on or after July 1, 2012, entitlement to excess contributions in respect of pre-1987 service shall be determined without reference to age or years of continuous employment.

Maximum Benefits

The benefits in respect of continuous employment after 1991 are limited to the maximum allowable under the Income Tax Act (Canada).

Appendix G: PBGF Assessment, Transfer Ratio and Solvency Ratio

PBGF Assessment

(dollar amounts in thousands)		December 31, 2015
PBGF Assessment		
Solvency liability:		
● Total	$	6,465,246
● Ontario PBGF liability		6,465,246
● Ontario additional PBGF liability		0
Solvency value of assets:		
● Total	$	6,743,595
● Ontario PBGF assets		6,743,595
PBGF assessment base	$	0
Plan membership (including inactive members):		
● Total		13,059
● Ontario		13,059

Comments:

- The solvency value of assets reflects net outstanding amounts. The solvency value of assets is prior to deduction of a provision for plan windup expenses.
- For the purposes of calculating the PBGF assessment base, the solvency value of assets and the solvency liability exclude the additional voluntary contribution provision.
- The Ontario PBGF liability used for purposes of calculating the PBGF assessment excludes the Ontario additional PBGF liability.
- As specified in the Regulation to the *Pension Benefits Act (Ontario)*, the additional PBGF liability is the additional solvency liability for plant closure and permanent layoff benefits excluded for those Ontario members who are immediately eligible for the benefit at the actuarial valuation date, if any.

Transfer Ratio and Solvency Ratio

(dollar amounts in thousands)		**December 31, 2015**
Transfer Ratio		
Solvency value of assets	$	6,743,615
Lesser of estimated employer contributions for the period until the next actuarial valuation and prior year credit balance	$	48,000
Hypothetical windup liability	$	9,545,090
Transfer ratio		0.70
Solvency Ratio		
Solvency value of assets	$	6,743,615
Solvency liability	$	6,465,266
Solvency ratio		Not less than 1.00

Comments:

- The solvency value of assets reflects net outstanding amounts. The solvency value of assets is prior to deduction of a provision for plan windup expenses.

- As the transfer ratio is less than 1.00, transfer deficiencies must be paid over a maximum period of five years unless the cumulative transfer deficiencies are within the limits prescribed by the Regulation to the *Pension Benefits Act (Ontario)* or the employer remits additional contributions in respect of the transfer deficiencies. Pursuant to Regulations 19(4) or 19(5) to the *Pension Benefits Act (Ontario)*, approval of the Superintendent will be required to make commuted value transfers if there has been a significant decline in the transfer ratio after the actuarial valuation date.

- Based on the solvency ratio defined as the ratio of solvency value of assets to solvency liabilities, the next actuarial valuation of the plan is due with an effective date not later than December 31, 2018.

Appendix H: Certificate of the Plan Administrator

I hereby certify that to the best of my knowledge and belief:

- the significant terms of engagement contained in Appendix A of this report are accurate and reflect the plan administrator's judgement of the plan provisions and/or an appropriate basis for the actuarial valuation of the plan;
- the information on plan assets, including the information on the investment policy and intended changes to the asset mix distribution after the valuation date, if any, forwarded to Towers Watson Canada Inc. and summarized in Appendix B of this report is complete and accurate;
- the data forwarded to Towers Watson Canada Inc. and summarized in Appendix E of this report are a complete and accurate description of all persons who are members of the plan, including beneficiaries who are in receipt of a retirement income, in respect of service up to the date of the actuarial valuation;
- the summary of plan provisions contained in Appendix F of this report is accurate; and
- there have been no events which occurred between the actuarial valuation date and the date this actuarial valuation was completed that may have a material financial effect on the actuarial valuation.

Signature	Date: 6/6/16
Name: Michael Vels	Title: Chief Financial Officer

Appendix I: Actuarial Information Summary

COSTING OF WORK

1. OVERVIEW

Hydro One Transmission's work program is bundled into packages of work identified as programs or projects. Program and project costs are comprised primarily of activities associated with labour, equipment and material acquisition. This Exhibit details the breakdown of each of these three cost activities, and how the costs are applied to programs and projects. This costing approach is consistent with the requirements of US Generally Accepted Accounting Principles ("USGAAP").

Hydro One categorizes its costs into two major classifications: common and direct. Common costs, both OM&A and capital expenditures, are allocated to Hydro One Transmission and Hydro One's other lines of business as described in Exhibit C1,Tab 6, Schedule 1 and Exhibit B1, Tab 3, Schedule 9. For clarity, this Exhibit describes the allocation of direct costs only.

Direct costs charged to work orders include labour (comprising of salaries, benefits and pension costs), material, fleet and supply chain. Labour costs are calculated as a product of actual time multiplied by the standard labour rate. Material costs are charged directly to the work program or project. Fleet costs are charged using a fleet rate. Supply Chain costs are charged via a material surcharge. All of these elements are described in detail in this Exhibit.

2. PROJECT AND PROGRAM MAJOR COST CATEGORIES

2.1 Labour Rate

Labour hours are distributed directly to benefiting programs and projects by using timesheets, consistent with common industry practice. Standard hourly labour and equipment rates are then used to convert the reported hours into costs. Both labour and equipment rates are "fully loaded" to ensure that all associated support costs required to deploy resources and equipment are accurately and cost effectively distributed. More detailed evidence on corporate staffing and compensation is provided in Exhibit C1, Tab 4, Schedule 1.

On an annual basis, the standard labour rates are derived based on information gathered through the annual budgeting process. Resource budgets for each major resource category are calculated and categorized into three basic cost components: forecast billable (direct charged) hours, forecast non-billable hours and forecast non-billable expenses. Total payroll and expense costs along with an assignment of support activity costs, divided by the forecast billable hours, create the standard labour rate. Table 1 shows an example of the composition of a standard labour rate for one category, the Regional Maintainer Electrical – Regular Staff, over the period 2012 to 2018.

Table 1: Standard Hourly Labour Rate Composition

Regional Maintainer Electrical – Regular Staff

	Historic				Bridge	Test	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Payroll Obligations	77.56	78.32	79.04	79.63	84.63	85.25	85.88
Contractual time away from work	9.10	9.33	9.42	9.49	9.02	9.09	9.16
Time not directly benefiting a specific Program or Project	8.30	8.51	8.59	8.66	7.57	7.63	7.68
Field Supervision and Technical Support	17.24	18.74	17.88	18.01	16.14	16.26	16.38
Support Activities	16.80	18.10	18.07	18.21	17.64	17.77	17.90
Hourly Rate	**129.00**	**133.00**	**133.00**	**134.00**	**135.00**	**136.00**	**137.00**

The cost elements embedded in the standard rate as illustrated in Table 1 are explained in the pages following, using the position of Regional Maintainer Electrical – Regular Staff and the 2016 cost composition, as an example.

2.1.1 Payroll Obligations ($84.63)

A brief description of the cost elements included in this category is provided below. Compensation, wages and benefits are more fully explained in Exhibit C1, Tab 4.

(a) Base Labour and Payroll Allowances (56.3% of Payroll Obligations)

Base pay is contractually negotiated and reflected in wage schedules. Payroll allowances are also contractually negotiated and stated in collective agreements. Regular staff (PWU) is entitled to travel, footwear, and on-call allowances. Casual trades are entitled to board and travel allowances where circumstances require it.

(b) Company Benefits (38.9% of Payroll Obligations)

For regular staff, this is comprised of pension (33.5% of base pensionable earnings) and current and post-employment benefits and health, dental, etc. benefits (27.4% of base pensionable earnings), which are addressed more fully in Exhibit C1, Tab 4, Schedule 2. For non-regular staff (for example, casual trades), this is comprised of pension and welfare contributions made on behalf of the non-regular employee, which are significantly lower than those made on behalf of regular employees.

(c) Government Obligations (4.8% of Payroll Obligations)

This consists of Canada Pension Plan, Employment Insurance, Employee Health Tax and Workplace Safety and Insurance Board contributions.

2.1.2 Contractual Time Away from Work ($9.02)

This category consists primarily of employee vacation and statutory holidays, all established and identified in the relevant collective agreements. Sickness and accident costs are also included and are based on historical trends.

2.1.3 Time Not Directly Benefiting a Specific Program or Project ($7.57)

This category includes time for attendance of safety meetings, housekeeping and downtime often created due to inclement weather. These estimates are based primarily on historical trends.

2.1.4 Field Supervision and Technical Support ($16.14)

This category includes the costs associated with field trades supervision and other management and technical staff providing support services to manage and monitor the status of the assigned programs and projects.

2.1.5 Support Activities ($17.64)

(a) Administrative Expenses and Support (70.3% of Support Activities)

These costs include administrative expenses such as travel costs, cell-phones and other miscellaneous expenses that cannot be specifically attributed to a particular program or project. Also included is an assignment of costs for clerical support activities and other centralized support to facilitate work management system requirements.

(b) Work Methods and Training (16.1% of Support Activities)

These are costs to design, develop, continually update and maintain and deliver work methods and training programs. Costs are assigned based on the forecast consumption of these services as agreed to by the work methods and training function and service recipient.

(c) Health, Safety and Environmental Support (13.6% of Support Activities)

These are costs to design, develop, update, maintain and deliver health, safety and environmental practices primarily for staff working in field locations. Costs are assigned based on the forecast consumption of these services as agreed to by the health, safety and environment function and the service recipient.

2.2 Fleet Rate

Hydro One controls and manages approximately 7,800 vehicles and other fleet equipment to support its work programs and staffing requirements used for both distribution and transmission work. The fleet has grown by 500 vehicles and other fleet equipment since 2014 reflecting an increase in the work program to be executed. Fleet management is described in section 3 of this Exhibit.

Fleet assets are categorized into 63 classes of equipment. For each equipment class, a standard equipment rate is calculated by dividing the annual forecast cost to maintain each class of equipment by the annual forecast hours that the class of equipment is required to work (utilization hours). Utilization hours are derived based on a review of historical trends and an annual review of the upcoming work program. Utilization hours are defined as the hours the equipment is being used "on the job". To illustrate, Table 2 shows the composition of the hourly fleet rate for a line maintenance truck, one of the commonly used classes of equipment used by Hydro One Transmission.

Table 2: Hourly Fleet Rate - Line Maintenance Truck

	Historic				**Bridge**	**Test**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Operations & Repairs	37.43	35.44	35.72	35.99	37.98	37.98	37.98
Fuel Costs	7.88	8.78	8.85	8.92	6.89	6.89	6.89
Depreciation	18.69	19.78	19.93	20.09	12.13	12.13	12.13
Hourly Rate	**64.00**	**64.00**	**64.50**	**65.00**	**57.00**	**57.00**	**57.00**

In 2016, operations and repair costs make up 67% of the fleet rate, while fuel costs and depreciation costs comprise 12% and 21%, respectively. The change in hourly rate between 2015 and 2016 is due to changes in the expected utilization of this fleet class.

This rate reflects reduced depreciation costs based on fewer vehicles being replaced in 2016, reduced fuel costs due to sustained lower cost per litre, and increased repair costs for older units. A further description of each cost category is more fully explained in section 3.4 of this Exhibit.

2.3 Material Surcharge Rate

A standard material surcharge rate, which captures applicable supply chain procurement costs, is applied to material costs. A detailed description of Hydro One's approach to supply chain services is found in section 4.0 of this Exhibit.

Material costs charged to a project or program is based on the issue cost from the inventory team, which is the "moving average price" or the direct-shipped purchase order price. On a monthly basis, total monthly material charges are surcharged with a fixed percentage cost to recover costs associated with purchasing, transportation and inventory management. The percentages range from 8% to 19%, depending on work program service requirements. The percentages are derived by assigning the costs of these activities to the work programs based on an annual assessment of the consumption of these services divided by the annual forecast of purchased material.

The costs recovered in the surcharge are as follows:

- Hydro One Costs - management, demand planning, warehousing and transportation of material, and investment recovery (comprising approximately 60% of the total costs); and
- Inergi LP ("Inergi") Contract Costs - procurement (comprising approximately 40% of the total costs).

2.4 Other Program and Project Costs

Depending on the nature of the work, Hydro One Transmission's program or project costs also include additional costs beyond the major contributors identified above. These additional costs may include the costs of external contractors and/or miscellaneous job specific consumables such as travel expenses or the purchase of low value material.

In terms of estimating and costing of capital work, there may be circumstances when removal costs or customer contributions need to be separately identified. In these cases, the cost of removal work is accounted for as depreciation, and customer contributions are netted against gross capital costs.

Capital work also receives a monthly charge for its share of corporate interest and overhead costs. The composition of these two cost categories and the annual calculation are explained in Exhibit B1, Tab 3, Schedule 10.

2.5 Standard Rates

When using standard rates, residual costs naturally arise when actual costs incurred differ from the standards. These variances are accounted for on a monthly basis and assigned to both capital and maintenance programs. The monthly assignments of residual costs are made to OM&A and capital based on the program and project cost activities responsible for generating the variances.

3. FLEET MANAGEMENT SERVICES

The fleet management services function ("Fleet Management Services") provides centralized and turnkey services that include maintenance, administration, vehicle replacement and disposal. Vehicles are maintained to an optimum level to ensure public and employee safety and compliance with laws and Ministry regulations, including, but not limited to CSA 225, the *Highway Traffic Act* and the Commercial Vehicle Operator's Registration regulations. Fleet Management Services also ensures that environmental impacts are minimized and line-of-business productivity is optimized by minimizing downtime and travel time, and by optimizing technology and continuous improvement opportunities.

Fleet Management Services has adapted to the changing needs of its business by:

- revising the company's model for responding to internal customers from fixed zone service to a mobile and fire hall model, with maintenance garages strategically placed throughout the province to facilitate a more rapid turnaround for vehicle servicing;
- optimizing the number of geographical locations served through implementation of garage hubs;
- reducing equipment downtime and improving our equipment utilization;
- providing more competitive and cost efficient fleet support, enhanced through the procurement of modern maintenance facilities;
- adopting a flexible service delivery model that matches the nomadic and variable work program needs of Hydro One's lines of business with service delivery options that mirror private sector practices (e.g. shift work, extended hours of service and mobile service delivery);
- developing more timely, strategic and cost-efficient processes for equipment procurement and disposal;
- developing a long-range capital replacement program; and

- adopting data collection and information management systems that match the nomadic requirements of the company's business units.

3.1 Maintenance Model

Fleet Management Services has developed a balanced maintenance model for mobile service delivery and centralized facilities. This model provides for 41 provincial locations and balances geographical customer requirements, travel time, third party vendor support and response time. Mobile/satellite repair units minimize costs organizationally by providing timely on-site field support for various nomadic work programs, such as vegetation control, new construction and off-road tower maintenance. Services provided to the lines of business meet the rigorous requirements of Fleet Management Services' agreements and are structured as a mobile and fire hall operating model to meet customer requirements.

3.2 Managed Systems

3.2.1 Fleet Management System

The strategic alliance to implement a fleet management system ("FMS"), developed with Automotive Resources International in 2003, has been extended to 2020. The FMS uses an automated web-based system that uses a single credit card for each vehicle to capture all operating costs including fuel, parts and repairs. The FMS also incorporates programs to manage contracts, such as tender agreements, and the system prescribes spending guidelines and negotiated discounts. The system measures a variety of targets that reconcile approved purchase orders, estimates versus actuals, and vendor-related expenditures, discounts and complaints.

The benefits of the FMS include:

- improved scheduling of preventative maintenance, reduced repair times, travel time and reduced equipment downtime;
- increased access to a number of vendors for fuel, repairs and parts, thus minimizing cost and downtime;
- improved cost and efficiency, through carefully-considered procurement strategies and economies of scale, including improved volume discounts for fuel, parts and service;
- a toll free number for repairs, roadside assistance and towing and improved reporting and data collection; and
- exposure to best practices for fleet management by similar sector organizations.

The FMS uses a variety of linked programs to manage the data and information for all facets of the business, including internal and external repairs. This takes advantage of both internal and external intelligence and technology.

The maintenance program minimizes avoidable and expensive repairs and minimizes equipment downtime, which results in improved equipment utilization. Both internal and external service providers have access to the appropriate information through state-of-the-art automated management systems, allowing for quality decision-making at all levels of the maintenance program. Examples of the information provided include:

- real time vehicle history;
- warranty criteria and warranty recovery;
- a work and resources scheduling tool;
- a pending and overdue work information alert system;
- product information, including vendor-specific information;
- repair and safe practices manuals;
- process and policy information;

- invoice and cost-management details;
- monthly and ad-hoc reports; and
- work order management.

3.2.2 Telematics

Fleet Management Services uses a fleet telematics system for 2,700 fleet vehicles that provides significant enhancements to operator safety, workplace efficiency and reduction of environmental impacts. In 2015, the scope was increased to incorporate installation of telematics on additional 1,600 fleet vehicles for the total of 4,300 units. This project is currently scheduled to be implemented by end of 2016. The telematics system allows for continuous improvements and permits implementation of best practices through:

- improved operator safety through awareness and driver aids;
- decreased kilometers driven through route optimization;
- increased productivity/utilization of vehicles;
- expanded environmental benefits, including increased fuel efficiency and reduction of greenhouse gases;
- increased fleet response time;
- providing acceptable data for fuel tax credits;
- tracking of vehicle condition, including fluid levels, pressures and temperatures; and
- increased security of fleet vehicles.

3.3 Fleet Complement and Utilization

Fleet Management Services controls and manages approximately 7,800 vehicles and other equipment primarily for transmission and distribution work. Inventory levels are controlled and set by the Hydro One lines of business and Fleet Management Services

within the guidelines set for staffing versus fleet ratio, type and volume of work programs, geographic locations and utilization targets. The increase in the fleet complement, therefore, is directly related to the increase in the company's work on system infrastructure and corresponding staffing levels. Fleet Management Services maintains 41 facilities to support 60 forestry operational centers, 1,026 distribution stations, 290 transmission stations, and 64 provincial lines operational centers.

As capital and OM&A investments have been increasing, the options to meet increased equipment demand include the purchase of new equipment, rental of additional equipment or increased utilization of existing equipment. The best option is to increase utilization, which minimizes capital investment compared to the option of additional purchases. Simultaneously, it avoids the additional cost of external rentals, which is approximately 30% higher than owned equipment rates based on an internal assessment.

The benefits of improving utilization include:

- decreased long-term capital requirements;
- improved ability to respond to fluctuations in work programs; and
- reduced rental costs, with a correspondingly lower impact on the OM&A budget.

Equipment utilization averages have increased from approximately 65% in 2001 to approximately 81% in 2015. The 2015 average equipment rate is $20.19 per hour. This is established by averaging total annual fleet equipment costs over total annual fleet utilization hours.

3.4 Fleet Management Services Budget

Fleet Management Services' annual budget is developed and managed based on the all-in costs of operating the fleet and the following criteria:

- historical and forecast fixed and variable costs including fuel, depreciation, maintenance and repair, labour/staffing, and external rentals;
- historical cost and mechanical fitness evaluations;
- work program forecasts provided by the lines of business;
- estimates provided by internal and external providers;
- requirements of the capital/vehicle replacement program; and
- projected escalators.

Table 3 provides total expenditures on the components comprising the fleet rate for historic, bridge and test years. These expenditures are distributed among each of the 63 classes of vehicles.

Table 3: Fleet Management Services Budget Expenditures ($ Million)

	Historic				**Bridge**	**Test**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Operations & Repairs	55.3	57.8	60.5	69.7	72.2	74.2	75.7
Depreciation	35.3	35.3	37.3	37.8	39.4	40.4	41.4
Fuel	29.1	30.2	30.3	25.0	27.2	25.3	26.6
Subtotal	**119.7**	**123.3**	**128.1**	**132.5**	**138.7**	**139.8**	**143.7**
Rentals	1.1	0.9	2.0	0.6	2.0	2.0	2.0
Total	**120.7**	**124.2**	**130.1**	**133.1**	**140.7**	**141.8**	**145.7**

3.4.1 Operations and Repairs

This cost category primarily consists of repair costs (external and internal labour and parts). The budget is based on a forecast of the annual maintenance schedules for each piece of equipment with consideration given to age and performance history. Throughout the year, all repair costs are charged directly to each piece of equipment. Operations costs include administration staff and their allocated share of central service support costs. The increase in forecast for the bridge year is attributable to additional costs related to telematics system described in section 3.2.2.

3.4.2 Depreciation

The depreciation for each class within the fleet is calculated based on the current depreciation policies of Hydro One, the current composition of the fleet, and annual forecast additions and deletions. Depreciation costs are expected to be higher beginning in the bridge year due to an increase in fleet size to support work programs.

3.4.3 Fuel Cost

Fuel cost per class of equipment is calculated based on past history, current market projections, and the current composition of the class. Throughout the year, fuel costs are charged directly to the piece of equipment consuming the fuel.

3.4.4 External Fleet Rentals

Due to the seasonal and fluctuating nature of its work program, Hydro One Transmission requires the use of externally-owned equipment to meet the peaks in its programs. Using

a process similar to that used to cost Hydro One's own fleet, standard rates are calculated and costs are distributed to programs and projects.

3.5 Recent Productivity Improvements in Fleet Management Services

Hydro One promotes continuous improvement. This section details current work in progress in fleet management that promotes workplace and operator safety, productivity, efficiency and environmental considerations.

Hydro One's FMS is an automated web-based system under which a single credit card captures all operating costs (including fuel, parts and repairs) for each vehicle. This system is used to measure a variety of targets which identify opportunities to reduce costs and increase productivity efficiencies through strategic procurement practices and economies of scale, including improved volume discounts for fuel, parts and service.

Hydro One has a maintenance program for its fleet of vehicles. Internal and external service providers are granted access to appropriate information through state-of-the-art management systems linked to Hydro One's FMS. This allows for improved work and resource scheduling tools, information alerts and invoice and cost management details, resulting in avoidable and expensive repairs and equipment downtime being minimized and improved fleet efficiency.

As already discussed in section 3.2, the telematics system allows Hydro One to continuously improve and implement best practices in operator safety, workplace efficiency and environmental impacts.

4. SUPPLY CHAIN SERVICES

The forecast 2016 costs for supply chain services are expected to be $40.0 million and remain fairly flat through 2018. These services include strategic sourcing (purchase) of materials and services, storage and distribution of materials; demand planning, inspection services, transportation, inventory management, and investment recovery of disposed assets. These services have been largely outsourced to Inergi. The components of supply chain services performed by Inergi include sourcing (i.e. purchasing) of materials and services, execution of transportation contracts, and contract management.

Supply chain services costs are allocated to work programs and projects through the material surcharge rate. This section describes the budgeted cost levels and components of supply chain services. Table 4 shows that supply chain costs between 2016 and 2018 remain relatively flat. Differences relate to labour escalation.

Table 4: Supply Chain Services ($ Million)

	Historic				Bridge	Test	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Total	40.5	39.2	38.0	38.5	40.0	40.0	40.4

4.1 Supply Chain Policies and Procedures

Hydro One operates a fair and transparent procurement process that gives all vendors equal opportunity to do business consistent with its procurement policy and principles. Tenders and proposals are evaluated based on predefined evaluation criteria by cross-functional teams as required. The outcome of the evaluation is the foundation for awarding procurement contracts.

4.2 Sourcing of Materials and Services

The sourcing of materials and services includes the following:

- Demand Management and Procurement – market intelligence with respect to commodities, processing purchase transactions and inspecting and expediting services to ensure delivery to contract commitments; and
- Sourcing and Vendor Management – services to support sourcing all commodities and services which include managing the size and composition of the vendor base and resolving issues.

Hydro One manages its procurement and supply base by using strategic sourcing in the acquisition of goods and services. Strategic sourcing is a disciplined business process for purchasing goods and services on a company-wide basis using cross-functional teams to manage the supply base as a valued resource. The methodology's five-step process includes spending analysis, market analysis, development of a sourcing strategy, negotiation, award, and contract management.

4.3 Inspection Services

Inergi is engaged to provide timely inspection services to assure that products are manufactured in accordance to specifications established by Hydro One, and tracks costs and schedules on a product and project basis.

4.4 Storage and Distribution of Materials - Warehousing

Hydro One's central warehouse operation in Barrie is responsible for the storage and distribution of materials for the service centres and station locations. This warehouse services the operations and maintenance organization which is further serviced through

81 field service centres, 29 station locations and eight construction sites. The field staff is responsible for receiving shipments and for storing and ordering material. Deliveries to the service centres are contracted to a third party transportation carrier.

The intent of a consolidated warehouse operation is to realize efficiencies through focusing on activities such as:

- minimizing and/or consolidating order quantities to leverage discounts with vendors;
- consolidating freight to each location to minimize the frequency and cost of deliveries;
- managing and coordinating the delivery of materials on the scheduled delivery date to service centres to ensure that field operations receives the right material at the right time; and
- improving receipting efficiency by integrating with the contracted transportation company to provide visibility into the supply chain and scheduling the inbound shipment.

4.5 Transportation

Hydro One manages its inbound and outbound transportation of materials through contracts with third parties. In 2013, Hydro One entered into a new transportation contract for material delivery in and out of the central warehouse. In some instances, material is direct shipped from the supplier to the job site. In these instances, internal labour and fleet must be used pursuant to collective agreements.

4.6 Investment Recovery

The final step of the supply chain is the disposal and investment recovery of end-of-life assets. This recovery is typically in the range of $3.1 million to $3.8 million per year,

and primarily involves vehicle sales and scrap metal. Hydro One continues to focus on extracting the maximum value possible from the sale of these assets. A breakdown of the sale of assets is provided in Table 5.

Table 5: Breakdown of Sales of Assets through Investment Recovery Program ($ Million)

Type of Sale	Recovery 2012	Recovery 2013	Recovery 2014	Recovery 2015
Vehicle Sales	1.0	1.5	1.4	2.7
Scrap Metal	1.6	1.6	1.7	1.1
Total	**2.6**	**3.1**	**3.1**	**3.8**

4.7 Cost Savings from Strategic Sourcing

Strategic sourcing is a major focus for Hydro One, as the company emphasizes cost control and security of supply, while markets remain volatile and demand in the global utility sector increases. Savings are realized in the purchase of major equipment commodities and services for example, power transformers, distribution transformers and circuit breakers.

Strategic sourcing results vary between commodities and are largely a result of increased leverage and reduction of total lifecycle cost for materials and services. Hydro One expects to create between 3% to 5% savings depending on the commodity in 2016 and 2017.

The main benefits of sourcing strategies are listed below.

- Active involvement of internal stakeholders to communicate their business needs for the products and services.

- Cost reduction by increased leverage of company-wide expenditures – Purchases are consolidated by commodity and/or service to ensure that the business receives maximum value, eliminating the need to tender and purchase as requirements surface, which is an added benefit of this approach.
- Reduced total life cycle cost for materials and services – When purchasing equipment, all aspects are identified to ensure that Hydro One acquires maximum value for the life cycle of the equipment. For example, specifications, maintenance requirements, installation services and warranty services are defined and reviewed to ensure that business needs will be met, and order and invoice processes, lead time and inventory requirements, etc. are evaluated to determine where greater efficiencies may be realized.
- Improved security of supply through longer-term agreements – To maximize value, longer-term agreements are established with fixed prices, or formula pricing is considered to ensure that Hydro One achieves best value.
- Improved and/or consistent quality of material and services.

4.8 Recent Improvements in Supply Chain Services

This section lists some works-in-progress intended to provide effectiveness and efficiency gains.

- Taulia (e-invoice) Systems – Implementation of this system allows for early pay discount capture rate or payment of an invoice before the due date in an exchange for a discount.
- Supplier Management Program – The recent implementation of new technology will provide an enhanced framework for Hydro One to holistically manage the supply chain base through a single central repository where all supplier information is consolidated allowing for tighter objective supplier management.

- IBX catalogue – Hydro One will be implementing purchases through catalogue which means more purchases through standardized, authorized channels, reduction in unauthorized spending and reduction on cycle time and effort to requisition materials.
- Volume Discount – Discount achieved through the purchase of goods with multiple units or in large quantities once the agreed thresholds are reached. The discount captured is identified as a percentage of the yearly spend.

In addition to the three to five percent value creation from strategic sourcing, Hydro One continues to advance its procurement practices across the full range of spending in both the transmission and distribution businesses. Consistent with its continuous improvement corporate business objectives, Hydro One expects to achieve savings incremental to amounts included in its current supply chain planning assumptions. At this time, Hydro One is unable to allocate these additional savings to specific programs and projects, as the work to launch the request for proposal process for a number of cost categories is currently underway.

COMMON CORPORATE COSTS, COST ALLOCATION METHODOLOGY

Allocation of Common Corporate Costs to Hydro One's Distribution and Transmission businesses and to each Hydro One affiliate is based on clearly articulated shared functions and services and an established cost allocation approach based on cost causality principles.

The Common Corporate Costs OM&A programs include the provision of Corporate Common Functions and Services ("CCF&S"), Customer Service, Planning, Information Technology, and Operating Programs to support the Hydro One Networks' Distribution and Transmission businesses. CCF&S are described fully in Exhibit C1, Tab 3, Schedule 3 and include Corporate Management, Finance, Human Resources, Corporate Communications & Services, General Counsel & Secretariat, Regulatory Affairs, Corporate Security, Internal Audit and Real Estate & Facilities.

1. ALLOCATION METHODOLOGY

Since 2004, in connection with each cost of service application, Hydro One has commissioned a study by Black and Veatch (B&V) to recommend a best practice methodology to allocate common corporate costs among the business entities using the common services. The adopted methodology represents the industry's best practices, identifying appropriate cost drivers to reflect cost causality and benefits received. The 2015 report on this study is provided as Attachment 1 to this exhibit.

As part of the 2015 study, the cost drivers used to allocate the common corporate costs in EB-2014-0140 were updated to incorporate current information.

A time study was conducted within Hydro One's Planning, Operating and Customer Service groups. The time study for these groups spanned a four week period.

Hydro One accepted the results of the 2015 B&V study as providing a reasonable and equitable approach to the assignment of common corporate costs among the business entities using the common services. This methodology was based on the R. J. Rudden Associates (Rudden) Study that the Board accepted in the Distribution rate decision RP-2005-0020/EB-2005-0378.

2. 2017-2018 ALLOCATED AMOUNTS

The following Tables 1 to 2 provide the annual allocation of 2017-2018 CCF&S costs, respectively to all business units.

Table 1: Allocation of 2017 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution	Hydro One Telecom	Hydro One Remotes	Hydro One Inc.
Corporate Management	22.3	7.2	6.8	0.1	0.1	8.1
Finance	41.0	21.9	17.9	0.9	0.3	0.1
Human Resources	14.8	7.6	6.8	0.2	0.1	0.0
Corporate Communications & Services	17.3	8.7	8.5	0.0	0.1	0.0
General Counsel & Secretariat	10.4	5.5	4.4	0.1	0.3	0.1
Regulatory Affairs	25.4	9.6	15.0	0.0	0.1	0.8
Corporate Security	4.7	2.2	2.5	0.0	0.0	0.0
Internal Audit	6.3	3.3	2.8	0.1	0.1	0.0
Real Estate & Facilities	59.6	32.2	27.3	0.0	0.0	0.0
Total CCF&S Costs	201.8	98.3	92.0	1.4	1.1	9.1

Table 2: Allocation of 2018 CCF&S Costs ($ Millions)

Description	Total	Transmission	Distribution	Hydro One Telecom	Hydro One Remotes	Hydro One Inc.
Corporate Management	22.1	7.1	6.7	0.1	0.1	8.1
Finance	38.6	19.5	17.9	0.9	0.3	0.1
Human Resources	14.2	7.3	6.6	0.2	0.1	0.0
Corporate Communications & Services	19.4	9.9	9.4	0.0	0.1	0.0
General Counsel & Secretariat	10.5	5.6	4.5	0.1	0.3	0.1
Regulatory Affairs	25.9	9.8	15.3	0.0	0.1	0.8
Corporate Security	4.8	2.3	2.5	0.0	0.0	0.0
Internal Audit	6.4	3.4	2.9	0.1	0.1	0.0
Real Estate & Facilities	60.7	32.7	27.9	0.0	0.0	0.0
Total CCF&S Costs	202.7	97.6	93.7	1.4	1.1	9.0

REVIEW OF ALLOCATION OF COMMON CORPORATE COSTS (TRANSMISSION) – 2015

BLACK & VEATCH PROJECT NO. 188588

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PREPARED FOR

Hydro One Networks Inc.

4 MAY 2016

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I. Summary

A. BACKGROUND

Black & Veatch Canada Company ("Black & Veatch") is pleased to submit to Hydro One Networks Inc. ("Hydro One") this Report which describes our Review of Allocation of Common Corporate Costs (Transmission)- 2015 ("2015 Review").

In 2004, Black & Veatch was engaged by Hydro One to recommend a best practice methodology to distribute Common Corporate Costs to Hydro One and its subsidiaries and partnership (identified in Table 2). Common Corporate Costs are the costs to provide certain functions and services (identified in Table 3), including those performed by Inergi LP, to Hydro One and its subsidiaries and partnership. Black & Veatch recommended, Hydro One adopted, and the Ontario Energy Board ("OEB") accepted, a methodology to distribute those costs, as described in our *Report on Common Corporate Costs Methodology Review* dated May 20, 2005 ("2005 Common Costs Report").

The OEB-accepted methodology has been applied to Hydro One's Business Plans, and reviewed by Black & Veatch with subsequent reports issued, as follows:

Table 1 - History of Black & Veatch's Cost Allocation Reviews for Hydro One

BLACK & VEATCH REVIEW	BUSINESS PLAN	BLACK & VEATCH REPORT
2006 Review	BP 2007-2011	*Report on Implementation of Common Corporate Costs Methodology* dated May 31, 2006
2008 Review	BP 2009-2013	*Report on Implementation of Common Corporate Costs Methodology* dated September 10, 2008
2009 Review	BP 2010-2014	*Report on Shared Services Costs Methodology* dated June 29, 2009
2010 Review	Updated BP 2010-2014	*Report on Shared Services Costs Methodology – 2011* dated February 26, 2010
2012 Review	BP 2012-2016	*Review of Shared Services Cost Allocation (Transmission) – 2012* dated February 1, 2012
2013 Review	BP 2014-2019	*Review of Allocation of Common Corporate Costs (Distribution) – 2013* dated September 19, 2013
2014 Review	BP 2014-2019	*Review of Allocation of Common Corporate Costs (Transmission) – 2014* dated March 17, 2014

The OEB-accepted methodology to distribute the Common Corporate Costs has been applied by Hydro One to its Business Plan for 2017-2018 ("BP 2017-2018") data. This Report describes the "2015 Review" that Black & Veatch performed, at Hydro One's request, of Hydro One's application of the methodology to its BP 2017-2018 in connection with its 2017-2018 Transmission rates application, and presents Black & Veatch's conclusions.

B. HYDRO ONE ORGANIZATION

Hydro One Inc. operates through the wholly-owned subsidiaries and partnership listed in Table 2. The OEB regulates, separately, the business units identified as such in Table 2. Each regulated business is required to account separately for its assets, revenues and costs, for both regulatory and financial accounting purposes.

Table 2 – Hydro One Business Units

SUBSIDIARY	BUSINESS UNIT	REGULATED	DESCRIPTION
Hydro One Networks Inc.	Distribution	Yes	Owns and operates a distribution system which spans approximately 75% of Ontario and serves approximately 1.3 million customers.
	Transmission	Yes	Owns and operates substantially all of Ontario's electricity transmission system.
Hydro One Remote Communities Inc	Remotes	Yes	Owns, operates, maintains and constructs generation and distribution assets used to supply of electricity to remote communities in northern Ontario.
Hydro One Telecom Inc.	Telecom	No	Sells high bandwidth telecommunication services to carriers, Internet service providers, and large public and private sector organizations.
Hydro One Inc.	Holding	Yes	Subsidiary of Hydro One Ltd. Acts as the holding company of Hydro One's rate regulated businesses.
Hydro One Ltd.	Holding	No	Public company that owns Hydro One Inc. for the transmission and distribution rate regulated businesses and Hydro One Telecom Inc. for non-regulated business activity. Hydro One Ltd. is owned by public shareholders as well as the Province of Ontario.
B2M Limited Partnership	B2M Transmission Line	Yes	Continuous transmission line between the Bruce Nuclear Power Development and Hydro One's Milton Switching station.

C. FUNCTIONS AND SERVICES IN COMMON CORPORATE COSTS

Hydro One provides the functions and services identified in Table 3, to the businesses identified in Table 2. Exhibit A further describes the functions and services provided. The BP 2017-2018 includes 2017 Common Corporate Costs totaling approximately $325 million incurred to perform the relevant functions and services; and the annual total Common Corporate Costs are presented in Table 4.

Approximately 37% of the Common Corporate Costs are incurred under an outsourcing arrangement with Inergi LP ("Inergi"). Common Corporate Costs includes the cost included in BP 2017-2018 for sustainment activities outsourced to Inergi services pertaining to

infrastructure/data centre support services, application management services, disaster recovery services, end-user services, desk-side management services and service management.

Table 3 - Functions and Services in Common Corporate Costs

Hydro One Inc. Corporate Office ■ President/CEO Office ■ Chair ■ CFO's Office ■ Treasurer's Office ■ Board of Directors ■ Corporate Secretariat ■ General Counsel – VP ■ Pension Cost ■ Donations ■ Ombudsman Office ■ Investor Relations	**Shared Services** ■ Real Estate ■ Value Growth **CFO's Office** ■ Treasury ■ Corporate Controller ■ Taxation ■ Regulatory Affairs ■ Business Planning & Decision Support
Operations ■ Distribution Asset Management (Note 1) ■ Planning and Optimization (Note 1) ■ Reliability, Strategies, and Compliance (Note 1) ■ System Planning (Note 1) ■ Network Connections and Development (Note 1) ■ Network Operations (Note 1) ■ Transmission Asset Management (Note 1) ■ VP Planning (Note 1) ■ EVP Office – Operations (Note 1) ■ Outsourcing Services ■ Strategic Services	**Customer and Corporate Relations** ■ Customer Care Services (Note 1) ■ Customer Strategy and Conservation (Note 1) ■ Customer Program Delivery (Note 1) ■ Key Account Management (Note 1) ■ VP Customer Service (Note 1) ■ Meter to Bill (Note 1) ■ Corporate Affairs ■ First Nations and Métis Relations ■ Bad Debt and Goodwill ■ SVP Customer and Corporate Relations
Information Services ■ Corporate Projects ■ Information Technology ■ Security Operations	**Inergi LP (outsourced services)** ■ Finance ■ Human Resources - Pay Services ■ Accounts Payable
People and Culture	**General Counsel & Secretariat**
Audit	**VP Chief Risk Officer**
Note 1- Department participated in 2015 Time Study; see Section V.	

D. BLACK & VEATCH'S ASSIGNMENT

For the 2015 Review, our assignment was to:

a. Evaluate whether the existing Common Corporate Cost Allocation Methodology continues to be appropriate for Hydro One, and identify changes that are necessary or desirable.

b. Review Hydro One's application of the OEB-accepted Common Corporate Cost Allocation Methodology to the BP 2017-2018, in connection with its 2017-2018 Transmission rates application.

The organization presented in Table 3 reflects the creation of new departments, realignment of departments among groups, and realignment of functions among departments, that Hydro One believes will allow it to serve its customers most effectively and efficiently, based on the current business and regulatory environment.

The Common Corporate Costs Model for BP 2017-2018 reflects these organizational changes. Black & Veatch reviewed the cost driver for each activity to determine its continued applicability, and where necessary, the development of the cost driver was updated to reflect the organizational changes.

Concurrently with this 2015 Review, Black & Veatch reviewed and issued reports on Hydro One's Overhead Capitalization Rate methodology, Common Assets allocation and Allocation of Common Corporate Costs to the Bruce-to-Milton (B2M) Limited Partnership.

E. OVERVIEW OF METHODOLOGY

The Black & Veatch methodology for allocating the costs of Hydro One's Common Corporate Costs was designed to address the following considerations:

- Compliance with OEB precedent including Docket RP-2002-0133 (*In The Matter Of The Ontario Energy Board Act, 1998)*
- Compliance with relevant provisions of the Affiliate Relationships Code for Electricity Distributors and Transmitters ("Code")
- Cost incurrence- Are the costs needed to perform services required by the business units?
- Cost allocation- Are costs appropriately allocated among business units, based on the application of cost drivers /allocation factors supported by principles of causality?
- Cost/benefit- Do benefits received equal or exceed the cost?

An overview of the Black & Veatch cost allocation methodology is described below:

- Identify the functions and services included in Common Corporate Costs.
- Identify activities that are performed to provide those functions and services.
- Based on time and/or cost studies, distribute the annual departmental costs in the BP 2017-2018 among the activities performed by that department in providing the functions and services.
- Distribute the cost of each activity among the business units based on direct assignment when possible, and based on cost drivers when direct assignment is not possible.

- The guiding principle used by the Black & Veatch methodology to assign cost drivers is cost causation.

A cost driver is a formula for sharing the cost of an activity among those who cause the cost to be incurred. Cost drivers are discussed in Section D. The different types of cost drivers are described in Exhibit B.

F. SCOPE OF WORK

Consistent with Black & Veatch's standard practice for consulting assignments, we relied on the genuineness and completeness of all documents presented to us by Hydro One, and we accepted factual statements made to us by Hydro One (e.g., headcount, budgeted amounts) subject only to their overall reasonableness and factual accuracy, but without our independent confirmation. All dollar amounts in this Report are stated in Canadian dollars.

G. CONCLUSIONS AND RESULTS

Black & Veatch believes that Hydro One's current cost allocation methodology continues to be appropriate for Hydro One because it achieves the purposes for which it was designed (to distribute costs in a manner that is consistent with OEB precedent and regulatory practice) and promotes transparency and efficiency.

Based on our review, Black & Veatch concludes that the results of Hydro One's application of the Black & Veatch Common Corporate Cost Allocation Methodology to its BP 2017-2018 data reflects a cost causation-based distribution of the Common Corporate Costs and conforms to the OEB-accepted methodology. The annual results for years 2017-2018 are shown in Table 4.

Black & Veatch also notes that Hydro One management believes that the existing methodology is appropriate for the company, the cost allocation process receives strong support from Hydro One management and is well integrated into the budgeting process and the Common Corporate Costs Model is updated periodically to reflect current information.

Table 4 presents the results of Hydro One's distribution of the Common Corporate Costs in BP 2017-2018, annually for 2017-2018, among its Distribution, Transmission and Other businesses.

Table 4 - Distribution of Annual Common Corporate Costs

Business	2017	2018
($ Millions)	$	$
Transmission	$ 163	$ 162
Distribution	$ 150	$ 150
Other	$ 12	$ 12
Total	$ 325	$ 324
(% of Total)	%	%
Transmission	50%	50%
Distribution	46%	46%
Other	4%	4%
Total	100%	100%

II. Statement of Approach

This section presents the approaches used by Black & Veatch to evaluate whether the existing Common Corporate Cost Allocation Methodology continues to be appropriate for Hydro One, and to review Hydro One's application of the methodology to the BP 2017-2018 costs of providing the functions and services included in Common Corporate Costs.

A. EVALUATE COST ALLOCATION METHODOLOGY

The Common Corporate Cost Allocation Methodology was first applied to Hydro One's Business Plan 2006-10. Hydro One requested that Black & Veatch evaluate whether the methodology is still appropriate, and what changes, if any, could be considered. Black & Veatch's approach is discussed in detail in Section III.

B. REVIEW APPLICATION OF COST ALLOCATION METHODOLOGY

In preparing the 2015 Review, Black & Veatch performed the following tasks:

Task 1. Reviewed Hydro One's current organizational structure and identified departments that perform the functions and services included in Common Corporate Costs.

Task 2. Identified the activities performed by each department in order to provide the functions and services identified in Task 1.

Task 3. Determined the Common Corporate Costs in BP 2017-2018 to perform the functions and services in Task 1.

Task 4. Identified the business units that use the functions and services included in Common Corporate Costs.

Task 5. Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2017-2018 for departments identified in Task 1, among the activities identified in Task 2.

Task 6. Directly assigned activity costs to business units where a direct relationship exists.

Task 7. For activities where less than all of the BP 2017-2018 costs were directly assigned to business units in Task 6, assigned a cost driver that reflects cost causation.

Task 8. Populated the cost drivers.

Task 9. Reviewed the 2015 Time Study.

Task 10. Computed total Common Corporate Costs allocated to each business unit.

Task 11. Performed analytical review of results.

Task 12. Reviewed the Common Corporate Costs used to perform the computations.

C. PRINCIPLES OF COST ALLOCATION

There are two methods to allocate or distribute shared costs among a utility's business units – Direct Assignment and Allocation. *Direct Assignment* is used when it can be reasonably determined that all or a portion of an activity is performed for a particular business unit. Direct Assignment is completed through the use of time studies or time surveys; where participants either fill out a daily time sheet or provide an indication of how their time is spent throughout the year. Approximately 75% of Common Corporate Cost in the BP 2017-2018 was assigned directly to one or more of Hydro One's business units.

Allocation is used when more than one business unit uses an activity, but the portions of the activity that each uses cannot be directly established through a time study or time survey. In this case, a cost driver must be assigned to distribute the costs of the activity. A cost driver is a formula for sharing the cost of an activity among those entities that cause the cost to be incurred. The principles used by Black & Veatch to assign cost drivers are discussed in Section II.D below.

D. COST DRIVERS

As stated above, a cost driver is a formula for sharing the cost of an activity among those entities that cause the cost to be incurred. The guiding principle that Black & Veatch uses in assigning cost drivers is cost causation. Cost causation means that there is a causal relationship between the cost driver and the costs incurred in performing the activity. In some cases, cost causation cannot be easily implemented or established, in which case selecting cost drivers based on benefits received is a fair alternative treatment.

Other factors considered in assigning cost drivers include:

- Practicality – The cost driver should be understandable, obtainable at reasonable cost, and objectively verifiable in the initial year as well as in subsequent years.
- Stability – Cost driver values should be reasonably stable from year to year. When estimates are used, the cost driver should be able to be estimated with reasonable accuracy, and estimates should be unbiased.
- Materiality – When choosing between cost drivers, small differences can often be ignored in favor of Practicality and Stability (see above).

E. TYPES OF COST DRIVERS

Cost drivers can be classified as External or Internal. *External* drivers are based on data that are external to the cost allocation process, such as physical units or financial amounts.

Internal drivers are based on values computed as an integral part of the cost allocation process. For example, the cost of a supervisor's salary might be allocated in the same proportion as the salaries of the people being supervised, and the cost of general departmental expenses might be allocated in the same proportion as the specifically assigned departmental activities. Exhibit B further describes the different types of cost drivers.

III. Evaluate Cost Allocation Methodology

The Common Corporate Cost Allocation Methodology was first applied to Hydro One's BP 2006-10. Black & Veatch has also reviewed the application of the methodology to subsequent business plans, as listed in Section I.A. The purpose of this portion of the 2015 Review was to evaluate if the methodology is still appropriate, including reviewing changes that were recommended in the past.

Based on our discussions with Hydro One personnel and review of the Common Corporate Costs Model, Black & Veatch determined that the cost allocation methodology continues to be appropriate for Hydro One because:

- It meets best practices since it distributes costs based on cost causation, including the use of direct assignment when possible, and then through the use of cost drivers.
- It has been accepted by the OEB.
- It has the support of Hydro One management, and is understood and accepted by the Hydro One business units.
- It allows the business units to determine precisely what amounts they are charged by department and by activity within the department; this transparency provides a basis for understanding the nature of the charges and value of the services received.
- It is well-integrated with Hydro One's annual Business Planning process and produces reasonably stable results over time.
- It accommodates changes in Hydro One's organization, and the Common Corporate Costs Model can be adapted easily to reflect those changes.

Black & Veatch believes that the current cost allocation methodology continues to be appropriate for Hydro One, because it achieves the purposes for which it was designed (to distribute costs in a manner that is consistent with OEB precedent and regulatory practice), and promotes transparency and efficiency.

IV. Review Application of Methodology to BP 2017-2018

In this Section we will discuss each of the Tasks performed in the Scope of Work, as stated in Section B. This includes the purpose of the Task, the steps performed, the source of the information, and the results.

Task 1. Reviewed Hydro One's current organizational structure and identified departments that perform the functions and services included in Common Corporate Costs.

The purpose of this Review was to evaluate the allocation of the Common Corporate Costs among the businesses that use the functions and services.

The organization of Hydro One Inc. is described in Section I.B. The functions and services support the Distribution business and the Transmission business, and the other businesses listed in Table 2. The departments that perform the functions and services in Common Corporate Costs are listed in Table 3. Exhibit A further describes the functions and services. This information was provided by Hydro One in discussions and documents.

Task 2. Identified the activities performed by each department in order to provide the functions and services identified in Task 1.

The purpose of this task was to identify the activities that are performed in order to provide each of the functions and services.

Functions and services (identified in Task 1) are performed for the benefit of the business units. Activities (discussed in this Task 2) are the tasks performed in order to provide the functions and services. Activities are measured in the amount of resources used.

To distribute the resources required to provide the functions and services included in Common Corporate Costs among the business units on the basis of cost causation, the activities performed were identified and described by Hydro One to Black and Veatch.

Task 3. Determined the Common Corporate Costs in BP 2017-2018 to perform the functions and services in Task 1.

In this task, we obtained the BP 2017-2018 costs for the departments that provide the functions and services included in Common Corporate Costs. Hydro One provided to Black & Veatch the labour and non-labour portions of the BP 2017-2018 for each of these departments, as well as descriptions of major non-labour cost items.

Task 4. Identified the business units that use the functions and services included in Common Corporate Costs.

The business units that use the functions and services included in Common Corporate Costs are listed in Table 2. The information was provided by Hydro One and confirmed by the service recipients.

Task 5. Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2017-2018 for departments identified in Task 1, among the activities identified in Task 2.

The purpose of this task was to distribute the resources (time for labour and costs for non-labour and Inergi) required for each of the functions and services identified in Task 1, among the activities identified in Task 2. In subsequent tasks, the cost of each activity was either directly assigned to one or more business units or allocated using cost drivers.

Labour costs

To distribute budgeted labour costs, Hydro One department managers determined the portion of annual time spent by the personnel under their supervision on each of the activities identified in Task 2. Some managers based their estimates on concurrent time records that they maintain, some conducted interviews with their personnel, and some used their informed judgment. Some of the holding company's labour cost was allocated consistent with previous rate filings. The information provided by the managers was reviewed by Hydro One and Black & Veatch and was found to be reasonable and consistent with prior distributions of resources.

Non-labour costs

Budgeted non-labour costs items were examined and distributed based on direct assignment or allocation; this amount includes non-labour costs of departments in the 2015 Time Study. This included OEB invoices, communications programs, insurance costs and claims, human resources programs, labour relations programs, actuarial consultants and audit fee. The balance of non-labour costs includes items such as training and development, non-specific expenses and general expenses.

Inergi costs

The Common Corporate Costs representing functions and services provided by Inergi were distributed among the activities, based on information provided by Hydro One, assignments and allocations by Hydro One and Black & Veatch, and the application of judgment by Hydro One and Black & Veatch. The approach for each of the functions and services provided by Inergi is described below. Exhibit A describes these services in greater detail.

- **Finance –** Costs were assigned among activities based on estimated portion of total amount paid to Inergi to perform the function. Activities were allocated among the business units based on chosen cost drivers that relate to each activity (e.g., Fixed Asset Accounting activity was allocated on Gross Utility Plant).
- **Human Resources –** Costs were assigned among activities based on estimated effort by Inergi. All activities were allocated among the business units based on headcount.

Task 6. Directly assigned activity costs to business units

The purpose of this task was to assign, among the business units listed in Task 4, the resources (time for labour resources and costs for non-labour and Inergi resources) for each activity listed in Task 2. This task was performed concurrently with Task 5 – Distributed Common Corporate Costs (time for labour resources and cost for non-labour and Inergi resources) reflected in BP 2017-2018 for departments identified in Task 1, among the activities identified in Task 2.

For the activities listed in Task 2, Hydro One's departmental managers distributed the resource costs among one or more business units, based on the business units that caused the costs to be incurred. When possible, all or a portion of costs were assigned to a specific business unit.

Task 7. Any portion of an activity that was not assigned to a specific business unit due to its generalized nature was allocated among business units using cost drivers, as described in Task 7. Assigned cost drivers

As discussed above, the costs of activities were directly assigned to business units when possible. The purpose of this task was to select cost drivers for the portion of costs which were not directly assigned in Task 6.

The principles that Black & Veatch used to assign cost drivers are discussed in Section II.D- Cost Drivers. Black & Veatch selected cost drivers based on applying the principles discussed above, its experience in performing cost allocation studies, consultations with Hydro One as to the nature of each activity, and industry practices and regulatory requirements.

Section II.E Types of Cost Drivers describes the types of cost drivers.

Table 5 summarizes the direct assignments and types of costs drivers used to distribute the Common Corporate Costs among the business units. Amounts include the Inergi charges.

Table 5 - Direct Assignments and Cost Drivers for Common Corporate Costs

TYPE	2017	2018
(% of Total)	%	%
Direct Assignment	62.07%	61.18%
Physical	9.78%	9.87%
Financial	22.59%	23.04%
Internal	5.56%	5.91%
Total	100.00%	100.00%

Task 8. Populated cost drivers

The purpose of this task was to determine the values of each cost driver that are attributable to each business unit in order to distribute the costs of each activity among the business units. The supporting information was provided by Hydro One.

Task 9. Reviewed 2015 Time Study

This Task is discussed in Section V.

Task 10. Computed total common corporate costs for each business unit

The purpose of this task was to distribute the total cost of each activity among the business units. The amount distributed was the sum of the amounts directly assigned in Task 6, and allocations based on the cost drivers identified in Task 7.

For allocations based on the cost drivers, the amount allocated to each business unit was computed by multiplying the activity cost to be allocated by the cost driver value for the business unit.

Task 11. Performed analytical review

The purpose of this task was to compare the results of the distribution of the BP 2017-2018 Common Corporate Costs among the business units to the results in the previous 2014 Review, and to understand the differences.

The proportions of the total cost distributed to each business unit have been reasonably similar over time and differences are explained by additions and removal of departments from the Common Corporate Costs (i.e., the 2015 Review included Bad Debt and Goodwill which is 100% Distribution, for the first time), changes in allocations of time, changes in allocator values and changes in departmental functions and activities.

Task 12. Reviewed Common Corporate Costs Model

The purpose of this task was to review the Common Corporate Costs Model that Hydro One has developed for allocating the Common Corporate Costs, to determine if it properly reflects and models the OEB-approved cost allocation methodology for those costs included in the BP 2017-2018.

Black & Veatch first reviewed Common Corporate Costs Model in connection with our 2008 Review, and has reviewed the model for each of the subsequent reviews performed, including this 2015 Review. The model is updated periodically to reflect organizational changes; Business Plan costs; additions to and deletions of departmental activities; time and cost distributions among activities; assignments of allocators; and cost driver values.

The Common Corporate Costs distributes departmental costs among activities (Task 6) and then distributes the cost of each activity based on direct assignments or cost drivers (Task 10).

Based on Black & Veatch's review, the Common Corporate Costs properly implements the OEB-accepted methodology for distributing the costs of corporate functions and services in the BP 2017-2018, and continues to produce a cause-based allocation of costs.

V. 2015 Time Study

Hydro One employees representing approximately $115 million of annual labour costs participated in a time study for the four-week period ending June 12, 2015 ("2015 Time Study").

The departments that participated in the 2015 Time Study are identified in Table 3 (designated by Note 1 next to the department name). The responsibilities of these departments are included in Exhibit A.

The personnel in these departments are able to determine with reasonable accuracy, on a current basis, the time they spend on Distribution Operations and Maintenance, Distribution Capital Projects, Transmission Operations and Maintenance and Transmission Capital Projects because the programs and projects on which they work are clearly defined.

A properly performed time study measures cost causation and is widely accepted as a basis for assigning costs. Hydro One personnel administered the 2015 Time Study using the same design and communication material designed by Black & Veatch and utilized in the time study that occurred in 2013. Black & Veatch's responsibilities included reviewing time study results and the consolidation of the results, and confirming the completeness of the time study and its consistency with the study design. The methodology was the same as used in prior time studies conducted by Black & Veatch for Hydro One.

It was not practical to perform a full-year study, but we believe the results for a four-week period are representative of the full-year. To support this judgment, Black & Veatch reviewed the previous Hydro One time studies, which were completed at different times during the year, and found that the results were reasonably similar to the 2015 Time Study results.

Black & Veatch found that the 2015 Time Study was appropriately designed and completed, the results were correctly compiled, and the methodology was the same as for prior Hydro One time studies performed in connection with Black & Veatch's previous cost allocation reviews. Therefore, Black & Veatch concluded that the 2015 Time Study results were a proper basis for assigning the costs of the departments included in the study between Hydro One's Distribution and Transmission business units.

Exhibit A: Functions and Services in Common Corporate Costs

FUNCTIONS AND SERVICES	DESCRIPTION
Hydro One Inc. Corporate Office (HOI)	
President / CEO Office	Leadership of the staff of the Corporation to ensure that their culture and behaviours lead to achievement of its strategic objectives. Develop and update strategy and establishes performance targets to assess progress towards the goals and objectives defined by the strategy.
Chair	Strategic direction, implementation and results for Hydro One Inc. and for each subsidiary.
CFO's Office	Provide Hydro One and subsidiaries with strategic review and approval for all financial and investment decisions. Review policies and procedures, treasury operations and tax planning, financial control and reporting.
Treasurer's Office	Debt and equity issuance, capital structure management and oversight of Finance- Treasury function.
Board of Directors	Strategic direction, implementation and results for Hydro One Inc. and for each subsidiary.
Corporate Secretariat	Provide direction and analysis in areas of: Board and Committee(s); Office of Chair and Board members; Code of Business Conduct; Community Citizenship; Freedom of Information and Privacy, Corporate Archives, Corporate Records, Corporate Secretariat.
General Counsel- VP	Oversee and support Law, Regulatory and Corporate Secretariat General Counsel functions.
Pension Cost	Pension fund contributions.
Donations	Includes donations to support injury prevention, corporate donations (e.g. Salvation Army), energy education, United Way and local community causes. Costs are directly assigned to Shareholder only.
Ombudsman Office	The Ombudsman Office commenced activity following the Initial Public Offering, in order to address complaints escalated from the Customer Service . Prior to that, the Province of Ontario's Ombudsman had authority to investigate issues related to Hydro One customers.
Investor Relations	Investor Relations commenced activity following the Initial Public Offering, in order to communicate with Shareholders and potential investors and address their concerns.
Shared Services	
Real Estate	Manage and acquire rights of way and easements; manage property taxes; manage SLU revenue programs; manage Employee Relocation Program.
Value Growth	Seeks ways to leverage Hydro One's core competencies to increase overall value and drive down average cost to serve. Costs are directly assigned to Shareholder only.

FUNCTIONS AND SERVICES	DESCRIPTION
CFO's Office	
Treasury	Risk management including insurance purchasing; insurance claims settlement; financial risk management; cash & banking operations; debt management-prospectus, debt issuance, borrowing, maintain relationship with shareholders; funds management; investor relations-shareholders, creditors, equity analysts & rating agencies; support business activities; project management.
Corporate Controller	Corporate Accounting & Reporting; Revenue Management; Financial Modeling & Analysis; Accounting Policy; Internal Control; IFRS / US GAAP; Inergi Finance; Bill 198; Corporate Compliance.
Taxation	Meet internal and external tax compliance requirements and reduce overall corporate tax liability through tax planning for current and new businesses, acquisitions and dispositions, special projects, tax compliance (including income tax, HST, and DRC returns for all entities), tax accounting, lobbying for legislative tax changes and government tax audits.
Regulatory Affairs	Coordinate applications with OEB; compliance with OEB orders; design and implement regulatory policy; manage relationship with OEB. Tasks include: cost allocation and rate design for regulated Tx and Dx, especially rate structures and rates for Tx and Dx tariffs; implement approved rates; support transmitters' representative on IESO Technical Panel; manage MV Star to support settlement. Includes: Direct billed OEB costs for Tx and Dx; Direct billed NEB costs for Tx; Costs of Rate Hearings before the OEB for Tx and Dx.
Business Planning and Decision Support	Financial modeling & analysis; corporate planning & reporting; regulatory finance; decision support to the lines of business
Operations	
Distribution Asset Management	Create prioritized, defensible distribution system investment strategies and plans to meet Hydro One's Corporate Strategic Objectives including promoting innovation and automation of our grids consistent with maximum customer value. This includes the Distribution Technology roadmap and smart meter deployment including communications infrastructure.
Planning and Optimization	Coordinate the investment planning and investment approvals processes for projects and programs issued to the lines of business from the Planning Business Unit. The investment plan is developed and maintained through the use of various tools, reports and LoB interaction.
Reliability, Strategies, and Compliance	Promote and facilitate Hydro One's engagement and participation in the development of reliability standards and related IESO Market Rules; Develop, communicate and assist with the implementation of policies,

FUNCTIONS AND SERVICES	DESCRIPTION
	directives, procedures, and processes to ensure an enduring compliance posture with reliability standards.
System Planning	Develop and commit prioritized, defensible transmission development plans, consistent with corporate strategy, to meet government policy, OPA plans, customer needs, regulatory requirements and industry standards. Conduct Regional Infrastructure Planning to meet OEB requirements and to develop regional plans to meet regional supply needs.
Network Connections and Development	Facilitate the connection of new load and generation customers to Hydro One's transmission network, supporting customers' objectives while respecting Hydro One's strategic objectives and resource requirements.
Network Operations	Operates the largest electricity delivery system in Ontario and one of the largest in North America for the needs of the Province of Ontario. Hydro One has a highly skilled and experienced workforce using first-class operating systems located in a state-of-the-art Control Centre. Hydro One is a team working together and safely to ensure Ontario has a safe, reliable supply of electricity.
Transmission Asset Management	Provide asset strategies, investment plans and work definition for the sustainment of the transmission grid to enable safe, reliable, efficient and cost effective delivery in a customer-focused commercial culture that increases enterprise value for our shareholder that provides increased value to our customers.
VP- Planning	Oversees Distribution Asset Management, Transmission Asset Management, Planning and Optimization, Network Connections and Development, System Planning, and Reliability, Strategies, and Compliance.
EVP Office- Operations	Oversight of Operations group.
Outsourcing Services	Manage overall business relationship between Hydro One and Inergi LP.
Strategic Services	Supports the executive team by advancing key strategic initiatives and interfacing with Lines of Business to assist in the implementation of these initiatives, coordinating the development of processes to ensure alignment within the Company and a focus on our key priorities, and providing support to the President and CEO and the Leadership Team.
Information Services	
Corporate Projects	Deliver the projects necessary to maintain and enhance the core services Hydro One provides to its customers across the province. Project delivery is completed by leveraging both internal and external expertise to design and construct using standard and repeatable methods that lead to safe, reliable and cost effective operations of those assets.
Information Technology	Information technology security; Enterprise IT architecture; Service

FUNCTIONS AND SERVICES	DESCRIPTION
	delivery; Technology services; Governance of IT architecture, Business analysis and information management, Project management; Inergi & Telecom services management. Applications; Compliance security; Data services; Information services; IT operations; System architecture.
Security Operations	Incident reporting and security awareness; Threat intelligence gathering; Physical security and asset threat and risk assessments; Investigations; Theft of electricity consultation and detection; Workplace violence prevention and response; Contract security procurement assistance; Overall security and asset protection advice; Security infrastructure Capital and OM&A investment planning and project management.
Customer & Corporate Relations	
Customer Care Services	Service the approximately 1.1 million distribution customers. Improve customer satisfaction through strategic system and process enhancements, effective services contracting, proactive communications and quality programs. Service programs include meter reading, billing, settlements, customer contact handling and collections. Project work includes regulatory compliance initiatives and service enhancements.
Customer Strategy and Conservation	Design and deliver energy conservation and demand management incentive based programs; Leverage Smart Grid investments to provide customer enablement of new technologies for energy management; Co-ordinate Greener Choices program; Provide input to Corporate Strategic Plan and develop recommendations on emerging strategic opportunities.
Customer Program Delivery	Supports Customer Service and Corporate Relations with five year business plans and the associated three year Dx Rate Filings with the OEB. Includes the Credit & Collections team is focused on reducing arrears and bad debt for both active and final-billed accounts, while working with customers on a variety of payment options to increase customer choice and provide more payment flexibility. Also included is the new Conservation and Demand Management team that delivers province-wide programs in order to meet multi-year targets aimed at reducing energy peaks and the overall consumption on the electricity grid.
Key Account Management	Manage relationships with Hydro One's large customers including over 90 Transmission-connected Industrials, 79 LDCs and 33 Transmission-connected Generators, representing almost 70% of Hydro One's revenues. Includes Operating Support; Account Executives; Contract Management; and Customer Programs.
VP Customer Service	Oversees Customer Service group, which has overall accountability for relationship, affordability and value proposition for products and services provided to customers. Includes bill management, major accounts and value-added services (e.g. conservation). Customer Service also responsible for Advanced Distribution System Project and Smart Meters.

FUNCTIONS AND SERVICES	DESCRIPTION
Meter To Bill	Focused on providing clear, accurate, and timely bills to customers. This includes validation of meter reading data, bill calculations, exception handling, retailer transactions, bill creation, bill insertion, and bill issuance.
Corporate Affairs	Support all external and internal communications initiatives. Interact with most other Hydro One departments; special focus on Customer Service. Support major projects including: development of partnership activities; coordinate with external energy agencies (e.g. OPA, IESO), Ministries in Ontario Public Service and internal Hydro One resources. Participate in pre-public consultations with municipalities and First Nations. Support customer strategy, rate strategy, distribution generation strategy; develop working relationships with customers, regulators, shareholder, lenders; labour relations; corporate culture. Includes SVP Customer & Corporate Relations - Oversees the entire Customer Service organization as well as the old Corporate Relations group, including Corporate Affairs, First Nations and Metis Relations and Key Account Management.
First Nations and Métis Relations	Provide First Nations and Métis consultation advice and support; Advise re First Nations and Métis HR strategies; Provide strategic advice to Remotes with respect to First Nations and Métis issues.
Bad Debt and Goodwill	Bad Debt related to Distribution service. Allocated 100% to Distribution.
SVP Customer and Corporate Relations	Oversees VP Customer Service, Key Account Management, Corporate Affairs and First Nations and Métis Relations.
Inergi LP (outsourced services)	
Finance and Accounting Services	Accounts Payable; Accounts Receivable (non-energy); Fixed asset and project cost accounting; general accounting and planning, budgeting and reporting
Human Resources- Pay services	Payroll and related services
Accounts Payable	Invoice processing and payment
People and Culture	
People and Culture	Primarily employee-related services, including administer compensation & benefits programs; decision support for business units; talent management (hiring, succession, development, coaching; high potential employee assessments); recruitment and diversity (diversity programs, grad program, student/co-op, line of business resourcing); data administration; consulting support to LOBs and corporate functions; VP Human Resources. Provide full-scale service pertaining to bargaining, Ontario Labour Relations Board hearings, grievance and arbitration hearings, advice and guidance, plus training to all levels of Hydro One management. Involves

FUNCTIONS AND SERVICES	DESCRIPTION
	interaction with 21 unions and 24 collective agreements.
Audit	
Audit	Provides assurance that internal controls continue to operate effectively, identification and recommendations for areas where controls can break down or need improvement to meet corporate objectives. This includes the VP Chief Risk Officer.
General Counsel & Secretariat	
General Counsel & Secretariat	Provides legal advice to all business units, acting as an internal "law firm" for the Corporation on most aspects of law affecting it, and is also well acquainted with day- to-day requirements of the Corporation.
Telecom Services	
Telecom Services	Provides telecommunications infrastructure across the Province, including both voice and data. Links staff and business applications at Trinity, Richview TS, Markham and London Call Centers, Mill Creek data centre, 125 field offices (400 total sites including stations) and customers via Call Centres and Web sites.
VP Chief Risk Officer	
VP Chief Risk Officer	The VP Chief Risk Office group creates an enterprise-wide comprehensive and uniform approach to anticipate, identify, prioritize, measure, treat and report on key business risks impacting our organization. It puts in place the policies, common processes, competencies, accountabilities, reporting and enabling technology to execute that approach successfully.

Exhibit B: Types of Cost Drivers

TYPE	DESCRIPTION	EXAMPLES
External Cost Drivers		
Physical	Physical units; usually objectively determinate but often require estimates	Headcount (of employees), number of workstations, invoices to vendors
Financial	Financial information from accounting or management reports, budgets or projections	Capital expenditures, Net utility plant, Program Project Costs, Total capital, Total revenue
Blended	Weighted combinations of other drivers, used when one or more drives are applicable and none is clearly preferable; weights determined by judgment	Non-energy Rev_Assets Blend = 50% weight for Non-Energy Revenue and 50% weight for Assets
Driver xBusiness Unit	Any driver may be modified by excluding one or more business units to which the activity does not apply	Cost driver for Business Process Improvements is Operating Maintenance Capital, but Telecom and Remotes business units do not use the shared service, therefore activity cost driver is called Oper Maint Cap xTxR (i.e., Gross Utility Plant excluding Telecom and Remotes)
Internal Cost Drivers		
All Internal Cost Drivers	Use the result of previous allocations as the basis for further allocations	Cost of general departmental expenses might be allocated in the same proportion as the specifically assigned departmental activities

DEPRECIATION AND AMORTIZATION EXPENSES

1. INTRODUCTION

The purpose of this evidence is to summarize the method and amount of Hydro One Transmission's depreciation and amortization expense for the 2017 and 2018 test years.

The depreciation and amortization expense for Hydro One's submission for 2007 and 2008 Electricity Transmission revenue requirements (EB-2006-0501) was supported by an independent study conducted by Foster Associates Inc. (Foster), completed in June, 2006. In EB-2008-0272, Hydro One submitted a 2008 Technical Update conducted by Foster completed in August 2008 that supported the 2009 and 2010 depreciation and amortization expense. Net Depreciation Study or Technical Update was carried out for 2011 or 2012 rates and depreciation rates were not changed from those previously approved. In EB-2012-0031, Hydro One submitted an independent study conducted by Foster, completed in August 2013, that supported depreciation rates for 2015 and 2016 depreciation and amortization expense. The Board accepted the costs flowing from the previous Depreciation Studies and Technical Updates for the purpose of supporting Transmission rates in those years. Foster Associates has completed a new Depreciation for Hydro One Transmission in support of its 2017 and 2018 application. The new study can be found at Exhibit C1, Tab7, Schedule 1, Attachment 1.

2. DEPRECIATION EXPENSE

In accordance with the Board's Decision (EB-2012-0031), Hydro One Transmission used the Foster methodology, updated to reflect the results from the new Depreciation Study completed in 2016 for determining the depreciation rates proposed to be used in the calculation of depreciation expenses for 2017 and 2018.

The depreciation expense for 2017 is $424.0 million and for 2018 is $460.6 million.

Detailed depreciation schedules are filed at Exhibit C2, Tab 3, Schedule 1.

Table 1: Transmission Depreciation Expense ($ Million)

Description	**Historic**				**Bridge**	**Test**	
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Depreciation On Fixed Assets	301.4	304.3	319.0	339.0	365.5	382.6	404.1
Less Capitalized Depreciation	(9.3)	(9.7)	(10.0)	(9.0)	(11.5)	(12.1)	(12.8)
Asset Removal Costs	22.1	25.4	27.0	29.0	26.0	53.4	69.2
Losses/(Gains) On Asset Disposition	(0.1)	0.2	-	-	-	-	-
Total	314.1	320.2	336.0	359.0	380.0	424.0	460.6

3. AMORTIZATION EXPENSE

Amortization expense addresses the recovery of amounts that the Board has required Hydro One Transmission to defer to a future date. The Board has, in past decisions, approved the deferred balance and prescribed the method and time period over which the balance in each regulatory deferral or variance account may be disposed.

Amortization schedules for test, bridge and historical years are filed at Exhibit C2, Tab 3, Schedule 1. Table 2, below, reproduces this summary.

Table 2: Transmission Amortization Expense ($ Million)

Description	Historic				Bridge	Test	
	2012	2013	2014	2015	2016	2017	2018
Environmental Assets and Other	5.9	6.1	10.9	7.1	7.0	11.8	10.1

3.1 Environmental Assets and Other

Hydro One Transmission provides for estimated future expenditures required to remediate past environmental contamination and to comply with current environmental legislation. Since these future expenditures are expected to be recovered in future rates, Hydro One Transmission has recognized the net present value of these estimated future expenditures as a regulatory asset on its Balance Sheet. This regulatory asset balance is amortized on a basis consistent with the pattern of current expenditures expected to be incurred up to the year 2018. Hydro One Distribution received concurrence from the Board for this accounting treatment as part of the RP-2000-0023 Decision. Hydro One Transmission's treatment of these costs in its Application for 2007-2008 Transmission Rates (EB-2006-0501) was consistent with that Decision and was accepted by the Board. The treatment of these costs in this Submission is consistent with both of these prior proceedings.

ATTACHMENT 1: DEPRECIATION RATE REVIEW

2015 Depreciation Rate Review by Foster Associates which includes the completed Expert Rule 13A statement found on page 43 of the report.

The completed Form A: Acknowledgement of Expert's Duty is found on page 79.

2015 Depreciation Rate Review

hydro one

— Transmission Operations
— Common Operations

foster associates

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Executive Summary

EXECUTIVE SUMMARY

INTRODUCTION

This report presents a review and update of depreciation rates and parameters for Transmission and Common plant owned and operated by Hydro One Networks Inc. (Company or Hydro One Networks). Work on this review, conducted by Foster Associates Consultants, LLC (Foster Associates), commenced in May 2015 and progressed through mid–October, at which time the project was completed.

Foster Associates is a public utility economic consulting firm headquartered in Fort Myers, Florida offering economic research and consulting services on issues and problems arising from governmental regulation of business. Areas of specialization supported by the firm's Fort Myers office include property life forecasting, technological forecasting, depreciation estimation, and valuation of industrial property.

Foster Associates has undertaken numerous depreciation engagements for both public and privately owned business entities, including detailed statistical life studies, analyses of required net salvage rates, and the selection of depreciation systems that will most nearly achieve the goals of depreciation accounting under the constraints of either government regulation or competitive market pricing. Foster Associates is widely recognized for industry leadership in the development of depreciation systems, life analysis techniques and computer applications for conducting depreciation and valuation studies.

PLANT ACCOUNT STRUCTURE

The hierarchical structure of the plant accounting records maintained by Hydro One Networks for major asset categories provides: a) Uniform System of Account (USoA) categories; b) cost of asset components (Category ID); and c) vintage identification (Asset ID).

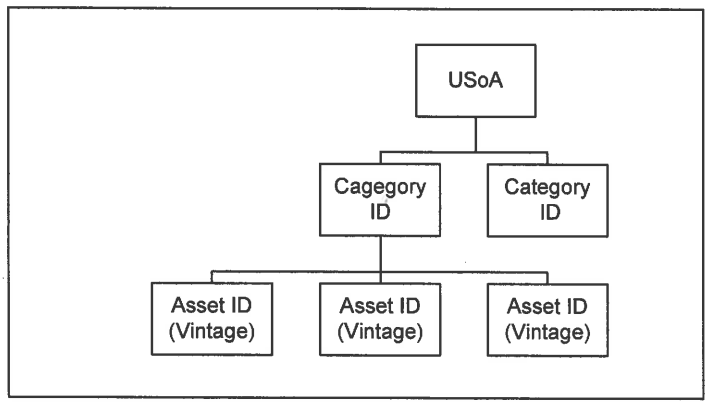


Fig. 1 Account Structure

The lowest level at which the installed cost of a property unit (*e.g.*, a single pole or transformer) can be estimated is by vintage year of placement within a Category ID. (The cost of a property unit within a vintage can be estimated by di-

viding the vintage cost by the recorded number of installed property units). A Category ID is an aggregation of vintage costs sharing common physical or functional attributes. All vintages of power transformers larger than 230 kV, for example, or all vintages of underground cable are classified in unique Category IDs. It is neither practical nor feasible, however, to estimate service lives and maintain accumulated depreciation reserves for each property unit.

Current Depreciation Rates

Depreciation rates currently used by Hydro One Networks for Transmission and Common operations were developed in a 2013 depreciation review conducted by Foster Associates. The Ontario Energy Board (OEB) approved the depreciation expense flowing from the depreciation review pursuant to a Settlement Agreement in EB–2014–0140 (Rate Order dated January 8, 2015).

Life tables were constructed in the 2013 review for each USoA plant account for which retirements were recorded over the period 2000–2012. Life tables constructed over this limited historical period exhibited uniformly high degrees of censoring and indeterminate measurements of service life. These results were directly attributable to insufficient retirement experience over the available band of activity years.

Absent the availability of sufficient retirement activity to conduct statistical service life studies, depreciation rates developed in the 2013 review were derived from a composite of parameters *(i.e.*, projection lives and projection curves) recommended by the former Ontario Hydro internal Depreciation Review Committee (DRC) for asset categories within a USoA category. The dominant projection curve and dollar–weighted average projection life (rounded to the nearest integer) of the constituent asset categories were selected to describe the forces of retirement acting upon a USoA plant account.[1]

2015 Depreciation Rate Review

The principal findings and recommendations of the Hydro One Networks 2015 Depreciation Rate Review are summarized in the Statements section of this re-

[1]In 1954, by joint agreement of the Engineering, Operations and Comptroller's Division of Ontario Hydro, average service lives were estimated for each of the Company's various plant accounts. The estimated lives were based on engineering/financial judgment and information gathered regarding service lives used by other utilities. Statistical studies based on survivor curves were introduced in 1959 to further improve the estimation of life expectancies. The DRC was established in 1973 to provide formal engineering review for various classes of assets. The role of the committee was expanded in 1975 to include responsibility for recommending service lives and service costs (*i.e.*, provisions for fixed asset removal costs) of all assets. The DRC annually reviewed the service lives of all major facilities and a selection of plant components, with the objective of reviewing all plant components at least once every five years. DRC recommendations were based on factors such as operating experience, retirement history, engineering judgment, expected regular maintenance and system requirements. The DRC review process was discontinued by Hydro One Networks in 1998.

port. Statement A provides a comparative summary of current and proposed annual depreciation rates for each USoA rate category. Statement B provides a comparison of current and proposed annual depreciation accruals. Statement C provides a comparison of recorded, computed and redistributed depreciation reserves for each rate category. Statement D provides a comparative summary of current and proposed parameters including projection life, projection curve, average service life, and average remaining life. Statement E provides the computation of proposed USoA projection lives derived from an analysis of component category lives. A set of statements is included in this report for both Transmission (BU 210) and Common (BU 300) Operations.

SCOPE OF REVIEW

Principal activities undertaken in the 2015 review included:

- Collection of plant and reserve data;
- Reconciliation of assembled database to Company records;
- Discussions with Hydro One Networks plant accounting and operations personnel;
- Estimation of projection lives and retirement dispersion patterns;
- Analysis and redistribution of recorded depreciation reserves; and
- Development of recommended accrual rates for each rate category.

DEPRECIATION SYSTEM

A depreciation rate is formed by combining the elements of a depreciation system. A depreciation system is composed of a method, a procedure and a technique. A depreciation method (*e.g.*, straight–line) describes the component of the system that produces acceleration or deceleration of depreciation accruals in relation to either time or use. A depreciation procedure (*e.g.*, vintage group) identifies the level of grouping or sub–grouping of assets within a plant category. The level of grouping specifies the weighting used to obtain composite life statistics for a group plant account. A depreciation technique (*e.g.*, remaining–life) describes the life statistic used in the system.

With the exception of selected general support asset categories for which amortization accounting has been adopted, Hydro One Networks is currently using a depreciation system composed of the straight–line method, vintage group procedure, remaining–life technique. Amortization accounting is used for general plant categories in which the unit cost of plant items is small in relation to the number of units classified in the account. Plant is retired (*i.e.,* credited to plant and charged to the reserve) as each vintage achieves an age equal to the amortization period.

Depreciation theory provides that the cost of an asset (or group of assets) should be allocated to operations over an estimate of the economic life of the asset

in proportion to the consumption of service potential. It is the opinion of Foster Associates that the objectives of depreciation accounting are being achieved using the currently approved vintage–group procedure, which distinguishes service lives among vintages, and the remaining–life technique, which provides cost apportionment over the estimated weighted–average remaining life of a rate category. It is also the opinion of Foster Associates that amortization accounting remains appropriate for the general plant amortization categories summarized in Table 1 below.

Account Number	Description	Amortization Period
A	B	C
1610	Computer Software	10 yrs.
1915	Office Furniture and Equipment	7 yrs.
1920	Computer Hardware - Minor	5 yrs.
1925	Computer Software - Major	6 yrs.
1935	Stores Equipment	8 yrs.
1940	Tools, Shop and Garage Equipment	6 yrs.
1945	Measuring and Testing Equipment	5 yrs.
1960	Miscellaneous Equipment	5 yrs.

Table 1. Amortization Accounts

Currently approved amortization periods were retained in the 2015 review for all amortization categories.

Recommended Depreciation Rates

Table 2 provides a summary of the changes in annual rates and accruals resulting from the 2015 review of Hydro One Networks' Transmission Operations (BU 210).

	Accrual Rate			2015 Annualized Accrual		
Function	Current	Proposed	Difference	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Intangible	9.49%	9.49%	0.00%	$ 156,907	$ 156,907	$ -
Transmission	1.81%	1.81%	0.00%	233,228,486	234,058,100	829,614
General Plant	5.18%	5.05%	-0.13%	47,709,631	46,526,552	(1,183,079)
Total	2.03%	2.03%	0.00%	$281,095,024	$280,741,559	$ (353,465)

Table 2. Transmission Operations

The composite accrual rate recommended for Transmission Operations is 2.03 percent. The current equivalent rate is also 2.03 percent. No change is recommended in the composite rate.

A continued application of current rates would provide annualized depreciation expense of $281,095,024 compared with an annualized expense of $280,741,559

using the proposed rates. The resulting 2015 expense reduction of $353,465 is largely attributable to rebalancing depreciation reserves for amortizable accounts classified in both general and intangible plant functions. The re-alignment of reserves is designed to produce reserve balances equal to plant balances when each vintage achieves an age equal to the adopted amortization periods.

Table 3 provides a summary of the changes in annual depreciation rates and accruals derived for the Company's Common Operations (BU 300).

	Accrual Rate			2015 Annualized Accrual		
Function	Current	Proposed	Difference	Current	Proposed	Difference
A	B	C	D=C-B	E	F	G=F-E
Intangible	9.71%	9.71%	0.00%	$38,670,700	$38,670,700	$0
General	6.89%	8.18%	1.29%	26,210,673	31,103,693	4,893,020
Total	8.33%	8.96%	0.63%	$64,881,373	$69,774,393	$4,893,020

Table 3. Common Operations

Adjustments recommended in the 2015 review produce a composite depreciation rate of 8.96 percent. Depreciation expense is currently accrued at an equivalent composite rate of 8.33 percent. The proposed change in the composite depreciation rate is, therefore, an increase of 0.63 percentage points.

A continued application of current rates would provide annualized depreciation expense of $64,881,373 compared with an annualized expense of $69,774,393 using the rates developed in the review. As was observed for BU 210, the increase for Common Operations of $4,893,020 is attributable to rebalancing depreciation reserves for amortizable accounts classified in both general and intangible plant functions.

Study Procedure

STUDY PROCEDURE

INTRODUCTION

The purpose of a depreciation study is to analyze the mortality characteristics, net salvage rates and adequacy of the depreciation accrual and recorded depreciation reserve for each rate category. The 2015 review provides the foundation and documentation for recommended changes in the depreciation accrual rates used by Hydro One Networks for Transmission and Common Operations. The proposed rates are subject to approval by the Ontario Energy Board.

SCOPE

The steps involved in conducting the 2015 depreciation review can be grouped into four major tasks:

- Data Collection;
- Life Analysis and Estimation;
- Depreciation Reserve Analysis; and
- Development of Accrual Rates.

The scope of the 2015 review included a consideration of each of these tasks as described below.

DATA COLLECTION

The minimum database required to conduct a statistical life study consists of a history of vintage year additions and unaged activity–year retirements, transfers and adjustments. These data must be appropriately adjusted for transfers, sales and other plant activity that would otherwise bias the measured service life of normal retirements. The age distribution of surviving plant for unaged data can be estimated by distributing plant in service at the beginning of the study year to prior vintages in proportion to the theoretical amount surviving from a projection or survivor curve identified in the life study. The statistical methods of life analysis used to examine unaged plant data are known as *semi–actuarial techniques*.

A far more extensive database is required to apply statistical methods of life analysis known as *actuarial techniques*. Plant data used in an actuarial life study most often include age distributions of surviving plant at the beginning of a study year and the vintage year, activity year, and dollar amounts associated with normal retirements, reimbursed retirements, sales, abnormal retirements, transfers, corrections, and extraordinary adjustments over a series of prior activity years. An actuarial database may include age distributions of surviving plant at the beginning of the earliest activity year, rather than at the beginning of the study year. Plant additions, however, must be included in a database containing an opening age distribution to derive aged survivors at the beginning of the study year. All activity year transactions with vintage year identification are coded and stored in a database. These data are processed by a computer program and transaction summary reports are created in a format reconcilable to official plant records. The

availability of such detailed information is dependent upon an accounting system that supports aged property records. The Continuing Property Record (CPR) system used by Hydro One Networks provides aged transactions for all plant accounts.

Prior to 1998, plant accounting records were maintained in a legacy Fixed Asset Management System (FAMS) developed by Ontario Hydro. FAMS was replaced with an SAP system in 1998. The SAP system was replaced with a PeopleSoft asset accounting system in 2000. The PeopleSoft system was configured with the asset categories maintained in the SAP system and uploaded with age distributions of surviving plant at December 31, 1999.[2] The PeopleSoft system was replaced in August 2009 by an updated version of the SAP system.

Plant and reserve data used in conducting the 2015 depreciation review were assembled by Hydro One Networks personnel and coded by Foster Associates. Plant accounting transactions recorded between January 1, 2013 and December 31, 2014 were extracted from the SAP system, coded and appended to the database used in conducting the 2013 review. An additional dataset of category plant balances at December 31, 2014 was assembled and reconciled to aggregate USoA balances. (See Statement E).

Age distributions of surviving plant (*i.e.*, plant surviving by vintage year of placement) at December 31, 2014 were derived by Foster Associates from the vintaged plant transactions and reconciled to age distributions provided by Hydro One Networks. The complexity of the process through which the database was compiled and mapped to USoA plant categories prevented Foster Associates from reconciling the database to any public reports of Hydro One Networks. The integrity of the assembled database, however, was confirmed by the Company.

LIFE ANALYSIS AND ESTIMATION

Life analysis and life estimation are terms used to describe a two–step procedure for estimating the mortality characteristics of a plant category. The first step (*i.e.*, life analysis) is largely mechanical and primarily concerned with history. Statistical techniques are used in this step to obtain a mathematical description of the forces of retirement acting upon a plant category and an estimate of the *projection life* of the account. Mathematical expressions used to describe these life characteristics are known as *survival functions* or *survivor curves*.

The second step (*i.e.*, life estimation) is concerned with predicting the expected

[2]In 2003, Hydro One undertook a two–phase project to a) map asset categories maintained in PeopleSoft to USoA plant classifications; and b) align quantities maintained in a Power System Data Base (PSDB) to the re–mapped USoA account classifications. The PSDB provides property unit identification and quantities associated with investments maintained in PeopleSoft. Asset categories maintained in SAP were not mapped to USoA plant account classifications. This limitation prohibited using pre–2000 plant accounting activity in the 2011 and 2013 depreciation reviews.

remaining life of property units still exposed to forces of retirement. It is a process of blending the results of a life analysis with informed judgment (including expectations about the future) to obtain an appropriate projection life and curve descriptive of the parent population from which a plant account is viewed as a random sample. The amount of weight given to a life analysis will depend upon the extent to which past retirement experience is considered predictive of the future.

The analytical methods used in a life analysis are broadly classified as actuarial and semi–actuarial techniques. Actuarial techniques can be applied to plant accounting records that reveal the age of a plant asset at the time of its retirement from service. Stated differently, each property unit must be identifiable by date of installation and age at retirement. Semi–actuarial techniques can be used to derive service life and dispersion estimates when age identification of retirements is not maintained or readily available.

An actuarial life analysis program designed and developed by Foster Associates was employed in this review. The first step in an actuarial analysis involves a systematic treatment of the available data for the purpose of constructing an observed life table. A complete life table contains the life history of a group of property units installed during the same accounting period and various probability relationships derived from the data. A life table is arranged by age–intervals (usually defined as one year) and shows the number of units (or dollars) entering and leaving each age–interval and probability relationships associated with this activity. A life table minimally shows the age of each survivor and the age of each retirement from a group of units installed in a given accounting year.

A life table can be constructed in any one of at least five methods. The annual–rate or retirement–rate method was used in this review. The mechanics of the annual–rate method require the calculation of a series of ratios obtained by dividing the number of units (or dollars) surviving at the beginning of an age interval into the number of units (or dollars) retired during the same interval. This ratio—called a "retirement ratio"—is an estimator of the hazard rate or conditional probability of retirement during an age interval. The cumulative proportion surviving is obtained by multiplying the retirement ratio for each age interval by the proportion of the original group surviving at the beginning of that age interval and subtracting this product from the proportion surviving at the beginning of the same interval. The annual–rate method is applied to multiple groups or vintages by combining the retirements and/or survivors of like ages for each vintage included in the analysis.

The second step in an actuarial analysis involves graduating or smoothing the observed life table and fitting the smoothed series to a family of survival functions. The functions used in this review are the Iowa–type curves which are mathematically described by the Pearson frequency curve family. Observed life tables were smoothed by a weighted least–squares procedure in which first, second and

third degree orthogonal polynomials were fitted to the observed retirement ratios. The resulting function was expressed as a survivorship function and numerically integrated to obtain an estimate of the projection life. The smoothed survivorship function was then fitted by a weighted least–squares procedure to the Iowa–curve family to obtain a mathematical description or classification of the dispersion characteristics of the data.

The set of computer programs used in this review provides multiple rolling–band, shrinking–band and progressive–band analyses of an account. Observation bands are defined by the dimensions of a "retirement era" that restricts the analysis to the retirement activity of all vintages represented by survivors at the beginning of a selected era. In a rolling–band analysis, a year of retirement experience is added to each successive retirement band and the earliest year from the preceding band is dropped. A shrinking–band analysis begins with the total retirement experience available and the earliest year from the preceding band is dropped for each successive band. A progressive–band analysis adds a year of retirement activity to a previous band without dropping earlier years from the analysis. Rolling, shrinking and progressive band analyses are used to detect the emergence of trends in the behavior of the dispersion and projection life.

Options available in the actuarial life analysis program designed and developed by Foster Associates include the width and location of both placement and observation bands; the interval of years included in a selected band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated. The program also provides both tabular and graphics output to aid in the analysis.

As noted above, the database for Hydro One Networks contains plant accounting transactions for activity years 2000–2014. While it is theoretically possible to obtain life indications from an actuarial analysis of a single activity year, retirements during the year must be widely distributed over the beginning–of–year surviving vintages of a nearly mature plant account.[3] A similar limitation applies to the database of Hydro One Networks which contains minimal retirement activity during the available activity years. Retirements must be sufficiently distributed across vintages within these years in order to obtain meaningful service life indications from a statistical analysis.

Life tables were constructed for each USoA plant account for which retirements were recorded over the period 2000–2014. Life tables constructed over this limited historical period exhibited uniformly high degrees of censoring and inde-

[3]Plant maturity is achieved when the age distribution of surviving plant resembles a complete survivor curve descriptive of the forces of retirement acting upon the plant category.

terminate measurements of service life. These results were directly attributable to an insufficient distribution of retirements over the available band of activity years.

As was noted in the 2013 review, limitations in conducting life analyses were also imposed by vintage years "banded" by the Company in 1992 and again in 1998 when age distributions from a Fixed Asset Management System (FAMS) were uploaded to SAP. All pre–1950 vintages were assigned a vintage year of 1950. Plant installed between 1951 and 1955 was assigned a vintage year of 1955. Similarly, plant installed during the intervals 1956–1960, 1961–1965 and 1966–1970 were assigned vintage years 1960, 1965 and 1970, respectively. Although discontinued in 1971, the banding of pre–1970 vintages will continue to produce misleading life indications until most of the earlier vintages have been retired from service.

Pending the availability of sufficient retirement activity to conduct service life studies, it is the opinion of Foster Associates that a composite of the parameters estimated for the asset categories recorded in a USoA account provides the best available estimate of service life statistics for the current depreciation review.

Class/Category Service Lives

Class categories used in the 2015 review are those established in 2008 in preparation for implementation of International Financial Reporting Standards (IFRS). While Hydro One Networks has received an exemption from an otherwise mandatory adoption of IFRS for rate regulated entities, the Company intends to continue maintaining category classifications for engineering operations and business planning purposes.

The review of category lives undertaken in the 2013 review included onsite meetings with Company engineers, accountants and other subject matter experts having managerial responsibilities for the assets under review. Meetings of the project team were facilitated by Foster Associates. Discussions were held with representatives from planning, operations, maintenance, information technology and facilities to assess the reasonableness of proposed category lives within their respective areas of expertise. Consideration was also given to the range of service lives recommended in the Asset Amortization Study prepared for the Ontario Energy Board by Kinectrics Inc.

Category lives were reviewed in the current study via written surveys distributed to the subject matter experts who participated in the 2013 review. Each participant was asked to revisit currently approved category lives within their respective areas of expertise and to document reasons for any suggested changes or adjustments. No adjustments were recommended by these participants. Accordingly, category lives recommended and approved in the 2013 review were retained in the 2015 review.

USoA Service Lives

Proposed projection lives for USoA categories were derived from harmonic weighting of the constituent category lives recommended by the project team. Iowa survivor curves considered descriptive of the forces of retirement acting upon each USoA category were selected by Foster Associates based on experience and an understanding of the parametric form of the associated probability density functions. Projection lives and projection curves recommended for all depreciable USoA categories are summarized in Statement E.

Depreciation Reserve Analysis

The purpose of a depreciation reserve analysis is to compare the current level of recorded reserves with the level required to achieve the goals or objectives of depreciation accounting if the amount and timing of future retirements and net salvage are realized as predicted. The difference between a required (or theoretical) depreciation reserve and a recorded reserve provides a measurement of the expected excess or shortfall that will remain in the depreciation reserve if corrective action is not taken to eliminate the reserve imbalance.

Unlike a recorded reserve which represents the net amount of depreciation expense charged to previous periods of operations, a theoretical reserve is a measure of the implied reserve requirement at the beginning of a study year if the timing of future retirements and net salvage is in exact conformance with a survivor curve chosen to predict the probable life of property still exposed to the forces of retirement. Stated differently, a theoretical depreciation reserve is the difference between the recorded cost of plant currently in service and the sum of depreciation expense and net salvage that will be charged in the future if retirements are distributed over time according to a specified retirement frequency distribution.[4]

Survivor curves used in the calculation of a theoretical depreciation reserve are intended to describe forces of retirement that will be operative in the future. However, retirements caused by forces such as accidents, physical deterioration and changing technology seldom, if ever, remain stable over time. It is unlikely, therefore, that a probability or retirement frequency distribution can be identified that will accurately describe the age of plant retirements over the complete life cycle of a vintage. It is for this reason that depreciation rates should be reviewed periodically and adjusted for observed or expected changes in the parameters chosen to describe the underlying forces of mortality.

Although reserve records are commonly maintained by various account classifications, the total recorded reserve in relation to the sum of account computed reserves provides a meaningful indicator of the adequacy (or inadequacy) of recorded reserves. If statistical life studies have not been conducted or retirement disper-

[4]Hydro One Networks does not accrue for net salvage.

sion has been overlooked in setting depreciation rates, it is likely that some accounts will be over–depreciated and other accounts will be under–depreciated relative to a calculated theoretical reserve. Differences between theoretical and recorded reserves will also arise as a normal occurrence when service lives, dispersion patterns and net salvage estimates are adjusted in the course of depreciation reviews. Differences can also arise from plant accounting activity such as transfers and adjustments that may require an identification of reserves at a level lower than maintained in the accounting system. It is appropriate, therefore, and consistent with group depreciation theory to periodically redistribute or rebalance recorded reserves among the various primary accounts based upon the most recent estimates of retirement dispersion and net salvage rates.

It is the opinion of Foster Associates that a redistribution of recorded reserves is appropriate for Hydro One Networks at this time. Offsetting reserve imbalances attributable to the passage of time should be realigned among primary accounts to reduce offsetting imbalances and increase depreciation rate stability.

With the exception of amortizable categories in which theoretical or computed reserves replace recorded reserves, all remaining reserves were redistributed by multiplying the calculated reserve for each USoA primary account by the ratio of the sum of recorded reserves to the sum of calculated reserves. The sum of redistributed reserves is, therefore, equal to the sum of recorded depreciation reserves before the redistribution.

Statement C provides a comparison of recorded, computed and rebalanced reserves for Transmission Operations (BU 210) at December 31, 2014. The recorded reserve was $5,001,306,315 or 36.2 percent of the depreciable plant investment. The corresponding computed reserve is $4,507,209,178 or 32.6 percent of the depreciable plant investment. A proportionate amount of the measured reserve imbalance of $494,097,137 will be amortized over the composite weighted–average remaining life of each rate category using the remaining life depreciation rates proposed in this review.

Statement C also provides a comparison of recorded, computed and rebalanced reserves for Common Operations (BU 300) at December 31, 2014. The recorded reserve was $431,101,670, or 55.4 percent of the depreciable plant investment. The corresponding computed reserve is $407,184,256 or 52.3 percent of the depreciable plant investment. A proportionate amount of the measured reserve imbalance of $23,917,414 will be amortized over the composite weighted–average remaining life of each rate category using the remaining life depreciation rates proposed in this review.

Development of Accrual Rates

The goal or objective of depreciation accounting is cost allocation over the economic life of an asset in proportion to the consumption of service potential. Ideal-

ly, the cost of an asset—which represents the cost of obtaining a bundle of service units—should be allocated to future periods of operation in proportion to the amount of service potential expended during an accounting interval. The service potential of an asset is the present value of future net revenue (*i.e.*, revenue less expenses exclusive of depreciation and other non–cash expenses) or cash inflows attributable to the use of that asset alone.

Cost allocation in proportion to the consumption of service potential is often approximated by the use of depreciation methods employing time rather than net revenue as the apportionment base. Examples of time–based methods include sinking–fund, straight–line, declining balance, and sum–of–the–years' digits. The advantage of a time–based method is that it does not require an estimate of the remaining amount of service potential an asset will provide or the amount of potential consumed during an accounting interval. Using a time–based allocation method, however, does not change the goal of depreciation accounting. If it is reasonable to predict that the net revenue pattern of an asset will either decrease or increase over time, then an accelerated or decelerated time–based method should be used to approximate the rate at which service potential is actually consumed.

The time period over which the cost of an asset will be allocated to operations is determined by the combination of a procedure and a technique. A depreciation procedure describes the level of grouping or sub–grouping of assets within a plant category. Broad group, vintage group, equal–life group, and item (or unit) are a few of the more widely used procedures. A depreciation technique describes the life statistic used in a depreciation system. Whole life and remaining life (or expectancy) are the most common techniques.

Depreciation rates recommended in the 2015 review were developed using a system composed of the straight–line method, vintage group procedure, remaining–life technique. It is the opinion of Foster Associates that this system will remain appropriate for Hydro One Networks, provided depreciation reviews are conducted periodically and parameters are routinely adjusted to reflect changing operating conditions.

It is also the opinion of Foster Associates that amortization accounting currently approved for selected general support asset accounts is consistent with the goals and objectives of depreciation accounting derived from cost allocation and depreciation accounting theory. Amortization accounting for these rate categories relieves Hydro One Networks of the burden to maintain detailed plant records for numerous plant items in which the unit cost is small in relation to the cost of tracking the disposition of the assets.

The treatment of amortization accounts in the current and previous 2013 review was designed to produce annualized accruals equivalent to applying a rate equal to the reciprocal of an amortization period to plant balances after retire-

ments have been recorded. Applying a rate equal to the reciprocal of the amortization period to plant balances prior to posting retirements would overstate the annualized amortization expense. Accrual rates contained in Statement A have been applied to plant balances containing vintages that will be retired upon approval of the 2015 review. Accrual rates contained in Statement A should be applied to current plant balances. Accrual rates equal to the reciprocal of the amortization period should be applied to these categories after plant balances have been reduced by all vintages that have achieved an age equal to the amortization period.

STATEMENTS

INTRODUCTION

This section provides a comparative summary of depreciation rates, annual depreciation accruals, recorded, computed and redistributed depreciation reserves, and current and proposed service life statistics recommended for Hydro One Networks Transmission and Common Operations. The content of these statements is briefly described below.

- Statement A provides a comparative summary of current and proposed annual depreciation rates using the vintage group procedure, remaining–life technique.
- Statement B provides a comparison of current and proposed annualized 2015 depreciation accruals derived from the depreciation rates contained in Statement A.
- Statement C provides a comparison of recorded, computed and redistributed reserves for each rate category at December 31, 2014.
- Statement D provides a comparative summary of current and proposed parameters and statistics including projection life, projection curve, average service life, and average remaining life.
- Statement E displays the computation of proposed USoA projection lives derived from recommended Category ID lives.

Current depreciation accruals shown on Statements B are the product of the plant investment (Column B) and current depreciation rates shown on Statement A. These are the effective rates used by Hydro One Networks for the mix of investments recorded on December 31, 2014. Similarly, proposed depreciation accruals shown on Statements B are the product of the plant investment and proposed depreciation rates shown on Statement A. Proposed remaining life accrual rates (Statement A) are given by:

$$\text{Accrual Rate} = \frac{1.0 - \text{Reserve Ratio}}{\text{Remaining Life}}.$$

Statements

Statements A through E

HYDRO ONE NETWORKS INC. (BU 210)

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

	Current			Proposed			
Account Description	Rem. Life	Net Salvage	Accrual Rate	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
A	B	C	D	E	F	G	H
INTANGIBLE PLANT							
1610 Computer Software	← 10 Year Amortization →		9.49%	← 10 Year Amortization →			9.49%
Total Intangible Plant			9.49%	5.50		47.83%	9.49%
TRANSMISSION PLANT							
1705D Land - Depreciable	75.60		0.96%	73.60		29.45%	0.96%
1706 Land Rights	74.50		0.96%	72.62		30.52%	0.96%
1708 Buildings and Fixtures	29.81		1.82%	29.56		46.02%	1.83%
1715 Station Equipment	31.16		2.07%	31.48		34.47%	2.08%
1720 Towers and Fixtures	55.36		1.27%	55.06		29.85%	1.27%
1730 Overhead Conductors and Devices	43.16		1.44%	42.76		38.34%	1.44%
1735 Underground Conduit	32.19		1.64%	30.66		50.19%	1.62%
1740 Underground Conductors and Devices	48.99		1.79%	49.74		10.67%	1.80%
1745 Roads and Trails	30.50		1.79%	31.43		43.04%	1.81%
Total Transmission Plant			1.81%	35.91		34.71%	1.81%
GENERAL PLANT							
Depreciable							
1905D Land - Depreciable	79.48		0.98%	77.48		23.94%	0.98%
1908 Buildings and Fixtures	27.36		2.10%	26.05		45.30%	2.10%
1910 Leasehold Improvements	1.00		-2.39%	1.00		101.54%	-1.54%
1922 Computer Hardware - Major	2.11		6.12%	7.88		26.85%	9.28%
1955 Communication Equipment	12.05		4.60%	11.57		47.05%	4.58%
1980 System Supervisory Equipment	5.09		6.78%	4.46		71.56%	6.38%
Total Depreciable			5.18%	8.44		56.44%	5.05%
Amortizable							
1925 Computer Software - Major	← 6 Year Amortization →		5.38%	← 6 Year Amortization →			5.38%
Total Amortizable			5.38%	1.00		94.14%	5.38%
Total General Plant			5.18%	8.22		56.82%	5.05%
TOTAL TRANSMISSION OPERATIONS			2.03%	31.07		36.18%	2.03%

HYDRO ONE NETWORKS INC. (BU 210) Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/14 Plant Investment	2015 Annualized Accrual Current	Proposed	Difference
A	B	C	D	E=D-C
INTANGIBLE PLANT				
1610 Computer Software	$ 1,654,200	$ 156,907	$ 156,907	$ -
Total Intangible Plant	$ 1,654,200	$ 156,907	$ 156,907	$ -
TRANSMISSION PLANT				
1705D Land - Depreciable	$ 971,630	$ 9,328	$ 9,328	$ -
1706 Land Rights	238,585,432	2,290,420	2,290,420	
1708 Buildings and Fixtures	429,481,509	7,816,563	7,859,512	42,949
1715 Station Equipment	7,750,833,384	160,442,251	161,217,334	775,083
1720 Towers and Fixtures	2,218,133,518	28,170,296	28,170,296	
1730 Overhead Conductors and Devices	1,601,312,959	23,058,907	23,058,907	
1735 Underground Conduit	267,119,785	4,380,764	4,327,341	(53,423)
1740 Underground Conductors and Devices	138,780,548	2,484,172	2,498,050	13,878
1745 Roads and Trails	255,630,470	4,575,785	4,626,912	51,127
Total Transmission Plant	$ 12,900,849,235	$ 233,228,486	$ 234,058,100	$ 829,614
GENERAL PLANT				
Depreciable				
1905D Land - Depreciable	$ 3,246,820	$ 31,819	$ 31,819	$ -
1908 Buildings and Fixtures	113,315,172	2,379,619	2,379,619	
1910 Leasehold Improvements	100,228	(2,395)	(1,544)	851
1922 Computer Hardware - Major	11,962,654	732,114	1,110,134	378,020
1955 Communication Equipment	412,900,163	18,993,407	18,910,827	(82,580)
1980 System Supervisory Equipment	369,842,599	25,075,328	23,595,958	(1,479,370)
Total Depreciable	$ 911,367,636	$ 47,209,892	$ 46,026,813	$ (1,183,079)
Amortizable				
1925 Computer Software - Major	$ 9,293,454	$ 499,739	$ 499,739	$ -
Total Amortizable	$ 9,293,454	$ 499,739	$ 499,739	$ -
Total General Plant	$ 920,661,090	$ 47,709,631	$ 46,526,552	$ (1,183,079)
TOTAL TRANSMISSION OPERATIONS	$ 13,823,164,525	$ 281,095,024	$ 280,741,559	$ (353,465)

HYDRO ONE NETWORKS INC. (BU 210)

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2014

Account Description	Plant Investment	Recorded Reserve Amount	Recorded Reserve Ratio	Computed Reserve Amount	Computed Reserve Ratio	Redistributed Reserve Amount	Redistributed Reserve Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
INTANGIBLE PLANT							
1610 Computer Software	$ 1,654,200	$ 1,654,200	100.00%	$ 791,212	47.83%	$ 791,212	47.83%
Total Intangible Plant	$ 1,654,200	$ 1,654,200	100.00%	$ 791,212	47.83%	$ 791,212	47.83%
TRANSMISSION PLANT							
1705D Land - Depreciable	$ 971,630	$ 295,272	30.39%	$ 256,510	26.40%	$ 286,104	29.45%
1706 Land Rights	238,585,432	74,396,697	31.18%	65,290,032	27.37%	72,822,584	30.52%
1708 Buildings and Fixtures	429,481,509	197,029,566	45.88%	177,186,727	41.26%	197,628,871	46.02%
1715 Station Equipment	7,750,833,384	2,699,260,201	34.83%	2,395,340,958	30.90%	2,671,692,941	34.47%
1720 Towers and Fixtures	2,218,133,518	655,333,830	29.54%	593,626,581	26.76%	662,113,651	29.85%
1730 Overhead Conductors and Devices	1,601,312,959	621,646,920	38.82%	550,482,049	34.38%	613,991,506	38.34%
1735 Underground Conduit	267,119,785	114,685,596	42.93%	120,189,527	44.99%	134,055,867	50.19%
1740 Underground Conductors and Devices	138,780,548	13,442,596	9.69%	13,272,467	9.56%	14,803,720	10.67%
1745 Roads and Trails	255,630,470	101,331,406	39.64%	98,645,990	38.59%	110,026,840	43.04%
Total Transmission Plant	$ 12,900,849,235	$ 4,477,422,084	34.71%	$ 4,014,290,842	31.12%	$ 4,477,422,084	34.71%
GENERAL PLANT							
Depreciable							
1905D Land - Depreciable	$ 3,246,820	$ 1,106,423	34.08%	$ 730,429	22.50%	$ 777,221	23.94%
1908 Buildings and Fixtures	113,315,172	54,103,438	47.75%	48,238,888	42.57%	51,329,141	45.30%
1910 Leasehold Improvements	100,228	93,523	93.31%	95,647	95.43%	101,774	101.54%
1922 Computer Hardware - Major	11,962,654	3,208,790	26.82%	3,019,038	25.24%	3,212,442	26.85%
1955 Communication Equipment	412,900,163	217,787,344	52.75%	182,560,005	44.21%	194,255,060	47.05%
1980 System Supervisory Equipment	369,842,599	239,484,061	64.75%	248,734,083	67.25%	264,668,345	71.56%
Total Depreciable	$ 911,367,636	$ 515,783,579	56.59%	$ 483,378,090	53.04%	$ 514,343,984	56.44%
Amortizable							
1925 Computer Software - Major	$ 9,293,454	$ 6,446,452	69.37%	$ 8,749,035	94.14%	$ 8,749,035	94.14%
Total Amortizable	$ 9,293,454	$ 6,446,452	69.37%	$ 8,749,035	94.14%	$ 8,749,035	94.14%
Total General Plant	$ 920,661,090	$ 522,230,031	56.72%	$ 492,127,125	53.45%	$ 523,093,019	56.82%
TOTAL TRANSMISSION OPERATIONS	$ 13,823,164,525	$ 5,001,306,315	36.18%	$ 4,507,209,178	32.61%	$ 5,001,306,315	36.18%

HYDRO ONE NETWORKS INC. (BU 210)
Current and Proposed Parameters
Vintage Group Procedure

Statement D

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
INTANGIBLE PLANT												
1610 Computer Software	10.00	SQ	10.00	7.19			10.00	SQ	10.00	5.50		
Total Intangible Plant									10.00	5.50		
TRANSMISSION PLANT												
1705D Land - Depreciable	100.00	S6	100.00	75.60			100.00	S6	100.00	73.60		
1706 Land Rights	100.00	S6	99.98	74.50			100.00	S6	99.98	72.62		
1708 Buildings and Fixtures	50.00	S6	50.29	29.81			50.00	S6	50.32	29.56		
1715 Station Equipment	45.00	S2	45.56	31.16			45.00	S2	45.56	31.48		
1720 Towers and Fixtures	75.00	S2	75.17	55.36			75.00	S2	75.18	55.06		
1730 Overhead Conductors and Devices	65.00	S3	65.15	43.16			65.00	S3	65.16	42.76		
1735 Underground Conduit	55.00	S2	55.60	32.19			55.00	S2	55.74	30.66		
1740 Underground Conductors and Devices	55.00	S2	55.00	48.99			55.00	S2	55.00	49.74		
1745 Roads and Trails	50.00	S2	51.14	30.50			50.00	S2	51.18	31.43		
Total Transmission Plant									52.14	35.91		
GENERAL PLANT												
Depreciable												
1905D Land - Depreciable	100.00	S6	99.98	79.48			100.00	S6	99.97	77.48		
1908 Buildings and Fixtures	45.00	S4	45.27	27.36			45.00	S4	45.36	26.05		
1910 Leasehold Improvements	10.00	S6	19.88	1.00			10.00	S6	21.88	1.00		
1922 Computer Hardware - Major	10.00	S6	10.97	2.11			10.00	S6	10.54	7.88		
1955 Communication Equipment	20.00	L2	20.54	12.05			20.00	L2	20.74	11.57		
1980 System Supervisory Equipment	10.00	L2	12.97	5.09			10.00	L2	13.62	4.46		
Total Depreciable									17.96	8.44		
Amortizable												
1925 Computer Software - Major	6.00	SQ	6.00	2.11			6.00	SQ	6.00	1.00		
Total Amortizable									6.00	1.00		
Total General Plant									17.61	8.22		
TOTAL TRANSMISSION OPERATIONS									46.09	31.07		

HYDRO ONE NETWORKS INC. (BU 210)

Statement E

Asset Category Summary
December 31, 2014
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
INTANGIBLE PLANT						
1610 Computer Software						
1657 Genrl - Adm & Serv-Sys Software		10		10		$ 1,654,200
Total USoA 1610	10 SQ	10	10 SQ	10	$ 1,654,200	$ 1,654,200
TRANSMISSION PLANT						
1705D Land - Depreciable						
1210 Land Purch & Acqui (Old Cap)		100		100		$ 971,630
Total USoA 1705D	100 S6	100	100 S6	100	$ 971,630	$ 971,630
1706 Land Rights						
1111 Rights & Easmnts <Landscaping>		100		100		$ 4,225,795
1212 Easmnts & Rights, Purch& Acqui		100		100		234,359,636
Total USoA 1706	100 S6	100	100 S6	100	$ 238,585,432	$ 238,585,432
1708 Buildings and Fixtures						
1120 Buildings and Fixtures - Stn Building Components		50		50		$ 375,977,156
1121 Cranes & Hoists In Bldgs		50		50		4,814,604
1260 Bldg W U/G Cable		50		50		23,150,948
1270 Tx - Serv Structures		50		50		25,538,801
Total USoA 1708	50 S6	50	50 S6	50	$ 429,481,509	$ 429,481,509
1715 Station Equipment						
1111 Rights & Easmnts <Landscaping>		50		50		$ 312
1112 Landscaping		50		50		23,935,371
1113 Site Imprv - Excl Fence,Rd,Easmt		50		50		338,537,715
1123 Cost Equip Foundations, Excav		65		65		542,255,310
1127 Steel/Pipe Struc For Switch Eq		65		65		388,954,955
1128 Fences,Gates, Bldg		30		30		131,321,271
1150 Rot Elec Eqp(No Wind'G)		65		65		16,006,193
1151 Tx - Stn-Rot Elec Equ(Wind'Gs)		65		65		301,966
1152 Capacitors		30		30		144,205,728
1155 Regulators Incl Instal Cost		40		40		10,503,487
1159 Tx - Stn-Mobile Sub-Stations		30		30		126,618
1160 Misc Stn Eqp - Trsf/Volt Trsf		40		40		343,128,953
1161 Serv Swg - Ac/Dc-Light Trsf		55		55		206,783,988
1162 Control Cable & Conduit		60		60		376,204,504
1163 Grounding Systems		60		60		190,218,953
1164 Metering Units		15		15		50,632,106
1166 Switchboards		35		35		655,753,874
1167 Sup Cntrl - Prim H/Ware & Sys		20		20		464,242,315
1168 Sup Cntrl - Prim Appl S/Ware		20		20		18,252,869
1170 Service Systems		50		50		188,205,370
1175 Transf <=50Kv or <5Mva		50		50		58,297,785
1176 Transf <=115Kv or >5Mva		50		50		319,185,494
1177 Transf <=230Kv		50		50		440,349,238
1178 Transf >230Kv		50		50		288,518,112
1179 Transf Instal Cost		50		50		292,891,360
1181 Switching >=34.5Kv		45		45		200,853,795
1182 Switching >=115Kv		45		45		130,275,445
1183 Switching >=230Kv		45		45		129,676,149
1184 Sf6 Switchgear		45		45		406,749,497
1185 Reclosers		40		40		597,332
1186 Misc Switching		45		45		192,828,285
1187 Bus (Rigid & Strain)		45		45		292,099,464
1188 Cable		45		45		104,443,657
1190 Cct Breakers >=230Kv		45		45		274,688,857
1191 Cct Breakers >=115Kv		45		45		112,055,157
1192 Cct Breakers <115Kv		45		45		151,338,635
1193 Cct Breakers Install		45		45		191,133,040
1194 Encld Swgr (All Compnt)		45		45		75,280,225
Total USoA 1715	45 S2	43	45 S2	43	$ 7,750,833,384	$ 7,750,833,384

HYDRO ONE NETWORKS INC. (BU 210) Statement E

Asset Category Summary
December 31, 2014
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
1720 Towers and Fixtures						
1230 Steel Twr, Sup & Ftng		90		90		$ 1,527,295,163
1240 Poles Incl Xarm, Guy, Anchr		50		50		593,665,193
1245 Steel Poles		90		90		89,135,433
1249 Composite Poles		80		80		8,037,728
Total USoA 1720	75 S2	74	75 S2	74	$ 2,218,133,518	$ 2,218,133,518
1730 Overhead Conductors and Devices						
1220 Insulators		60		60		$ 296,935,655
1232 Grounding System		50		50		146,011,108
1235 Opt Grnd Wire		50		50		37,990,206
1250 Overhd Conductor All		70		70		1,041,640,738
1252 Switches&Devce		60		60		38,256,894
1254 Retension Costs		60		60		40,478,358
Total USoA 1730	65 S3	65	65 S3	65	$ 1,601,312,959	$ 1,601,312,959
1735 Underground Conduit						
1220 Insulators		55		55		$ 140,166
1261 Ugrd Conduit		55		55		266,979,619
Total USoA 1735	55 S2	55	55 S2	55	$ 267,119,785	$ 267,119,785
1740 Underground Conductors and Devices						
1262 Ugrd Conductor		55		55		$ 138,780,548
Total USoA 1740	55 S2	55	55 S2	55	$ 138,780,548	$ 138,780,548
1745 Roads and Trails						
1122 Perm Rds & Surfc Area		25		25		$ 52,887,331
1174 Railway Track		30		30		8,028,362
1215 Clrng & Overbldng		70		70		160,833,650
1271 Roads & Trails		70		70		33,881,126
Total USoA 1745	50 S2	49	50 S2	49	$ 255,630,470	$ 255,630,470
GENERAL PLANT						
Depreciable						
1905D Land - Depreciable						
1828 Genrl - Comm-Site Improvement		100		100		$ 3,246,820
Total USoA 1905D	100 S6	100	100 S6	100	$ 3,246,820	$ 3,246,820
1908 Buildings and Fixtures						
1612 Genrl - Adm & Serv-Landscaping		50		50		$ 23,920
1621 Genrl - Adm & Serv-Bld Frame & Mtl		50		50		33,453,639
1622 Genrl - Adm & Serv-Rds & Surfaces		25		25		4,020,698
1623 Genrl - Adm & Serv-Bld Frame		50		50		7,205,912
1628 Genrl - Adm & Serv-Fence,Gate		30		30		4,303,864
1650 Genrl - Adm & Serv-Distn Sys		50		50		4,869,641
1663 Genrl - Adm & Serv-Aux Eq Bld		50		50		12,516,280
1813 Genrl - Comm-Landscaping		50		50		62,867
1820 Genrl - Comm-Buildings		50		50		13,855,937
1853 Genrl - Comm-Str & Footings-Poles		50		50		33,002,412
Total USoA 1908	45 S4	47	45 S4	47	$ 113,315,172	$ 113,315,172
1910 Leasehold Improvements						
1624 Genrl - Adm & Serv-Bldgs-Leased		10		10		$ 100,228
Total USoA 1910	10 S6	10	10 S6	10	$ 100,228	$ 100,228
1922 Computer Hardware - Major						
1653 Genrl - Adm & Serv-Lan Elect Dev		10		10		$ 10,302,629
1655 Genrl - Adm & Serv-Lan Cable		10		10		672,183
1656 Genrl - Adm & Serv-Lan Fib Opt		10		10		987,842
Total USoA 1922	10 S6	10	10 S6	10	$ 11,962,654	$ 11,962,654

HYDRO ONE NETWORKS INC. (BU 210)

Statement E

Asset Category Summary
December 31, 2014
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
1955 Communication Equipment						
1654 Genrl - Adm & Serv-Telcm Wire		7		7		$ 2,594,458
1658 Genrl - Adm & Serv-Telcm Equip		7		7		2,243,246
1659 Genrl - Adm & Serv-Telcom Sw		7		7		717,041
1850 Genrl - Comm-Radio Equipment		10		10		50,385,734
1854 Genrl - Comm-Admin Telcom Equp		7		7		21,475,682
1857 Genrl - Comm-Optical Wire 78Mth		7		7		364,439
1863 Genrl - Comm Optical Wire		25		25		93,786,316
1864 Genrl - Comm-Opt Wire Termtn		20		20		156,737,249
1865 Genrl - Comm-Opgw W Fib Cable		25		25		69,088,178
1870 Genrl - Comm-Power Supply Equp		15		15		15,507,820
Total USoA 1955	20 L2	17	20 L2	17	$ 412,900,163	$ 412,900,163
1980 System Supervisory Equipment						
1840 Genrl - Comm-Pwr Line Equip		15		15		$ 159,036,056
1844 Genrl - Comm-Sys Cntrl Comp Eq		6		6		81,630,480
1846 Genrl - Comm-Dacs Appl S/Ware		6		6		2,678,367
1847 Genrl - Comm-Dacs Sys S/Ware		6		6		97,735,442
1860 Genrl - Comm-Pole Comm Cab Bths		25		25		28,746,045
1864 Genrl - Comm-Opt Wire Termtn		20		20		16,209
Total USoA 1980	10 L2	9	10 L2	9	$ 369,842,599	$ 369,842,599
Amortizable						
1925 Computer Software - Major						
1657 Genrl - Adm & Serv-Sys Software		6		6		$ 9,293,454
Total USoA 1925	6 SQ	6	6 SQ	6	$ 9,293,454	$ 9,293,454
TOTAL BU 210					$ 13,823,164,525	$ 13,823,164,524

Statements A through E

HYDRO ONE NETWORKS INC. - (BU 300)

Statement A

Comparison of Current and Proposed Accrual Rates
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

	Current			Proposed			
Account Description	Rem. Life	Net Salvage	Accrual Rate	Rem. Life	Net Salvage	Reserve Ratio	Accrual Rate
A	B	C	D	E	F	G	H
INTANGIBLE PLANT							
1610 Computer Software	← 10 Year Amortization →		9.71%	← 10 Year Amortization →			9.71%
Total Intangible Plant			9.71%	5.00		51.40%	9.71%
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	32.73		1.26%	33.20		49.34%	1.53%
1910 Leasehold Improvements	2.79		-10.22%	7.80		56.05%	5.63%
1922 Computer Equipment - Hardware	9.35		7.43%	8.15		32.91%	8.23%
1955 Communication Equipment	1.41		-39.75%	1.00		142.07%	-42.07%
1980 System Supervisory Equipment	1.00		-57.57%	1.00		137.04%	-37.04%
Total Depreciable			-4.65%	15.13		57.53%	-0.91%
Amortizable							
1915 Office Furniture and Equipment	← 7 Year Amortization →		12.26%	← 7 Year Amortization →			12.26%
1920 Computer Hardware - Minor	← 5 Year Amortization →		15.99%	← 5 Year Amortization →			15.99%
1925 Computer Software - Major	← 6 Year Amortization →		9.69%	← 6 Year Amortization →			9.69%
1935 Stores Equipment	← 8 Year Amortization →		8.45%	← 8 Year Amortization →			8.45%
1940 Tools, Shop and Garage Equipment	← 6 Year Amortization →		13.74%	← 6 Year Amortization →			13.74%
1945 Measurement and Testing Equipment	← 5 Year Amortization →		16.66%	← 5 Year Amortization →			16.66%
1960 Miscellaneous Equipment	← 5 Year Amortization →		16.22%	← 5 Year Amortization →			16.22%
Total Amortizable			12.94%	2.90		60.56%	12.94%
Total General Plant			6.89%	4.18		59.52%	8.18%
TOTAL COMMON OPERATIONS			8.33%	4.54		55.37%	8.96%

HYDRO ONE NETWORKS INC. - (BU 300)

Statement B

Comparison of Current and Proposed Accruals
Current: VG Procedure / RL Technique
Proposed: VG Procedure / RL Technique

Account Description	12/31/14 Plant Investment	2015 Annualized Accrual Current	Proposed	Difference
A	B	C	D	E=D-C
INTANGIBLE PLANT				
1610 Computer Software	$ 398,272,130	$ 38,670,700	$ 38,670,700	$ -
Total Intangible Plant	$ 398,272,130	$ 38,670,700	$ 38,670,700	$ -
GENERAL PLANT				
Depreciable				
1908 Buildings and Fixtures	$ 81,576,051	$ 1,027,858	$ 1,248,114	$ 220,256
1910 Leasehold Improvements	25,788,110	(2,635,545)	1,451,871	4,087,416
1922 Computer Equipment - Hardware	11,577,694	860,223	952,844	92,621
1955 Communication Equipment	8,554,760	(3,400,517)	(3,598,988)	(198,471)
1980 System Supervisory Equipment	3,366,771	(1,938,250)	(1,247,052)	691,198
Total Depreciable	$ 130,863,386	$ (6,086,231)	$ (1,193,211)	$ 4,893,020
Amortizable				
1915 Office Furniture and Equipment	$ 10,845,260	$ 1,329,512	$ 1,329,512	$ -
1920 Computer Hardware - Minor	94,656,524	15,134,429	15,134,429	
1925 Computer Software - Major	108,925,503	10,555,142	10,555,142	
1935 Stores Equipment	2,727,141	230,506	230,506	
1940 Tools, Shop and Garage Equipment	10,682,970	1,467,365	1,467,365	
1945 Measurement and Testing Equipment	14,942,845	2,489,271	2,489,271	
1960 Miscellaneous Equipment	6,725,116	1,090,679	1,090,679	
Total Amortizable	$ 249,505,359	$ 32,296,904	$ 32,296,904	$ -
Total General Plant	$ 380,368,745	$ 26,210,673	$ 31,103,693	$ 4,893,020
TOTAL COMMON OPERATIONS	$ 778,640,875	$ 64,881,373	$ 69,774,393	$ 4,893,020

HYDRO ONE NETWORKS INC. - (BU 300)

Statement C

Depreciation Reserve Summary
Vintage Group Procedure
December 31, 2014

Account Description	Plant Investment	Recorded Reserve		Computed Reserve		Redistributed Reserve	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
A	B	C	D=C/B	E	F=E/B	G	H=G/B
INTANGIBLE PLANT							
1610 Computer Software	$ 398,272,130	$ 213,555,885	53.62%	$ 204,718,071	51.40%	$ 204,718,071	51.40%
Total Intangible Plant	$ 398,272,130	$ 213,555,885	53.62%	$ 204,718,071	51.40%	$ 204,718,071	51.40%
GENERAL PLANT							
Depreciable							
1908 Buildings and Fixtures	$ 81,576,051	$ 49,083,108	60.17%	$ 27,463,666	33.67%	$ 40,251,567	49.34%
1910 Leasehold Improvements	25,788,110	13,041,952	50.57%	9,861,961	38.24%	14,453,984	56.05%
1922 Computer Equipment - Hardware	11,577,694	7,174,410	61.97%	2,599,749	22.45%	3,810,269	32.91%
1955 Communication Equipment	8,554,760	13,319,106	155.69%	8,292,344	96.93%	12,153,507	142.07%
1980 System Supervisory Equipment	3,366,771	2,107,596	62.60%	3,148,007	93.50%	4,613,814	137.04%
Total Depreciable	$ 130,863,386	$ 84,726,172	64.74%	$ 51,365,727	39.25%	$ 75,283,141	57.53%
Amortizable							
1915 Office Furniture and Equipment	$ 10,845,260	$ 5,355,223	49.38%	$ 5,396,416	49.76%	$ 5,396,416	49.76%
1920 Computer Hardware - Minor	94,656,524	58,382,815	61.68%	58,913,882	62.24%	58,913,882	62.24%
1925 Computer Software - Major	108,925,503	50,022,855	45.92%	67,363,667	61.84%	67,363,667	61.84%
1935 Stores Equipment	2,727,141	2,313,590	84.84%	2,295,630	84.18%	2,295,630	84.18%
1940 Tools, Shop and Garage Equipment	10,682,970	5,168,115	48.38%	5,164,845	48.35%	5,164,845	48.35%
1945 Measurement and Testing Equipment	14,942,845	7,774,580	52.03%	7,876,253	52.71%	7,876,253	52.71%
1960 Miscellaneous Equipment	6,725,116	3,802,434	56.54%	4,089,765	60.81%	4,089,765	60.81%
Total Amortizable	$ 249,505,359	$ 132,819,613	53.23%	$ 151,100,458	60.56%	$ 151,100,458	60.56%
Total General Plant	$ 380,368,745	$ 217,545,784	57.19%	$ 202,466,185	53.23%	$ 226,383,599	59.52%
TOTAL COMMON OPERATIONS	$ 778,640,875	$ 431,101,670	55.37%	$ 407,184,256	52.29%	$ 431,101,670	55.37%

HYDRO ONE NETWORKS INC. - (BU 300)
Current and Proposed Parameters
Vintage Group Procedure

Statement D

Account Description	Current Parameters						Proposed Parameters					
	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.	P-Life/ AYFR	Curve Shape	VG ASL	Rem. Life	Avg. Sal.	Fut. Sal.
A	B	C	D	E	F	G	H	I	J	K	L	M
INTANGIBLE PLANT												
1610 Computer Software	10.00	SQ	10.00	6.18			10.00	SQ	10.00	5.00		
Total Intangible Plant									10.00	5.00		
GENERAL PLANT												
Depreciable												
1908 Buildings and Fixtures	50.00	S4	50.03	32.73			50.00	S4	50.05	33.20		
1910 Leasehold Improvements	10.00	S6	11.37	2.79			10.00	S6	12.63	7.80		
1922 Computer Equipment - Hardware	10.00	S6	11.39	9.35			10.00	S6	10.51	8.15		
1955 Communication Equipment	7.00	S6	16.86	1.41			7.00	S6	32.60	1.00		
1980 System Supervisory Equipment	7.00	S6	13.39	1.00			7.00	S6	15.39	1.00		
Total Depreciable									24.91	15.13		
Amortizable												
1915 Office Furniture and Equipment	7.00	SQ	7.00	3.38			7.00	SQ	7.00	3.69		
1920 Computer Hardware - Minor	5.00	SQ	5.00	2.77			5.00	SQ	5.00	2.15		
1925 Computer Software - Major	10.00	SQ	7.00	3.06			6.00	SQ	6.00	3.67		
1935 Stores Equipment	8.00	SQ	8.00	2.42			8.00	SQ	8.00	1.41		
1940 Tools, Shop and Garage Equipment	6.00	SQ	6.00	3.37			6.00	SQ	6.00	3.67		
1945 Measurement and Testing Equipment	5.00	SQ	5.00	2.81			5.00	SQ	5.00	2.66		
1960 Miscellaneous Equipment	5.00	SQ	5.00	2.07			5.00	SQ	5.00	2.18		
Total Amortizable									5.53	2.90		
Total General Plant									7.56	4.18		
TOTAL COMMON OPERATIONS									8.64	4.54		

HYDRO ONE NETWORKS INC. - (BU 300) Statement E

Asset Category Summary
December 31, 2014
Harmonic Weighting

Description	Current P-Life USoA	Current P-Life Category	Proposed P-Life USoA	Proposed P-Life Category	Plant USoA	Plant Category
A	B	C	D	E	F	G
INTANGIBLE PLANT						
1610 Computer Software						
1657 Genrl - Adm & Serv-Sys Software		10		10		$ 367,941,545
Total USoA 1610	10 SQ	10	10 SQ	10	$ 398,272,130	$ 367,941,545
GENERAL PLANT						
Depreciable						
1908 Buildings and Fixtures						
1621 Genrl - Adm & Serv-Bld Frame & Mtl		50		50		$ 41,996,068
1622 Genrl - Adm & Serv-Rds & Surfaces		25		25		1,915,940
1623 Genrl - Adm & Serv-Bld Frame		50		50		18,025,399
1628 Genrl - Adm & Serv-Fence,Gate		30		30		1,328,253
1650 Genrl - Adm & Serv-Distn Sys		50		50		653,713
1663 Genrl - Adm & Serv-Aux Eq Bld		50		50		10,888,099
1820 Genrl - Comm-Buildings		50		50		6,766,170
Total USoA 1908	50 S4	48	50 S4	48	$ 81,576,051	$ 81,573,642
1910 Leasehold Improvements						
1624 Genrl - Adm & Serv-Bldgs-Leased		10		10		$ 25,788,110
Total USoA 1910	10 S6	10	10 S6	10	$ 25,788,110	$ 25,788,110
1922 Computer Equipment - Hardware						
1653 Genrl - Adm & Serv-Lan Elect Dev		10		10		$ 11,072,338
1655 Genrl - Adm & Serv-Lan Cable		10		10		505,356
Total USoA 1922	10 S6	10	10 S6	10	$ 11,577,694	$ 11,577,694
1955 Communication Equipment						
1654 Genrl - Adm & Serv-Telcm Wire		7		7		$ 2,272,521
1658 Genrl - Adm & Serv-Telcm Equip		7		7		1,837,766
1850 Genrl - Comm-Radio Equipment		10		10		11,318
1854 Genrl - Comm-Admin Telcom Equp		7		7		4,433,155
Total USoA 1955	7 S6	7	7 S6	7	$ 8,554,760	$ 8,554,760
1980 System Supervisory Equipment						
1840 Genrl - Comm-Pwr Line Equip		15		15		$ 389,017
1844 Genrl - Comm-Sys Cntrl Comp Eq		6		6 a)		2,977,754
Total USoA 1980	7 S6	6	7 S6	6	$ 3,366,771	$ 3,366,771
Amortizable						
1915 Office Furniture and Equipment						
S007 Mfa - 7 Yr Sl		7		7		$ 10,845,260
Total USoA 1915	7 SQ	7	7 SQ	7	$ 10,845,260	$ 10,845,260
1920 Computer Hardware - Minor						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 94,656,524
Total USoA 1920	5 SQ	5	5 SQ	5	$ 94,656,524	$ 94,656,524
1925 Computer Software - Major						
1657 Genrl - Adm & Serv-Sys Software		6		6		$ 108,925,503
Total USoA 1925	10 SQ	6	6 SQ	6	$ 108,925,503	$ 108,925,503
1935 Stores Equipment						
S008 Mfa - 8Yr Sl(Def)		8		8		$ 2,727,141
Total USoA 1935	8 SQ	8	8 SQ	8	$ 2,727,141	$ 2,727,141
1940 Tools, Shop and Garage Equipment						
S006 Mfa - 6Yr Sl(Def)		6		6		$ 10,682,970
Total USoA 1940	6 SQ	6	6 SQ	6	$ 10,682,970	$ 10,682,970
1945 Measurement and Testing Equipment						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 14,942,845
Total USoA 1945	5 SQ	5	5 SQ	5	$ 14,942,845	$ 14,942,845
1960 Miscellaneous Equipment						
S005 Mfa - 5Yr Sl(Def)		5		5		$ 6,725,116
Total USoA 1960	5 SQ	5	5 SQ	5	$ 6,725,116	$ 6,725,116
TOTAL BU 300					$ 778,640,875	$ 748,307,882

Analysis

ANALYSIS

INTRODUCTION

This section provides an explanation of the supporting schedules developed in the Hydro One Networks transmission and common depreciation review to estimate appropriate projection curves, projection lives and statistics for each rate category. The form and content of the schedules developed for an account depend upon the method of analysis adopted for the category.

This section also includes an example of the supporting schedules developed for Account 1715 – Station Equipment. Documentation for all other plant accounts is contained in the review work papers. The supporting schedules developed in the Hydro One Networks review include:

Schedule A – Generation Arrangement;

Schedule B – Age Distribution;

Schedule C – Plant History;

Schedule D – Actuarial Life Analysis; and

Schedule E – Graphics Analysis.

The format and content of these schedules are briefly described below.

SCHEDULE A – GENERATION ARRANGEMENT

The purpose of this schedule is to obtain appropriate weighted–average life statistics for a rate category. The weighted–average remaining–life is the sum of Column H divided by the sum of Column I. The weighted average life is the sum of Column C divided by the sum of Column I. The following table provides a description of each column in the generation arrangement.

Column	Title	Description
A	Vintage	Vintage or placement year of surviving plant.
B	Age	Age of surviving plant at beginning of study year.
C	Surviving Plant	Actual dollar amount of surviving plant.
D	Average Life	Estimated average life of each vintage. This statistic is the sum of the realized life and the unrealized life, which is the product of the remaining life (Column E) and the theoretical proportion surviving.
E	Remaining Life	Estimated remaining life of each vintage.
F	Net Plant Ratio	Theoretical net plant ratio of each vintage.
G	Allocation Factor	A pivotal ratio which determines the amortization period of the difference between the recorded and computed reserve.
H	Computed Net Plant	Plant in service less theoretical reserve for each vintage.
I	Accrual	Ratio of computed net plant (Column H) and remaining life (Column E).

Table 4. Generation Arrangement

SCHEDULE B – AGE DISTRIBUTION

This schedule provides the age distribution and realized life of surviving plant shown in Column C of the Generation Arrangement (Schedule A). The format of the schedule depends upon the availability of either aged or unaged data. Derived additions for vintage years older than the earliest activity year in an account for unaged data are obtained from the age distribution of surviving plant at the beginning of the earliest activity year. The amount surviving from these vintages is shown in Column D. The realized life (Column G) is derived from the dollar years of service provided by a vintage over the period of years the vintage has been in service. Plant additions for vintages older than the earliest activity year in an account are represented by the opening balances shown in Column D.

The computed proportion surviving (Column D) for unaged is derived from a computed mortality analysis. The average service life displayed in the title block is the life statistic derived for the most recent activity year, given the derived age distribution at the start of the year and the specified retirement dispersion. The realized life (Column F) is obtained by finding the slope of an SC retirement dispersion, which connects the computed survivors of a vintage (Column E) to the recorded vintage addition (Column B). The realized life is the area bounded by the SC dispersion, the computed proportion surviving and the age of the vintage.

SCHEDULE C – PLANT HISTORY

An Unadjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the data base in which all plant accounting transactions are identified by vintage and activity year. Activity year totals for unaged data are obtained from a transaction file without vintage identification. Information displayed in the unadjusted plant history is consistent with regulated investments reported internally by the Company.

An Adjusted Plant History schedule provides a summary of recorded plant data extracted from the continuing property records maintained by the Company with sales, transfers, and adjustments appropriately aged for depreciation study purposes. Activity year total amounts shown on this schedule for aged data are obtained from a historical arrangement of the data base in which all plant accounting transactions are identified by vintage and activity year. Ageing of adjusting transactions is achieved using transaction codes that identify an adjusting year associated with the dollar amount of a transaction. Adjusting transactions processed in the adjusted plant history are not aged in the Company's records or in the unadjusted plant history.

SCHEDULE D – ACTUARIAL LIFE ANALYSIS

These schedules provide a summary of the dispersion and life indications obtained from an actuarial life analysis for a specified placement band. The observation band (Column A) is specified to produce a rolling–band, shrinking–band, or progressive–band analysis depending upon the movement of the end points of the band. The degree of censoring (or point of truncation) of the observed life table is shown in Column B for each observation band. The estimated average service life, best fitting Iowa dispersion, and a statistical measure of the goodness of fit are shown for each degree polynomial (First, Second, and Third) fitted to the estimated hazard rates. Options available in the analysis include the width and location of both the placement and observation bands; the interval of years included in a selected rolling, shrinking, or progressive band analysis; the estimator of the hazard rate (actuarial, conditional proportion retired, or maximum likelihood); the elements to include on the diagonal of a weight matrix (exposures, inverse of age, inverse of variance, or unweighted); and the age at which an observed life table is truncated.

Estimated projection lives (Columns C, F, and I) are flagged with an asterisk if negative hazard rates are indicated by the fitted polynomial. All negative hazard rates are set equal to zero in the calculation of the graduated survivor curve. The Conformance Index (Columns E, H, and K) is the square root of the mean sum–of–squared differences between the graduated survivor curve and the best fitting Iowa curve. A Conformance Index of zero would indicate a perfect fit.

SCHEDULE E – GRAPHICS ANALYSIS

This schedule provides a graphics plot of a) the observed proportion surviving for a selected placement and observation band; b) the statistically best fitting Iowa dispersion and derived average service life; and c) the projection curve and projection life selected to describe future forces of mortality.

The graphics analysis also provides a plot of the observed hazard rates and graduated hazard function for a selected placement and observation band. The estimator of the hazard rates and weighting used in fitting orthogonal polynomials to the observed data are displayed in the title block of the displayed graph.

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant
Account: 1715 Station Equipment

Dispersion: 45 - S2
Procedure: Vintage Group

Generation Arrangement

Vintage	December 31, 2014 Age	Surviving Plant	Avg. Life	Rem. Life	Net Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
2014	0.5	534,260,782	45.00	44.50	0.9889	1.0000	528,324,535	11,872,470
2013	1.5	415,304,246	45.00	43.50	0.9667	1.0000	401,460,810	9,228,987
2012	2.5	371,692,125	45.00	42.50	0.9445	1.0000	351,045,189	8,259,843
2011	3.5	601,545,139	45.00	41.50	0.9222	1.0000	554,768,749	13,367,680
2010	4.5	484,370,254	45.00	40.50	0.9002	1.0000	436,007,617	10,764,960
2009	5.5	443,183,540	45.00	39.51	0.8780	1.0000	389,101,527	9,849,247
2008	6.5	203,531,972	44.99	38.51	0.8560	1.0000	174,219,293	4,523,777
2007	7.5	226,708,744	44.97	37.52	0.8344	1.0000	189,156,492	5,041,225
2006	8.5	149,023,810	44.99	36.54	0.8121	1.0000	121,017,598	3,312,204
2005	9.5	223,893,643	44.99	35.56	0.7903	1.0000	176,941,440	4,976,006
2004	10.5	182,923,462	44.99	34.59	0.7688	1.0000	140,623,755	4,065,563
2003	11.5	107,061,236	44.98	33.63	0.7476	1.0000	80,040,941	2,380,128
2002	12.5	123,200,337	45.01	32.68	0.7261	1.0000	89,456,752	2,737,391
2001	13.5	77,696,496	44.97	31.74	0.7058	1.0000	54,839,400	1,727,621
2000	14.5	145,054,706	44.99	30.82	0.6851	1.0000	99,379,818	3,224,497
1999	15.5	102,262,766	44.96	29.91	0.6653	1.0000	68,033,701	2,274,390
1998	16.5	99,716,013	45.00	29.02	0.6449	1.0000	64,306,193	2,215,807
1997	17.5	87,997,678	45.01	28.15	0.6254	1.0000	55,031,745	1,955,127
1996	18.5	95,764,069	44.99	27.29	0.6067	1.0000	58,097,201	2,128,763
1995	19.5	69,754,398	44.87	26.45	0.5896	1.0000	41,126,002	1,554,581
1994	20.5	265,656,689	45.01	25.64	0.5696	1.0000	151,324,079	5,902,506
1993	21.5	98,201,543	45.00	24.84	0.5520	1.0000	54,203,276	2,182,170
1992	22.5	371,011,014	45.16	24.06	0.5328	1.0000	197,687,877	8,216,069
1991	23.5	263,832,540	45.03	23.30	0.5175	1.0000	136,529,561	5,858,618
1990	24.5	384,444,553	45.27	22.57	0.4985	1.0000	191,642,948	8,492,101
1989	25.5	127,205,396	45.34	21.85	0.4819	1.0000	61,302,203	2,805,521
1988	26.5	104,007,629	45.37	21.15	0.4663	1.0000	48,495,272	2,292,516
1987	27.5	154,193,543	45.56	20.48	0.4494	1.0000	69,299,078	3,384,240
1986	28.5	47,120,925	45.56	19.82	0.4350	1.0000	20,498,348	1,034,201
1985	29.5	48,923,901	45.87	19.18	0.4182	1.0000	20,461,181	1,066,633
1984	30.5	46,304,694	46.02	18.56	0.4034	1.0000	18,677,478	1,006,102
1983	31.5	79,150,126	46.13	17.96	0.3894	1.0000	30,822,635	1,715,832
1982	32.5	48,998,985	46.23	17.38	0.3760	1.0000	18,422,555	1,059,872
1981	33.5	48,895,862	46.24	16.82	0.3637	1.0000	17,781,979	1,057,356
1980	34.5	156,329,977	46.69	16.27	0.3485	1.0000	54,476,550	3,348,360
1979	35.5	131,102,089	47.02	15.74	0.3347	1.0000	43,884,912	2,788,420
1978	36.5	53,668,865	46.83	15.22	0.3251	1.0000	17,447,769	1,146,147

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant
Account: 1715 Station Equipment

Dispersion: 45 - S2
Procedure: Vintage Group

Generation Arrangement

Vintage	December 31, 2014 Age	Surviving Plant	Avg. Life	Rem. Life	Net Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
A	B	C	D	E	F	G	H=C*F*G	I=H/E
1977	37.5	54,158,276	47.31	14.72	0.3112	1.0000	16,855,093	1,144,803
1976	38.5	43,247,255	47.56	14.24	0.2994	1.0000	12,946,768	909,310
1975	39.5	41,403,970	47.95	13.77	0.2871	1.0000	11,888,518	863,538
1974	40.5	42,169,333	48.18	13.31	0.2762	1.0000	11,649,031	875,211
1973	41.5	29,750,775	48.43	12.87	0.2656	1.0000	7,903,158	614,260
1972	42.5	32,690,853	49.11	12.44	0.2532	1.0000	8,277,374	665,649
1971	43.5	43,534,932	49.41	12.02	0.2432	1.0000	10,587,819	881,138
1970	44.5	51,402,403	50.05	11.61	0.2320	1.0000	11,923,098	1,027,084
1969	45.5	33,466,075	50.46	11.21	0.2222	1.0000	7,436,720	663,244
1968	46.5	17,593,828	50.87	10.83	0.2128	1.0000	3,744,400	345,831
1967	47.5	9,502,292	50.91	10.45	0.2053	1.0000	1,951,001	186,658
1966	48.5	12,436,362	51.80	10.09	0.1947	1.0000	2,421,612	240,067
1965	49.5	35,262,677	52.44	9.73	0.1856	1.0000	6,544,072	672,451
1963	51.5	223,846	54.51	9.05	0.1660	1.0000	37,154	4,107
1962	52.5	839,768	55.19	8.72	0.1580	1.0000	132,653	15,217
1960	54.5	46,331,541	55.72	8.08	0.1450	1.0000	6,719,986	831,472
1958	56.5	812	58.14	7.48	0.1286	1.0000	104	14
1956	58.5	52,288	59.74	6.90	0.1154	1.0000	6,037	875
1955	59.5	47,098,093	59.48	6.62	0.1112	1.0000	5,238,819	791,877
1953	61.5	33,140	62.28	6.07	0.0975	1.0000	3,231	532
1950	64.5	35,641,120	63.83	5.30	0.0830	1.0000	2,957,802	558,341
Total	15.6	$7,750,833,384	45.56	31.48	0.6909	1.0000	$5,355,160,910	$170,108,609

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

Age Distribution

Vintage	Age as of 12/31/2014	Derived Additions	2000 Opening Balance	Experience to 12/31/2014 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
2014	0.5	534,260,782		534,260,782	1.0000	0.5000
2013	1.5	415,308,768		415,304,246	1.0000	1.5000
2012	2.5	371,726,573		371,692,125	0.9999	2.4999
2011	3.5	601,600,746		601,545,139	0.9999	3.5000
2010	4.5	485,300,377		484,370,254	0.9981	4.4950
2009	5.5	443,915,135		443,183,540	0.9984	5.4966
2008	6.5	204,188,305		203,531,972	0.9968	6.4912
2007	7.5	229,773,035		226,708,744	0.9867	7.4702
2006	8.5	150,018,999		149,023,810	0.9934	8.4908
2005	9.5	224,517,398		223,893,643	0.9972	9.4918
2004	10.5	183,878,264		182,923,462	0.9948	10.4886
2003	11.5	108,639,217		107,061,236	0.9855	11.4734
2002	12.5	123,588,139		123,200,337	0.9969	12.4943
2001	13.5	78,218,149		77,696,496	0.9933	13.4548
2000	14.5	146,733,767		145,054,706	0.9886	14.4586
1999	15.5		103,759,535	102,262,766	0.9856	15.4251
1998	16.5		100,827,264	99,716,013	0.9890	16.4501
1997	17.5		89,119,400	87,997,678	0.9874	17.4383
1996	18.5		97,744,204	95,764,069	0.9797	18.3924
1995	19.5		72,352,369	69,754,398	0.9641	19.2483
1994	20.5		273,953,593	265,656,689	0.9697	20.3507
1993	21.5		100,964,155	98,201,543	0.9726	21.3029
1992	22.5		376,946,819	371,011,014	0.9843	22.4077
1991	23.5		273,320,364	263,832,540	0.9653	23.2248
1990	24.5		391,795,023	384,444,553	0.9812	24.3929
1989	25.5		129,608,724	127,205,396	0.9815	25.3824
1988	26.5		106,805,578	104,007,629	0.9738	26.3167
1987	27.5		156,242,738	154,193,543	0.9869	27.4043
1986	28.5		49,042,874	47,120,925	0.9608	28.2840
1985	29.5		49,307,586	48,923,901	0.9922	29.4526
1984	30.5		46,520,300	46,304,694	0.9954	30.4560
1983	31.5		81,400,172	79,150,126	0.9724	31.3910
1982	32.5		51,211,339	48,998,985	0.9568	32.3036
1981	33.5		54,595,330	48,895,862	0.8956	33.1072
1980	34.5		161,477,840	156,329,977	0.9681	34.3229
1979	35.5		133,753,032	131,102,089	0.9802	35.4000
1978	36.5		58,690,472	53,668,865	0.9144	35.9356
1977	37.5		60,188,031	54,158,276	0.8998	37.1217

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

Age Distribution

Vintage	Age as of 12/31/2014	Derived Additions	2000 Opening Balance	Experience to 12/31/2014 Amount Surviving	Proportion Surviving	Realized Life
A	B	C	D	E	F=E/(C+D)	G
1976	38.5		47,027,483	43,247,255	0.9196	38.0540
1975	39.5		45,401,199	41,403,970	0.9120	39.0957
1974	40.5		48,683,278	42,169,333	0.8662	39.9610
1973	41.5		33,251,887	29,750,775	0.8947	40.8174
1972	42.5		35,350,563	32,690,853	0.9248	42.0741
1971	43.5		48,337,891	43,534,932	0.9006	42.9232
1970	44.5		55,558,598	51,402,403	0.9252	44.0890
1969	45.5		36,512,835	33,466,075	0.9166	45.0002
1968	46.5		19,900,875	17,593,828	0.8841	45.8896
1967	47.5		11,147,246	9,502,292	0.8524	46.3702
1966	48.5		14,068,248	12,436,362	0.8840	47.6876
1965	49.5		40,451,405	35,262,677	0.8717	48.7181
1963	51.5		223,846	223,846	1.0000	51.5000
1962	52.5		839,768	839,768	1.0000	52.5000
1960	54.5		53,520,521	46,331,541	0.8657	53.6057
1958	56.5		812	812	1.0000	56.5000
1956	58.5		52,288	52,288	1.0000	58.5000
1955	59.5		55,760,861	47,098,093	0.8446	58.4087
1953	61.5		33,140	33,140	1.0000	61.5000
1950	64.5		42,762,492	35,641,120	0.8335	63.3753
Total	15.6	$4,301,667,653	$3,608,511,979	$7,750,833,384	0.9799	

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

Unadjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
2000	3,614,235,886	118,191,442	2,555,440	22,361,942	3,752,233,829
2001	3,752,233,829	73,238,191	3,982,516	22,536,997	3,844,026,500
2002	3,844,026,500	65,399,789	7,443,045	5,958,147	3,907,941,391
2003	3,907,941,391	106,559,019	2,517,339	(1,040,636)	4,010,942,435
2004	4,010,942,435	118,022,342	14,404,097	51,979,207	4,166,539,886
2005	4,166,539,886	82,292,407	8,645,819	143,492,615	4,383,679,090
2006	4,383,679,090	119,427,072	5,174,411	8,491,077	4,506,422,828
2007	4,506,422,828	230,356,875	17,682,749	42,446,113	4,761,543,066
2008	4,761,543,066	31,412,693	7,078,185	127,829,983	4,913,707,557
2009	4,913,707,557	357,324,800	7,864,743	40,182,801	5,303,350,416
2010	5,303,350,416	557,449,189	8,126,169	(103,974)	5,852,569,462
2011	5,852,569,462	595,247,424	12,298,745	(183,684)	6,435,334,457
2012	6,435,334,457	359,985,856	26,800,834	(97,959)	6,768,421,520
2013	6,768,421,520	434,126,756	18,757,215	(5,189)	7,183,785,872
2014	7,183,785,872	583,466,298	16,408,611	(10,174)	7,750,833,384

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

Adjusted Plant History

Year	Beginning Balance	Additions	Retirements	Sales, Transfers & Adjustments	Ending Balance
A	B	C	D	E	F=B+C-D+E
2000	3,634,283,488	145,278,841	2,555,440		3,777,006,889
2001	3,777,006,889	76,479,157	3,982,516	(156,246)	3,849,347,284
2002	3,849,347,284	123,475,163	7,443,045	(9,139,843)	3,956,239,558
2003	3,956,239,558	107,667,522	2,503,831	298,348	4,061,701,597
2004	4,061,701,597	183,526,382	14,023,935	(484,553)	4,230,719,491
2005	4,230,719,491	220,882,770	8,645,819	52,925	4,443,009,368
2006	4,443,009,368	149,396,161	5,174,411	(14,173,201)	4,573,057,917
2007	4,573,057,917	229,792,815	17,682,749	6,578,822	4,791,746,804
2008	4,791,746,804	204,188,305	7,078,185	(418,411)	4,988,438,513
2009	4,988,438,513	443,860,324	7,864,743	1,411,494	5,425,845,588
2010	5,425,845,588	491,288,650	8,126,169	(103,974)	5,908,904,095
2011	5,908,904,095	594,966,146	12,298,745	(41,594)	6,491,529,903
2012	6,491,529,903	371,726,573	26,800,834	(20,792)	6,836,434,849
2013	6,836,434,849	415,308,768	18,757,215	(5,189)	7,232,981,213
2014	7,232,981,213	534,260,782	16,408,611		7,750,833,384

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

T-Cut: None

Placement Band: 1950-2014

Hazard Function: Proportion Retired

Weighting: Exposures

Rolling Band Life Analysis

		First Degree			Second Degree			Third Degree		
Observation Band	Censoring	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2004	78.4	99.2	L1.5 *	1.16	75.7	S1.5	0.45	71.7	S2	0.48
2001-2005	74.2	92.9	L1.5 *	1.43	72.4	S1.5	0.50	69.2	S2	0.55
2002-2006	74.6	95.6	L1.5 *	1.52	74.4	S1.5	0.61	70.6	S2	0.58
2003-2007	73.9	94.9	L1.5 *	1.11	77.2	S1.5	0.51	72.7	R2.5	0.51
2004-2008	74.6	98.1	L1 *	0.98	82.5	S1	0.54	74.8	R2.5	0.55
2005-2009	78.5	106.8	L1 *	0.73	92.7	S1	0.48	81.8	R2.5 *	0.44
2006-2010	80.0	112.4	L1 *	0.79	104.4	S0.5	0.68	105.2	L1.5	0.68
2007-2011	77.0	107.5	L1 *	0.98	93.7	S0.5	0.70	133.6	SC *	0.63
2008-2012	72.3	97.2	L1.5 *	1.57	83.0	S1	1.21	150.2	SC *	0.73
2009-2013	65.8	90.8	L1.5 *	1.86	75.2	S1.5	1.37	123.5	SC *	1.01
2010-2014	62.6	88.0	L1.5 *	1.94	73.1	S1.5	1.23	110.5	O3 *	0.93

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

T-Cut: None

Placement Band: 1950-2014

Hazard Function: Proportion Retired

Weighting: Exposures

Shrinking Band Life Analysis

		First Degree			Second Degree			Third Degree		
Observation Band	Censoring	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2014	66.7	95.0	L1.5 *	1.61	77.3	S1.5	0.76	82.1	L2 *	0.66
2002-2014	65.9	93.4	L1.5 *	1.62	76.5	S1.5	0.81	83.1	L2 *	0.70
2004-2014	65.6	93.1	L1.5 *	1.60	76.9	S1	0.84	82.0	L2 *	0.76
2006-2014	67.2	94.4	L1.5 *	1.25	78.3	S1	0.84	89.9	L1.5 *	0.75
2008-2014	66.0	93.6	L1.5 *	1.72	77.0	S1.5	0.99	102.6	L0 *	0.81
2010-2014	62.6	88.0	L1.5 *	1.94	73.1	S1.5	1.23	110.5	O3 *	0.93
2012-2014	62.7	81.0	L1.5 *	1.49	69.0	S1.5	2.34	92.7	O2 *	2.24
2014-2014	75.3	91.6	L1.5 *	1.94	74.6	S1.5	3.23	73.7	S1.5	3.23

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

T-Cut: None

Placement Band: 1950-2014

Hazard Function: Proportion Retired

Weighting: Exposures

Progressing Band Life Analysis

		First Degree			Second Degree			Third Degree		
Observation Band	Censoring	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index	Average Life	Disper -sion	Conf. Index
A	B	C	D	E	F	G	H	I	J	K
2000-2001	92.9	131.0	S0 *	0.70	101.4	S1.5	0.85	171.1	R1.5 *	0.96
2000-2003	84.9	108.5	L1.5 *	0.67	80.1	S2	0.65	78.5	S2	0.62
2000-2005	75.7	96.5	L1.5 *	1.35	74.1	S1.5	0.45	70.1	S2	0.48
2000-2007	74.4	97.5	L1.5 *	1.30	77.8	S1.5	0.51	74.0	S2	0.55
2000-2009	76.6	103.5	L1.5 *	1.15	84.3	S1	0.51	79.6	S1.5	0.51
2000-2011	75.7	104.5	L1.5 *	1.30	84.7	S1	0.63	92.8	L1.5 *	0.59
2000-2013	68.4	95.5	L1.5 *	1.50	77.7	S1.5	0.88	90.6	L1.5 *	0.74
2000-2014	66.7	95.0	L1.5 *	1.61	77.3	S1.5	0.76	82.1	L2 *	0.66

HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

T-Cut: None

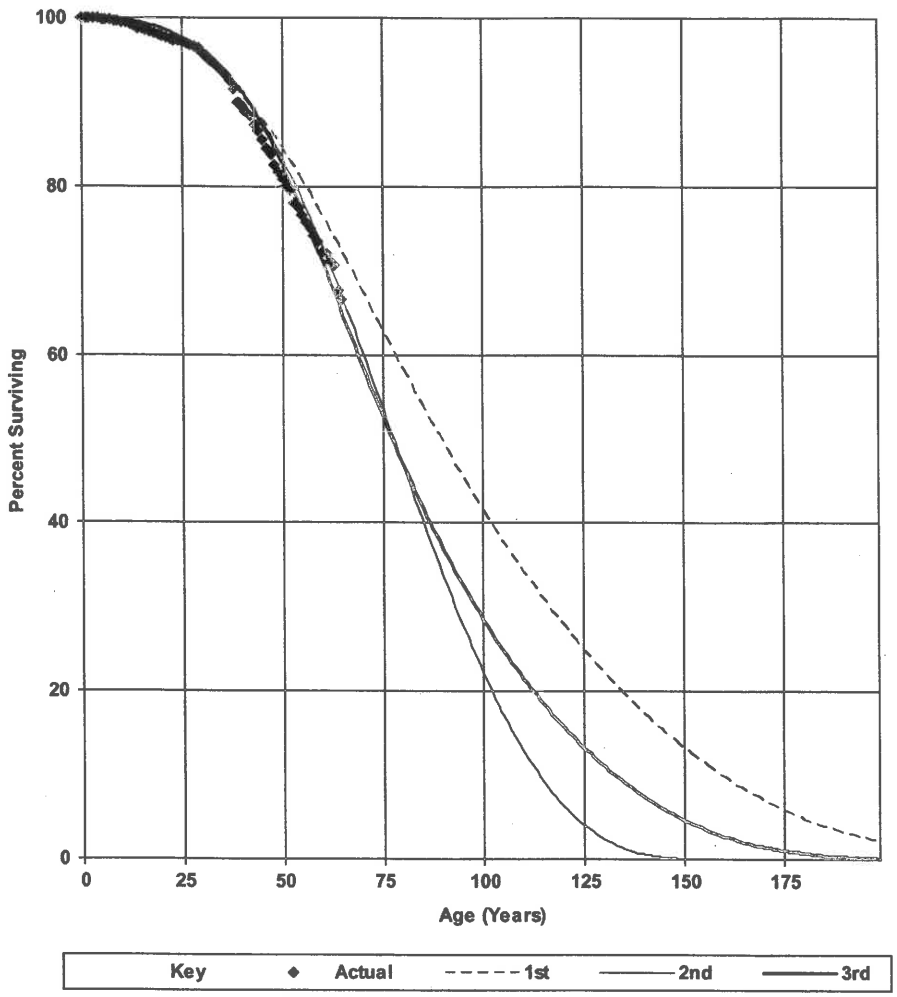
Placement Band: 1950-2014 Observation Band: 2000-2014

Hazard Function: Proportion Retired

Weighting: Exposures

Graphics Analysis

1st: 95.0-L1.5 2nd: 77.3-S1.5 3rd: 82.1-L2



HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

T-Cut: None

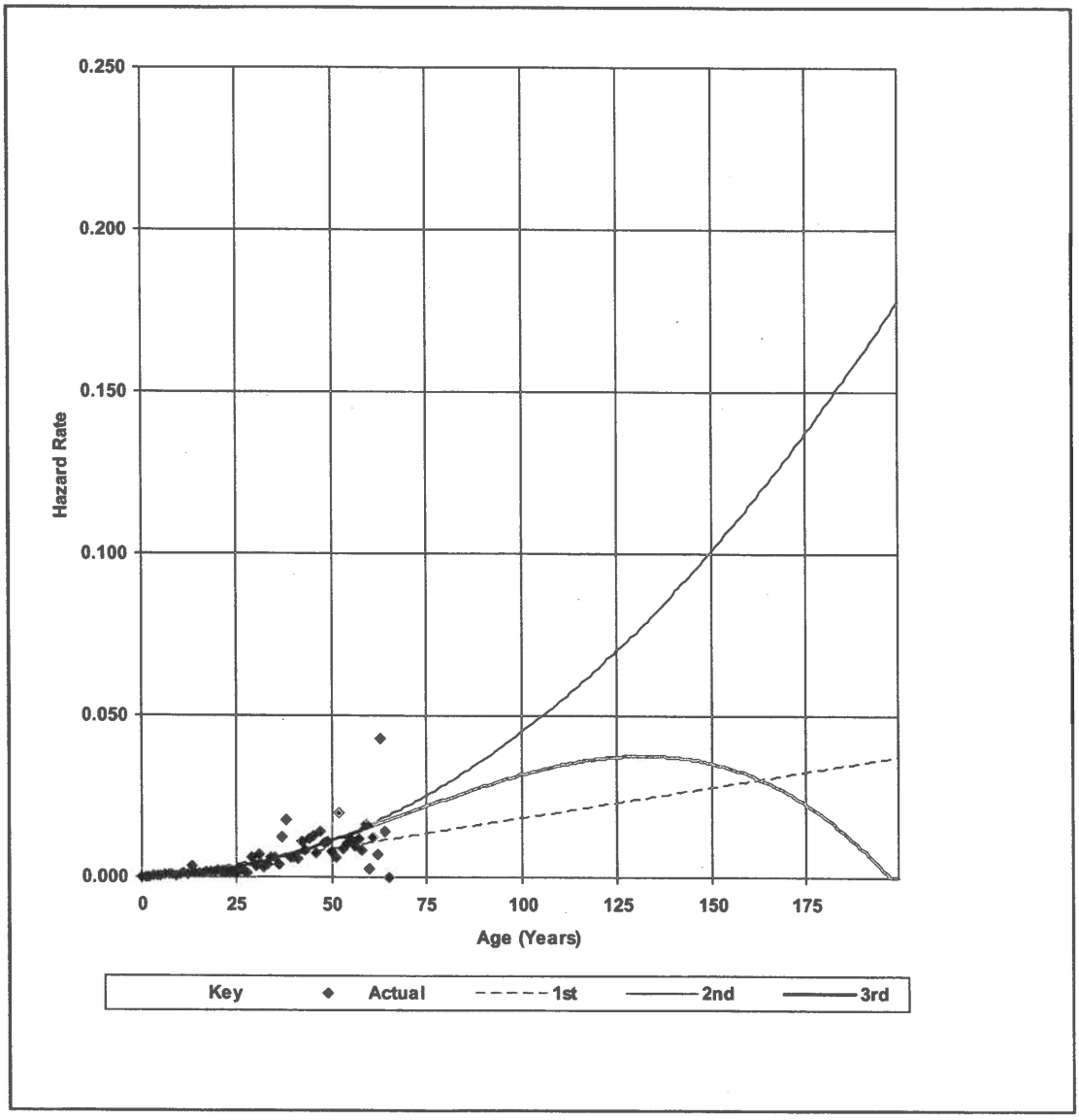
Placement Band: 1950-2014 Observation Band: 2000-2014

Hazard Function: Proportion Retired

Weighting: Exposures

Polynomial Hazard Function

1st: 95.0-L1.5 2nd: 77.3-S1.5 3rd: 82.1-L2



HYDRO ONE NETWORKS INC. - TRANSMISSION

Transmission Plant

Account: 1715 Station Equipment

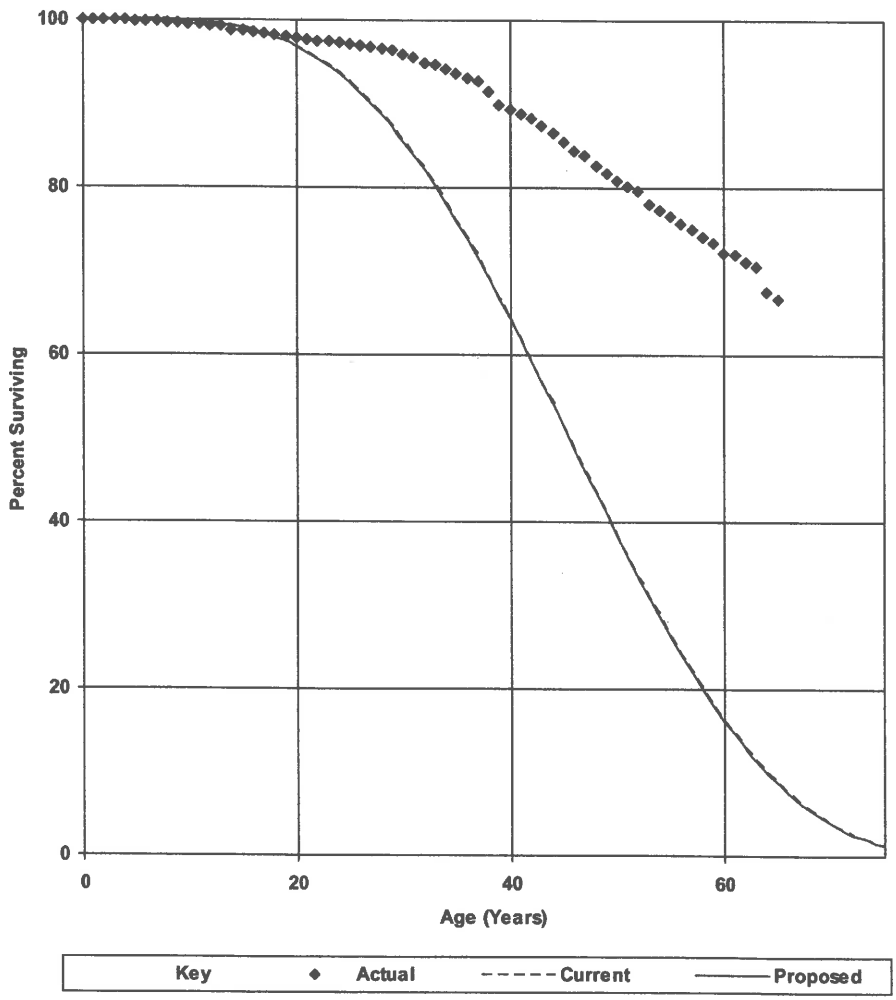
T-Cut: None

Placement Band: 1950-2014

Observation Band: 2000-2014

Current and Proposed Projection Life Curves

Current: 45.0-S2 Proposed: 45.0-S2



Expert Rule 13A

EXPERT RULE 13A

TITLE OF REPORT

2013 Depreciation Rate Review
—Transmission Operations
—Common Operations

CONSULTANT

Ronald E. White, Ph.D.
Foster Associates, Inc.
17595 S. Tamiami Trail, Suite 260
Fort Myers, FL 33908

QUALIFICATIONS

See attached Professional Qualifications.

INSTRUCTIONS PROVIDED

Foster Associates was instructed to conduct a 2013 Depreciation Rate Review and provide recommended depreciation rates for USoA categories derived from service life statistics estimated for category classifications adopted by Hydro One Networks for engineering operations and planning purposes.

BASIS OF EVIDENCE

Specific information and factual assumptions upon which the 2013 Depreciation Rate Review is based are contained within the titled report.

CONFIRMATION

Dr. White has been made aware of and agrees to accept the responsibilities that are or may be imposed as set forth in Rule 13A.

Ronald E. White, Ph.D.
April 23, 2016

PROFESSIONAL QUALIFICATIONS

NAME AND ADDRESS

Ronald E. White, Ph.D.
Foster Associates Consultants, LLC
17595 S. Tamiami Trail, Suite 260
Fort Myers, FL 33908

EDUCATION

1961 - 1964 Valparaiso University

Major: Electrical Engineering

1965 Iowa State University

B.S., Engineering Operations

1968 Iowa State University

M.S., Engineering Valuation
Thesis: The Multivariate Normal Distribution and the Simulated Plant Record Method of Life Analysis

1977 Iowa State University
Ph.D., Engineering Valuation
Minor: Economics
Dissertation: A Comparative Analysis of Various Estimates of the Hazard Rate Associated With the Service Life of Industrial Property

EMPLOYMENT

2015 -	Foster Associates Consultants, LLC President
2007 - 2015	Foster Associates, Inc. Chairman
1996 - 2007	Foster Associates, Inc. Executive Vice President
1988 - 1996	Foster Associates, Inc. Senior Vice President
1979 - 1988	Foster Associates, Inc. Vice President
1978 - 1979	Northern States Power Company Assistant Treasurer
1974 - 1978	Northern States Power Company Manager, Corporate Economics

1972 - 1974	Northern States Power Company Corporate Economist
1970 - 1972	Iowa State University Graduate Student and Instructor
1968 - 1970	Northern States Power Company Valuation Engineer
1965 - 1968	Iowa State University Graduate Student and Teaching Assistant

PUBLICATIONS

A New Set of Generalized Survivor Tables, Journal of the Society of Depreciation Professionals, October, 1992.

The Theory and Practice of Depreciation Accounting Under Public Utility Regulation, Journal of the Society of Depreciation Professionals, December, 1989.

Standards for Depreciation Accounting Under Regulated Competition, paper presented at The Institute for Study of Regulation, Rate Symposium, February, 1985.

The Economics of Price-Level Depreciation, paper presented at the Iowa State University Regulatory Conference, May, 1981.

Depreciation and the Discount Rate for Capital Investment Decisions, paper presented at the National Communications Forum - National Electronics Conference, October 1979.

A Computerized Method for Generating a Life Table From the 'h-System' of Survival Functions, paper presented at the American Gas Association - Edison Electric Institute Depreciation Accounting Committee Meeting, December, 1975.

The Problem With AFDC is ..., paper presented at the Iowa State University Conference on Public Utility Valuation and the Rate Making Process, May, 1973.

The Simulated Plant-Record Method of Life Analysis, paper presented at the Missouri Public Service Commission Regulatory Information Systems Conference, May, 1971.

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SPEAKER

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MODERATOR

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HONORS AND AWARDS

The Society of Sigma Xi.

Professional Achievement Citation in Engineering, Iowa State University, 1993.

FORM A

Proceeding: EB-2016-0160

ACKNOWLEDGMENT OF EXPERT'S DUTY

1. My name is Dr. Ronald E. White. I live at [redacted], in the State of Florida.

2. I have been engaged by or on behalf of Hydro One Networks, Inc. to provide evidence in relation to the above-noted proceeding before the Ontario Energy Board.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
   (a) to provide opinion evidence that is fair, objective and non-partisan;
   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and
   (c) to provide such additional assistance as the Board may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date May 9, 2016

Signature

INCOME TAX / PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

1. INTRODUCTION

This Exhibit explains how Hydro One calculates its income tax expenses for the purposes of rate recovery. Exhibit C2, Tab 4, Schedules 1 and 2 contain detailed calculations for rate recovery purposes of income tax liabilities, supporting reconciliations, as needed, as well as copies of Hydro One's October 31, 2015 and November 4 2015 tax returns and supporting financial statements and an explanation of how tax credits were determined. The information provided in this Application is consistent with section 2.8.11 of the Filing Requirements. Material exceptions have been identified and explained.

2. DEPARTURE FROM PILS REGIME

Under the *Electricity Act, 1998* (Ontario), as a Crown-owned company exempted under section 149(1) of the *Income Tax Act* (Canada) and the *Taxation Act*, 2007 (Ontario) (Federal Tax Regime) from paying corporate income taxes, Hydro One was obligated to make payments in lieu of corporate income taxes ("PILs") to the Ontario Electricity Financial Corporation.

Effective as of October 31, 2015, in connection with a public offering of its shares, Hydro One was no longer subject to this exemption and exited the PILs regime. Under the *Income Tax Act*, Hydro One was deemed to have disposed of its assets at fair market value at that time and immediately re-acquired them at the same value. Hydro One Networks Inc. was obligated to pay a one-time PILs departure tax of approximately $2.3 billion based on an estimated gain under the *Electricity Act, 1998***.**

Neither the departure tax nor the change in tax regime will have any impact on ratepayers. For regulatory purposes, income tax expenses will continue to be calculated according to the method prescribed by the Board's 2006 EDR Tax Model and 2006 EDR Handbook, Section 7.1 "OEB 2006 Regulatory Taxes Expense Methodology".

The tax amounts included in rates relate solely to the estimated current tax liability associated with the regulatory net income before tax, based on the applicable statutory tax rates for the year. Future taxes reflect the future tax liabilities/assets associated with timing differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. These are not taken into consideration. When future income taxes become payable or receivable, it is expected that they will be included in the rates approved by the Board and recovered from customers at that time.

3. INCOME TAX RATE (FEDERAL AND ONTARIO)

A combined income tax rate of 26.5% has been used for the test years 2017 and 2018, comprised of a federal rate of 15% and a provincial rate of 11.5%. Any variance between actual taxes payable and forecast taxes, as a result of tax policy changes or rate changes for income tax or capital cost allowance will be captured in a deferral account for tax rate changes as per section 7.1 of the EDR Handbook, described further in Exhibit F1, Tab 1, Schedules 1 and 2.

4. RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND TAXABLE INCOME

Reconciliation between the regulatory net income before tax ("NIBT") and taxable income for the test years 2017 and 2018 is provided in Exhibit C2, Tab 4, Schedule 1, Attachments 1 and 2. This Schedule contains the income tax computation. It also shows

how the taxable income is computed by making adjustments to the regulatory NIBT for items such as depreciation and capital cost allowance ("CCA").

Reconciliation between the accounting NIBT and taxable income for the historical years 2013, 2014 and 2015 is also provided in Exhibit C2, Tab 4, Schedule 1, Attachments 3, and 4**.** In order to make it easier to follow these reconciliations, Hydro One has placed these adjustments into the following five categories:

1) recurring items that must be added (deducted) because they have been included in the OM&A expenses in arriving at the revenue requirement, or for which appropriate tax adjustments are made (for example, depreciation versus capital cost allowance ("CCA"));
2) deferral accounts not included in the revenue requirement;
3) reversal of accounting adjustments not included in the revenue requirement;
4) recurring items not in the revenue requirement; and
5) items whose impact is immaterial in total, and as such, have not been included in the Hydro One's investment plan.

5. OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME

The starting point for the computation of Hydro One Transmission's taxable income for regulatory purposes is the NIBT as shown on the utility's income statement for the year. The NIBT is prepared using U.S. Generally Accepted Accounting Principles, but taxable income is computed using the relevant tax legislation, interpretations and assessment practices. Therefore, many adjustments are typically made to the NIBT to arrive at taxable income. Essentially, the NIBT is increased by amounts that are not deductible for tax purposes. This includes items such as depreciation, contingent liabilities, accounting losses, accounting provisions such as other post-employment benefits ("OPEB") and revenue that has been received but not recognized for accounting purposes (for example,

income received with respect to a deferral account that has been set-up on the balance sheet rather than shown as additional income on the income statement). On the other hand, the NIBT is reduced by amounts that are deductible for tax purposes but have not been deducted in computing NIBT. This includes items such as CCA, the deductible portion of capitalized overhead, accounting gains and OPEB payments. Such reductions also include expenses incurred for which a deferral account has been set up on the balance sheet, rather than shown as a deduction through the income statement.

Consequently, it is imperative that the NIBT be adjusted for amounts that have been included (or deducted) for accounting purposes that are not income (or deductible) for tax return purposes.

6. TAX TREATMENT OF DEFERRAL ACCOUNTS (REGULATORY ASSETS AND LIABILITIES)

Deferral accounts are typically recognized by utilities' balance sheets for foregone revenue or for expenses that have been incurred, for which recovery will be sought from ratepayers through future rates. Disposition of the deferral accounts is determined by the Board.

For example, as shown in Table 1, assuming that a 26.5% tax rate and a $100 expense is incurred, the utility will be allowed to deduct the $100 in computing taxable income for the year in which the expense has been incurred. If the Board subsequently approves recovery of this expense over a two-year period through a rate rider, the income will be included in computing taxable income for the year in which it is billed to ratepayers. The net result is that the utility has recovered the $100 cost although the income or expense has been taxed or deducted in different years.

Table 1

Example: Income Tax Treatment of Deferral Account Disposition

	Year 1	Year 2	Year 3	CUM
Income (deduction)	(100)	50	50	Nil
Tax Refund (payable)	26.5	(13.25)	(13.25)	Nil
Cash Inflow (outflow)	(73.5)	36.75	36.75	Nil

Therefore, deferral accounts have not been included in computing tax payable for purposes of the revenue requirement since the tax benefit has or will be obtained through the tax system. It should be noted that this conclusion is consistent with the "2006 EDR Handbook Report of the Board" issued May 11, 2005 (page 61) that stated as follows:

> A PILS or tax provision is not needed for the recovery of deferred regulatory asset costs, because the distributors have deducted, or will deduct, these costs in calculating taxable income in their returns. The Handbook will reflect this treatment.

7. CONTINGENT LIABILITIES/ACCOUNTING RESERVES

Where an accounting provision is recognized for certain contingent costs that the utility may have to incur in the future (such as obsolescence provisions, lawsuits, staff reductions), the provision will reduce the NIBT of the utility. In each subsequent year, the balance for the contingent liability/accounting reserve is reviewed by the utility for reasonableness based upon the information available at that time. The balance may be adjusted upward or downward, with NIBT either decreasing or increasing, respectively.

However, for tax purposes, a contingent liability or accounting reserve is not deductible. Rather, the amount will only be deductible (or capitalized) in computing taxable income for the taxation year in which the obligation has actually been settled. Therefore, to the extent that the current year NIBT has been increased (or decreased) by the contingent liability or accounting reserve provision, the NIBT must be adjusted to reverse the increase (or decrease) in computing taxable income.

It is not necessary to adjust the 2017 and 2018 NIBT for contingent liabilities in computing taxable income since no changes were forecasted in the contingent liability balances for 2017 and 2018. Therefore, such amounts are not included in the tax computation for purposes of the revenue requirement.

The combined (federal and provincial) enacted income tax rates are as set out in Table 2.

Table 2: Combined Income Tax Rates

	Historic			**Bridge**	**Test**	
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Federal Tax Rate (%)	15.00	15.00	15.00	15.00	15.00	15.00
Provincial Rate (%)	11.50	11.50	11.50	11.50	11.50	11.50
Total Statutory Tax Rate (%)	**26.50**	**26.50**	**26.50**	**26.50**	**26.50**	**26.50**
Capital Tax Rate (%)(1)	Nil	Nil	Nil	Nil	Nil	Nil

(1) As of July 1, 2010, the Ontario capital tax was eliminated.

8. INTEGRITY CHECKS

Hydro One has performed the integrity checks set described in s.2.8.11.2 of the Filing Requirements. Material exceptions are described in this section.

Schedule 8 of the most recent federal T2 tax return filed with this Application shows an October 31, 2015 closing undepreciated capital cost ("UCC") balance rather than a December 31st historic closing balance due to the multiple taxation year-ends, and related tax filing requirements, arising from the 2015 public offering described in section 2 of this Exhibit. The opening bridge year's UCC balance is based on the December 31st historic closing UCC balance which is expected to be reported in Schedule 8 of the federal T2 tax return that will be filed by June 30th of 2016.

The 2015 CCA deductions in the PILs/tax model do not agree with the numbers in the UCC schedules because Hydro One received a significant amount (approximately $55 million) of capital contribution true-ups from customers. These amounts are treated as taxable income by the tax authorities rather than as reduction of UCC balances for 2015 tax purposes, but are deducted from rate base for regulatory purposes pursuant to normal practice. Hydro One did not pass this tax liability onto ratepayers as these capital contributions were not budgeted for.

COST OF SERVICE

HYDRO ONE NETWORKS INC.
TRANSMISSION
Cost of Service
Test (2017 and 2018) Years
Year Ending December 31
($ Millions)

Line No.	Particulars	2017	2018
		(a)	(b)
1	Total Operation, Maintenance & Administrative Expenses	413.1	411.2
2	Depreciation & Amortization Expenses	435.7	470.7
3	Capital Taxes	0.0	0.0
4	Income Taxes	81.3	90.4
5	**Total Cost of Service**	**930.2**	**972.3**

COMPARISON OF OM&A EXPENSE BY MAJOR CATEGORY– HISTORIC, BRIDGE AND TEST YEARS

Transmission OM&A ($millions)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Sustaining OM&A							
Transmission Stations							
Land Assessment and Remediation	1.9	3.1	3.1	3.6	3.0	2.2	1.2
Environment Management	11.3	11.9	10.7	9.8	10.4	18.4	18.0
Power Equipment	55.7	60.2	61.4	64.5	54.3	60.0	57.0
Ancillary System Maintenance	10.1	10.1	10.0	9.2	10.8	11.2	11.2
Protection, Control, Monitoring, Metering and Telecommunications	44.9	49.4	52.1	63.9	61.2	60.9	62.0
Site Infrastructure Maintenance	22.7	25.2	24.5	24.0	25.1	25.7	25.3
Total Transmission Stations OM&A	**146.5**	**159.9**	**161.9**	**175.0**	**164.8**	**178.5**	**174.8**
Transmission Lines							
Rights of Way	27.1	31.1	35.5	32.6	35.8	33.8	34.8
Overhead Lines	17.9	15.7	17.6	15.9	18.0	20.9	20.8
Underground Cables	3.6	3.6	4.0	4.1	5.0	5.1	5.2
Total Transmission Lines OM&A	**48.6**	**50.4**	**57.1**	**52.6**	**58.8**	**59.8**	**60.8**
Engineering & Environmental Support	9.5	10.7	9.6	6.0	4.0	2.9	2.9
Total Sustaining OM&A	**204.7**	**221.0**	**228.6**	**233.6**	**227.5**	**241.2**	**238.5**
Development OM&A							
Technical Standards	2.5	3.1	3.3	2.8	3.0	2.5	2.6

Witness: Glenn Scott

Transmission OM&A ($millions)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Research Development and Demonstration	0.0	0.0	0.0	0.0	2.1	2.1	2.2
Customer Power Quality	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Technology Studies	3.5	3.2	2.8	3.0	0.0	0.0	0.0
Smart Grid	2.4	2.2	1.4	0.3	0.0	0.0	0.0
Total Development OM&A	**8.4**	**8.6**	**7.5**	**6.1**	**5.3**	**4.8**	**5.0**
Operations OM&A							
Operations Contracts	21.4	21.3	20.9	22.4	22.9	23.6	24.3
Environmental, Health and Safety	1.3	1.5	1.1	1.1	1.6	1.9	1.8
Operators	32.1	33.9	34.6	35.5	35.5	35.9	36.1
Total Operations OM&A	**54.8**	**56.7**	**56.6**	**59.0**	**60.0**	**61.3**	**62.1**
Customer Service OM&A	**4.4**	**5.3**	**5.4**	**5.1**	**4.1**	**4.0**	**3.9**
OM&A Common Corporate Costs and Other Costs							
Asset Management	32.3	31.8	32.6	31.0	36.6	36.5	35.8
Common Corporate Functions & Services	80.5	87.7	93.1	95.7	98.9	98.3	97.6
Information Technology (including Cornerstone)	60.7	61.1	55.2	55.1	61.4	59.8	57.6
Cost of Sales	11.4	13.9	11.1	8.8	5.0	5.0	5.0
Other	-104.2	-118.6	-154.8	-116.8	-129.6	-149.7	-148.5
Total OM&A Common Corporate Costs and Other Costs	**80.7**	**75.8**	**37.2**	**73.9**	**72.3**	**49.9**	**47.5**
Property Taxes & Rights Payments	**62.1**	**21.2**	**64.1**	**63.9**	**62.9**	**63.6**	**64.3**
Pension Adjustment	-	-	-	-	-	-11.0	-8.0
B2M LP Adjustment	-	-	-	-	-	-0.8	-2.1
Total Transmission OM&A	**415.1**	**388.4**	**399.5**	**441.6**	**432.1**	**413.1**	**411.2**

DEPRECIATION AND AMORTIZATION EXPENSES

HYDRO ONE NETWORKS INC.
TRANSMISSION
Depreciation & Amortization Expenses
Historical Years (2013, 2014 and 2015)
Year Ending December 31
($ Millions)

Line No.	Particulars	2013 Deprn Rate	2013 Provision	2014 Deprn Rate	2014 Provision	2015 Deprn Rate	2015 Provision
		(a)	(b)	(c)	(d)	(e)	(f)
	Depreciation Expenses						
1	Major Fixed Assets	2.04%	278.8	2.07%	293.0	2.13%	312.0
2	Minor Fixed Assets	13.20%	25.6	12.43%	26.0	12.19%	27.0
4	**Depreciation on Fixed Assets**		**304.3**		**319.0**		**339.0**
5	Less Capitalized Depreciation		(9.7)		(10.0)		(9.0)
6	Asset Removal Costs		25.4		27.0		29.0
7	Losses/(Gains) on Asset Disposition		0.2		0.0		0.0
8	**Total Depreciation Expenses**		**320.2**		**336.0**		**359.0**
	Amortization Expenses						
9	OPEB		0.0		0.0		0.0
10	Environmental Costs		6.1		5.9		7.1
11	Other Regulatory Amortization		0.0		5.0		0.0
12	Other Amortization		0.0		0.0		0.0
	Total Amortization Expenses		6.1		10.9		7.1
	Total Depreciation & Amortization Expenses		326.3		346.9		366.1
13	Exclude Other Regulatory Amortization		0.0		5.0		0.0
14	**Depreciation & Amortization for recovery**		**326.3**		**341.9**		**366.1**

Witness: Samir Chhelavda

HYDRO ONE NETWORKS INC.
TRANSMISSION
Depreciation & Amortization Expenses
Bridge Year (2016) and Test Years (2017 and 2018)
Year Ending December 31
($ Millions)

Line No.	Particulars	2016 Deprn Rate	2016 Provision ($M)	2017 Deprn Rate	2017 Provision ($M)	2018 Deprn Rate	2018 Provision ($M)
		(a)	(b)	(c)	(d)	(e)	(f)
	Depreciation Expenses						
1	Major Fixed Assets	2.09%	329.7	2.11%	346.6	2.12%	368.0
2	Minor Fixed Assets	9.96%	35.9	9.54%	36.1	9.06%	36.1
3	**Depreciation on Fixed Assets**		**365.5**		**382.6**		**404.1**
	Less Capitalized						
4	Depreciation		(11.5)		(12.1)		(12.8)
5	Asset Removal Costs		26.0		53.4		69.2
6	**Total Depreciation Expenses**		**380.0**		**424.0**		**460.6**
	Amortization Expenses						
7	Environmental Costs		6.8		11.6		10.0
	Other Regulatory						
8	Amortization		0.0		0.0		0.0
9	Other Amortization		0.2		0.2		0.2
10	Total Amortization Expenses		7.0		11.8		10.1
11	Total Depreciation & Amortization Expenses		387.0		435.7		470.7
12	Exclude Other Reg Amort		0.0		0.0		0.0
13	**Depreciation & Amortization for recovery**		**387.0**		**435.7**		**470.7**

CALCULATION OF UTILITY INCOME TAXES

Attachment 1: Calculation of Utility Income Taxes Test Years (2017, 2018)

Attachment 2: Capital Cost Allowance (2016, 2017, 2018)

Attachment 3: Calculation of Utility Income Taxes, Historic Years (2013, 2014, 2015)

Attachment 4: Capital Cost Allowance, Historic Years (2013, 2014, 2015)

Attachment 5: Calculation of Apprenticeship and Education Tax Credits (2017, 2018)

Attachment 6: Calculation of Apprenticeship and Education Tax Credits (2013, 2014, 2015)

CALCULATION OF UTILITY INCOME TAXES

HYDRO ONE NETWORKS INC.
TRANSMISSION

Calculation of Utility Income Taxes
Test Years (2017 and 2018)
Year Ending December 31
($ Millions)

Line No.	Particulars		2017		2018	
			(a)		(b)	
	Determination of Taxable Income					
1	Regulatory Net Income (before tax)	$	469.3	$	503.0	
2	Book to Tax Adjustments:					
3	Other Post Employment Benefits expense		22.5		20.7	
4	Other Post Employment Benefits payments		(26.1)		(26.5)	
5	Inergi pension payments		0.0		0.0	
6	Depreciation and amortization		435.7		470.7	
7	Capital Cost Allowance		(514.9)		(545.1)	
8	Removal costs		(2.1)		(2.1)	
9	Environmental costs		(11.6)		(10.0)	
10	Hedge loss - amortization		0.2		0.2	
11	Non-deductible meals & entertainment		3.6		3.6	
12	Capital amounts expensed under $2K		3.5		3.5	
13	Research & Development ITC		0.5		0.5	
14	Ontario education credits		0.3		0.3	
15	Capitalized overhead costs		(34.2)		(34.6)	
16	Capitalized pension costs		(50.5)		(48.6)	
17	Debt Issuance costs - amortization		1.8		1.8	
18	Debt Issuance costs - 21e deduction		(2.5)		(2.8)	
19	Premium/Discount - amortization		(0.8)		(0.3)	
20	Bond discount deduction		0.0		0.0	
21	Capital Contribution True-Up Adjustment		11.7		7.2	
22	Other		3.6		2.7	
23		$	(159.3)	$	(158.8)	
24	Regulatory Taxable Income	$	310.0	$	344.3	
25	Corporate Income Tax Rate		26.50	%	26.50	%
26	Subtotal	$	82.1	$	91.2	
27	Less: R&D ITC / Ontario education credits		(0.8)		(0.8)	
28	Regulatory Income Tax	$	81.3	$	90.4	

	Tax Rates				
29	Federal Tax	15.00	%	15.00	%
30	Provincial Tax	11.50	%	11.50	%
31	Total Tax Rate	26.50	%	26.50	%

CALCULATION OF CAPITAL COST ALLOWANCE – BRIDGE (2016) AND TEST (2017, 2018) YEARS

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2016 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2016 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,015.5	35.2	2,050.7	17.6	2,033.1	4%	81.3	1,969.3
2	535.8	-	535.8	-	535.8	6%	32.1	503.6
3	239.8	-	239.8	-	239.8	5%	12.0	227.8
6	70.5	-	70.5	-	70.5	10%	7.0	63.4
7	-	-	0.0	-	0.0	15%	0.0	0.0
8	122.5	48.2	170.7	24.1	146.6	20%	29.3	141.4
9	2.2	-	2.2	-	2.2	25%	0.5	1.6
10	46.8	16.2	62.9	8.1	54.8	30%	16.5	46.5
12	3.6	9.6	13.1	4.8	8.4	100%	8.4	4.8
13	15.4	(0.6)	14.8	-	15.4	N/A	0.8	13.9
17	71.3	3.3	74.6	1.7	73.0	8%	5.8	68.8
35	0.2	-	0.2	-	0.2	7%	0.0	0.2
42	73.7	-	73.7	-	73.7	12%	8.8	64.8
45	0.1	-	0.1	-	0.1	45%	0.0	0.1
46	9.6	-	9.6	-	9.6	30%	2.9	6.7
47	2,951.8	539.6	3,491.4	269.8	3,221.6	8%	257.7	3,233.7
50	77.8	13.3	91.1	6.6	84.4	55%	46.4	44.6
52	-	0.1	0.1	-	0.1	100%	0.1	-
Total CCA	**6,236.4**	**664.7**	**6901.2**	**332.6**	**6569.2**		**509.9**	**6391.3**
						Less CCA not in rates	(8.6)	
CEC	46.8	5.4	52.2	2.7	49.5	7%	3.5	48.8
						Total CCA for RR	**504.8**	

Witness: Giovanna Baragetti

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2017 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2017 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,969.3	32.6	2,001.9	16.3	1,985.6	4%	79.4	1,922.5
2	503.6	0.0	503.6	-	503.6	6%	30.2	473.4
3	227.8	0.0	227.8	-	227.8	5%	11.4	216.4
6	63.4	0.0	63.4	-	63.4	10%	6.3	57.1
7	0.0	0.0	0.0	-	0.0	15%	0.0	0.0
8	141.4	17.4	158.8	8.7	150.1	20%	30.0	128.7
9	1.6	0.0	1.6	-	1.6	25%	0.4	1.2
10	46.5	15.9	62.3	7.9	54.4	30%	16.3	46.0
12	4.8	16.9	21.7	8.4	13.2	100%	13.2	8.4
13	13.9	(0.8)	13.1	-	13.9	N/A	0.7	12.4
17	68.8	1.1	69.9	0.5	69.3	8%	5.5	64.3
35	0.16	-	0.2	-	0.2	0.07	0.0	0.1
42	64.85	-	64.8	-	64.8	0.12	7.8	57.1
45	0.1	0.0	0.1	-	0.1	45%	0.0	0.0
46	6.7	0.0	6.7	-	6.7	30%	2.0	4.7
47	3,233.7	661.3	3,895.0	330.7	3,564.4	8%	285.1	3,609.9
50	44.6	21.1	65.7	10.5	55.2	55%	30.3	35.4
52	-	0.1	0.1	-	0.1	100%	0.1	-
Total CCA	**6,391.3**	**765.4**	**7,156.6**	**383.1**	**6,774.4**		**519.0**	**6,637.7**
					Less CCA not in rates		(7.7)	
CEC	48.8	6.580	55.3	3.3	52.1	7%	3.6	51.7
					Total CCA for RR		**514.9**	

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2018 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2018 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	1,922.5	36.8	1,959.2	18.4	1,940.9	4%	77.6	1,881.6
2	473.4	-	473.4	-	473.4	6%	28.4	445.0
3	216.4	-	216.4	-	216.4	5%	10.8	205.6
6	57.1	-	57.1	-	57.1	10%	5.7	51.4
7	0.0	-	0.0	-	0.0	15%	0.0	0.0
8	128.7	42.6	171.3	21.3	150.0	20%	30.0	141.3
9	1.2	-	1.2	-	1.2	25%	0.3	0.9
10	46.0	18.3	64.3	9.1	55.2	30%	16.6	47.8
12	8.4	10.8	19.2	5.4	13.8	100%	13.8	5.4
13	12.4	(0.2)	12.2	(0.1)	12.3	N/A	0.7	11.5
17	64.3	3.8	68.1	1.9	66.2	8%	5.3	62.8
35	0.1	-	0.1	-	0.1	7%	0.0	0.1
42	57.1	-	57.1	-	57.1	12%	6.8	50.2
45	0.0	-	0.0	-	0.0	45%	0.0	0.0
46	4.7	-	4.7	-	4.7	30%	1.4	3.3
47	3,609.9	950.9	4,560.8	475.5	4,085.3	8%	326.8	4,234.0
50	35.4	14.9	50.3	7.5	42.8	55%	23.5	26.7
52	-	0.1	0.1	0.0	0.1	100%	0.1	-
Total CCA	**6,637.7**	**1,077.9**	**7,715.6**	**539.0**	**7,176.7**	**4.8**	**548.0**	**7,167.6**
					Less CCA not in rates		(7.0)	
CEC	51.7	14.9	66.6	7.4	59.2	7%	4.1	62.5
					Total CCA for RR		**545.1**	

Witness: Giovanna Baragetti

CALCULATION OF UTILITY INCOME TAXES HISTORIC YEARS 2013-2015

HYDRO ONE NETWORKS INC.
Transmission

Calculation of Utility Income Taxes
Historic Years
Calculation of Utility Income Taxes Historical Years (2013, 2014, 2015)
Year Ending December 31
($ Millions)

Line No.	Particulars	2013	2014	2015*
	Calculation of Federal and ON Taxable Income			
1	Net Income Before Tax (NIBT)	$ 596.9	$ 621.9	$ 467.2
2	**Required Adjustments to accounting NIBT**			
3	**Recurring items included in Revenue Requirement (RR):**			
4	Other Post Employment Benefit expense greater than payments	1.2	(4.5)	(1.2)
5	Depreciation and amortization	326.3	341.9	366.1
6	Capital Cost Allowance	(487.7)	(482.8)	(481.0)
7	Cumulative Eligible Capital	(9.2)	(3.7)	(3.5)
8	Removal costs	(3.7)	(3.7)	(2.8)
9	Environmental costs paid	(6.1)	(5.9)	(7.1)
10	Non-deductible items (50% Meals & entertainment / interest)	5.0	3.6	3.1
11	R & D Fed ITC/ Apprenticeship (prior yr addback)	1.8	1.1	0.6
12	Capitalized overhead costs deducted	(29.8)	(33.6)	(32.2)
13	Capital additions deducted for accounting	12.5	8.4	21.2
14	Capitalized Pension cost deductions	(50.1)	(46.2)	(45.7)
15		$ (239.8)	$ (225.4)	$ (182.5)
16	**Deferral accounts not part of RR:**			
17				
18	Restricted Depreciation	1.9	1.2	1.4
19	CDM a/c Variance	0.0	24.7	27.8
20	Tx Export credit/Deferred export Rev	9.3	(17.0)	19.5
21	Deferred Pension	(5.9)	9.8	(2.7)
22	Deferral a/c's etc.	0.7	(1.9)	-
23	Tax Changes deferral a/c s	-	(2.6)	-
24	Station Revenue and Secondary Use	9.6	(13.9)	12.7
25		$ 15.6	$ 0.3	$ 58.7
26	**Reversal of accounting adjustments not part of RR:**			
27	Contingent liability movement	1.7	(0.6)	(2.3)
28	Capitalized interest deductible for tax	(32.3)	(32.6)	(35.8)
29	Capitalized SRED deducted for tax	0.0	(2.3)	0.0
30		$ (30.6)	$ (35.5)	$ (38.1)

HYDRO ONE NETWORKS INC.
Transmission

Calculation of Utility Income Taxes
Historic Years
Calculation of Utility Income Taxes Historical Years (2013, 2014, 2015)
Year Ending December 31
($ Millions)

Line No.	Particulars	2013	2014	2015*
31				
32	**Recurring items not part of RR:**			
33	Capital Contribution (CCRA True up)/OPA directed projects	(2.9)	(3.5)	(4.6)
34	First Nations (CCA)	(0.3)	(0.3)	-
35				
36		$ (3.2)	$ (3.8)	$ (4.6)
37	**Items not in business plan detail:**			
38				
39	Reverse Insurance proceeds included in NIBT	-	(7.3)	-
40	CCRA True Ups	-	-	62.9
41	Net Underwriting/Finance costs	(0.3)	(4.0)	(1.8)
42	Tenant Inducement	(0.9)	(1.0)	0.9
43	Other	(6.6)	(0.5)	(0.2)
43		$ (7.8)	$ (12.8)	$ 61.8
44				
45	NET Adjustments to Accounting NIBT	$ (265.9)	$ (277.2)	$ (104.7)
46				
47	Taxable Income	$ 331.0	$ 344.7	$ 362.5
48				
52	**NOTE:**			
53	Transmission includes Five Nations data			
54				
55	Taxable Income	$ 331.0	$ 344.7	362.5
56				
57	Corporate Income Tax Rate	26.5 %	26.5 %	26.5%
58				
59	Subtotal	$ 87.7	$ 91.4	96.1
60	Less: Tax credits	(4.3)	(4.4)	(4.3)
61	Income Tax	$ 83.4	$ 87.0	91.8
63				
65				
66	**Tax Rates**			
67	Federal Tax	15.0 %	15.0 %	15.0
68	Provincial Tax	11.5 %	11.5 %	11.5
69	Total Tax Rate	26.5 %	26.5 %	26.5

*** 2015 Numbers based on estimates as tax returns have not been finalized at the time this schedule was prepared. These cover the twelve month period ranging from January 1, 2015 to December 31, 2015, which include periods when the entity was subject to the PILs regime and to the federal tax regime.**

CALCULATION OF CAPITAL COST ALLOWANCE - HISTORIC 2013-2015

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2013 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2013 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,296.5	(16.1)*	2,280.4	2.6	2,277.8	4%	91.1	2,189.3
2	644.9	0.0	644.9	-	644.9	6%	38.7	606.2
3	241.9	7.4	249.3	3.7	245.6	5%	12.3	237.0
6	66.0	8.1	74.1	4.0	70.1	10%	7.0	67.1
7	0.0	0.0	0.0	-	0.0	15%	0.0	0.0
8	36.0	19.4	55.4	9.7	45.7	20%	9.1	46.3
9	1.2	0.0	1.2	-	1.2	25%	0.3	0.9
10	46.1	13.8	59.9	6.9	53.0	30%	15.9	44.0
12	9.5	24.4	33.9	12.2	21.7	100%	21.6	12.3
13	0.7	2.3	3.0	1.2	1.8	20%	0.4	2.6
17	46.3	7.9	54.2	3.9	50.3	8%	4.0	50.2
35	0.3	(0.1)	0.2	-	0.2	7%	0.0	0.2
42	87.9	4.5	92.4	2.3	90.1	12%	10.8	81.6
45	0.6	0.0	0.6	-	0.6	45%	0.3	0.3
46	3.9	8.8	12.7	4.4	8.3	30%	2.5	10.2
47	2,529.6	439.1	2,968.7	213.5	2,755.2	8%	220.4	2,748.3
50	73.9	57.7	131.6	28.9	102.7	55%	56.5	75.1
Total CCA	**6,085.3**	**577.2**	**6,662.5**	**293.3**	**6,369.2**		**490.9**	**6,171.6**
						First Nation	(0.3)	
						Less CCA not in rates	(2.9)	
						Total CCA for RR	**487.7**	
CEC	129.7	2.1	131.8	-	131.8	7%	9.2	122.6

*Reflects MOF audit adjustment to reclassify CCA Class

Witness: Giovanna Baragetti

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2014 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2014 CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,189.3	(0.7)	2,188.6	1.3	2,187.3	4%	87.5	2,101.1
2	606.2	-	606.2	-	606.2	6%	36.4	569.8
3	237.0	19.2	256.2	9.7	246.5	5%	12.3	243.9
6	67.1	14.7	81.8	7.4	74.4	10%	7.4	74.4
7	0.0	-	-	-	0	15%	0	0.0
8	46.3	58.7	105.0	29.2	75.8	20%	15.1	89.9
9	0.9	2.7	3.6	1.3	2.3	25%	0.6	3.0
10	44.0	16.6	60.6	8.3	52.3	30%	15.7	44.9
12	12.3	17.8	30.1	8.9	21.2	100%	21.2	8.9
13	2.6	6.5	9.1	3.2	5.9	20%	1.0	8.1
17	50.2	21.9	72.1	11.0	61.1	8%	4.9	67.2
35	0.2	-	0.2	-	0.2	7%	0	0.2
42	81.6	1.2	82.8	0.6	82.2	12%	9.9	72.9
45	0.3	-	0.3	-	0.3	45%	0.1	0.2
46	10.2	5.7	15.9	2.9	13.0	30%	3.9	12.0
47	2,748.3	231.6	2,979.9	280.5*	2,699.4	8%	216.0	2,763.9
50	75.1	48.2	123.3	24.2	99.1	55%	54.5	68.8
Total CCA	**6,171.6**	**444.1**	**6,615.7**	**388.5***	**6,227.2**		**486.5**	**6,129.2**
						First Nations	(0.3)	
*Reflects MOF adjustment to go-in UCC balance not subject to ½ year rule						Less CCA not in rates	(3.4)	
						Total CCA for RR	**482.8**	
CEC	122.6	(69.1)	53.5		53.5	7%	3.7	49.8

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
2015 Networks Allocation to Transmission
Year Ending December 31
($ Millions)

2015* CCA Class	Opening UCC	Net Additions*	UCC pre-1/2 yr	50% net additions*	UCC for CCA	CCA Rate	CCA*	Closing UCC
1	2,101.1	(1.9)	2,099.2	(1.0)	2,100.2	4%	83.7	2,015.5
2	569.8	-	569.8	-	569.8	6%	34.0	535.8
3	243.9	8.3	252.2	4.2	248.0	5%	12.4	239.8
6	74.4	3.7	78.1	1.9	76.2	10%	7.6	70.5
7	-	-	-	-	-	-	-	-
8	89.9	55.4	145.3	27.7	117.6	20%	22.8	122.5
9	3.0	(0.1)	2.9	-	2.9	25%	0.7	2.2
10	44.9	17.4	62.3	8.7	53.6	30%	15.5	46.8
12	8.9	5.6	14.5	2.8	11.7	100%	10.9	3.6
13	8.1	8.4	16.5	4.2	12.3	N/A	1.1	15.4
17	67.2	9.7	76.9	4.9	72.0	8%	5.6	71.3
35	0.2	-	0.2	-	0.2	7%	-	0.2
42	72.9	10.0	82.9	5.0	77.9	12%	9.2	73.7
45	0.2	-	0.2	-	0.2	45%	0.1	0.1
46	12.0	1.3	13.3	0.6	12.7	30%	3.7	9.6
47	2,763.9	418.7	3,182.6	209.3	2,973.3	8%	230.8	2,951.8
50	68.8	56.5	125.3	28.2	97.1	55%	47.5	77.8
Total CCA	**6,129.2**	**593**	**6722.2**	**296.5**	**6,425.7**		**485.6**	**6,236.4**
						Less CCA not in rates	(4.6)	
						Total CCA for RR	**481.0**	
CEC	**49.8**	**0.6**	**50.4**	**-**	**50.4**	**7%**	**3.5**	**46.8**

***** 2015 Numbers based on estimates as tax returns have not been finalized at the time this schedule was prepared. These cover the twelve month period ranging from January 1, 2015 to December 31, 2015, which include periods when the entity was subject to the PILs regime and to the federal tax regime.

Witness: Giovanna Baragetti

CALCULATION OF APPRENTICESHIP AND EDUCATION TAX CREDIT - TEST YEARS

HYDRO ONE NETWORKS INC.
Transmission
Calculation of Apprenticeship and Education Tax Credit
Tax Credit Test Years (2017, 2018)
Year Ending December 31
($ Thousands)

Line No	Particulars	2017	2018
1	ON Coop Education Credit	$ 600	$ 600
2	Eligible Positions	200	200
3			
4	ON Apprenticeship Credit	$ 2,000	$1,700
5	Eligible Positions	300	300
6			
7	Ontario Business Research		
8	Institute Credit	$ 100	$ 100
9			
10	Federal Apprenticeship Credit	$ 300	$ 300
11	Eligible positions	155	155
12			
13	SR&ED In Tax Expense	$ 500	$ 500
14			
15	**TOTAL TAX CREDIT**	**$ 3,500**	**$ 3,200**
16			
17			
18	Tax Credit included in tax expense (1)	$ 800	$ 800
19	Tax Credit included in OM&A (1)	$ 2,700	$ 2,400
20	**Total**	**$ 3,500**	**$ 3,200**

(1) In accordance with US GAAP, refundable tax credits included are recorded in OM&A and non-refundable tax credits are recorded as a reduction to tax expense. Consequently, the tax credits relating Ontario Co-op, Ontario, Apprenticeship, and Ontario Business Research are recorded in OM&A

(2) Ontario budget changed ITC available for apprentices after April 24, 2015. Annual credit reduced from $10 thousand to $5 thousand, maximum credit reduced from $40 thousand to $15 thousand and period of claim reduced from 48 months to 36 months.

Witness: Giovanna Baragetti

CALCULATION OF APPRENTICESHIP AND EDUCATION TAX CREDIT - HISTORIC YEARS

HYDRO ONE NETWORKS INC.
Transmission
Calculation of Apprenticeship and Education Tax
Historic Years
2013, 2014, 2015
Year Ending December 31
($ Thousands)

Line No	Particulars	2013	2014	2015*
1	ON Coop Education Credit	$ 478	$ 690	$572
2	Eligible Positions	160	232	191
3				
4	ON Apprenticeship Credit	$ 2,411	$2,616	$2771
5	Eligible Positions	294	359	338
6	ON Business Research Credit		$105	$0
7	Federal Apprenticeship Credit	$ 244	$413	$ 356
8	Eligible positions	119	216	190
9				
10	SR&ED	$ 1,127	$597	$641
11				
12	**TOTAL TAX CREDIT**	**$ 4 ,261**	**$4,421**	**$4,340**

(1) In accordance with US GAAP, refundable tax credits included are recorded in OM&A and non-refundable tax credits are recorded as a reduction to tax expense. Consequently, the tax credits relating Ontario Co-op, Ontario, Apprenticeship, and Ontario Business Research are recorded in OM&A.

(2) Ontario budget changed the ITC available for apprentices after April 24, 2015. Annual credit reduced from $10 thousand to $5 thousand, maximum credit reduced from $40 thousand to $15 thousand and period of claim reduced from 48 months to 36 months.

(3) 2015* is an estimate as the tax returns have not been finalized at the time of the preparation of these schedules. These cover the 12 month period ranging from Jan 1 2015 to Dec 31 2015 although it includes taxation periods under the PILs regime and the federal tax regime.

Witness: Giovanna Baragetti

2015 HYDRO ONE NETWORKS INC INCOME TAX RETURNS

Attachment 1: Hydro One Networks Inc. 2015 Income Tax Return for the stub period January 1 2015 to October 31, 2015.

Attachment 2: Hydro One Networks Inc. 2015 Income Tax Return for the stub period November 1, 2015 to November 4, 2015.

The Hydro One Networks Inc. 2015 Income Tax Return for the stub period, November 5, 2015 to December 31, 2015 will be submitted as an update to this application when complete.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

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

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

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

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

Identification

Business number (BN) **001** 87086 5821 RC0001

Corporation's name
002 Hydro One Networks Inc.

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.)
011 483 Bay Street, 8th Floor
012 South Tower
City **015** Toronto
Province, territory, or state **016** ON
Country (other than Canada) **017**
Postal code/Zip code **018** M5G 2P5

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 Giovanna Baragetti
022 483 Bay Street, 7th floor
023 South Tower
City **025** Toronto
Province, territory, or state **026** ON
Country (other than Canada) **027**
Postal code/Zip code **028** M5G 2P5

Location of books and records (if different from head office address)
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.)
031 483 Bay Street, 7th floor
032 South Tower
City **035** Toronto
Province,territory, or state **036** ON
Country (other than Canada) **037**
Postal code/Zip code **038** M5G 2P5

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 **060** 2015-01-01 YYYY MM DD
Tax year-end **061** 2015-10-31 YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . . **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 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** **898**

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	X	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	X	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170	X	29
Did the corporation have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172	X	———
Does the corporation earn income from one or more Internet webpages or websites?	180	X	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	X	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	X	7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

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

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

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

284	Electricity	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes		2 No	X
Did the corporation emigrate from Canada during the tax year?	292	1 Yes		2 No	X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes		2 No	
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible (YYYY MM DD)	294				
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes		2 No	

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300 1,236,494,923	A
Deduct: Charitable donations from Schedule 2	311	520,642		
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal		520,642 ▶	520,642	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			1,235,974,281	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355	D
Taxable income (amount C **plus** amount D)			360 1,235,974,281	
Income exempt under paragraph 149(1)(t)			370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)			1,235,974,281	Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . . **400** 1,236,491,829 A

Taxable income from line 360 on page 3, **minus** 100/28 3.57143 of the amount on line 632* on page 7, **minus** 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** 1,235,974,281 B

Business limit (see notes 1 and 2 below) . . . . . **410** 416,438 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 416,438 x **415** *** 15,675,750 / 11,250 D = ... 580,264,709 E

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

Small business deduction

Amount A, B, C, or F, whichever is the least x (Number of days in the tax year before January 1, 2016 / Number of days in the tax year) 304 / 304 x 17 % = 1

Amount A, B, C, or F, whichever is the least x (Number of days in the tax year after December 31, 2015, and before January 1, 2017 / Number of days in the tax year) / 304 x 17.5 % = 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** G

* 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.

** 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 page 3 (line 360 or amount Z, whichever applies)			1,235,974,281	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27				B
Amount K13 from Part 13 of Schedule 27				C
Personal service business income	432			D
Amount used to calculate the credit union deduction (amount F 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*		3,094		G
Subtotal (**add** amounts B to G)		3,094 ▶	3,094	H
Amount A **minus** amount H (if negative, enter "0")			1,235,971,187	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %			160,676,254	J

Enter amount J on line 638 on page 7.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27				L
Amount K13 from Part 13 of Schedule 27				M
Personal service business income	434			N
Amount used to calculate the credit union deduction (amount F from Schedule 17)				O
Subtotal (**add** amounts L to O)		▶		P
Amount K **minus** amount P (if negative, enter "0")				Q
General tax reduction – Amount Q **multiplied** by 13 %				R

Enter amount R on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . . **440** 3,094 x (26 2 / 3 + 4 x ____ / 304) % = 825 A

(Number of days in the tax year after 2015 / Number of days in the tax year)

Foreign non-business income tax credit from line 632 on page 7 . . . . . B

Deduct:

Foreign investment income from Schedule 7 . . . . **445** ____ x (9 1 / 3 − 1 1 / 3 x ____ / 304) % = ____ C

(Number of days in the tax year after 2015 / Number of days in the tax year)

(if negative, enter "0") ____ ▶ ____ D

Amount A **minus** amount D (if negative, enter "0") . . . . . 825 E

Taxable income from line 360 on page 3 . . . . . 1,235,974,281 F

Deduct:

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

Foreign non-business income tax credit from line 632 on page 7 . . . . ____ x 100 / 35 = ____ H

Foreign business income tax credit from line 636 on page 7 . . . . . ____ x 4 = ____ I

Subtotal ____ ▶ ____ J

1,235,974,281 K

x (26 2 / 3 + 4 x ____ / 304) % = 329,593,142 L

(Number of days in the tax year after 2015 / Number of days in the tax year)

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . . 183,651,295 M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . . **450** 825 N

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year . . . . . **460** ____

Deduct: Dividend refund for the previous tax year . . . . . **465** ____

____ ▶ ____ O

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . . 825 P

Total Part IV tax payable from Schedule 3 . . . . . ____ Q

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . . **480** ____

825 ▶ 825 R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R **485** 825

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 . . . . . 870,455,244 x [(1 / 3) + (5 x ____ / 304) %] = 290,151,748 S

(Number of days in the tax year after 2015 / Number of days in the tax year)

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . . 825 T

Dividend refund – Amount S or T, whichever is less . . . . . 825 U

Enter amount U on line 784 on page 8.

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %		550	469,670,227	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		3,094	C
Taxable income from line 360 on page 3	1,235,974,281 D		
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least	E		
Net amount (amount D **minus** amount E)	1,235,974,281 ▶	1,235,974,281	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x ____) % of whichever is less: amount C or amount F — 604 — 206 — G

Number of days in the tax year after 2015 / 304 Number of days in the tax year

Subtotal (**add** amounts A, B, and G) 469,670,433 H

Deduct:			
Small business deduction from line 430 on page 4			I
Federal tax abatement	608	123,597,428	
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 J on page 5	638	160,676,254	
General tax reduction from amount R on page 5	639		
Federal logging tax credit from Schedule 21	640		
Eligible Canadian bank deduction under section 125.21	641		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652	1,745,456	
Subtotal		286,019,138 ▶	286,019,138 J

Part I tax payable – Amount H **minus** amount J — 183,651,295 K

Enter amount K on line 700 on page 8.

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K on page 7	700	183,651,295
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		183,651,295

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	135,665,554	
Total tax payable	770	319,316,849	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780			
Dividend refund from amount U on page 6	784	825		
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	329,521,834		
Total credits	890	329,522,659	▶ 329,522,659	B

Refund code 894 1 Overpayment 10,205,810

Balance (amount A **minus** amount B) -10,205,810

If the result is positive, you have a **balance unpaid**. If the result is negative, you have an **overpayment**. Enter the amount on whichever line applies. Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid . . . . . .

For information on how to make your payment, go to **www.cra-arc.gc.ca/payments**.

Direct deposit request

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

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920

Certification

I, 950 BARAGETTI (Last name (print)) 951 GIOVANNA (First name (print)) 954 Vice President, Corporate Tax (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 2016-04-27 (Date (yyyy/mm/dd)) Signature of the authorized signing officer of the corporation 956 (416) 345-6778 (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 Glendy Cheung (Name (print)) 959 (416) 345-6812 (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: Glendy Cheung
Telephone number: (416) 345-6812

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2015 Tax Instalments	297,000,000
	2015 Balance carryforward	32,521,834

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 329,521,834 **A**

Total instalments credited to the taxation year per T9 329,521,834 **B**

Transfer

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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
Assets					
	Total current assets	1599	+	1,095,000,000	1,242,000,000
	Total tangible capital assets	2008	+	26,293,000,000	25,040,000,000
	Total accumulated amortization of tangible capital assets	2009	–	9,205,000,000	8,709,000,000
	Total intangible capital assets	2178	+	475,000,000	377,000,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	2,531,000,000	1,935,000,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	21,189,000,000	19,885,000,000
Liabilities					
	Total current liabilities	3139	+	5,025,000,000	1,596,000,000
	Total long-term liabilities	3450	+	11,721,000,000	11,321,000,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	16,746,000,000	12,917,000,000
Shareholder equity					
	Total shareholder equity (mandatory field)	3620	+	4,443,000,000	6,968,000,000
	Total liabilities and shareholder equity	3640	=	21,189,000,000	19,885,000,000
Retained earnings					
	Retained earnings/deficit – end (mandatory field)	3849	=	1,018,000,000	3,610,000,000

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Income statement information

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

Account	Description	GIFI		Current year	Prior year
Income statement information					
	Total sales of goods and services	8089	+	4,966,000,000	5,928,000,000
	Cost of sales	8518	–	2,557,000,000	2,979,000,000
	Gross profit/loss	8519	=	2,409,000,000	2,949,000,000
	Cost of sales	8518	+	2,557,000,000	2,979,000,000
	Total operating expenses	9367	+	1,744,000,000	2,143,000,000
	Total expenses (mandatory field)	9368	=	4,301,000,000	5,122,000,000
	Total revenue (mandatory field)	8299	+	4,966,000,000	5,928,000,000
	Total expenses (mandatory field)	9368	–	4,301,000,000	5,122,000,000
	Net non-farming income	9369	=	665,000,000	806,000,000
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	=	665,000,000	806,000,000
	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	–	2,365,000,000	73,000,000
	Future (deferred) income tax provision	9995	–	2,000,000	16,000,000
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-1,702,000,000	717,000,000

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

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

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

Is the accountant connected* with the corporation? . . . . . **097** 1 Yes [X] 2 No [ ]

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.

* 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.

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: **110**

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . . **101** 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . . **104** 1 Yes [X] 2 No [ ]

Is re-evaluation of asset information mentioned in the notes? . . . . . **105** 1 Yes [X] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . **106** 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . **107** 1 Yes [X] 2 No [ ]

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**211**	
Intangible assets	**215**		**216**	
Investment property	**220**			
Biological assets	**225**			
Financial instruments	**230**		**231**	
Other	**235**		**236**	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . **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.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Assets – lines 1000 to 2599

1060	1,067,000,000	1061	-64,000,000	1120	19,000,000
1480	54,000,000	1483	19,000,000	1599	1,095,000,000
1900	24,975,000,000	1901	-9,205,000,000	1920	1,318,000,000
2008	26,293,000,000	2009	-9,205,000,000	2010	363,000,000
2012	112,000,000	2178	475,000,000	2420	1,942,000,000
2421	589,000,000	2589	2,531,000,000	2599	21,189,000,000

Liabilities – lines 2600 to 3499

2620	3,075,000,000	2629	90,000,000	2700	450,000,000
2861	1,391,000,000	2960	19,000,000	3139	5,025,000,000
3140	7,727,000,000	3240	1,950,000,000	3320	2,044,000,000
3450	11,721,000,000	3499	16,746,000,000		

Shareholder equity – lines 3500 to 3640

3500	3,429,000,000	3541	5,000,000	3580	-9,000,000
3600	1,018,000,000	3620	4,443,000,000	3640	21,189,000,000

Retained earnings – lines 3660 to 3849

3660	3,610,000,000	3680	-1,702,000,000	3700	-890,000,000
3849	1,018,000,000				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Description

Sequence number 0003 01

Revenue – lines 8000 to 8299

8000	4,966,000,000	8089	4,966,000,000	8299	4,966,000,000

Cost of sales – lines 8300 to 8519

8320	2,557,000,000	8518	2,557,000,000	8519	2,409,000,000

Operating expenses – lines 8520 to 9369

8570	46,000,000	8623	64,909,611	8670	558,000,000
8710	303,000,000	9284	772,090,389	9367	1,744,000,000
9368	4,301,000,000	9369	665,000,000		

Extraordinary items and taxes – lines 9970 to 9999

9970	665,000,000	9990	2,365,000,000	9995	2,000,000
9999	-1,702,000,000				

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

Amount calculated on line 9999 from Schedule 125				-1,702,127,706 A
Add:				
Provision for income taxes – current	101	2,364,220,358		
Provision for income taxes – deferred	102	2,470,611		
Interest and penalties on taxes	103	5,345		
Amortization of tangible assets	104	559,096,680		
Amortization of intangible assets	106	45,015,760		
Charitable donations and gifts from Schedule 2	112	520,642		
Taxable capital gains from Schedule 6	113	3,094		
Scientific research expenditures deducted per financial statements	118	2,384,790		
Non-deductible meals and entertainment expenses	121	2,080,465		
Reserves from financial statements – balance at the end of the year	126	2,050,508,096		
Subtotal of additions		5,026,305,841	▶	5,026,305,841
Other additions:				
Capital items expensed	206	6,414,924		
Debt issue expense	208	2,631,454		
Miscellaneous other additions:				
600 Other Adds - See attached schedule	290	5,247,038		
601 US GAAP Adjustments for OPEB deducted in S(13)	291	126,667		
602 CCRA true up	292	7,676,257		
603 Federal apprenticeship credit prior year 938,800				
Total 938,800	293	938,800		
604 Capital Contributions received 12(1)(x) 155,391,689				
Legal Fees 84,239				
2015 Ontario apprentice underaccrual 844,173				
Total 156,320,101	294	156,320,101		
Subtotal of other additions	199	179,355,241	▶	179,355,241
Total additions	500	5,205,661,082	▶	5,205,661,082 B
Amount A **plus** amount B				3,503,533,376

Deduct:

Deferred and prepaid expenses	409	4,638,046	
SR&ED expenditures claimed in the year from Form T661 (line 460)	411	5,338,806	
Reserves from financial statements – balance at the beginning of the year	414	1,858,253,076	
Contributions to deferred income plans from Schedule 15	417	81,613,212	
Subtotal of deductions		1,949,843,140 ▶	1,949,843,140

Other deductions:

Miscellaneous other deductions:

700	Interest cap for acct, exp for tax (761401/761402)		390	42,401,291	
701	Capital Contributions - 13(7.4) election		391	155,391,689	
703	Deduct OPEB costs capitalized in Sch 13 addback	52,683,591			
	Total	52,683,591	393	52,683,591	
704	Other deductions (see attached)	66,069,059			
	Income included in OCI	241,653			
	Oct 2015 accrued OBRI credit	166,667			
	2014 Prov to return for ONT ITC in OMA	39,515			
	Restriction Transmission Assets (Write off of true up)	29,815			
	2015 Ontario co-op overaccrual	172,033			
	Total	66,718,742	394	66,718,742	
	Subtotal of other deductions		499	317,195,313 ▶	317,195,313
	Total deductions		510	2,267,038,453 ▶	2,267,038,453

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 1,236,494,923

T2 SCH 1 E (12)

Canadä

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title D-Sch 001 - Deferred or prepaid expenses deducted for tax(line 409)

Description	Amount	
20(1)(e) deduction re: underwriting fees	2,498,047	00
20(1)(e) deduction re: prospectus fees	80,995	00
20(1)(e) deduction re: upfront loan fees	803,393	00
20(1)(e) deduction re: legal fees for deferred financing	185,611	00
Bond Discount	1,070,000	00
Total	4,638,046	00

Attached Schedule with Total

Line 208 – Debt issue expense

Title B-Sch 001- Debt issue expenses added back for tax (line 208)

Description	Amount	
Amortization of Underwriting fee (GL #761780)	1,716,730	00
Amortization of Prospectus fees (GL #761790)	157,882	00
Amortization of Upfront Loan Fee (included in GL #761730)	515,189	00
Amortization of Hedge Loss (GL# 761770)	241,653	00
Total	2,631,454	00

Attached Schedule with Total

Line 704 – Amount

Title 704.1 - Amount for line 704.1

Description	Amount	
Removal Costs	7,927,010	00
Reverse environmental interest reflected on S-13	7,851,412	00
MOF - interest adjustment	155,769	00
MOF - capital tax adjustment	325,035	00
Capitalized Overhead general and administration	47,413,850	00
Bond Premium/Discount Am	977,683	00
Landscaping adjustments	1,237,278	00
Amortization of Capital contribution (741701)	130,776	00
S 18(9.1) deduction	50,246	00
Total	66,069,059	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Description	Amount	
Equipment under 2k (GL 620510)	443,069	00
Computer Application Software (AC 620046)	5,971,855	00
Total	6,414,924	00

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Amount	
Project Cancellation costs	4,041,354	00
B2M non-deductible legal fees	75,038	00
Non-deductible fees: re: due diligence fees	900,976	00
Mark to Market	229,670	00
Total	5,247,038	00

Attached Schedule with Total

Line 391 – Amount for line 701

Title Line 391 – Amount for line 701

Explanatory note

Included in this return is an election under subsection 13(7.4) with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount in respect of which the election was made, and so was not included in income but was the amount by which the cost of depreciable property was reduced, is $163,067,946.

Description	Amount	
Subsection 13(7.4) Election	155,391,689	00
Total	155,391,689	00

Attached Schedule with Total

Line 103 – Interest and penalties on taxes

Title Line 103 – Interest and penalties on taxes

Description	Amount	
Interest and penalties on taxes (GL 761681)	5,345	00
Total	5,345	00

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario community food program donation tax credit for farmers;
  - the eligible amount of gifts to Canada, a province, or a territory;
  - the eligible amount of gifts of certified cultural property;
  - the eligible amount of gifts of certified ecologically sensitive land; or
  - the additional deduction for gifts of medicine.
- All legislative references are the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Act*.
- Subsection 110.1(1.2) of the federal 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.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction 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)
[redacted]	100
	100
	200
	200
	200
	100
	100
	100
	800
	100
	100
	100
	100
	100
	100
	100
	100
	5,000
	100
	100
	100
	100
	5,176
	200
	100
	100
	100
	100
	100
	100

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
[redacted]	100
	100
	1,000
	100
	200
	100
	100
	100
	200
	100
	100
	9,406
	100
	500
	100
	200
	100
	100
	200
	100
	100
	1,000
	100
	100
	100
	100
	100
	100
	100
	100
	100
	1,000
	1,500
	1,000
	150
	93,750
	30,000
	93,750
	100,000
	93,750
	500
	6,000
	50,000
	5,000
	10,000
	1,000
	500
	1,000
	500
	500
	500
	500
	500
Subtotal	520,482
Add: Total donations of less than $100 each	160
Total donations in current tax year	520,642

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240		B		
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (enter this amount on line 112 of Schedule 1)	210	520,642		520,642	520,642
Subtotal (line 250 **plus** line 210)		520,642	C	520,642	520,642
Subtotal (amount B **plus** amount C)		520,642	D	520,642	520,642
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		520,642	E	520,642	520,642
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260	520,642		520,642	520,642
Charitable donations closing balance (amount E **minus** amount on line 260)	280				
Ontario community food program donation for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

Enter the amount from line 1 on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less; the Ontario income tax otherwise payable or the amount on line 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
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 % . . . . . 927,371,192 F

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** . . . . . 225 _____ G

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) . . . . . 227 _____ H

The amount of the recapture of capital cost allowance in respect of charitable donations . . . . . 230 _____

Proceeds of disposition, **less** outlays and expenses** . . . . . _____ I

Capital cost** . . . . . _____ J

Amount I or J, whichever is less . . . . . 235 _____

Amount on line 230 or 235, whichever is less . . . . . _____ K

Subtotal (**add** amounts G, H, and K) _____ L

Amount L **multiplied** by 25 % _____ M

Subtotal (amount F **plus** amount M) 927,371,192 N

Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less) . . . . . 520,642 O

* For credit unions, subsection 137(2) states that 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 . . . . . _____ A

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 current tax year . . . . . 340 _____ B

Add:

Gifts to Canada, a province, or a territory transferred on an amalgamation or the wind-up of a subsidiary . . . . . 350 _____

Total gifts made to Canada, a province, or a territory in the current year* . . . . . 310 _____

Subtotal (line 350 **plus** line 310) _____ ▶ _____ C

Subtotal (amount B **plus** amount C) _____ D

Deduct:

Adjustment for an acquisition of control . . . . . 355 _____

Amount applied in the current year against taxable income (enter this amount on line 312 of the T2 return) . . . . . 360 _____

Subtotal (line 355 **plus** line 360) _____ ▶ _____ E

Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E) . . . . . 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			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		G		
Add:					
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year	410				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
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			K		
Deduct: Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year	540		L		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014	520				
Subtotal (**add** lines 550, 510, and 520)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			O		
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580				

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
7th prior year	2008-12-31			
8th prior year	2007-12-31			
9th prior year	2006-12-31			
10th prior year	2005-12-31			
11th prior year*	2004-12-31			
12th prior year	2003-12-31			
13th prior year	2002-12-31			
14th prior year	2001-12-31			
15th prior year	2000-12-31			
16th prior year	1999-12-31			
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during 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.

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			P				
Deduct: Additional deduction for gifts of medicine expired after five tax years	639						
Additional deduction for gifts of medicine at the beginning of the current tax year	640		Q				
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:							1
Proceeds of disposition	602		1		1		2
Cost of gifts of medicine	601		2		2		3
Subtotal (line 1 **minus** line 2)			3		3		4
Line 3 **multiplied** by 50 %			4		4		5
Eligible amount of gifts	600		5		5		

Federal

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year 610 _____

Québec

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

Alberta

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

Subtotal (line 650 **plus** line 610)			R		
Subtotal (amount Q **plus** amount R)			S		
Deduct:					
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			T		
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680				

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2014-12-31			
2nd prior year	2013-12-31			
3rd prior year	2012-12-31			
4th prior year	2011-12-31			
5th prior year	2010-12-31			
6th prior year*	2009-12-31			
Total				

***** These donations expired in the current year.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2014-12-31	
2nd prior year	2013-12-31	
3rd prior year	2012-12-31	
4th prior year	2011-12-31	
5th prior year	2010-12-31	
6th prior year*	2009-12-31	
7th prior year	2008-12-31	
8th prior year	2007-12-31	
9th prior year	2006-12-31	
10th prior year	2005-12-31	
11th prior year	2004-12-31	
12th prior year	2003-12-31	
13th prior year	2002-12-31	
14th prior year	2001-12-31	
15th prior year	2000-12-31	
16th prior year	1999-12-31	
17th prior year		
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

T2 SCH 2 E (12/2014)

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

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- This schedule is for the use of any corporation to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act.*
- A recipient corporation is connected with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.
- Column FF – Indicate if the dividends have been received before January 1, 2016, or after December 31, 2015. This information is required to determine the appropriate rate for the Part IV tax calculation.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

Name of payer corporation (from which the corporation received the dividend) 200	A	Complete if payer corporation is connected: B Enter 1 if payer corporation is connected 205	C Business Number of connected corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (See note) 220	E Non-taxable dividend under section 83 230
				Total (enter on line 402 of Schedule 1)	

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

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

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

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

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

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Rate: The Part IV tax rate is 38 1/3% for dividends received after December 31, 2015, and 33 1/3% for dividends received before January 1, 2016.

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 400	Business Number 410	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note) 420	Taxable dividends paid to connected corporations 430	Eligible dividends (included in column D)
1	Hydro One Inc.	86999 4731 RC0001	2015-12-31	870,455,244	

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 870,455,244

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) 460 870,455,244

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) 870,455,244

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

Total dividends paid in the tax year 500 870,455,244

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 870,455,244

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

Part 1 – Allocation of taxable income

100 _____ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

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

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

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

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,235,974,281		1,235,974,281	142,137,042

Ontario basic income tax (from Schedule 500)	270	142,137,042		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		142,137,042	142,137,042	A6
Add:				
Ontario additional tax re Crown royalties (from Schedule 504)	274			
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal				B6
Subtotal (amount A6 **plus** amount B6)			142,137,042	C6
Deduct:				
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario transitional tax credits (from Schedule 506)	414			
Ontario political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			142,137,042	E6
Deduct: Ontario research and development tax credit (from Schedule 508)	416		296,848	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0")			141,840,194	F6
Deduct:				
Ontario corporate minimum tax credit (from Schedule 510)	418			
Ontario community food program donation tax credit for farmers (from Schedule 2)	420			
Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0")			141,840,194	G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	278			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal				H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			141,840,194	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	952,967		
Ontario apprenticeship training tax credit (from Schedule 552)	454	5,221,673		
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			
Subtotal		6,174,640	6,174,640	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290		135,665,554	K6

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits **255** 135,665,554

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 6

Summary of Dispositions of Capital Property

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule if your corporation disposed of (actual or deemed) capital property or claimed an allowable business investment loss (ABIL), or both, in the tax year.
- Also use this schedule to make a designation under paragraph 111(4)(e) of the *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 Guide T4012, *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 such a designation applies to.

Part 1 – Shares

1 Number of shares 100	2 Name of corporation in which the shares are held 105	3 Class of shares 106	4 Date of Acquisition YYYY/MM/DD 110	5 Proceeds of disposition 120	6 Adjusted cost base 130	7 Outlays and expenses from disposition 140	8 Gain (or loss) (column 5 **minus** columns 6 and 7) 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 column 8 **plus** line 160) . . . . . _____ **A**

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

	1 Municipal address of real estate 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 200	2 Date of Acquisition YYYY/MM/DD 210	3 Proceeds of disposition 220	4 Adjusted cost base 230	5 Outlays and expenses from disposition 240	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 250	Foreign source
1	30 Second Street	1984-07-01	22,808	16,621		6,187	
	NIPIGON						
	ON CA P0T 2J0						
		Totals	22,808	16,621		6,187	**B**

Part 3 – Bonds

1 Face value of bonds 300	2 Maturity date YYYY/MM/DD 305	3 Name of bond issuer 307	4 Date of Acquisition YYYY/MM/DD 310	5 Proceeds of disposition 320	6 Adjusted cost base 330	7 Outlays and expenses from disposition 340	8 Gain (or loss) (column 5 **minus** columns 6 and 7) 350	Foreign source
			Totals					**C**

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

1 Description of other property 400	2 Date of Acquisition YYYY/MM/DD 410	3 Proceeds of disposition 420	4 Adjusted cost base 430	5 Outlays and expenses from disposition 440	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 450	Foreign source
	Totals					**D**

Note
Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.

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

1 Description of personal-use property 500	2 Date of Acquisition YYYY/MM/DD 510	3 Proceeds of disposition 520	4 Adjusted cost base 530	5 Outlays and expenses from disposition 540	6 Gain only (column 3 **minus** columns 4 and 5; if negative, enter "0") 550	Foreign source
	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

1 Description of listed personal property 600	2 Date of Acquisition YYYY/MM/DD 610	3 Proceeds of disposition 620	4 Adjusted cost base 630	5 Outlays and expenses from disposition 640	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 650	Foreign source
	Totals					

Deduct: Unapplied listed personal property losses from other years (amount from line 530 of Schedule 4, *Corporation Loss Continuity and Application*) . . . . . 655 _____

Net gains (or losses) from the disposition of listed personal property (total of column 6 **minus** line 655) . . . . . _____ **F**

Note
Net listed personal property losses can only be applied against listed personal property gains.

Part 7 – Property qualifying for and resulting in an allowable business investment loss

1 Name of small business corporation 900	2 Shares, enter 1; debt, enter 2 905	3 Date of Acquisition YYYY/MM/DD 910	4 Proceeds of disposition 920	5 Adjusted cost base 930	6 Outlays and expenses from disposition 940	7 Loss only (column 4 **minus** columns 5 and 6) 950	Foreign source
		Totals					

Allowable business investment losses (ABILs) . . . . . Total of Column 7 _____ x 50.0000 % = _____ **G**

Enter amount G 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 this schedule.

Part 8 – Capital gains or losses

Total of amounts A to F (do not include amount F if it is a loss) . . . . . 6,187 H

Add:

Foreign source

Capital gains dividend received in the year . . . . . **875** _____ I ☐

Capital gains reserve opening balance (from Part 1 of Schedule 13, *Continuity of Reserves,* enter the amount from line 8, *Balance at the beginning of the year* **plus** the amount from line 9, *Transfer on an amalgamation or the wind–up of a subsidiary*) . . . . . **880** _____ J

Subtotal (total of amounts H to J) 6,187 K

Deduct: Capital gains reserve closing balance (from Schedule 13) . . . . . **885** _____ L

Capital gains or losses, excluding ABILs (amount K **minus** amount L) . . . . . **890** 6,187 M

Part 9 – Taxable capital gains and total capital losses

Capital gains or losses, excluding ABILs (amount from line 890 in Part 8) . . . . . 6,187 N

Deduct the following amounts included in amount N, that are subject to the zero inclusion rate:

Note

When a taxpayer is entitled to an advantage in respect of a donation, the zero inclusion rate is restricted to only part of the taxpayer's capital gain on disposition of the property. See section 38.2 of the Act for more information.

Foreign source

Gain on the donation to a qualified donee of a share, debt obligation, or right listed on a designated stock exchange and other securities under subparagraphs 38(a.1)(i) and (iii) of the Act . . . . . **895** _____ a ☐

Foreign source

Gain on the donation to a qualified donee of ecologically sensitive land under paragraph 38(a.2) of the Act* . . . . . **896** _____ b ☐

Foreign source

Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(*a.3*) . . . . . _____ b-2 ☐

Subtotal (amount a **plus** amount b **plus** b-2) _____ ▶ _____ O

Subtotal (amount N **minus** amount O) 6,187 P

Add:

Deemed capital gain from the donation of property included in a flow-through share class of property to a qualified donee under subsection 40(12) of the Act:

Exemption threshold at time of disposition . . . . . **897** _____ c

The total of all capital gains from the disposition of the actual property . . . . . **898** _____ d

Foreign source

Amount c or amount d, whichever is less _____ Q ☐

Taxable capital gains under section 34.2 of the Act (line 275 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*) . . . . . _____ x 2 = **899** _____ R

Subtotal (total of amounts P to R) 6,187 S

Deduct:

Allowable capital losses under section 34.2 of the Act (line 285 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*) . . . . . _____ x 2 = **901** _____ T

Total capital gains or losses (amount S **minus** amount T) 6,187 U

Taxable capital gains or total capital losses

Total capital losses (amount U, if amount U is negative; if amount U is positive, enter "0") . . . . . _____ V

Enter amount V on line 210 of Schedule 4.

Taxable capital gains (if amount U is positive, enter amount U 6,187 multiplied by 50.0000 %; if amount U is negative, enter "0") . . . . . 3,094 W

Enter amount W on line 113 of Schedule 1.

* Do not include gains on donations of ecologically sensitive land to a private foundation.

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Schedule 7

Aggregate Investment Income and Active Business Income

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- This schedule is for the use of Canadian-controlled private corporations (CCPCs) to calculate:
  - for the purpose of determining the refundable portion of Part I tax, aggregate investment income and foreign investment income, as defined in subsection 129(4) of the *Income Tax Act;*
  - specified partnership income, when the CCPC is a member 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 Guide T4012, *T2 Corporation – Income Tax Guide.*

Part 1 – Aggregate investment income

The aggregate investment income is the aggregate **world** source income.

Eligible portion of taxable capital gains for the year	002		3,094	A
Deduct:				
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012		a	
Net capital losses of previous years claimed on line 332 on the T2 return	022		b	
Subtotal (amount a **plus** amount b)				B
Amount A **minus** amount B (if negative, enter "0")			3,094	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		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 **minus** related expenses)	062	3		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072	4		
Subtotal (**add** amounts 1 to 4)			d	
Subtotal (amount c **minus** amount d)				D
Amount C **plus** amount D			3,094	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		3,094	G

Enter amount G on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains for the year before taking into account the capital gains reserve (federal) of Schedule 13	3,094	1.1		
Reserve's eligible portion (addition/deduction)		1.2		
Taxable capital gains under section 34.2 of the ITA		1.3		
The eligible portion of taxable capital gains for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1, 1.2 and 1.3)	3,094	▶	3,094	1a
Deduct:				
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		2a		
Net capital losses of previous years of other years claimed on line 332 on the T2 return		3a		
Allowable capital losses under section 34.2 of the ITA		3.1		
Total of amounts 2a, 3a and 3.1		▶		4a
Amount 1a **minus** amount 4a (if negative, enter "0")			3,094	5a
Taxable dividends		6.1		
Rental property income (under regulation 1100(11))		6.2		
Other property income		6.3		
Property income under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		6.4		
Total property income from **Canadian** sources		▶		6a
Deduct:				
Exempt income		7a		
Amounts received from AgriInvest 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 **minus** related expenses)		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				12a
Amount 5a **plus** amount 12a			3,094	13a
Rental property losses (under regulation 1100(11))		14.1		
Dividend losses		14.2		
Other property losses		14.3		
Property losses under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)		14.4		
Total property losses from **Canadian** sources		▶		14a
Amount 13a **minus** amount 14a (if negative, enter "0")			3,094	15a

Part 2 – Foreign investment income

The foreign investment income is all income from sources **outside Canada**.

Eligible portion of taxable capital gains for the year before taking into account the capital gains reserve (federal) of Schedule 13		H1		
Reserve's eligible portion (addition/deduction)		H2		
Taxable capital gains under section 34.2 of the ITA*		H3		
Eligible portion of taxable capital gains for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts H1, H2 and H3)	▶	001		H
Allowable capital losses for the year		I1		
Allowable capital losses under section 34.2 of the ITA*		I2		
Eligible portion of allowable capital losses for the year (including allowable business investment losses) (total of amounts I1 and I2)	▶	009		I
Subtotal (amount H **minus** amount I) (if negative, enter "0")				J
Taxable dividends		e1		
Rental property income (under regulation 1100(11))		e2		
Other property income		e3		
Property income under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)*		e4		
Total income from property from a source **outside Canada** (net of related expenses)	▶	019		e
Deduct:				
Exempt income	029	5		
Taxable dividends deductible (total of column F on Schedule 3 **minus** related expenses)	049	6		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	7		
Subtotal (**add** amounts 5 to 7)	▶			f
Subtotal (amount e **minus** amount f)	▶			K
Amount J **plus** amount K				L
Rental property losses (under regulation 1100(11))		M1		
Dividend losses		M2		
Other property losses		M3		
Property losses under section 34.2 of the ITA (line 280 of Schedule 73, *Income Inclusion Summary for Corporations that are Members of Partnerships*)*		M4		
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)

* When an amount is entered on these lines, the amounts calculated for the taxable capital gains or allowable capital losses on lines 1.3 and 3.1 as well as property income or losses on lines 6.4 and 14.3 in Part 2A, "Canadian investment income calculation" are automatically updated. For more details, press F1 to consult the Help.

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	D1
Partnership name 200	Partnership's account number	Total income (loss) partnership from active business 300	Corporation's share of amount column B 310	Adjustment under section 34.2*

D2	D	E	F	G	H	I
Expenses incurred to earn partnership income	Adjustments (add or deduct the prorated amounts calculated under section 34.2* and deduct expenses incurred by the corporation to earn partnership income) (column D1 **minus** column D2) 315	Corporation's income (loss) of the partnership (column C **plus** column D) 320	Number of days in the partnership's fiscal period 325	Prorated business limit (column C ÷ column B) x [$500,000 x (column F ÷ 365)] (if column C is negative, enter "0")** 330	Column E **minus** column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0") 340
		Total 350			**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 _____ h

Subtotal (amount g **plus** amount h) _____ 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.

Part 3 – Specified partnership income (continued)

* In general, amounts included under subsections 34.2(2), (3), and (12) or claimed under subsections 34.2(4) and (11) are deemed to have the **same character** and be in the **same proportions** as the partnership income they relate to. 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 portion** 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)
- 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 – Partnership income not eligible for the small business deduction

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)			Q
Specified partnership loss (from amount h in Part 3)			R
Subtotal (amount Q **plus** amount R)			S
Deduct:			
Specified partnership income (from amount P in Part 3)			T
Partnership income not eligible for the small business deduction (amount S **minus** amount T) (enter on line p 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		1,236,494,923 j		
Plus:				
Allowable business investment loss from line 406 of Schedule 1		k		
Subtotal (amount j **plus** amount k)		1,236,494,923 ▶	1,236,494,923	V
Deduct:				
Foreign business income after deducting related expenses*	500	l		
Taxable capital gains from line 113 of Schedule 1		3,094 m		
Net property income (amount c** **minus** amounts 1, 2, and F* in Part 1)		n		
Personal services business income and other income after deducting related expenses*	520	o		
Subtotal (**add** amounts l to o)		3,094 ▶	3,094	W
Net amount (amount V **minus** amount W)			1,236,491,829	X
Deduct:				
Partnership income not eligible for the small business deduction (amount U in Part 4)		p		
Income allocated to the corporation under subsection 96(1.1)	530	q		
Subtotal (amount p **plus** amount q)		▶		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")			1,236,491,829	Z

* If negative, enter amount in brackets, and **add** instead of **subtracting**.

** Net of related expenses.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) **200**	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) **201**	3 Cost of acquisitions during the year (new property must be available for use)* **203**	4 Adjustments and transfers** **205**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) **207**	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** **211**	7 Reduced undepreciated capital cost	8 CCA rate % **** **212**	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) **213**	10 Terminal loss (line 404 of Schedule 1) **215**	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** **217**	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) **220**
1.	1		3,637,279,150	4,953,667	21,617,173	3663849990			4	0	0		
2.	2		826,941,005			826,941,005			6	0	0		
3.	3		255,046,347	8,148,798	2,208,827	265,403,972			5	0	0		
4.	6		89,587,984	4,879,638		94,467,622			10	0	0		
5.	7		25,238			25,238			15	0	0		
6.	8		185,255,080	66,206,407	740,634	252,202,121			20	0	0		
7.	9		5,983,227			5,983,227			25	0	0		
8.	10		160,119,989	52,424,104	203,192	212,747,285			30	0	0		
9.	12		15,430,673	9,747,419		25,178,092			100	0	0		
10.	13	Leases	345,369		439,840	785,209			NA	0	0		
11.	17		81,627,929	6,160,851		87,788,780			8	0	0		
12.	35		105,340			105,340			7	0	0		
13.	42		73,028,699	8,655,300		81,683,999			12	0	0		
14.	45	Computers - old cl.10 post Mar 2	311,052		1,606	312,658			45	0	0		
15.	46	cl.8 post Mar 22/04	15,815,674	898,446		16,714,120			30	0	0		
16.	47	Electricity Assets > 22-02-2005	5,039,012,496	580,652,147	29,605,508	5649270151			8	0	0		
17.	50	Computers	92,681,205	36,338,524	27,889	129,047,618			55	0	0		
18.	13	Barrie Office (WBS 700004578)	315,600			315,600			NA	0	0		
19.	13	Atrium on Bay (WBS 300040666)	71,201			71,201			NA	0	0		
20.	13	Newmarket Garage (WBS 30004	118,535			118,535			NA	0	0		
21.	13	255 Matheson Mississauga (WBS	1,173,450			1,173,450			NA	0	0		
22.	13	95 Mural Street (WBS 70001035	1,408			1,408			NA	0	0		
23.	13	Nipigon (WBS 700011829)	138,242			138,242			NA	0	0		
24.	13	Kemptville (WBS 700009832)	6,042			6,042			NA	0	0		

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
25.	13	Sudbury (WBS 700010356)	268,506			268,506			NA	0	0		
26.	13	Llonhead (WBS 700015140)	34,480			34,480			NA	0	0		
27.	13	483 Bay St (WBS 300042991C)	3,683,515		194	3,683,709			NA	0	0		
28.	13	Newmarket SC (WBS 700016578	9,787		699	10,486			NA	0	0		
29.	13	Orillia Forestry Work Centre (WB	299,720	19,603	18,732	338,055			NA	0	0		
30.	13	483 Bay St WBS 700015844/843	10,657,553	26,562	484,434	11,168,549			NA	0	0		
31.	13	Arnprior Forestory Work Centre (	297,884		18,617	316,501			NA	0	0		
32.	13	Orleans OC		2,307,628		2,307,628			NA	0	0		
		Totals	10,495,672,380	781,419,094	55,367,345	11,332,458,819							

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

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see *Regulation* 1100(2) and (2.2).

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost. Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

****** 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 (14)

Canada

Proceeds of disposition do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject of a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

	Name 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.	HYDRO ONE LIMITED	CA	80512 9962 RC0001	3					
2.	HYDRO ONE INC.	CA	86999 4731 RC0001	1					
3.	2486267 ONTARIO INC	CA	80232 6124 RC0001	3					
4.	2486268 ONTARIO INC	CA	80167 4078 RC0001	3					
5.	HYDRO ONE REMOTE COMMUNITIE	CA	87083 6269 RC0001	3					
6.	HYDRO ONE TELECOM INC.	CA	86800 1066 RC0001	3					
7.	HYDRO ONE TELECOM LINK LIMITE	CA	88786 7513 RC0001	3					
8.	MUNICIPAL BILLING SERVICES INC	CA	87560 6519 RC0001	3					
9.	HYDRO ONE LAKE ERIE LINK MANA	CA	87892 1519 RC0002	3					
10.	1938454 ONTARIO INC.	CA	86391 7795 RC0002	3					
11.	1943404 ONTARIO INC.	CA	86248 6123 RC0002	3					
12.	B2M GP INC.	CA	81838 1840 RC0001	3					
13.	HYDRO ONE B2M HOLDINGS INC	CA	82217 7531 RC0001	3					
14.	HYDRO ONE B2M LP INC.	CA	81838 2046 RC0001	3					
15.	NORFOLK ENERGY INC	CA	86289 0399 RC0001	3					
16.	NORFOLK POWER DISTRIBUTION II	CA	86289 2593 RC0001	2					
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	Woodstock Hydro Services Inc.	CA	89909 5012 RC0001	3					
20.	Woodstock Hydro Holdings Inc.	CA	86248 6123 RC0001	3					
21.	1908872 ONTARIO INC.	CA	82581 6838 RC0001	3					
22.	1908873 ONTARIO INC.	CA	83392 0978 RC0001	3					
23.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
24.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
25.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
26.	Hydro One Brampton Networks Inc.	CA	86486 7635 RC0001	3					
27.	HYDRO ONE EAST WEST TIE INC.	CA	80105 5880 RC0001	3					

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

T2 SCH 9 (11)

Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") ..... 200 74,626,267 A

Add: Cost of eligible capital property acquired during the taxation year 222 1,227,832

Other adjustments 226

Subtotal (line 222 plus line 226) 1,227,832 x 3 / 4 = 920,874 B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 ..... 228 x 1 / 2 = C

amount B minus amount C (if negative, enter "0") 920,874 ▶ 920,874 D

Amount transferred on amalgamation or wind-up of subsidiary ..... 224 154,310 E

Subtotal (add amounts A, D, and E) 230 75,701,451 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year .... 242 100,935,268 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) 100,935,268 x 3 / 4 = 248 75,701,451 J

Cumulative eligible capital balance (amount F minus amount J) ..... 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

less amount from line 249

Current year deduction ..... x 7.00 % = 250 *

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

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") ..... 300 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.

Proceeds of disposition do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject of a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)				N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400		1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401		2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3		
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4		
Line 3 minus line 4 (if negative, enter "0")		▶	5	
Total of lines 1, 2 and 5			6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7		
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8		
Subtotal (line 7 plus line 8)	409	▶	9	
Line 6 minus line 9 (if negative, enter "0")			▶	O
Line N minus line O (if negative, enter "0")				P
Line 5		x 1 / 2 =		Q
Line P minus line Q (if negative, enter "0")				R
Amount R		x 2 / 3 =		S
Amount N or amount O, whichever is less				T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410			

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SCHEDULE 11

TRANSACTIONS WITH SHAREHOLDERS, OFFICERS, OR EMPLOYEES

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

Provide the details of any transactions with shareholders, officers or employees that involve:

- payments the corporation made or amounts credited to the account of shareholders, officers, or employees, which were not part of their remuneration or reimbursement of expenses;
- assets the corporation sold to or purchased from shareholders, officers, or employees, including those for which an election was made under section 85; or
- loans or indebtedness to shareholders, officers, or employees, or persons connected with a shareholder, which were not repaid by the end of the taxation year.

	Relationship code (see note) 100	Payments $ 200	Reimbursement (Other than reimbursement of expenses) $ 300	Loans receivable from, or debts owing to $ 400	Assets sold or purchased $ 500	Does section 85 apply to assets sold or purchased? 550
1	1				66,204,980	Yes [X] No [ ]

Note: Enter the code number of the relationship that applies: (if more than one relationship exists, enter the lowest applicable number)

1 - Shareholder
2 - Officer
3 - Employee

T2 SCH 11 (00)

Canada

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	OPEB Liability Short Term	48,537,000				48,537,000
2	OPEB Liability Long Term	1,493,066,644	1,167,902	61,603,972		1,555,838,518
3	Environmental Short Term	16,394,331		14,677,046		31,071,377
4	Environmental Long Term	209,942,797			21,051,681	188,891,116
5	Contingent Liabilities	12,236,959	500,000		534,998	12,201,961
6	Regulatory Accounts	63,509,691	-633,822	135,405,355		198,281,224
7	Tenant Inducement	-4,333,226		1,949,931		-2,383,295
8	Asset Retirement Obligations	8,626,796		170,395		8,797,191
9	General Bad Debt Reserve	3,908,361				3,908,361
10	Insurance proceeds reserve	5,329,643				5,329,643
11	Non deductible accruals			35,000		35,000
12						
13						
	Reserves from Part 2 of Schedule 13					
	Totals	1,857,218,996	1,034,080	213,841,699	21,586,679	2,050,508,096

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

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SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Hydro One Inc	483 Bay Street Toronto ON CA M5G 2P5			6,236,923		

T2 SCH 14 (99)

Canada

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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), a pooled registered pension plan (PRPP), 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) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	146,522,823	1059104			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

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	146,522,823	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	64,909,611	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	81,613,212	C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer (EPSP only)

T2 SCH 15 (13)

Canada

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SCHEDULE 23

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

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

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

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

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

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

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

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

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

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

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

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

Allocating the business limit

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

Enter the calendar year to which the agreement applies . . . . . 050 Year 2015

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 Association code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	Hydro One Networks Inc.	87086 5821 RC0001	1	500,000	100.0000	500,000
2	HYDRO ONE LIMITED	80512 9962 RC0001	1	500,000		
3	HYDRO ONE INC.	86999 4731 RC0001	1	500,000		
4	2486267 ONTARIO INC	80232 6124 RC0001	1	500,000		
5	2486268 ONTARIO INC	80167 4078 RC0001	1	500,000		
6	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	1	500,000		
7	HYDRO ONE TELECOM INC.	86800 1066 RC0001	1	500,000		
8	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	1	500,000		
9	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	1	500,000		
10	HYDRO ONE LAKE ERIE LINK MANAGEMENT IN	87892 1519 RC0002	1	500,000		
11	1938454 ONTARIO INC.	86391 7795 RC0002	1	500,000		
12	1943404 ONTARIO INC.	86248 6123 RC0002	1	500,000		
13	B2M GP INC.	81838 1840 RC0001	1	500,000		

	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	
14	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	1	500,000			
15	HYDRO ONE B2M LP INC.	81838 2046 RC0001	1	500,000			
16	NORFOLK ENERGY INC	86289 0399 RC0001	1	500,000			
17	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	1	500,000			
18	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	1	500,000			
19	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	1	500,000			
20	Woodstock Hydro Services Inc.	89909 5012 RC0001	1	500,000			
21	Woodstock Hydro Holdings Inc.	86248 6123 RC0001	1	500,000			
22	1908872 ONTARIO INC.	82581 6838 RC0001	1	500,000			
23	1908873 ONTARIO INC.	83392 0978 RC0001	1	500,000			
24	1937672 ONTARIO INC.	81722 4561 RC0001	1	500,000			
25	1937680 ONTARIO INC.	81930 4924 RC0001	1	500,000			
26	1937681 ONTARIO INC.	81722 4363 RC0001	1	500,000			
27	Hydro One Brampton Networks Inc.	86486 7635 RC0001	1	500,000			
28	HYDRO ONE EAST WEST TIE INC.	80105 5880 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% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

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

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

T2 SCH 23 (09)

Canada

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SCHEDULE 24

FIRST-TIME FILER AFTER INCORPORATION, AMALGAMATION, OR WINDING-UP OF A SUBSIDIARY INTO A PARENT

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 – Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

Part 2 – First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information:

Name of predecessor corporation(s) **200**	Business Number (If a corporation is not registered, enter "NR") **300**

Part 3 – First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

	Name of subsidiary corporation(s) **400**	Business Number (If a corporation is not registered, enter "NR") **500**	Commencement date of wind-up (YYYY/MM/DD) **600**	Date of wind-up (YYYY/MM/DD) **700**
1	NORFOLK POWER DISTRIBUTION INC.	86289 2593 RC0001	2015-09-01	2015-09-01

T2 SCH 24 (04)

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 29

PAYMENTS TO NON-RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- A corporation that makes payments or credits amounts to non-residents under subsections 202(1) and 105(1) of the *Income Tax Regulations* has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than $100, you do not have to complete the information for that payee.

Name (list each payee separately) 100	Address 200	Payment code (see note 1) 300	Amount $ 400
[redacted]		09	4,868
		09	3,638
		09	27,500
		09	49,711
		09	12,450
		09	16,497
		09	75,860
		09	3,944
[redacted]		09	40,202
		09	13,393
		09	10,357

Name (list each payee separately) 100	Address 200	Payment code (see note 1) 300	Amount $ 400
[redacted]	[redacted]	09	1,121
[redacted]	[redacted]	09	2,665
[redacted]	[redacted]	09	14,586
[redacted]	[redacted]	09	6,072
[redacted]	[redacted]	09	67,163
[redacted]	[redacted]	09	592,570
[redacted]	[redacted]	09	20,414
[redacted]	[redacted]	09	324,459
[redacted]	[redacted]	02	161,559
[redacted]	[redacted]	02	21,706

Note 1: Enter the applicable payment code in column 300:

1 – Royalties
2 – Rents
3 – Management fees/commissions
4 – Technical assistance fees
5 – Research and development fees
6 – Interest
7 – Dividends
8 – Film payments: – motion picture film, or – a film or video tape for use in connection with television
9 – Other services

T2 SCH 29 (99)

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer 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*;
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- 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.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- Investments or expenditures, described in subsection 127(9) of the Act and Part XLVI of the Regulations, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). 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).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see 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*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **www.cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21 of the Act), 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.
- 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.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- 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 it incurred the expenditures or capital costs.
- 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 ITCs 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 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, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) of the Act for more information.
- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) of the Act for more information.

Detailed information (continued)

- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

Investments	**Specified percentage**
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
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 and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures***:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013***	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures****:	
– after March 28, 2012, and before 2014****	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015****	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 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** Pre-production mining exploration expenditures are described in subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9).

**** A transitional relief rate of 10% may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraph (k)(ii) of the definition of **specified percentage** in subsection 127(9) for more information. Pre-production mining development expenditures are described in subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9).

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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 its 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.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

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 Guide RC4088, *General Index of Financial Information (GIFI)*. Enter contributions on line 350 of Part 8.

* Enter only contributions not already included on Form T661. Include all of the contributions made before 2013 and 80% of the contributions made after 2012.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

CCA* class number **105**	Description of investment **110**	Date available for use **115**	Location used (province or territory) **120**	Amount of investment **125**

Total of investments for qualified property and qualified resource property _____ A

* CCA: capital cost allowance

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year . . . . . _____ B

Deduct:

Credit deemed as a remittance of co-op corporations . . . . . 210 _____

Credit expired . . . . . 215 _____

Subtotal (line 210 **plus** line 215) _____ ▶ _____ C

ITC at the beginning of the tax year (amount B **minus** amount C) . . . . . 220 _____

Add:

Credit transferred on amalgamation or wind-up of subsidiary . . . . . 230 _____

ITC from repayment of assistance . . . . . 235 _____

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part of amount A from Part 4) . . . . . _____ x 10 % = 240 _____

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part of amount A from Part 4) . . . . . _____ x 5 % = 242 _____

Credit allocated from a partnership . . . . . 250 _____

Subtotal (total of lines 230 to 250) _____ ▶ _____ D

Total credit available (line 220 **plus** amount D) . . . . . _____ E

Deduct:

Credit deducted from Part I tax (enter at amount D in Part 30) . . . . . 260 _____

Credit carried back to the previous year(s) (amount H from Part 6) . . . . . _____ a

Credit transferred to offset Part VII tax liability . . . . . 280 _____

Subtotal (total of line 260, amount a, and line 280) _____ ▶ _____ F

Credit balance before refund (amount E **minus** amount F) . . . . . _____ G

Deduct:

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) . . . . . 310 _____

ITC closing balance of investments from qualified property and qualified resource property (amount G **minus** line 310) 320 _____

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource 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 at amount a in Part 5) _____ H

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 from Part 5) . . . . . _____ I

Credit balance before refund (amount G from Part 5) . . . . . _____ J

Refund (40 % of amount I or J, whichever is less) . . . . . _____ K

Enter amount K 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) 6,323,774

Contributions to agricultural organizations for SR&ED . . . . . .

Deduct:

Government assistance, non-government assistance, or contract payment . . . . . .

Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)* . . . . . + ▶

Current expenditures (line 557 on Form T661 **plus** line 103 from Part 3)* . . . . . 6,323,774 ▶ **350** 6,323,774

Capital expenditures incurred **before** 2014 (from line 558 on Form T661)** **360**

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

Qualified SR&ED expenditures (total of lines 350 to 370) **380** 6,323,774

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures.

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 an 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 [X] 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 – SR&ED expenditure limit for a CCPC

For a stand-alone corporation: $ 8,000,000

Deduct:

Taxable income for the previous tax year (line 390 from Part 9) or $500,000, whichever is more _____ x 10 = _____ A

Excess ($8,000,000 **minus** amount A; if negative, enter "0") . . . . . B

$ 40,000,000 **minus** line 398 from Part 9 . . . . . a

Amount a **divided** by $ 40,000,000 C

Expenditure limit for the stand-alone corporation (amount B **multiplied** by amount C) . . . . . D*

For an associated corporation:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 . . . . . **400** E*

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D or E _____ x $\frac{\text{Number of days in the tax year}}{365}$ $\frac{304}{365}$ = ... F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410**

* Amount D or E cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10), whichever is less*	420		x	35 %	=		G
Line 350 **minus** line 410 (if negative, enter "0")**	430	6,323,774	x	15 %	=	948,566	H
Line 410 **minus** line 350 (if negative, enter "0")			b				
Capital expenditures (line 360 from Part 8) or amount b above, whichever is less*	440		x	35 %	=		I
Line 360 **minus** amount b above (if negative, enter "0")**	450		x	15 %	=		J

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 % =		c
480		x	15 % =		d
Subtotal (amount c **plus** amount d)			▶		K

Current-year SR&ED ITC (total of amounts G to K; enter on line 540 in Part 12) 948,566 L

* For corporations that are not CCPCs, enter "0" for amounts G and I.

** For tax years that end after 2013, the general SR&ED rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year				M
Deduct:				
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)			▶	N
ITC at the beginning of the tax year (amount M **minus** amount N)			520	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	530			
Total current-year credit (from amount L in Part 11)	540	948,566		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		948,566	▶ 948,566	O
Total credit available (line 520 **plus** amount O)			948,566	P
Deduct:				
Credit deducted from Part I tax (enter at amount E in Part 30)	560	948,566		
Credit carried back to the previous year(s) (amount S from Part 13)			e	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount e, and line 580)		948,566	▶ 948,566	Q
Credit balance before refund (amount P **minus** amount Q)				R
Deduct:				
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)			610	
ITC closing balance on SR&ED (amount R **minus** line 610)			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 at amount e in Part 12) _____ S

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . . . 650 1 Yes ☐ 2 No ☒

Current-year ITC (lines 540 **plus** 550 from Part 12 **minus** amount K from Part 11) . . . . . _____ f

Refundable credits (amount f above or amount R from Part 12, whichever is less)* . . . . . _____ T

Deduct:

Amount T or amount G from Part 11, whichever is less . . . . . _____ U

Net amount (amount T **minus** amount U; if negative, enter "0") . . . . . _____ V

Amount V **multiplied** by 40 % . . . . . _____ W

Add:

Amount U . . . . . _____ X

Refund of ITC (amount W **plus** amount X – enter this, or a lesser amount, on line 610 in Part 12) . . . . . _____ Y

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 for amount Y.

Part 15 – 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 at line 101 in Part 2.

Credit balance before refund (amount R from Part 12) . . . . . _____ Z

Deduct:

Amount Z or amount G from Part 11, whichever is less . . . . . _____ AA

Net amount (amount Z **minus** amount AA; if negative, enter "0") . . . . . _____ BB

Amount BB or amount I from Part 11, whichever is less . . . . . _____ CC

Amount CC **multiplied** by 40 % . . . . . _____ DD

Add :

Amount AA . . . . . _____ EE

Refund of ITC (amount DD **plus** amount EE) . . . . . _____ FF

Enter FF, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – 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

Subtotal (enter this amount at amount C in Part 17) _____ A

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 in amount B in Part 16 on page 9.

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**

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 in amount B 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

Subtotal (enter this amount at amount D in Part 17) _____ B

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 760 below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported at amount E in Part 17) **760** _____

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from amount A in Part 16	_____	C
Recaptured ITC for calculation 2 from amount B in Part 16	_____	D
Recaptured ITC for calculation 3 from line 760 in Part 16	_____	E
Total recapture of SR&ED investment tax credit – total of amounts C to E	_____	F

Enter amount F at amount A 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.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

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 _____

Geological, geophysical, or geochemical surveys . . . . . 811 _____

Drilling by rotary, diamond, percussion, or other methods . . . . . 812 _____

Trenching, digging test pits, and preliminary sampling . . . . . 813 _____

Development:

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 _____

Sinking a mine shaft, constructing an adit, or other underground entry . . . . . 821 _____

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Add amounts in column 826 _____ ▶ _____ A

Total pre-production mining expenditures (total of lines 810 to 821 and amount A) . . . . . 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") . . . . . _____ B

Add:

Repayments of government and non-government assistance . . . . . 835 _____

Pre-production mining expenditures (amount B **plus** line 835) . . . . . _____ C

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year . . . . . D

Deduct:

Credit deemed as a remittance of co-op corporations 841

Credit expired 845

Subtotal (line 841 **plus** line 845) ▶ E

ITC at the beginning of the tax year (amount D **minus** amount E) 850

Add:

Credit transferred on amalgamation or wind-up of subsidiary 860

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part of amount C from Part 18) . . 870 x 10 % = a

Pre-production mining exploration expenditures incurred in 2013 (applicable part of amount C from Part 18) . . 872 x 5 % = b

Pre-production mining development expenditures incurred in 2014 (applicable part of amount C from Part 18) . . 874 x 7 % = c

Pre-production mining development expenditures incurred in 2015 (applicable part of amount C from Part 18) . . 876 x 4 % = d

Current year credit (total of amounts a to d) 880 ▶ F

Total credit available (total of lines 850, 860, and amount F) . . . . . G

Deduct:

Credit deducted from Part I tax (enter at amount F in Part 30) 885

Credit carried back to the previous year(s) (amount I from Part 20) . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H

ITC closing balance from pre-production mining expenditures (amount G **minus** amount H) 890

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

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 at amount e in Part 19) I

Apprenticeship Job Creation

Part 21 – 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.

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	444B	7,153	715	715
[redacted]	434A	66,541	6,654	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	309A	2,600	260	260
	433A	57,169	5,717	2,000
	309A	2,683	268	268
	309A	51,717	5,172	2,000
	309A	51,010	5,101	2,000
	434A	43,297	4,330	2,000
	434A	59,873	5,987	2,000
	434A	97	10	10
	434A	1,472	147	147
	434A	908	91	91
	434A	2,101	210	210
	434A	2,861	286	286
	434A	2,132	213	213
	434A	221	22	22
	434A	55	6	6
	434A	1,956	196	196
	434A	1,908	191	191
	434A	79,149	7,915	2,000
	434A	21,129	2,113	2,000
	434A	28,140	2,814	2,000
	434A	21,621	2,162	2,000
	434A	26,875	2,688	2,000
	434A	22,199	2,220	2,000
	434A	24,019	2,402	2,000
	309A	3,509	351	351
	403A	79,723	7,972	2,000
	444B	5,439	544	544
	444B	7,654	765	765
	444B	57,239	5,724	2,000
	309A	8,238	824	824
	309A	8,414	841	841
	309A	12,982	1,298	1,298
	309A	3,049	305	305
	309A	9,431	943	943
	434A	61,135	6,114	2,000
	309A	11,821	1,182	1,182
	309A	10,609	1,061	1,061
	309A	12,769	1,277	1,277
	309A	11,821	1,182	1,182
[redacted]	309A	12,704	1,270	1,270
	309A	10,457	1,046	1,046
	309A	14,045	1,405	1,405
	403A	70,769	7,077	2,000
	310T	76,766	7,677	2,000
	310T	82,687	8,269	2,000
	310T	63,507	6,351	2,000
	310T	38,679	3,868	2,000
	310T	64,419	6,442	2,000
	310T	62,416	6,242	2,000
	310T	58,574	5,857	2,000
	434A	63,264	6,326	2,000
	434A	61,409	6,141	2,000
	434A	64,010	6,401	2,000
	434A	67,746	6,775	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	70,664	7,066	2,000
	434A	73,985	7,399	2,000
	434A	60,882	6,088	2,000
	434A	59,782	5,978	2,000
	434A	38,819	3,882	2,000
	434A	61,323	6,132	2,000
	434A	61,560	6,156	2,000
	434A	61,781	6,178	2,000
	434A	56,268	5,627	2,000
	434A	75,673	7,567	2,000
	434A	59,869	5,987	2,000
	309A	52,762	5,276	2,000
	309A	46,075	4,608	2,000
	403A	48,260	4,826	2,000
	309A	39,206	3,921	2,000
	309A	52,279	5,228	2,000
	434A	64,001	6,400	2,000
	434A	56,904	5,690	2,000
	434A	54,696	5,470	2,000
	434A	59,590	5,959	2,000
	434A	64,820	6,482	2,000
	434A	62,949	6,295	2,000
	434A	63,914	6,391	2,000
	434A	74,355	7,436	2,000
	434A	56,721	5,672	2,000
	434A	64,167	6,417	2,000
	434A	65,153	6,515	2,000
	434A	65,312	6,531	2,000
	434A	61,864	6,186	2,000
	434A	62,765	6,277	2,000
	434A	53,376	5,338	2,000
	434A	74,602	7,460	2,000
	434A	76,971	7,697	2,000
	309A	10,900	1,090	1,090
	309A	51,067	5,107	2,000
	309A	50,733	5,073	2,000
	309A	42,111	4,211	2,000
	309A	51,587	5,159	2,000
	309A	39,710	3,971	2,000
	434A	58,748	5,875	2,000
	434A	54,911	5,491	2,000
	434A	70,917	7,092	2,000
	434A	20,078	2,008	2,000
	434A	59,628	5,963	2,000
	434A	60,908	6,091	2,000
	434A	61,367	6,137	2,000
	434A	91,618	9,162	2,000
	434A	64,726	6,473	2,000
	434A	58,147	5,815	2,000
	434A	60,558	6,056	2,000
	434A	63,099	6,310	2,000
	434A	65,586	6,559	2,000
	434A	56,921	5,692	2,000
	434A	60,725	6,073	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
	434A	69,944	6,994	2,000
	434A	54,041	5,404	2,000
	434A	67,544	6,754	2,000
	434A	66,248	6,625	2,000
	444B	57,963	5,796	2,000
	444B	54,022	5,402	2,000
	444B	50,712	5,071	2,000
	444B	51,389	5,139	2,000
	444B	51,397	5,140	2,000
	444B	50,512	5,051	2,000
	444B	49,043	4,904	2,000
	444B	50,698	5,070	2,000
	444B	49,904	4,990	2,000
	444B	53,070	5,307	2,000
	444B	49,561	4,956	2,000
	444B	58,532	5,853	2,000
	309A	27,408	2,741	2,000
	309A	12,954	1,295	1,295
	434A	57,553	5,755	2,000
	434A	71,107	7,111	2,000
	309A	34,846	3,485	2,000
	309A	41,772	4,177	2,000
	309A	39,463	3,946	2,000
	309A	48,999	4,900	2,000
	309A	41,544	4,154	2,000
	309A	43,390	4,339	2,000
	434A	65,086	6,509	2,000
	434A	55,569	5,557	2,000
	434A	61,098	6,110	2,000
	434A	36,555	3,656	2,000
	434A	71,129	7,113	2,000
	434A	71,533	7,153	2,000
	434A	60,281	6,028	2,000
	434A	67,621	6,762	2,000
	434A	25,071	2,507	2,000
	434A	70,829	7,083	2,000
	434A	66,358	6,636	2,000
	434A	60,805	6,081	2,000
	434A	58,110	5,811	2,000
	309A	55,359	5,536	2,000
	444B	51,082	5,108	2,000
	444B	54,249	5,425	2,000
	444B	59,122	5,912	2,000
	444B	50,467	5,047	2,000
	444B	47,912	4,791	2,000
	444B	47,119	4,712	2,000
	444B	47,473	4,747	2,000
	444B	50,695	5,070	2,000
	444B	55,799	5,580	2,000
	444B	50,412	5,041	2,000
	444B	49,840	4,984	2,000
	444B	53,839	5,384	2,000
	434A	47,351	4,735	2,000
	434A	52,940	5,294	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	53,214	5,321	2,000
	434A	50,330	5,033	2,000
	434A	55,523	5,552	2,000
	434A	57,661	5,766	2,000
	434A	83,863	8,386	2,000
	434A	55,113	5,511	2,000
	434A	69,340	6,934	2,000
	434A	55,541	5,554	2,000
	434A	64,517	6,452	2,000
	434A	62,221	6,222	2,000
	434A	62,052	6,205	2,000
	434A	59,256	5,926	2,000
	434A	58,884	5,888	2,000
	434A	60,948	6,095	2,000
	434A	66,495	6,650	2,000
	309A	44,885	4,489	2,000
	309A	55,600	5,560	2,000
	309A	58,679	5,868	2,000
	434A	61,657	6,166	2,000
	434A	57,404	5,740	2,000
	434A	60,139	6,014	2,000
	434A	64,961	6,496	2,000
	434A	65,854	6,585	2,000
	434A	65,945	6,595	2,000
	434A	55,998	5,600	2,000
	434A	58,540	5,854	2,000
	434A	66,375	6,638	2,000
	434A	61,991	6,199	2,000
	434A	61,312	6,131	2,000
	434A	54,355	5,436	2,000
	434A	54,475	5,448	2,000
	434A	68,890	6,889	2,000
	434A	58,348	5,835	2,000
	434A	62,158	6,216	2,000
	444B	1,709	171	171
	444B	52,379	5,238	2,000
	444B	53,286	5,329	2,000
	444B	50,475	5,048	2,000
	444B	58,662	5,866	2,000
	444B	47,539	4,754	2,000
	444B	52,358	5,236	2,000
	444B	50,151	5,015	2,000
	444B	49,267	4,927	2,000
	444B	49,684	4,968	2,000
	444B	46,993	4,699	2,000
	444B	48,273	4,827	2,000
	309A	55,753	5,575	2,000
	309A	40,661	4,066	2,000
	309A	53,848	5,385	2,000
	309A	56,410	5,641	2,000
	309A	55,654	5,565	2,000
	309A	21,387	2,139	2,000
	309A	44,276	4,428	2,000
	309A	46,731	4,673	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	309A	45,197	4,520	2,000
	309A	53,579	5,358	2,000
	309A	48,776	4,878	2,000
	309A	48,785	4,879	2,000
	309A	53,363	5,336	2,000
	309A	43,929	4,393	2,000
	309A	46,608	4,661	2,000
	309A	70,126	7,013	2,000
	309A	54,751	5,475	2,000
	444B	43,315	4,332	2,000
	444B	49,231	4,923	2,000
	444B	52,131	5,213	2,000
	444B	48,522	4,852	2,000
	444B	43,218	4,322	2,000
	444B	44,791	4,479	2,000
	444B	51,367	5,137	2,000
	444B	48,295	4,830	2,000
	444B	39,240	3,924	2,000
	444B	51,109	5,111	2,000
	444B	50,362	5,036	2,000
	444B	47,540	4,754	2,000
	309A	43,986	4,399	2,000
	309A	54,531	5,453	2,000
	309A	40,908	4,091	2,000
	309A	39,879	3,988	2,000
	309A	37,025	3,703	2,000
	309A	39,416	3,942	2,000
	309A	56,963	5,696	2,000
	434A	58,790	5,879	2,000
	434A	67,623	6,762	2,000
	434A	66,484	6,648	2,000
	434A	57,307	5,731	2,000
	434A	47,093	4,709	2,000
	434A	65,327	6,533	2,000
	434A	57,635	5,764	2,000
	434A	55,900	5,590	2,000
	434A	54,120	5,412	2,000
	434A	64,034	6,403	2,000
	434A	60,366	6,037	2,000
	309A	29,971	2,997	2,000
	309A	31,075	3,108	2,000
	309A	38,471	3,847	2,000
	309A	48,608	4,861	2,000
	309A	33,152	3,315	2,000
	309A	33,475	3,348	2,000
	309A	50,611	5,061	2,000
	309A	34,520	3,452	2,000
	309A	39,369	3,937	2,000
	309A	31,075	3,108	2,000
	434A	58,445	5,845	2,000
	434A	18,888	1,889	1,889
	434A	72,336	7,234	2,000
	434A	50,222	5,022	2,000
	434A	54,336	5,434	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	53,445	5,345	2,000
	434A	39,926	3,993	2,000
	434A	50,882	5,088	2,000
	434A	55,318	5,532	2,000
	434A	48,044	4,804	2,000
	434A	51,295	5,130	2,000
	434A	43,865	4,387	2,000
	434A	47,187	4,719	2,000
	434A	49,743	4,974	2,000
	434A	56,588	5,659	2,000
	434A	52,890	5,289	2,000
	434A	55,403	5,540	2,000
	434A	49,208	4,921	2,000
	434A	60,515	6,052	2,000
	310T	56,361	5,636	2,000
	310T	60,448	6,045	2,000
	310T	58,078	5,808	2,000
	310T	75,386	7,539	2,000
	310T	44,327	4,433	2,000
	434A	49,597	4,960	2,000
	434A	45,729	4,573	2,000
	434A	44,078	4,408	2,000
	434A	46,081	4,608	2,000
	434A	50,206	5,021	2,000
	434A	47,705	4,771	2,000
	434A	50,791	5,079	2,000
	434A	51,351	5,135	2,000
	434A	45,282	4,528	2,000
	434A	52,502	5,250	2,000
	434A	49,450	4,945	2,000
	434A	55,989	5,599	2,000
	434A	44,114	4,411	2,000
	434A	41,645	4,165	2,000
	434A	48,177	4,818	2,000
	434A	56,144	5,614	2,000
	403A	44,416	4,442	2,000
	309A	32,101	3,210	2,000
	309A	34,247	3,425	2,000
	309A	30,156	3,016	2,000
	309A	32,678	3,268	2,000
	309A	25,729	2,573	2,000
	403A	53,282	5,328	2,000
	434A	39,818	3,982	2,000
	434A	42,374	4,237	2,000
	434A	45,996	4,600	2,000
	434A	52,469	5,247	2,000
	434A	43,242	4,324	2,000
	434A	45,631	4,563	2,000
	434A	39,986	3,999	2,000
	434A	41,351	4,135	2,000
	434A	44,478	4,448	2,000
	434A	45,847	4,585	2,000
	434A	41,142	4,114	2,000
	434A	41,843	4,184	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	39,645	3,965	2,000
	434A	47,876	4,788	2,000
	434A	42,719	4,272	2,000
	434A	36,276	3,628	2,000
	403A	22,418	2,242	2,000
	444B	49,085	4,909	2,000
	444B	35,248	3,525	2,000
	444B	33,420	3,342	2,000
	444B	30,596	3,060	2,000
	444B	40,765	4,077	2,000
	444B	29,590	2,959	2,000
	444B	31,190	3,119	2,000
	444B	28,590	2,859	2,000
	444B	31,181	3,118	2,000
	444B	29,050	2,905	2,000
	444B	28,355	2,836	2,000
	444B	29,543	2,954	2,000
	444B	28,113	2,811	2,000
	444B	29,003	2,900	2,000
	444B	30,799	3,080	2,000
	444B	30,403	3,040	2,000
	444B	36,791	3,679	2,000
	444B	28,840	2,884	2,000
	444B	32,840	3,284	2,000
	444B	33,506	3,351	2,000
	444B	30,411	3,041	2,000
	444B	22,747	2,275	2,000
	444B	30,010	3,001	2,000
	434A	36,427	3,643	2,000
	434A	39,642	3,964	2,000
	434A	39,328	3,933	2,000
	434A	35,149	3,515	2,000
	434A	40,201	4,020	2,000
	434A	46,735	4,674	2,000
	434A	36,964	3,696	2,000
	434A	37,725	3,773	2,000
	434A	34,625	3,463	2,000
	434A	35,712	3,571	2,000
	434A	38,974	3,897	2,000
	434A	40,470	4,047	2,000
	434A	44,787	4,479	2,000
	434A	38,790	3,879	2,000
	434A	36,825	3,683	2,000
	434A	42,368	4,237	2,000
	434A	40,201	4,020	2,000
	434A	38,197	3,820	2,000
	434A	38,097	3,810	2,000
	434A	35,829	3,583	2,000
	434A	42,241	4,224	2,000
	434A	34,774	3,477	2,000
	434A	55,232	5,523	2,000
	434A	32,170	3,217	2,000
	434A	33,233	3,323	2,000
	434A	41,220	4,122	2,000

A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
[redacted]	434A	40,934	4,093	2,000
	434A	40,612	4,061	2,000
	434A	46,863	4,686	2,000
	434A	32,441	3,244	2,000
	434A	30,372	3,037	2,000
	434A	36,303	3,630	2,000
	434A	42,214	4,221	2,000
	309A	40,909	4,091	2,000
	309A	30,350	3,035	2,000
	309A	26,422	2,642	2,000
	309A	36,092	3,609	2,000
	309A	27,234	2,723	2,000
	309A	34,377	3,438	2,000
	309A	31,628	3,163	2,000
	309A	36,211	3,621	2,000
	309A	25,748	2,575	2,000
	309A	28,913	2,891	2,000
	433A	44,251	4,425	2,000
	433A	41,110	4,111	2,000
	403A	32,549	3,255	2,000
	309A	17,376	1,738	1,738
	309A	17,309	1,731	1,731
	309A	15,166	1,517	1,517
	309A	3,585	359	359
	434A	26,916	2,692	2,000
	434A	20,195	2,020	2,000
	434A	21,060	2,106	2,000
	434A	17,140	1,714	1,714
	434A	16,539	1,654	1,654
	434A	26,900	2,690	2,000
	434A	29,537	2,954	2,000
	434A	25,987	2,599	2,000
	434A	28,211	2,821	2,000
	434A	14,907	1,491	1,491
	434A	20,805	2,081	2,000
	434A	17,015	1,702	1,702
	434A	19,368	1,937	1,937
	434A	19,352	1,935	1,935
	434A	21,145	2,115	2,000
	434A	19,284	1,928	1,928
	434A	55,051	5,505	2,000
	309A	18,300	1,830	1,830
			Total current-year credit (enter at line 640 in Part 22)	796,890 A

* Net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year				B
Deduct:				
Credit deemed as a remittance of co-op corporations	612			
Credit expired after 20 tax years	615			
Subtotal (line 612 **plus** line 615)			▶	C
ITC at the beginning of the tax year (amount B **minus** amount C)			625	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	630			
ITC from repayment of assistance	635			
Total current-year credit (amount A from Part 21)	640	796,890		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		796,890	▶	796,890 D
Total credit available (line 625 **plus** amount D)				796,890 E
Deduct:				
Credit deducted from Part I tax (enter at amount G in Part 30)	660	796,890		
Credit carried back to the previous year(s) (amount G from Part 23)			a	
Subtotal (line 660 **plus** amount a)		796,890	▶	796,890 F
ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F)			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 at amount a in Part 22)		G

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 _____

Add:

Specified child care start-up expenditures from the current tax year . . . . . 705 _____

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . _____ A

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 A . . . . . 725 _____

Excess (amount A **minus** line 725) (if negative, enter "0") . . . . . _____ B

Add:

Repayments by the corporation of government and non-government assistance . . . . . 735 _____

Total eligible expenditures for child care spaces (amount B **plus** line 735) . . . . . 745 _____

* CCA: capital cost allowance

Part 25 – 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 (from line 745) . . . . . _____ x 25 % = _____ C

Number of child care spaces . . . . . 755 _____ x $ 10,000 = _____ D

ITC from child care spaces expenditures (amount C or D, whichever is less) . . . . . _____ E

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year . . . . . F

Deduct:

Credit deemed as a remittance of co-op corporations 765

Credit expired after 20 tax years 770

Subtotal (line 765 **plus** line 770) ▶ G

ITC at the beginning of the tax year (amount F **minus** amount G) 775

Add:

Credit transferred on amalgamation or wind-up of subsidiary 777

Total current-year credit (amount E from Part 25) 780

Credit allocated from a partnership 782

Subtotal (total of lines 777 to 782) ▶ H

Total credit available (line 775 **plus** amount H) I

Deduct:

Credit deducted from Part I tax (enter at amount H in Part 30) 785

Credit carried back to the previous year(s) (amount K from Part 27) . . . . . a

Subtotal (line 785 **plus** amount a) ▶ J

ITC closing balance from child care spaces expenditures (amount I **minus** amount J) 790

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

	Year	Month	Day		
1st previous tax year	2014-12-31			Credit to be applied	941
2nd previous tax year	2013-12-31			Credit to be applied	942
3rd previous tax year	2012-12-31			Credit to be applied	943

Total (enter at amount a in Part 26) K

Recapture – Child Care Spaces

Part 28 – 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** _____

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 . . . . . _____ A

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 799 below.

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

Total recapture of child care spaces investment tax credit (total of line 792, amount A, and line 799) . . . . . _____ B

Enter amount B at amount B in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F in Part 17) . . . . . _____ A

Recaptured child care spaces ITC (from amount B in Part 28) . . . . . _____ B

Total recapture of investment tax credit (amount A **plus** amount B) . . . . . _____ C

Enter amount C 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) . . . . . _____ D

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) . . . . . 948,566 E

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

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) . . . . . 796,890 G

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) . . . . . _____ H

Total ITC deducted from Part I tax (total of amounts D to H) . . . . . 1,745,456 I

Enter amount I 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)
796,890	796,890			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				*
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
1999-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 796,890

* 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 expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
948,566	948,566			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				*
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
1999-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 948,566

* 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 expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101		
Capital stock (or members' contributions if incorporated without share capital)	103	3,429,000,000	
Retained earnings	104	1,018,000,000	
Contributed surplus	105	5,000,000	
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108		
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (**add** lines 101 to 112)		4,452,000,000 ▶	4,452,000,000 A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if

a) those lines applied to partnerships in the same manner that they apply to corporations, and

b) those amounts were computed without reference to amounts owing by the partnership

(i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or

(ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1) 4,452,000,000 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122		
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123		
Deferred unrealized foreign exchange losses at the end of the year	124		
Subtotal (**add** lines 121 to 124)		▶	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190	4,452,000,000	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(*d*)), or another partnership described in paragraph 181.2(4)(*d.1*)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		4,452,000,000	C
Deduct: Investment allowance for the year (line 490)			D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	4,452,000,000	

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 4,452,000,000 x Taxable income earned in Canada / Taxable income **610** 1,235,974,281 / 1,235,974,281 = **Taxable capital employed in Canada** **690** 4,452,000,000

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** _____

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(*c*) to (*f*)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . . **711** _____

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . . **712** _____

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . . **713** _____

Total deductions (**add** lines 711, 712, and 713) _____ ▶ _____ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . . **790** _____

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . . _____ F

Deduct: . . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") _____ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . . _____ I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Schedule 33 - Supplementary Schedule

Description	Amount
LT Debt payable within a year (FS) A/C 330000	
Primary Debt (FS) A/C 302000	
Customer deposit (390000/392010/392000)	
P/Port Amounts withheld from contracts (425001)	
WSIB(451070)	
Banked Vacation(362100)	
Mark to Market Adjustment (304300)	
Unearned Revenue (Cash Deposits) A/C 427000 - 427100	
Total	

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Schedule 33/CT23 - Supplementary Schedule

Description	Amount
Trade Receivables outstanding over 365 days	
Prepaid insurance(277180)	
Intercompany receivable	
Total	

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for th

Description	Amount
Schedule 13 Adjustments	
Future Income Tax Liability	
Regulatory Future Income Tax Asset	
Total	

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	Hydro One Inc.	86999 4731 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

On: 2015-10-31

- 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.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- 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. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ 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 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	2,405,250,113 A
Taxable income for the year (DICs enter "0") *		110 1,235,974,281 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	3,094		
Subtotal (**add** lines 120, 130, and 140)		3,094 ▶	3,094 C	
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")		150 1,235,971,187		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	889,899,255 D
Eligible dividends received in the tax year		200		
Dividends deductible under section 113 received in the tax year		210		
Subtotal (line 200 **plus** line 210)		▶		E
GRIP addition:				
Becoming a CCPC (from amount PP in Part 4)		220		
Post-amalgamation (total of amounts EE in Part 3 and amounts PP in Part 4)		230		
Post-wind-up (total of amounts EE in Part 3 and amounts PP in Part 4)		240		
Subtotal (**add** lines 220, 230, and 240)		290 ▶		F
Subtotal (**add** amounts A, D, E, and F)				3,295,149,368 G
Eligible dividends paid in the previous tax year		300		
Excessive eligible dividend designations made in the previous tax year		310		
(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 (amount G **minus** amount H) (amount can be negative)			490	3,295,149,368
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	3,295,149,368

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.

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 2014-12-31

Taxable income before specified future tax consequences from the current tax year	297,411,344 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** amounts K1, L1, and M1)	▶	N1	
Subtotal (amount J1 **minus** amount N1) (if negative, enter "0")	297,411,344 ▶	297,411,344 O1	

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

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 . . . . . _____ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ R1

Aggregate investment income (line 440 of the T2 return) . . . . . _____ S1

Subtotal (**add** amounts Q1, R1, and S1) _____ ▶ _____ T1

Subtotal (amount P1 **minus** amount T1) (if negative, enter "0") _____ ▶ _____ U1

Subtotal (amount O1 **minus** amount U1) (if negative, enter "0") _____ V1

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

(amount V1 **multiplied** by 0.72) . . . . . **500** _____

Second previous tax year 2013-12-31

Taxable income before specified future tax consequences from the current tax year 427,742,633 J2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ L2

Aggregate investment income (line 440 of the T2 return) . . . . . _____ M2

Subtotal (**add** amounts K2, L2, and M2) _____ ▶ _____ N2

Subtotal (amount J2 **minus** amount N2) (if negative, enter "0") 427,742,633 ▶ 427,742,633 O2

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 . . . . . _____ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ R2

Aggregate investment income (line 440 of the T2 return) . . . . . _____ S2

Subtotal (**add** amounts Q2, R2, and S2) _____ ▶ _____ T2

Subtotal (amount P2 **minus** amount T2) (if negative, enter "0") _____ ▶ _____ U2

Subtotal (amount O2 **minus** amount U2) (if negative, enter "0") _____ V2

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

(amount V2 **multiplied** by 0.72) . . . . . **520** _____

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

Third previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year 487,554,778 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) 44,664 M3

Subtotal (**add** amounts K3, L3, and M3) 44,664 ▶ 44,664 N3

Subtotal (amount J3 **minus** amount N3) (if negative, enter "0") 487,510,114 ▶ 487,510,114 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** amounts Q3, R3, and S3) _____ ▶ _____ T3

Subtotal (amount P3 **minus** amount T3) (if negative, enter "0") _____ ▶ _____ U3

Subtotal (amount O3 **minus** amount U3) (if negative, enter "0") _____ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount V3 **multiplied by** 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 in part 1.

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

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . ☐

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

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

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

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

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

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

Subtotal (amount BB **minus** amount CC) _____ ▶ _____ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(amount AA **minus** amount DD) . . . . . _____ EE

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

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

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC ☐ Post amalgamation ☐ Post wind-up ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

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

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year _____ FF

The corporation's money on hand immediately before the end of its previous/last tax year _____ GG

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses	_____	a
Net capital losses	_____	b
Farm losses	_____	c
Restricted farm losses	_____	d
Limited partnership losses	_____	e
Subtotal (**add** amounts a to e)	_____ ▶	_____ 1

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses	_____	f
Net capital losses	_____	g
Farm losses	_____	h
Restricted farm losses	_____	i
Limited partnership losses	_____	j
Subtotal (**add** amounts f to j)	_____ ▶	_____ 2

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount 1 **minus** amount 2) _____ ▶ _____ HH

Subtotal (**add** amounts FF, GG, and HH) _____ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year _____ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year _____ KK

All the corporation's reserves deducted in its previous/last tax year _____ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year _____ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year _____ NN

Subtotal (**add** amounts JJ to NN) _____ ▶ _____ OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount II **minus** amount OO) (if negative, enter "0") _____ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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 are to the *Income Tax Act* and the *Income Tax Regulations*.
- 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.

Do not use this area

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		870,455,244	
Total taxable dividends paid in the tax year	100	870,455,244	
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	3,295,149,368	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**.

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Schedule 89

Capital Dividend Account Balance Calculation Worksheet

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- A private corporation can use this worksheet to calculate its current capital dividend account (CDA) balance. This schedule is a worksheet only. You do not have to file it with the T2 Corporation Income Tax Return.
- All legislative references are to the federal *Income Tax Act*.
- This schedule does not replace the law. For more information, see the applicable legislation in the Act.
- The CDA keeps track of various tax-free amounts that a private corporation accumulates. These amounts may be distributed as capital dividends free of tax to the corporation's Canadian-resident shareholders. A corporation paying a capital dividend must file Form T2054, *Election for a capital dividend under subsection 83(2)*.
- If you will be filing a T2054 election, note that the election under subsection 83(2) cannot exceed the balance of the CDA. If the election amount exceeds the account balance, the corporation may have to pay Part III tax on the excessive dividends. See section 184 for more information.

Part 1 – Capital dividend account components

1 Tax year-end (YYYY/MM/DD) (Note 1)	2 Non-taxable portion of capital gains and non-deductible capital losses (Note 2)	3 Capital dividends received (Note 3)	4 Eligible capital property (Note 4)	4A Non-taxable portion of eligible capital property sales	5 Life insurance proceeds (Note 5)	6 Non-taxable portion of capital gains from a trust (Note 6)	7 Capital dividends from a trust (Note 7)
2006-12-31	6,795,753						
2007-12-31	195,907						
2008-12-31							
2009-12-31	1,070,321						
2010-12-31	2,495,683						
2011-12-31							
2012-12-31	44,665						
2013-12-31							
2014-12-31			68,962,944				
2015-10-31	3,094		74,780,577				
Totals	10,605,423						

If you need more space, use additional worksheets.

Note 1. Include as many tax years as required. Start your list with the tax year that began after the corporation last became a private corporation and that ended after 1971. End your list immediately before the balance in the CDA account is to be determined (referred to in Note 10 as **the period**).

Note 2. Include all non-taxable portions of capital gains and non-deductible capital losses, as well as the non-deductible portion of allowable business investment losses, in accordance with paragraph (a) of the definition of **capital dividend account** in subsection 89(1), and the non-taxable gain from the disposition of a property made on or after March 22, 2011, per subsection 40(12).

Note 3. Include capital dividends received from other corporations in accordance with paragraph (b) of the definition of capital dividend account in subsection 89(1).

Note 4. – Include all acquisitions of eligible capital property in accordance with variable A of the definition of **cumulative eligible capital** in subsection 14(5). Show them as negative amounts; and
– include all dispositions of eligible capital property in accordance with variable E of the definition of cumulative eligible capital in subsection 14(5). Show them as positive amounts.

Note 5. Include the net proceeds of each life insurance policy (in excess of the adjusted cost basis of each policy) that the corporation was a beneficiary of, in accordance with paragraph (d) of the definition of capital dividend account in subsection 89(1).

Note 6. Include the non-taxable portion of capital gains distributed by a trust in accordance with paragraph (f) of the definition of capital dividend account in subsection 89(1). Include only capital gains from a trust applicable to capital dividend elections that became payable after 1997.

Note 7. Include the portion of capital dividends received by a trust and distributed to the corporation in accordance with paragraph (g) of the definition of capital dividend account in subsection 89(1). Include only capital dividends from a trust applicable to capital dividend elections that became payable after 1997.

Part 2 – Additional information

For each capital dividend received, as represented in column 3 in Part 1, provide the name and business number of the corporation that paid the capital dividend and the date the dividend became payable.

	1 Name of corporation	2 Business number	3 Date the dividend became payable (YYYY/MM/DD)
1.			

If you need more space, use additional worksheets.

Part 3 – CDA balance

Non-taxable portion of capital gains and non-deductible capital losses (total of column 2 in Part 1; if negative enter "0")	10,605,423	A
Capital dividends received (total of column 3 in Part 1)		B
Eligible capital property (as calculated per paragraphs (c), (c.1) and (c.2) in the definition of capital dividend account; if negative, enter "0")		C
Life insurance proceeds (total of column 5 in Part 1; if negative, enter "0")		D
Life insurance CDA (Note 8)		E
Non-taxable portion of capital gains from a trust (total of column 6 in Part 1)		F
Capital dividends from a trust (total of column 7 in Part 1)		G
Amounts from predecessor corporations (Note 9)		H
Subtotal (total of amounts A to H)	10,605,423	I

Deduct:

Aggregate of dividends – prior years			
Dividends paid or payable for the year	+		
Capital dividends that previously became payable (Note 10)	=		J
CDA balance up to which a capital dividend can be paid (amount I **minus** amount J) (Note 11)		10,605,423	K

Eligible capital property

Disposition incurred during a taxation year after October 17, 2000

Amount to include in income under paragraph 14(1)(b): Amount on line S of Schedule 10 for taxation years ending after October 17, 2000 – for the current year			
Appropriate portion of the amount deducted as a bad debt (subsection 20(4.2)) or eligible capital loss (subsection 20(4.3)) for taxation years ending after October 17, 2000 – for the current year	–		
Non-taxable portion of eligible capital property sales	=		L
CDA balance (amount I **minus** amount J **plus** amount L)		10,605,423	M

Note 8. Include the balance of the corporation's life insurance CDA immediately before May 24, 1985, in accordance with paragraph (e) of the definition of capital dividend account in subsection 89(1). Where a private corporation became a beneficiary under a life insurance policy after June 28, 1982, and received, before May 24, 1985, the proceeds of the policy because the insured person died, the net proceeds were included in the corporation's life insurance CDA.

Note 9.
- For amalgamations and wind-ups occurring **before** July 14, 1990, the CDA balance of each predecessor or subsidiary corporation is computed separately and these CDA balances are added to the CDA of the successor or parent corporation. Do not carry forward negative amounts, as these are deemed to be nil.
- For amalgamations and wind-ups occurring **after** July 13, 1990, the amounts of all the CDA components of each predecessor or subsidiary corporation are carried over into the calculation of the CDA components of the new corporation. As a result, a negative balance in a component of a CDA of a predecessor or subsidiary corporation is reflected in the CDA of the successor or parent corporation. Include a separate CDA calculation on a separate worksheet for each predecessor or subsidiary corporation.
- For amalgamations, see paragraph 87(2)(z.1). For wind-ups, see paragraph 88(1)(e.2).

Note 10. Enter the total of all capital dividends that became payable during the period explained in Note 1.

Note 11. This amount represents the balance in the CDA as of the particular time of calculation.

T2 SCH 89 E

Canada

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year . . . . . 11.5 % A

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . . 1,235,974,281 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . . 142,137,042 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 or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

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

Part 3 – Ontario small business deduction (OSBD)

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

Income from active business carried on in Canada (amount from line 400 of the T2 return)	1,236,491,829	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	1,235,974,281	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	416,438	3

Ontario business limit reduction:

Amount from line 3 . . . . . 416,438 a

Deduct:

Amount from line E of the T2 return 580,264,709 x (Number of days in the tax year after May 1, 2014 / Number of days in the tax year) 304 / 304 = 580,264,709 b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") _____ ▶ _____ 4

Enter the least of amounts 1, 2, 3, and 4 . . . . . D

Ontario domestic factor (ODF): (Ontario taxable income * / Taxable income earned in all provinces and territories **) 1,235,974,281.00 / 1,235,974,281 = ... 1.00000 E

Amount D × ODF (line E) _____ c

Ontario taxable income (amount B from Part 2) 1,235,974,281 d

Ontario small business income (lesser of amount c and amount d) . . . . . F

OSBD rate for the year . . . . . 7 % G

Ontario small business deduction: amount F **multiplied** by rate G . . . . . H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

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

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount d from Part 3) I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – 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		J
Deduct:		
Ontario adjusted small business income (amount I from Part 4)		K
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L
Amount L **multiplied** by rate G from Part 3		M
Ontario domestic factor (line E from Part 3)	1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by ODF from line N)		O

Enter amount O on line 410 of Schedule 5.

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SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

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

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	6,596,622		A
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105			B
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		6,596,622		C
Add: Eligible expenditures transferred to the corporation by another corporation	110			D
Subtotal (amount C **plus** amount D)		6,596,622	▶ 6,596,622	E
Deduct: Eligible expenditures the corporation transferred to another corporation	115			F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")	120		6,596,622	G

Part 2 – Calculation of the current part of the ORDTC

Ontario SR&ED expenditure pool (amount G in Part 1)		6,596,622	x 4.50 %	=	200	296,848	H
ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *					205		I
* If there is a disposal or change of use of eligible property, see Part 6							
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment	210		x 4.50 %	=	215		J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment	220		x 1 / 4 =	x 4.50 % =	225		K
Current part of the ORDTC (total of amounts H to K)					230	296,848	L

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year . . . . . M

Deduct: ORDTC expired after 20 tax years . . . . . 300 N

ORDTC at the beginning of the tax year (amount M **minus** amount N) . . . . . 305 O

Add:

ORDTC transferred on amalgamation or windup . . . . . 310 P

Current part of ORDTC (amount L in Part 2) . . . . . 296,848 Q

Are you waiving all or part of the current part of the ORDTC? . . . . . 315 Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC . . . . . 320 R

Subtotal (amount Q **minus** amount R) 296,848 ▶ 296,848 S

ORDTC available for deduction (total of amounts O, P and S) . . . . . 296,848 ▶ 296,848 T

Deduct:

ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*) . . . . . 296,848 U

ORDTC carried back to a previous tax year (from Part 4) V

Subtotal (amount U **plus** amount V) 296,848 ▶ 296,848 W

ORDTC balance at the end of the tax year (amount T **minus** amount W) . . . . . 325 X

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year	Month	Day			
1st previous tax year	2014-12-31			Credit to be applied	901	
2nd previous tax year	2013-12-31			Credit to be applied	902	
3rd previous tax year	2012-12-31			Credit to be applied	903	

Total (enter amount on line V in Part 3)

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

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

Tax year of origin (earliest tax year first) Year Month Day	Credit available
1999-12-31	
2000-12-31	
2001-12-31	
2002-12-31	
2003-12-31	
2004-12-31	

Tax year of origin (earliest tax year first) Year Month Day	Credit available
2005-12-31	
2006-12-31	
2007-12-31	
2008-12-31	
2009-12-31	
2010-12-31	
2011-12-31	
2012-12-31	
2013-12-31	
2014-12-31	
Current tax year 2015-10-31	

Total (equals line 325 in Part 3) _____

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

Part 6 – Calculation of a recapture of ORDTC

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

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

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

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

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

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

Calculation 1 – If you meet all of the above conditions

	Y Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	Z Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	AA Amount from column 700 or 710, whichever is less
1.			

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

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred 750	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) _____ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . . 760 _____ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . . _____ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . . _____ LL

Amount KK **plus** amount LL . . . . . _____ x 23.56 % = _____ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . . _____ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . . _____ OO

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

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

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

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		7,192,438			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+	271,904			
• prescribed proxy amount (Enter "0" if you use the traditional method)	+				
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	7,464,342	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	−	112,882			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	−				
• 20% of contract expenditures for SR&ED performed on your behalf	−	730,838			
• prescribed expenditures not allowed by regulations	−		−		
• other deductions	−	24,000	−		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	−				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	−		−		
Subtotal	=	6,596,622 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	6,596,622	III

Enter amount III on line 100 of Schedule 508.

Attached Schedule with Total

other deductions – Current Expenditures

Title other deductions – Current Expenditures

Description	Amount
BC Expenditures	24,000 00
Total	24,000 00

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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	21,189,000,000
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	
Total assets (total of lines 112 to 116)		21,189,000,000
Total revenue of the corporation for the tax year **	142	5,962,467,105
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	
Total revenue (total of lines 142 to 146)		5,962,467,105

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 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	-1,702,127,706
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	2,364,220,358		
Provision for deferred income taxes (debits)/cost of future income taxes	222	2,470,611		
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		2,366,690,969	▶	2,366,690,969 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	664,563,263

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 GIFI (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 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)	515	664,563,263
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	664,563,263

Amount from line 520	664,563,263	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	304	x	4 % =	1
Amount from line 520	664,563,263	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	304 / 304	x	2.7 % = 17,943,208	2
			Subtotal (amount 1 **plus** amount 2)			17,943,208	3

Gross CMT: amount on line 3 above x OAF **	540	17,943,208	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		17,943,208	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		141,840,194	
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 ***** = _____

Ontario allocation factor	1.00000	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) 141,840,194 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) 17,943,208 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: 17,943,208 6

Subtotal (if negative, enter "0") 123,896,986 ▶ 123,896,986 N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 141,840,194

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) 6,174,640

Subtotal (if negative, enter "0") 135,665,554 ▶ 135,665,554 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 include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	HYDRO ONE LIMITED	80512 9962 RC0001	0	0
2	HYDRO ONE INC.	86999 4731 RC0001	0	0
3	2486267 ONTARIO INC	80232 6124 RC0001	0	0
4	2486268 ONTARIO INC	80167 4078 RC0001	0	0
5	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	0	0
6	HYDRO ONE TELECOM INC.	86800 1066 RC0001	0	0
7	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	0	0
8	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	0	0
9	HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	87892 1519 RC0002	0	0
10	1938454 ONTARIO INC.	86391 7795 RC0002	0	0
11	1943404 ONTARIO INC.	86248 6123 RC0002	0	0
12	B2M GP INC.	81838 1840 RC0001	0	0
13	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	0	0
14	HYDRO ONE B2M LP INC.	81838 2046 RC0001	0	0
15	NORFOLK ENERGY INC	86289 0399 RC0001	0	0
16	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	0	0
17	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	0	0
18	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	0	0
19	Woodstock Hydro Services Inc.	89909 5012 RC0001	0	0
20	Woodstock Hydro Holdings Inc.	86248 6123 RC0001	0	0
21	1908872 ONTARIO INC.	82581 6838 RC0001	0	0
22	1908873 ONTARIO INC.	83392 0978 RC0001	0	0
23	1937672 ONTARIO INC.	81722 4561 RC0001	0	0
24	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
25	1937681 ONTARIO INC.	81722 4363 RC0001	0	0
26	Hydro One Brampton Networks Inc.	86486 7635 RC0001	0	0

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
27	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	0	0
		Total	450	550

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.

T2 SCH 511

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- 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	120 Telephone number including area code
Glendy Cheung	(416) 345-6812

Is the claim filed for a CETC earned through a partnership?* . . . . . 150 1 Yes ☐ 2 No ☒

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 ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . 210 1 Yes ☐ 2 No ☒

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** 859,978,816

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:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \frac{(\text{amount on line 300 } \textbf{minus } \$\ 400{,}000)}{\$\ 200{,}000} \right]$$

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:

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

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 **400**	B Name of qualifying co-operative education program **405**
[redacted]	Business Economics
[redacted]	MBA
[redacted]	MBA
[redacted]	Accounting
[redacted]	MBA
[redacted]	MBA
[redacted]	MBA
[redacted]	Computer Science
[redacted]	MBA
[redacted]	MBA
[redacted]	Business Administration
[redacted]	MBA
[redacted]	MBA
[redacted]	Computer Science
[redacted]	Computer Science
[redacted]	MBA
[redacted]	MBA
[redacted]	Masters of Business Economics
[redacted]	MBA
[redacted]	MBA
[redacted]	MBA
[redacted]	MBA
[redacted]	Math and Computing

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Powerline Technician
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Computer Science/IT
	Computer Science/IT
	Powerline Technician
	Powerline Technician
	Business Administration
	Powerline Technician
	Instrumentation Engineering & Control Technician
	GIS and Urban Planning
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering Technologist
	Electrical Engineering Technology
	Engineering and Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technologist
	Finance/Accounting
	Business Adminisration - Human Resources
	Computer Science/IT
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrican Technician
	Human Resources
	Electrical Engineering Technology
	Electrical Engineering Technology
	Human Resources
	Electrical Engineering Technician
	Electrical Engineering Technology
	Civil Engineering Technologist
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineer
	Electrical Engineer

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technician
	Business Administration
	Business Administration
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Human Resources/Industrial Relations
	Human Resources/Industrial Relations
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technician
	Civil Technician
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Energy Engineering Technology
	Energy Engineering Technology
	Energy Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Energy Engineering Technology
	Energy Engineering Technology
	Finance/Accounting
	Finance/Accounting
	Finance/Accounting
	Business Administration
	Business Administration
	Business Administration
	Electrical Engineering
	Electrical Engineering
	Energy Engineering Technology
	Energy Engineering Technology
	Energy Engineering Technology
	Energy Engineering Technology
	Civil Engineering
	Civil Engineering
	Electrical and Biomedical Engineering
	Energy Engineering Technology
	Energy Engineering Technology
	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering
	Electrical Engineering
	Finance
	Electrical Engineering
	Electrical Engineering
	Energy Engineering Technology
	Energy Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Actuarial and Financial Mathematics
	Actuarial and Financial Mathematics
	Energy Systems Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Energy Systems Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering Technology
	Electrical Engineering
	Electrical Engineering
	Energy Systems Engineering Technology
	Business Administration Operations Management
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Engineering Science
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Chemical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	International Business Management
	Management Economics & Finance
	Real Estate and Housing
	Real Estate and Housing

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Management Economics & Finance
	Management Economics & Finance
	Management Economics & Finance
	Real Estate and Housing
	Real Estate and Housing
	Electrical Engineering
	Electrical Engineering
	Computer Science
	Electrical Engineering
	Electrical Engineer
	Electrical Engineer
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Engineering Science
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Accounting
	Civil Engineering
	Finance/Accounting
	Management and Marketing
	Engineering Science
	Electrical Engineering
	Computer Science/IT
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Computer Engineering
	Computer Engineering
	Civil Engineering
	Civil Engineering
	Electrical Engineering
	Engineering Science
	Electrical Engineering
	Finance/Accounting
	Finance/Accounting
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Engineering Science
	Engineering Science
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Management and Marketing
	Finance/Accounting
	Finance/Accounting
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Electrical and Computer Engineering
	Engineering Science
	Engineering Science
	Civil Engineering
	Civil Engineering
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Engineering Science
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Management
	Electrical Engineering
	Materials Science & Engineering
	Electrical Engineering
	Mechanical Engineering
	Electrical Engineering
	Engineering Science
	Electrical Engineering
	Engineering Science
	Electrical Engineering
	Computer Science/IT
	Electrical Engineering
	Mechanical Engineering
	Mechanical Engineering
	Electrical Engineering
	Electrical Engineering
	Engineering Science
	Finance/Accounting
	Finance/Accounting
	Electrical Engineering
	Finance/Accounting
	Electrical Engineering
	Nanotechnology Engineering
	Electrical Engineering
	Accounting and Finance
	Finance/Accounting
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering

A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
[redacted]	Electrical Engineering
	Environment and Business
	Environment and Business
	English Rhetoric & Prof Writing
	Planning
	Electrical Engineering
	Electrical Engineering
	Environmental Science
	Electrical Engineering
	Biology and Medical Sciences
	Biology and Medical Sciences
	Electrical Engineering
	Management
	Business Administration
	Electrical Engineering
	Electrical Engineering
	Electrical Engineering
	Business Administration
	Computer Science/IT
	Finance/Accounting

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-05-04	2015-08-31
	2015-01-01	2015-04-30
	2015-05-01	2015-08-26
	2015-01-01	2015-05-01
	2015-01-19	2015-05-01
	2015-05-01	2015-09-21
	2015-01-01	2015-04-30
	2015-01-01	2015-05-01
	2015-01-01	2015-04-30
	2015-05-07	2015-08-26
	2015-04-27	2015-08-31
	2015-01-19	2015-05-01
	2015-05-01	2015-09-21
	2015-01-01	2015-05-01
	2015-05-01	2015-09-04
	2015-01-01	2015-05-01
	2015-05-01	2015-08-27
	2015-04-23	2015-08-31
	2015-01-01	2015-04-29
	2015-01-01	2015-04-30
	2015-01-19	2015-05-01
	2015-05-01	2015-09-18
	2015-01-05	2015-05-04
	2015-04-20	2015-08-28
	2015-01-01	2015-05-01
	2015-05-04	2015-09-04
	2015-01-01	2015-05-01
	2015-05-01	2015-09-04

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-05-04	2015-09-04
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-04-27	2015-09-04
	2015-01-08	2015-05-01
	2015-01-12	2015-04-22
	2015-01-12	2015-04-30
	2015-05-04	2015-08-31
	2015-04-20	2015-08-28
	2015-04-30	2015-08-26
	2015-05-04	2015-08-31
	2015-05-14	2015-09-04
	2015-01-01	2015-04-23
	2015-01-05	2015-04-24
	2015-05-01	2015-08-28
	2015-01-01	2015-05-02
	2015-01-05	2015-04-23
	2015-01-05	2015-05-01
	2015-04-20	2015-09-04
	2015-01-05	2015-05-01
	2015-05-04	2015-08-28
	2015-01-05	2015-04-30
	2015-01-05	2015-05-01
	2015-04-30	2015-09-04
	2015-01-05	2015-05-02
	2015-05-04	2015-08-28
	2015-01-05	2015-04-23
	2015-01-05	2015-04-23
	2015-05-04	2015-08-28
	2015-04-27	2015-09-04
	2015-01-01	2015-04-23
	2015-01-01	2015-04-23
	2015-01-01	2015-04-23
	2015-01-05	2015-04-23
	2015-05-04	2015-08-28
	2015-05-04	2015-08-28
	2015-05-04	2015-09-04
	2015-05-25	2015-08-28
	2015-04-20	2015-09-04
	2015-01-01	2015-03-29
	2015-06-24	2015-10-31
	2015-04-27	2015-09-04
	2015-01-05	2015-04-29
	2015-05-04	2015-08-28
	2015-01-05	2015-04-23
	2015-05-01	2015-08-29
	2015-01-05	2015-05-01
	2015-01-01	2015-04-24
	2015-01-05	2015-05-01
	2015-05-01	2015-09-05
	2015-01-01	2015-05-01
	2015-01-05	2015-04-23
	2015-01-05	2015-04-24
	2015-01-05	2015-05-01

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-05-01	2015-08-18
	2015-01-01	2015-04-23
	2015-05-04	2015-08-28
	2015-01-01	2015-04-23
	2015-05-04	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-09-04
	2015-01-05	2015-05-01
	2015-05-04	2015-08-28
	2015-01-05	2015-04-24
	2015-01-05	2015-04-24
	2015-01-05	2015-05-01
	2015-05-04	2015-08-28
	2015-01-01	2015-04-23
	2015-05-01	2015-09-04
	2015-01-01	2015-04-23
	2015-01-05	2015-04-23
	2015-04-20	2015-09-04
	2015-05-04	2015-08-31
	2015-05-07	2015-08-31
	2015-05-04	2015-08-31
	2015-05-07	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-25
	2015-01-01	2015-05-01
	2015-05-01	2015-08-26
	2015-01-05	2015-04-29
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-27
	2015-04-30	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2014-09-01	2014-12-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2014-09-04	2014-12-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-14
	2015-05-04	2015-08-31
	2015-05-11	2015-08-31
	2015-01-15	2015-05-01
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-26
	2015-05-07	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-09-15
	2015-05-04	2015-08-31
	2015-05-04	2015-08-31

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
	2015-01-01	2015-05-01
	2015-05-01	2015-08-26
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-05-11	2015-08-31
	2015-05-07	2015-08-31
	2015-05-07	2015-08-31
	2015-05-11	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-24
	2015-05-04	2015-08-28
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-05-04	2015-08-28
	2015-01-06	2015-05-01
	2015-05-01	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-01-05	2015-04-24
	2015-05-01	2015-08-28
	2015-01-05	2015-04-23
	2015-01-15	2015-05-01
	2015-05-01	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-01-15	2015-05-01
	2015-05-01	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-05-04	2015-08-28
	2015-04-27	2015-09-04
	2015-05-19	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-09-02
	2014-09-02	2014-12-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2014-09-04	2014-12-31
	2015-01-01	2015-05-01
	2015-05-01	2015-09-03
	2015-05-05	2015-08-26
	2015-01-01	2015-05-04
	2015-05-01	2015-08-26
	2014-09-01	2014-12-31
	2015-01-01	2015-04-30
	2015-05-01	2015-08-31
	2015-01-01	2015-04-29
	2015-01-05	2015-05-08
	2015-05-11	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-28
	2015-01-19	2015-05-01
	2015-05-01	2015-08-26

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-05-11	2015-09-01
	2015-01-05	2015-05-01
	2015-05-01	2015-08-21
	2015-01-05	2015-05-19
	2015-05-01	2015-08-31
	2015-05-04	2015-09-04
	2015-05-04	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-09-09
	2015-05-11	2015-08-31
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-19
	2015-01-01	2015-05-01
	2015-01-01	2015-04-29
	2015-01-01	2015-05-01
	2015-05-01	2015-08-08
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-04-29
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-04-27	2015-08-31
	2015-05-07	2015-08-31
	2015-01-01	2015-05-01
	2015-05-04	2015-08-31
	2015-01-01	2015-05-01
	2015-01-01	2015-05-01
	2015-01-01	2015-05-01
	2015-01-01	2015-05-01
	2015-05-01	2015-08-20
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-08-31
	2015-01-01	2015-05-01
	2015-05-07	2015-08-31
	2015-05-04	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-26
	2015-05-07	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-05-14	2015-08-31
	2015-01-01	2015-05-01

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-01-01	2015-05-01
	2015-05-01	2015-09-03
	2015-04-24	2015-09-05
	2015-01-01	2015-05-01
	2015-05-01	2015-08-28
	2015-01-01	2015-05-01
	2015-01-01	2015-05-01
	2015-05-01	2015-08-27
	2015-05-04	2015-08-31
	2015-01-01	2015-05-01
	2015-05-01	2015-08-27
	2015-01-01	2015-05-01
	2015-05-01	2015-08-29
	2015-01-01	2015-05-01
	2015-05-01	2015-08-27
	2015-01-01	2015-05-01
	2015-05-01	2015-08-21
	2015-01-01	2015-05-01
	2015-05-01	2015-08-29
	2015-01-01	2015-05-01
	2015-01-01	2015-05-01
	2015-05-01	2015-08-01
	2015-01-01	2015-05-01
	2015-05-01	2015-08-29
	2015-05-04	2015-08-31
	2015-01-01	2015-04-17
	2015-05-04	2015-09-05
	2015-05-04	2015-08-31
	2015-05-04	2015-09-04
	2015-05-04	2015-08-31
	2015-05-01	2015-07-10
	2015-05-01	2015-08-26
	2015-05-01	2015-08-19
	2015-05-01	2015-08-26
	2015-05-01	2015-08-19
	2015-05-01	2015-08-28
	2015-05-01	2015-08-26
	2015-01-01	2015-05-01
	2015-05-01	2015-08-29
	2015-05-01	2015-08-26
	2015-05-01	2015-09-05
	2015-05-01	2015-08-29
	2015-01-01	2015-05-02
	2015-01-01	2015-04-16
	2015-01-01	2015-05-02
	2015-01-01	2015-05-02
	2015-01-05	2015-05-01
	2015-01-01	2015-05-02
	2015-05-04	2015-08-31
	2015-04-27	2015-08-29
	2015-01-01	2015-05-02
	2015-01-01	2015-05-01
	2015-05-28	2015-08-31
	2015-01-06	2015-05-01

C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
[redacted]	2015-05-01	2015-09-05
	2015-01-01	2015-05-01
	2015-05-01	2015-08-22
	2015-01-01	2015-04-25
	2015-05-01	2015-08-31
	2015-01-05	2015-05-01
	2015-01-01	2015-05-01
	2015-01-01	2015-05-09
	2015-01-01	2015-04-30
	2015-01-01	2015-05-01
	2015-05-01	2015-09-05
	2015-05-04	2015-08-31
	2015-04-13	2015-09-05
	2015-01-01	2015-05-16
	2015-01-01	2015-05-02
	2015-01-05	2015-05-01
	2015-05-01	2015-08-31
	2015-05-08	2015-08-31
	2015-01-01	2015-04-30
	2015-01-01	2015-03-21

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.

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.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
1.		10.000 %	20,346	25.000 %		17
2.		10.000 %	35,001	25.000 %		16
3.		10.000 %	35,001	25.000 %		16
4.		10.000 %	28,853	25.000 %		17
5.		10.000 %	29,478	25.000 %		15
6.		10.000 %	29,478	25.000 %		20
7.		10.000 %	26,275	25.000 %		16
8.		10.000 %	26,580	25.000 %		17
9.		10.000 %	26,594	25.000 %		16
10.		10.000 %	19,627	25.000 %		15
11.		10.000 %	20,401	25.000 %		18
12.		10.000 %	22,875	25.000 %		15
13.		10.000 %	22,875	25.000 %		20
14.		10.000 %	24,528	25.000 %		17
15.		10.000 %	24,528	25.000 %		18
16.		10.000 %	22,658	25.000 %		17
17.		10.000 %	22,658	25.000 %		16
18.		10.000 %	21,292	25.000 %		18
19.		10.000 %	26,594	25.000 %		16
20.		10.000 %	27,782	25.000 %		16
21.		10.000 %	22,728	25.000 %		15
22.		10.000 %	22,728	25.000 %		20
23.		10.000 %	17,926	25.000 %		17
24.		10.000 %	15,014	25.000 %		19
25.		10.000 %	25,592	25.000 %		17
26.		10.000 %	19,650	25.000 %		18
27.		10.000 %	21,201	25.000 %		17
28.		10.000 %	21,201	25.000 %		18
29.		10.000 %	18,018	25.000 %		18
30.		10.000 %	21,180	25.000 %		17
31.		10.000 %	21,180	25.000 %		17
32.		10.000 %	21,366	25.000 %		19
33.		10.000 %	13,586	25.000 %		16
34.		10.000 %	13,742	25.000 %		14
35.		10.000 %	14,836	25.000 %		15
36.		10.000 %	15,993	25.000 %		17
37.		10.000 %	15,449	25.000 %		19
38.		10.000 %	14,021	25.000 %		16
39.		10.000 %	29,643	25.000 %		17
40.		10.000 %	13,396	25.000 %		16
41.		10.000 %	17,264	25.000 %		15
42.		10.000 %	10,474	25.000 %		16
43.		10.000 %	10,474	25.000 %		17
44.		10.000 %	15,662	25.000 %		17
45.		10.000 %	13,655	25.000 %		15
46.		10.000 %	14,945	25.000 %		17
47.		10.000 %	17,208	25.000 %		20
48.		10.000 %	18,131	25.000 %		17
49.		10.000 %	13,955	25.000 %		17
50.		10.000 %	14,088	25.000 %		16
51.		10.000 %	16,419	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
52.		10.000 %	13,843	25.000 %		18
53.		10.000 %	18,475	25.000 %		17
54.		10.000 %	14,220	25.000 %		17
55.		10.000 %	16,183	25.000 %		15
56.		10.000 %	16,785	25.000 %		15
57.		10.000 %	14,108	25.000 %		17
58.		10.000 %	15,837	25.000 %		19
59.		10.000 %	15,267	25.000 %		15
60.		10.000 %	14,978	25.000 %		15
61.		10.000 %	14,526	25.000 %		15
62.		10.000 %	14,617	25.000 %		15
63.		10.000 %	17,316	25.000 %		17
64.		10.000 %	15,443	25.000 %		17
65.		10.000 %	14,269	25.000 %		18
66.		10.000 %	10,914	25.000 %		14
67.		10.000 %	16,256	25.000 %		20
68.		10.000 %	13,455	25.000 %		12
69.		10.000 %	14,548	25.000 %		18
70.		10.000 %	14,970	25.000 %		19
71.		10.000 %	15,483	25.000 %		16
72.		10.000 %	14,354	25.000 %		17
73.		10.000 %	14,569	25.000 %		15
74.		10.000 %	14,569	25.000 %		17
75.		10.000 %	13,068	25.000 %		17
76.		10.000 %	23,289	25.000 %		16
77.		10.000 %	19,158	25.000 %		17
78.		10.000 %	19,158	25.000 %		18
79.		10.000 %	18,265	25.000 %		17
80.		10.000 %	15,995	25.000 %		15
81.		10.000 %	14,593	25.000 %		16
82.		10.000 %	13,899	25.000 %		17
83.		10.000 %	13,899	25.000 %		15
84.		10.000 %	15,267	25.000 %		15
85.		10.000 %	14,444	25.000 %		17
86.		10.000 %	15,891	25.000 %		15
87.		10.000 %	14,792	25.000 %		17
88.		10.000 %	17,931	25.000 %		17
89.		10.000 %	17,931	25.000 %		18
90.		10.000 %	13,628	25.000 %		17
91.		10.000 %	13,500	25.000 %		17
92.		10.000 %	14,227	25.000 %		16
93.		10.000 %	14,562	25.000 %		16
94.		10.000 %	14,213	25.000 %		17
95.		10.000 %	13,831	25.000 %		17
96.		10.000 %	16,446	25.000 %		15
97.		10.000 %	16,446	25.000 %		18
98.		10.000 %	17,796	25.000 %		15
99.		10.000 %	14,803	25.000 %		15
100.		10.000 %	16,256	25.000 %		20
101.		10.000 %	19,026	25.000 %		17
102.		10.000 %	18,464	25.000 %		16
103.		10.000 %	20,473	25.000 %		17
104.		10.000 %	15,787	25.000 %		16

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
105.		10.000 %	31,822	25.000 %		17
106.		10.000 %	31,822	25.000 %		16
107.		10.000 %	22,853	25.000 %		17
108.		10.000 %	22,853	25.000 %		16
109.		10.000 %	33,456	25.000 %		16
110.		10.000 %	33,456	25.000 %		17
111.		10.000 %	22,084	25.000 %		17
112.		10.000 %	22,084	25.000 %		16
113.		10.000 %	19,408	25.000 %		17
114.		10.000 %	18,201	25.000 %		17
115.		10.000 %	18,201	25.000 %		17
116.		10.000 %	20,745	25.000 %		17
117.		10.000 %	20,745	25.000 %		17
118.		10.000 %	20,745	25.000 %		17
119.		10.000 %	22,285	25.000 %		16
120.		10.000 %	22,285	25.000 %		17
121.		10.000 %	22,285	25.000 %		15
122.		10.000 %	19,099	25.000 %		17
123.		10.000 %	18,400	25.000 %		16
124.		10.000 %	18,922	25.000 %		15
125.		10.000 %	18,922	25.000 %		17
126.		10.000 %	22,428	25.000 %		17
127.		10.000 %	22,428	25.000 %		17
128.		10.000 %	22,115	25.000 %		17
129.		10.000 %	22,115	25.000 %		16
130.		10.000 %	18,730	25.000 %		16
131.		10.000 %	19,644	25.000 %		17
132.		10.000 %	19,644	25.000 %		17
133.		10.000 %	21,500	25.000 %		17
134.		10.000 %	21,500	25.000 %		19
135.		10.000 %	19,093	25.000 %		17
136.		10.000 %	19,153	25.000 %		17
137.		10.000 %	21,357	25.000 %		17
138.		10.000 %	21,357	25.000 %		16
139.		10.000 %	21,411	25.000 %		17
140.		10.000 %	21,411	25.000 %		17
141.		10.000 %	15,656	25.000 %		16
142.		10.000 %	18,477	25.000 %		16
143.		10.000 %	15,576	25.000 %		16
144.		10.000 %	18,232	25.000 %		16
145.		10.000 %	19,721	25.000 %		17
146.		10.000 %	19,721	25.000 %		16
147.		10.000 %	15,918	25.000 %		17
148.		10.000 %	16,001	25.000 %		17
149.		10.000 %	16,001	25.000 %		17
150.		10.000 %	16,913	25.000 %		17
151.		10.000 %	15,573	25.000 %		16
152.		10.000 %	15,573	25.000 %		17
153.		10.000 %	17,165	25.000 %		17
154.		10.000 %	17,165	25.000 %		17
155.		10.000 %	16,370	25.000 %		16
156.		10.000 %	16,370	25.000 %		17
157.		10.000 %	16,980	25.000 %		15

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
158.		10.000 %	14,281	25.000 %		15
159.		10.000 %	14,281	25.000 %		17
160.		10.000 %	16,215	25.000 %		17
161.		10.000 %	16,215	25.000 %		17
162.		10.000 %	15,300	25.000 %		15
163.		10.000 %	15,300	25.000 %		17
164.		10.000 %	16,405	25.000 %		17
165.		10.000 %	16,405	25.000 %		17
166.		10.000 %	16,625	25.000 %		17
167.		10.000 %	15,663	25.000 %		19
168.		10.000 %	16,533	25.000 %		14
169.		10.000 %	21,530	25.000 %		17
170.		10.000 %	21,530	25.000 %		17
171.		10.000 %	20,829	25.000 %		16
172.		10.000 %	20,829	25.000 %		17
173.		10.000 %	20,829	25.000 %		17
174.		10.000 %	23,151	25.000 %		17
175.		10.000 %	21,228	25.000 %		16
176.		10.000 %	21,228	25.000 %		17
177.		10.000 %	21,228	25.000 %		17
178.		10.000 %	17,731	25.000 %		15
179.		10.000 %	27,150	25.000 %		17
180.		10.000 %	27,150	25.000 %		16
181.		10.000 %	20,705	25.000 %		17
182.		10.000 %	20,705	25.000 %		16
183.		10.000 %	20,705	25.000 %		17
184.		10.000 %	23,932	25.000 %		16
185.		10.000 %	17,827	25.000 %		18
186.		10.000 %	17,386	25.000 %		16
187.		10.000 %	23,955	25.000 %		17
188.		10.000 %	23,955	25.000 %		17
189.		10.000 %	18,981	25.000 %		15
190.		10.000 %	18,981	25.000 %		16
191.		10.000 %	19,262	25.000 %		16
192.		10.000 %	18,738	25.000 %		17
193.		10.000 %	18,738	25.000 %		16
194.		10.000 %	18,057	25.000 %		19
195.		10.000 %	18,057	25.000 %		17
196.		10.000 %	19,153	25.000 %		18
197.		10.000 %	19,137	25.000 %		17
198.		10.000 %	20,612	25.000 %		17
199.		10.000 %	20,612	25.000 %		18
200.		10.000 %	15,962	25.000 %		16
201.		10.000 %	22,586	25.000 %		17
202.		10.000 %	22,586	25.000 %		17
203.		10.000 %	20,888	25.000 %		17
204.		10.000 %	20,888	25.000 %		15
205.		10.000 %	18,606	25.000 %		17
206.		10.000 %	22,571	25.000 %		16
207.		10.000 %	21,832	25.000 %		17
208.		10.000 %	21,832	25.000 %		14
209.		10.000 %	22,758	25.000 %		17
210.		10.000 %	22,758	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
211.		10.000 %	22,340	25.000 %		16
212.		10.000 %	22,340	25.000 %		17
213.		10.000 %	19,375	25.000 %		17
214.		10.000 %	19,790	25.000 %		18
215.		10.000 %	18,477	25.000 %		16
216.		10.000 %	24,922	25.000 %		17
217.		10.000 %	16,768	25.000 %		17
218.		10.000 %	21,174	25.000 %		17
219.		10.000 %	21,834	25.000 %		17
220.		10.000 %	22,522	25.000 %		17
221.		10.000 %	17,564	25.000 %		17
222.		10.000 %	17,564	25.000 %		15
223.		10.000 %	20,979	25.000 %		17
224.		10.000 %	20,979	25.000 %		17
225.		10.000 %	22,778	25.000 %		17
226.		10.000 %	22,778	25.000 %		17
227.		10.000 %	22,717	25.000 %		17
228.		10.000 %	22,717	25.000 %		17
229.		10.000 %	20,674	25.000 %		17
230.		10.000 %	20,674	25.000 %		17
231.		10.000 %	20,261	25.000 %		17
232.		10.000 %	18,434	25.000 %		16
233.		10.000 %	19,095	25.000 %		17
234.		10.000 %	21,085	25.000 %		17
235.		10.000 %	21,085	25.000 %		16
236.		10.000 %	18,129	25.000 %		16
237.		10.000 %	21,616	25.000 %		17
238.		10.000 %	21,616	25.000 %		17
239.		10.000 %	22,245	25.000 %		17
240.		10.000 %	22,245	25.000 %		17
241.		10.000 %	21,590	25.000 %		17
242.		10.000 %	21,590	25.000 %		17
243.		10.000 %	17,631	25.000 %		15
244.		10.000 %	22,392	25.000 %		17
245.		10.000 %	22,245	25.000 %		17
246.		10.000 %	22,245	25.000 %		17
247.		10.000 %	25,321	25.000 %		19
248.		10.000 %	21,768	25.000 %		17
249.		10.000 %	21,768	25.000 %		17
250.		10.000 %	23,324	25.000 %		17
251.		10.000 %	22,507	25.000 %		17
252.		10.000 %	22,507	25.000 %		16
253.		10.000 %	19,838	25.000 %		17
254.		10.000 %	21,796	25.000 %		17
255.		10.000 %	21,796	25.000 %		16
256.		10.000 %	14,473	25.000 %		17
257.		10.000 %	14,473	25.000 %		17
258.		10.000 %	22,086	25.000 %		17
259.		10.000 %	22,086	25.000 %		16
260.		10.000 %	21,840	25.000 %		17
261.		10.000 %	21,840	25.000 %		16
262.		10.000 %	21,259	25.000 %		17
263.		10.000 %	21,259	25.000 %		17

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
264.		10.000 %	21,163	25.000 %		17
265.		10.000 %	19,064	25.000 %		17
266.		10.000 %	19,064	25.000 %		13
267.		10.000 %	21,827	25.000 %		17
268.		10.000 %	21,827	25.000 %		17
269.		10.000 %	19,590	25.000 %		17
270.		10.000 %	22,681	25.000 %		15
271.		10.000 %	20,991	25.000 %		18
272.		10.000 %	19,144	25.000 %		17
273.		10.000 %	16,335	25.000 %		18
274.		10.000 %	19,095	25.000 %		17
275.		10.000 %	18,606	25.000 %		10
276.		10.000 %	22,571	25.000 %		16
277.		10.000 %	19,375	25.000 %		15
278.		10.000 %	21,174	25.000 %		16
279.		10.000 %	21,834	25.000 %		15
280.		10.000 %	22,522	25.000 %		17
281.		10.000 %	20,261	25.000 %		16
282.		10.000 %	21,270	25.000 %		17
283.		10.000 %	21,270	25.000 %		17
284.		10.000 %	22,392	25.000 %		16
285.		10.000 %	23,324	25.000 %		18
286.		10.000 %	21,163	25.000 %		17
287.		10.000 %	24,108	25.000 %		17
288.		10.000 %	20,679	25.000 %		14
289.		10.000 %	15,951	25.000 %		17
290.		10.000 %	24,137	25.000 %		17
291.		10.000 %	19,168	25.000 %		17
292.		10.000 %	21,125	25.000 %		17
293.		10.000 %	17,602	25.000 %		17
294.		10.000 %	22,883	25.000 %		18
295.		10.000 %	23,859	25.000 %		17
296.		10.000 %	22,353	25.000 %		17
297.		10.000 %	15,816	25.000 %		13
298.		10.000 %	15,774	25.000 %		16
299.		10.000 %	15,774	25.000 %		18
300.		10.000 %	19,957	25.000 %		17
301.		10.000 %	19,957	25.000 %		16
302.		10.000 %	20,891	25.000 %		16
303.		10.000 %	21,173	25.000 %		17
304.		10.000 %	13,908	25.000 %		17
305.		10.000 %	20,877	25.000 %		17
306.		10.000 %	25,488	25.000 %		18
307.		10.000 %	23,201	25.000 %		16
308.		10.000 %	22,506	25.000 %		17
309.		10.000 %	22,506	25.000 %		18
310.		10.000 %	20,477	25.000 %		17
311.		10.000 %	26,308	25.000 %		21
312.		10.000 %	28,154	25.000 %		19
313.		10.000 %	24,652	25.000 %		17
314.		10.000 %	18,383	25.000 %		17
315.		10.000 %	18,383	25.000 %		17
316.		10.000 %	17,373	25.000 %		16

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	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)
317.		10.000 %	25,054	25.000 %		16
318.		10.000 %	17,614	25.000 %		11

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	5,087	3,000	3,000		3,000
2.	8,750	3,000	3,000		3,000
3.	8,750	3,000	3,000		3,000
4.	7,213	3,000	3,000		3,000
5.	7,370	3,000	3,000		3,000
6.	7,370	3,000	3,000		3,000
7.	6,569	3,000	3,000		3,000
8.	6,645	3,000	3,000		3,000
9.	6,649	3,000	3,000		3,000
10.	4,907	3,000	3,000		3,000
11.	5,100	3,000	3,000		3,000
12.	5,719	3,000	3,000		3,000
13.	5,719	3,000	3,000		3,000
14.	6,132	3,000	3,000		3,000
15.	6,132	3,000	3,000		3,000
16.	5,665	3,000	3,000		3,000
17.	5,665	3,000	3,000		3,000
18.	5,323	3,000	3,000		3,000
19.	6,649	3,000	3,000		3,000
20.	6,946	3,000	3,000		3,000
21.	5,682	3,000	3,000		3,000
22.	5,682	3,000	3,000		3,000
23.	4,482	3,000	3,000		3,000
24.	3,754	3,000	3,000		3,000
25.	6,398	3,000	3,000		3,000
26.	4,913	3,000	3,000		3,000
27.	5,300	3,000	3,000		3,000
28.	5,300	3,000	3,000		3,000
29.	4,505	3,000	3,000		3,000
30.	5,295	3,000	3,000		3,000
31.	5,295	3,000	3,000		3,000
32.	5,342	3,000	3,000		3,000
33.	3,397	3,000	3,000		3,000
34.	3,436	3,000	3,000		3,000
35.	3,709	3,000	3,000		3,000
36.	3,998	3,000	3,000		3,000
37.	3,862	3,000	3,000		3,000
38.	3,505	3,000	3,000		3,000
39.	7,411	3,000	3,000		3,000
40.	3,349	3,000	3,000		3,000
41.	4,316	3,000	3,000		3,000
42.	2,619	3,000	2,619		2,619
43.	2,619	3,000	2,619		2,619
44.	3,916	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
45.	3,414	3,000	3,000		3,000
46.	3,736	3,000	3,000		3,000
47.	4,302	3,000	3,000		3,000
48.	4,533	3,000	3,000		3,000
49.	3,489	3,000	3,000		3,000
50.	3,522	3,000	3,000		3,000
51.	4,105	3,000	3,000		3,000
52.	3,461	3,000	3,000		3,000
53.	4,619	3,000	3,000		3,000
54.	3,555	3,000	3,000		3,000
55.	4,046	3,000	3,000		3,000
56.	4,196	3,000	3,000		3,000
57.	3,527	3,000	3,000		3,000
58.	3,959	3,000	3,000		3,000
59.	3,817	3,000	3,000		3,000
60.	3,745	3,000	3,000		3,000
61.	3,632	3,000	3,000		3,000
62.	3,654	3,000	3,000		3,000
63.	4,329	3,000	3,000		3,000
64.	3,861	3,000	3,000		3,000
65.	3,567	3,000	3,000		3,000
66.	2,729	3,000	2,729		2,729
67.	4,064	3,000	3,000		3,000
68.	3,364	3,000	3,000		3,000
69.	3,637	3,000	3,000		3,000
70.	3,743	3,000	3,000		3,000
71.	3,871	3,000	3,000		3,000
72.	3,589	3,000	3,000		3,000
73.	3,642	3,000	3,000		3,000
74.	3,642	3,000	3,000		3,000
75.	3,267	3,000	3,000		3,000
76.	5,822	3,000	3,000		3,000
77.	4,790	3,000	3,000		3,000
78.	4,790	3,000	3,000		3,000
79.	4,566	3,000	3,000		3,000
80.	3,999	3,000	3,000		3,000
81.	3,648	3,000	3,000		3,000
82.	3,475	3,000	3,000		3,000
83.	3,475	3,000	3,000		3,000
84.	3,817	3,000	3,000		3,000
85.	3,611	3,000	3,000		3,000
86.	3,973	3,000	3,000		3,000
87.	3,698	3,000	3,000		3,000
88.	4,483	3,000	3,000		3,000
89.	4,483	3,000	3,000		3,000
90.	3,407	3,000	3,000		3,000
91.	3,375	3,000	3,000		3,000
92.	3,557	3,000	3,000		3,000
93.	3,641	3,000	3,000		3,000
94.	3,553	3,000	3,000		3,000
95.	3,458	3,000	3,000		3,000
96.	4,112	3,000	3,000		3,000
97.	4,112	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
98.	4,449	3,000	3,000		3,000
99.	3,701	3,000	3,000		3,000
100.	4,064	3,000	3,000		3,000
101.	4,757	3,000	3,000		3,000
102.	4,616	3,000	3,000		3,000
103.	5,118	3,000	3,000		3,000
104.	3,947	3,000	3,000		3,000
105.	7,956	3,000	3,000		3,000
106.	7,956	3,000	3,000		3,000
107.	5,713	3,000	3,000		3,000
108.	5,713	3,000	3,000		3,000
109.	8,364	3,000	3,000		3,000
110.	8,364	3,000	3,000		3,000
111.	5,521	3,000	3,000		3,000
112.	5,521	3,000	3,000		3,000
113.	4,852	3,000	3,000		3,000
114.	4,550	3,000	3,000		3,000
115.	4,550	3,000	3,000		3,000
116.	5,186	3,000	3,000		3,000
117.	5,186	3,000	3,000		3,000
118.	5,186	3,000	3,000		3,000
119.	5,571	3,000	3,000		3,000
120.	5,571	3,000	3,000		3,000
121.	5,571	3,000	3,000		3,000
122.	4,775	3,000	3,000		3,000
123.	4,600	3,000	3,000		3,000
124.	4,731	3,000	3,000		3,000
125.	4,731	3,000	3,000		3,000
126.	5,607	3,000	3,000		3,000
127.	5,607	3,000	3,000		3,000
128.	5,529	3,000	3,000		3,000
129.	5,529	3,000	3,000		3,000
130.	4,683	3,000	3,000		3,000
131.	4,911	3,000	3,000		3,000
132.	4,911	3,000	3,000		3,000
133.	5,375	3,000	3,000		3,000
134.	5,375	3,000	3,000		3,000
135.	4,773	3,000	3,000		3,000
136.	4,788	3,000	3,000		3,000
137.	5,339	3,000	3,000		3,000
138.	5,339	3,000	3,000		3,000
139.	5,353	3,000	3,000		3,000
140.	5,353	3,000	3,000		3,000
141.	3,914	3,000	3,000		3,000
142.	4,619	3,000	3,000		3,000
143.	3,894	3,000	3,000		3,000
144.	4,558	3,000	3,000		3,000
145.	4,930	3,000	3,000		3,000
146.	4,930	3,000	3,000		3,000
147.	3,980	3,000	3,000		3,000
148.	4,000	3,000	3,000		3,000
149.	4,000	3,000	3,000		3,000
150.	4,228	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
151.	3,893	3,000	3,000		3,000
152.	3,893	3,000	3,000		3,000
153.	4,291	3,000	3,000		3,000
154.	4,291	3,000	3,000		3,000
155.	4,093	3,000	3,000		3,000
156.	4,093	3,000	3,000		3,000
157.	4,245	3,000	3,000		3,000
158.	3,570	3,000	3,000		3,000
159.	3,570	3,000	3,000		3,000
160.	4,054	3,000	3,000		3,000
161.	4,054	3,000	3,000		3,000
162.	3,825	3,000	3,000		3,000
163.	3,825	3,000	3,000		3,000
164.	4,101	3,000	3,000		3,000
165.	4,101	3,000	3,000		3,000
166.	4,156	3,000	3,000		3,000
167.	3,916	3,000	3,000		3,000
168.	4,133	3,000	3,000		3,000
169.	5,383	3,000	3,000		3,000
170.	5,383	3,000	3,000		3,000
171.	5,207	3,000	3,000		3,000
172.	5,207	3,000	3,000		3,000
173.	5,207	3,000	3,000		3,000
174.	5,788	3,000	3,000		3,000
175.	5,307	3,000	3,000		3,000
176.	5,307	3,000	3,000		3,000
177.	5,307	3,000	3,000		3,000
178.	4,433	3,000	3,000		3,000
179.	6,788	3,000	3,000		3,000
180.	6,788	3,000	3,000		3,000
181.	5,176	3,000	3,000		3,000
182.	5,176	3,000	3,000		3,000
183.	5,176	3,000	3,000		3,000
184.	5,983	3,000	3,000		3,000
185.	4,457	3,000	3,000		3,000
186.	4,347	3,000	3,000		3,000
187.	5,989	3,000	3,000		3,000
188.	5,989	3,000	3,000		3,000
189.	4,745	3,000	3,000		3,000
190.	4,745	3,000	3,000		3,000
191.	4,816	3,000	3,000		3,000
192.	4,685	3,000	3,000		3,000
193.	4,685	3,000	3,000		3,000
194.	4,514	3,000	3,000		3,000
195.	4,514	3,000	3,000		3,000
196.	4,788	3,000	3,000		3,000
197.	4,784	3,000	3,000		3,000
198.	5,153	3,000	3,000		3,000
199.	5,153	3,000	3,000		3,000
200.	3,991	3,000	3,000		3,000
201.	5,647	3,000	3,000		3,000
202.	5,647	3,000	3,000		3,000
203.	5,222	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
204.	5,222	3,000	3,000		3,000
205.	4,652	3,000	3,000		3,000
206.	5,643	3,000	3,000		3,000
207.	5,458	3,000	3,000		3,000
208.	5,458	3,000	3,000		3,000
209.	5,690	3,000	3,000		3,000
210.	5,690	3,000	3,000		3,000
211.	5,585	3,000	3,000		3,000
212.	5,585	3,000	3,000		3,000
213.	4,844	3,000	3,000		3,000
214.	4,948	3,000	3,000		3,000
215.	4,619	3,000	3,000		3,000
216.	6,231	3,000	3,000		3,000
217.	4,192	3,000	3,000		3,000
218.	5,294	3,000	3,000		3,000
219.	5,459	3,000	3,000		3,000
220.	5,631	3,000	3,000		3,000
221.	4,391	3,000	3,000		3,000
222.	4,391	3,000	3,000		3,000
223.	5,245	3,000	3,000		3,000
224.	5,245	3,000	3,000		3,000
225.	5,695	3,000	3,000		3,000
226.	5,695	3,000	3,000		3,000
227.	5,679	3,000	3,000		3,000
228.	5,679	3,000	3,000		3,000
229.	5,169	3,000	3,000		3,000
230.	5,169	3,000	3,000		3,000
231.	5,065	3,000	3,000		3,000
232.	4,609	3,000	3,000		3,000
233.	4,774	3,000	3,000		3,000
234.	5,271	3,000	3,000		3,000
235.	5,271	3,000	3,000		3,000
236.	4,532	3,000	3,000		3,000
237.	5,404	3,000	3,000		3,000
238.	5,404	3,000	3,000		3,000
239.	5,561	3,000	3,000		3,000
240.	5,561	3,000	3,000		3,000
241.	5,398	3,000	3,000		3,000
242.	5,398	3,000	3,000		3,000
243.	4,408	3,000	3,000		3,000
244.	5,598	3,000	3,000		3,000
245.	5,561	3,000	3,000		3,000
246.	5,561	3,000	3,000		3,000
247.	6,330	3,000	3,000		3,000
248.	5,442	3,000	3,000		3,000
249.	5,442	3,000	3,000		3,000
250.	5,831	3,000	3,000		3,000
251.	5,627	3,000	3,000		3,000
252.	5,627	3,000	3,000		3,000
253.	4,960	3,000	3,000		3,000
254.	5,449	3,000	3,000		3,000
255.	5,449	3,000	3,000		3,000
256.	3,618	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
257.	3,618	3,000	3,000		3,000
258.	5,522	3,000	3,000		3,000
259.	5,522	3,000	3,000		3,000
260.	5,460	3,000	3,000		3,000
261.	5,460	3,000	3,000		3,000
262.	5,315	3,000	3,000		3,000
263.	5,315	3,000	3,000		3,000
264.	5,291	3,000	3,000		3,000
265.	4,766	3,000	3,000		3,000
266.	4,766	3,000	3,000		3,000
267.	5,457	3,000	3,000		3,000
268.	5,457	3,000	3,000		3,000
269.	4,898	3,000	3,000		3,000
270.	5,670	3,000	3,000		3,000
271.	5,248	3,000	3,000		3,000
272.	4,786	3,000	3,000		3,000
273.	4,084	3,000	3,000		3,000
274.	4,774	3,000	3,000		3,000
275.	4,652	3,000	3,000		3,000
276.	5,643	3,000	3,000		3,000
277.	4,844	3,000	3,000		3,000
278.	5,294	3,000	3,000		3,000
279.	5,459	3,000	3,000		3,000
280.	5,631	3,000	3,000		3,000
281.	5,065	3,000	3,000		3,000
282.	5,318	3,000	3,000		3,000
283.	5,318	3,000	3,000		3,000
284.	5,598	3,000	3,000		3,000
285.	5,831	3,000	3,000		3,000
286.	5,291	3,000	3,000		3,000
287.	6,027	3,000	3,000		3,000
288.	5,170	3,000	3,000		3,000
289.	3,988	3,000	3,000		3,000
290.	6,034	3,000	3,000		3,000
291.	4,792	3,000	3,000		3,000
292.	5,281	3,000	3,000		3,000
293.	4,401	3,000	3,000		3,000
294.	5,721	3,000	3,000		3,000
295.	5,965	3,000	3,000		3,000
296.	5,588	3,000	3,000		3,000
297.	3,954	3,000	3,000		3,000
298.	3,944	3,000	3,000		3,000
299.	3,944	3,000	3,000		3,000
300.	4,989	3,000	3,000		3,000
301.	4,989	3,000	3,000		3,000
302.	5,223	3,000	3,000		3,000
303.	5,293	3,000	3,000		3,000
304.	3,477	3,000	3,000		3,000
305.	5,219	3,000	3,000		3,000
306.	6,372	3,000	3,000		3,000
307.	5,800	3,000	3,000		3,000
308.	5,627	3,000	3,000		3,000
309.	5,627	3,000	3,000		3,000

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
310.	5,119	3,000	3,000		3,000
311.	6,577	3,000	3,000		3,000
312.	7,039	3,000	3,000		3,000
313.	6,163	3,000	3,000		3,000
314.	4,596	3,000	3,000		3,000
315.	4,596	3,000	3,000		3,000
316.	4,343	3,000	3,000		3,000
317.	6,264	3,000	3,000		3,000
318.	4,404	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500** 952,967 **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:

Column G = (column F1 x percentage on line 310) + (column F2 x 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 x X/Y) + [$3,000 x (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.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2015-10-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015, the maximum credit for each qualifying apprenticeship is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. For an apprenticeship program that began after April 23, 2015, the maximum credit for each qualifying apprenticeship is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship.
- 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 48 months of the apprenticeship program, if an apprenticeship program began before April 24, 2015; and
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if an apprenticeship program began after April 23, 2015.
- 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) or a person designated by him or her; 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*.
- Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*. Keep a copy of the training agreement or contract of apprenticeship to support your claim.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number
Glendy Cheung	(416) 345-6812

Is the claim filed for an ATTC earned through a partnership? * . . . . . 150 1 Yes ☐ 2 No ☒

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 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 ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . 210 1 Yes ☐ 2 No ☒

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** 859,978,816

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 30% on line 310.
- If line 300 is $600,000 or more, enter 25% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

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

Specified percentage . . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009 for an apprenticeship program that began before April 24, 2015:

- 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:

$$\text{Specified percentage} = 35\,\% + \left[10\,\% \times \left[1 - \left(\frac{\text{amount on line 300} \ \textbf{minus} \ 400{,}000}{200{,}000} \right) \right] \right]$$

Specified percentage . . . . . **312** 35.000 %

For eligible expenditures incurred for an apprenticeship program that began after April 23, 2015:

- If line 300 is $400,000 or less, enter 30% on line 314.
- If line 300 is $600,000 or more, enter 25% on line 314.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 314 using the following formula:

$$\text{Specified percentage} = 25\,\% + \left[5\,\% \times \left[1 - \left(\frac{\text{amount on line 300} \ \textbf{minus} \ 400{,}000}{200{,}000} \right) \right] \right]$$

Specified percentage . . . . . **314** 25.000 %

* 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 – Ontario apprenticeship training tax credit

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

	A Trade code **400**	B Apprenticeship program/trade name **405**	C Name of apprentice **410**
1.	309a	Electrician-Construction and Maintenance	[redacted]
2.	309a	Electrician-Construction and Maintenance	[redacted]
3.	309a	Electrician-Construction and Maintenance	[redacted]
4.	309a	Electrician-Construction and Maintenance	[redacted]
5.	434a	Powerline Technician	[redacted]
6.	309a	Electrician-Construction and Maintenance	[redacted]
7.	434a	Powerline Technician	[redacted]
8.	434a	Powerline Technician	[redacted]
9.	434a	Powerline Technician	[redacted]
10.	434a	Powerline Technician	[redacted]
11.	434a	Powerline Technician	[redacted]
12.	434a	Powerline Technician	[redacted]
13.	434a	Powerline Technician	[redacted]
14.	434a	Powerline Technician	[redacted]
15.	434a	Powerline Technician	[redacted]
16.	434a	Powerline Technician	[redacted]
17.	434a	Powerline Technician	[redacted]
18.	434a	Powerline Technician	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
19.	434a	Powerline Technician	[redacted]
20.	403a	General Carpenter	
21.	434a	Powerline Technician	
22.	434a	Powerline Technician	
23.	434a	Powerline Technician	
24.	434a	Powerline Technician	
25.	434a	Powerline Technician	
26.	434a	Powerline Technician	
27.	434a	Powerline Technician	
28.	434a	Powerline Technician	
29.	434a	Powerline Technician	
30.	434a	Powerline Technician	
31.	434a	Powerline Technician	
32.	434a	Powerline Technician	
33.	434a	Powerline Technician	
34.	434a	Powerline Technician	
35.	310t	Truck And Coach Technician	
36.	310t	Truck And Coach Technician	
37.	309a	Electrician-Construction and Maintenance	
38.	309a	Electrician-Construction and Maintenance	
39.	309a	Electrician-Construction and Maintenance	
40.	309a	Electrician-Construction and Maintenance	
41.	309a	Electrician-Construction and Maintenance	
42.	309a	Electrician-Construction and Maintenance	
43.	309a	Electrician-Construction and Maintenance	
44.	309a	Electrician-Construction and Maintenance	
45.	309a	Electrician-Construction and Maintenance	
46.	309a	Electrician-Construction and Maintenance	
47.	309a	Electrician-Construction and Maintenance	
48.	434a	Powerline Technician	
49.	403a	General Carpenter	
50.	434a	Powerline Technician	
51.	434a	Powerline Technician	
52.	434a	Powerline Technician	
53.	434a	Powerline Technician	
54.	434a	Powerline Technician	
55.	434a	Powerline Technician	
56.	434a	Powerline Technician	
57.	434a	Powerline Technician	
58.	434a	Powerline Technician	
59.	434a	Powerline Technician	
60.	434a	Powerline Technician	
61.	434a	Powerline Technician	
62.	434a	Powerline Technician	
63.	434a	Powerline Technician	
64.	434a	Powerline Technician	
65.	434a	Powerline Technician	
66.	309a	Electrician-Construction and Maintenance	
67.	309a	Electrician-Construction and Maintenance	
68.	309a	Electrician-Construction and Maintenance	
69.	434a	Powerline Technician	
70.	434a	Powerline Technician	
71.	434a	Powerline Technician	
72.	434a	Powerline Technician	
73.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
74.	434a	Powerline Technician	[redacted]
75.	434a	Powerline Technician	
76.	434a	Powerline Technician	
77.	434a	Powerline Technician	
78.	434a	Powerline Technician	
79.	434a	Powerline Technician	
80.	434a	Powerline Technician	
81.	434a	Powerline Technician	
82.	434a	Powerline Technician	
83.	434a	Powerline Technician	
84.	434a	Powerline Technician	
85.	309a	Electrician-Construction and Maintenance	
86.	309a	Electrician-Construction and Maintenance	
87.	309a	Electrician-Construction and Maintenance	
88.	309a	Electrician-Construction and Maintenance	
89.	309a	Electrician-Construction and Maintenance	
90.	309a	Electrician-Construction and Maintenance	
91.	309a	Electrician-Construction and Maintenance	
92.	309a	Electrician-Construction and Maintenance	
93.	309a	Electrician-Construction and Maintenance	
94.	309a	Electrician-Construction and Maintenance	
95.	309a	Electrician-Construction and Maintenance	
96.	309a	Electrician-Construction and Maintenance	
97.	434a	Powerline Technician	
98.	434a	Powerline Technician	
99.	434a	Powerline Technician	
100.	434a	Powerline Technician	
101.	434a	Powerline Technician	
102.	444B	Utility Arborist	
103.	444B	Utility Arborist	
104.	444B	Utility Arborist	
105.	444B	Utility Arborist	
106.	444B	Utility Arborist	
107.	444B	Utility Arborist	
108.	444B	Utility Arborist	
109.	444B	Utility Arborist	
110.	444B	Utility Arborist	
111.	444B	Utility Arborist	
112.	444B	Utility Arborist	
113.	444B	Utility Arborist	
114.	444B	Utility Arborist	
115.	444B	Utility Arborist	
116.	444B	Utility Arborist	
117.	444B	Utility Arborist	
118.	444B	Utility Arborist	
119.	434a	Powerline Technician	
120.	434a	Powerline Technician	
121.	434a	Powerline Technician	
122.	434a	Powerline Technician	
123.	434a	Powerline Technician	
124.	434a	Powerline Technician	
125.	434a	Powerline Technician	
126.	434a	Powerline Technician	
127.	434a	Powerline Technician	
128.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
129.	434a	Powerline Technician	[redacted]
130.	434a	Powerline Technician	
131.	434a	Powerline Technician	
132.	434a	Powerline Technician	
133.	434a	Powerline Technician	
134.	434a	Powerline Technician	
135.	434a	Powerline Technician	
136.	434a	Powerline Technician	
137.	434a	Powerline Technician	
138.	434a	Powerline Technician	
139.	434a	Powerline Technician	
140.	310t	Truck And Coach Technician	
141.	309a	Electrician-Construction and Maintenance	
142.	309a	Electrician-Construction and Maintenance	
143.	309a	Electrician-Construction and Maintenance	
144.	444B	Utility Arborist	
145.	444B	Utility Arborist	
146.	444B	Utility Arborist	
147.	444B	Utility Arborist	
148.	444B	Utility Arborist	
149.	444B	Utility Arborist	
150.	444B	Utility Arborist	
151.	444B	Utility Arborist	
152.	444B	Utility Arborist	
153.	444B	Utility Arborist	
154.	444B	Utility Arborist	
155.	444B	Utility Arborist	
156.	444B	Utility Arborist	
157.	444B	Utility Arborist	
158.	309a	Electrician-Construction and Maintenance	
159.	309a	Electrician-Construction and Maintenance	
160.	309a	Electrician-Construction and Maintenance	
161.	309a	Electrician-Construction and Maintenance	
162.	309a	Electrician-Construction and Maintenance	
163.	309a	Electrician-Construction and Maintenance	
164.	309a	Electrician-Construction and Maintenance	
165.	309a	Electrician-Construction and Maintenance	
166.	309a	Electrician-Construction and Maintenance	
167.	309a	Electrician-Construction and Maintenance	
168.	309a	Electrician-Construction and Maintenance	
169.	309a	Electrician-Construction and Maintenance	
170.	309a	Electrician-Construction and Maintenance	
171.	434a	Powerline Technician	
172.	434a	Powerline Technician	
173.	434a	Powerline Technician	
174.	434a	Powerline Technician	
175.	434a	Powerline Technician	
176.	434a	Powerline Technician	
177.	434a	Powerline Technician	
178.	434a	Powerline Technician	
179.	434a	Powerline Technician	
180.	434a	Powerline Technician	
181.	434a	Powerline Technician	
182.	434a	Powerline Technician	
183.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
184.	434a	Powerline Technician	[redacted]
185.	434a	Powerline Technician	
186.	434a	Powerline Technician	
187.	434a	Powerline Technician	
188.	434a	Powerline Technician	
189.	434a	Powerline Technician	
190.	434a	Powerline Technician	
191.	434a	Powerline Technician	
192.	434a	Powerline Technician	
193.	434a	Powerline Technician	
194.	434a	Powerline Technician	
195.	434a	Powerline Technician	
196.	434a	Powerline Technician	
197.	434a	Powerline Technician	
198.	434a	Powerline Technician	
199.	434a	Powerline Technician	
200.	434a	Powerline Technician	
201.	434a	Powerline Technician	
202.	434a	Powerline Technician	
203.	434a	Powerline Technician	
204.	434a	Powerline Technician	
205.	434a	Powerline Technician	
206.	434a	Powerline Technician	
207.	434a	Powerline Technician	
208.	434a	Powerline Technician	
209.	434a	Powerline Technician	
210.	434a	Powerline Technician	
211.	434a	Powerline Technician	
212.	434a	Powerline Technician	
213.	434a	Powerline Technician	
214.	434a	Powerline Technician	
215.	434a	Powerline Technician	
216.	434a	Powerline Technician	
217.	434a	Powerline Technician	
218.	434a	Powerline Technician	
219.	434a	Powerline Technician	
220.	434a	Powerline Technician	
221.	434a	Powerline Technician	
222.	434a	Powerline Technician	
223.	434a	Powerline Technician	
224.	434a	Powerline Technician	
225.	434a	Powerline Technician	
226.	434a	Powerline Technician	
227.	434a	Powerline Technician	
228.	434a	Powerline Technician	
229.	434a	Powerline Technician	
230.	434a	Powerline Technician	
231.	434a	Powerline Technician	
232.	434a	Powerline Technician	
233.	434a	Powerline Technician	
234.	434a	Powerline Technician	
235.	444B	Utility Arborist	
236.	444B	Utility Arborist	
237.	444B	Utility Arborist	
238.	444B	Utility Arborist	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
239.	444B	Utility Arborist	[redacted]
240.	444B	Utility Arborist	
241.	444B	Utility Arborist	
242.	444B	Utility Arborist	
243.	444B	Utility Arborist	
244.	444B	Utility Arborist	
245.	444B	Utility Arborist	
246.	434a	Powerline Technician	
247.	434a	Powerline Technician	
248.	434a	Powerline Technician	
249.	434a	Powerline Technician	
250.	434a	Powerline Technician	
251.	434a	Powerline Technician	
252.	434a	Powerline Technician	
253.	434a	Powerline Technician	
254.	434a	Powerline Technician	
255.	434a	Powerline Technician	
256.	434a	Powerline Technician	
257.	434a	Powerline Technician	
258.	434a	Powerline Technician	
259.	434a	Powerline Technician	
260.	434a	Powerline Technician	
261.	434a	Powerline Technician	
262.	309a	Electrician-Construction and Maintenance	
263.	309a	Electrician-Construction and Maintenance	
264.	309a	Electrician-Construction and Maintenance	
265.	309a	Electrician-Construction and Maintenance	
266.	309a	Electrician-Construction and Maintenance	
267.	309a	Electrician-Construction and Maintenance	
268.	309a	Electrician-Construction and Maintenance	
269.	309a	Electrician-Construction and Maintenance	
270.	309a	Electrician-Construction and Maintenance	
271.	309a	Electrician-Construction and Maintenance	
272.	434a	Powerline Technician	
273.	434a	Powerline Technician	
274.	434a	Powerline Technician	
275.	434a	Powerline Technician	
276.	434a	Powerline Technician	
277.	309a	Electrician-Construction and Maintenance	
278.	309a	Electrician-Construction and Maintenance	
279.	309a	Electrician-Construction and Maintenance	
280.	309a	Electrician-Construction and Maintenance	
281.	309a	Electrician-Construction and Maintenance	
282.	309a	Electrician-Construction and Maintenance	
283.	309a	Electrician-Construction and Maintenance	
284.	309a	Electrician-Construction and Maintenance	
285.	309a	Electrician-Construction and Maintenance	
286.	309a	Electrician-Construction and Maintenance	
287.	309a	Electrician-Construction and Maintenance	
288.	309a	Electrician-Construction and Maintenance	
289.	309a	Electrician-Construction and Maintenance	
290.	309a	Electrician-Construction and Maintenance	
291.	434a	Powerline Technician	
292.	434a	Powerline Technician	
293.	433a	Industrial Mechanic (Millwright)	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
294.	433a	Industrial Mechanic (Millwright)	[redacted]
295.	433a	Industrial Mechanic (Millwright)	[redacted]
296.	433a	Industrial Mechanic (Millwright)	[redacted]
297.	309a	Electrician-Construction and Maintenance	[redacted]
298.	309a	Electrician-Construction and Maintenance	[redacted]
299.	309a	Electrician-Construction and Maintenance	[redacted]
300.	444B	Utility Arborist	[redacted]
301.	444B	Utility Arborist	[redacted]
302.	444B	Utility Arborist	[redacted]
303.	444B	Utility Arborist	[redacted]
304.	444B	Utility Arborist	[redacted]
305.	444B	Utility Arborist	[redacted]
306.	444B	Utility Arborist	[redacted]
307.	444B	Utility Arborist	[redacted]
308.	309a	Electrician-Construction and Maintenance	[redacted]
309.	309a	Electrician-Construction and Maintenance	[redacted]
310.	309a	Electrician-Construction and Maintenance	[redacted]
311.	434a	Powerline Technician	[redacted]
312.	434a	Powerline Technician	[redacted]
313.	434a	Powerline Technician	[redacted]
314.	434a	Powerline Technician	[redacted]
315.	434a	Powerline Technician	[redacted]
316.	434a	Powerline Technician	[redacted]
317.	434a	Powerline Technician	[redacted]
318.	434a	Powerline Technician	[redacted]
319.	434a	Powerline Technician	[redacted]
320.	434a	Powerline Technician	[redacted]
321.	434a	Powerline Technician	[redacted]
322.	434a	Powerline Technician	[redacted]
323.	434a	Powerline Technician	[redacted]
324.	434a	Powerline Technician	[redacted]
325.	434a	Powerline Technician	[redacted]
326.	434a	Powerline Technician	[redacted]
327.	434a	Powerline Technician	[redacted]
328.	434a	Powerline Technician	[redacted]
329.	434a	Powerline Technician	[redacted]
330.	434a	Powerline Technician	[redacted]
331.	434a	Powerline Technician	[redacted]
332.	434a	Powerline Technician	[redacted]
333.	434a	Powerline Technician	[redacted]
334.	434a	Powerline Technician	[redacted]
335.	434a	Powerline Technician	[redacted]
336.	434a	Powerline Technician	[redacted]
337.	309a	Electrician-Construction and Maintenance	[redacted]
338.	309a	Electrician-Construction and Maintenance	[redacted]
339.	403a	General Carpenter	[redacted]
340.	403a	General Carpenter	[redacted]
341.	444B	Utility Arborist	[redacted]
342.	444B	Utility Arborist	[redacted]
343.	444B	Utility Arborist	[redacted]
344.	444B	Utility Arborist	[redacted]
345.	444B	Utility Arborist	[redacted]
346.	444B	Utility Arborist	[redacted]
347.	444B	Utility Arborist	[redacted]
348.	444B	Utility Arborist	[redacted]

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
349.	444B	Utility Arborist	[redacted]
350.	444B	Utility Arborist	
351.	444B	Utility Arborist	
352.	444B	Utility Arborist	
353.	444B	Utility Arborist	
354.	309a	Electrician-Construction and Maintenance	
355.	309a	Electrician-Construction and Maintenance	
356.	309a	Electrician-Construction and Maintenance	
357.	309a	Electrician-Construction and Maintenance	
358.	309a	Electrician-Construction and Maintenance	
359.	434a	Powerline Technician	
360.	309a	Electrician-Construction and Maintenance	
361.	309a	Electrician-Construction and Maintenance	
362.	309a	Electrician-Construction and Maintenance	
363.	309a	Electrician-Construction and Maintenance	
364.	309a	Electrician-Construction and Maintenance	
365.	309a	Electrician-Construction and Maintenance	
366.	309a	Electrician-Construction and Maintenance	
367.	403a	General Carpenter	
368.	310t	Truck And Coach Technician	
369.	310t	Truck And Coach Technician	
370.	310t	Truck And Coach Technician	
371.	310t	Truck And Coach Technician	
372.	310t	Truck And Coach Technician	
373.	310t	Truck And Coach Technician	
374.	310t	Truck And Coach Technician	
375.	434a	Powerline Technician	
376.	434a	Powerline Technician	
377.	434a	Powerline Technician	
378.	434a	Powerline Technician	
379.	434a	Powerline Technician	
380.	434a	Powerline Technician	
381.	434a	Powerline Technician	
382.	434a	Powerline Technician	
383.	434a	Powerline Technician	
384.	434a	Powerline Technician	
385.	434a	Powerline Technician	
386.	434a	Powerline Technician	
387.	434a	Powerline Technician	
388.	434a	Powerline Technician	
389.	434a	Powerline Technician	
390.	309a	Electrician-Construction and Maintenance	
391.	309a	Electrician-Construction and Maintenance	
392.	403a	General Carpenter	
393.	309a	Electrician-Construction and Maintenance	
394.	309a	Electrician-Construction and Maintenance	
395.	434a	Powerline Technician	
396.	434a	Powerline Technician	
397.	434a	Powerline Technician	
398.	434a	Powerline Technician	
399.	434a	Powerline Technician	
400.	434a	Powerline Technician	
401.	434a	Powerline Technician	
402.	434a	Powerline Technician	
403.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
404.	434a	Powerline Technician	[redacted]
405.	434a	Powerline Technician	
406.	434a	Powerline Technician	
407.	434a	Powerline Technician	
408.	434a	Powerline Technician	
409.	434a	Powerline Technician	
410.	434a	Powerline Technician	
411.	434a	Powerline Technician	
412.	309a	Electrician-Construction and Maintenance	
413.	309a	Electrician-Construction and Maintenance	
414.	309a	Electrician-Construction and Maintenance	
415.	309a	Electrician-Construction and Maintenance	
416.	309a	Electrician-Construction and Maintenance	
417.	309a	Electrician-Construction and Maintenance	
418.	434a	Powerline Technician	
419.	434a	Powerline Technician	
420.	434a	Powerline Technician	
421.	434a	Powerline Technician	
422.	434a	Powerline Technician	
423.	434a	Powerline Technician	
424.	434a	Powerline Technician	
425.	434a	Powerline Technician	
426.	434a	Powerline Technician	
427.	434a	Powerline Technician	
428.	434a	Powerline Technician	
429.	434a	Powerline Technician	
430.	434a	Powerline Technician	
431.	434a	Powerline Technician	
432.	434a	Powerline Technician	
433.	434a	Powerline Technician	
434.	434a	Powerline Technician	
435.	434a	Powerline Technician	
436.	434a	Powerline Technician	
437.	444B	Utility Arborist	
438.	444B	Utility Arborist	
439.	444B	Utility Arborist	
440.	444B	Utility Arborist	
441.	444B	Utility Arborist	
442.	444B	Utility Arborist	
443.	444B	Utility Arborist	
444.	444B	Utility Arborist	
445.	444B	Utility Arborist	
446.	444B	Utility Arborist	
447.	444B	Utility Arborist	
448.	444B	Utility Arborist	
449.	309a	Electrician-Construction and Maintenance	
450.	309a	Electrician-Construction and Maintenance	
451.	434a	Powerline Technician	
452.	434a	Powerline Technician	
453.	309a	Electrician-Construction and Maintenance	
454.	309a	Electrician-Construction and Maintenance	
455.	309a	Electrician-Construction and Maintenance	
456.	309a	Electrician-Construction and Maintenance	
457.	309a	Electrician-Construction and Maintenance	
458.	309a	Electrician-Construction and Maintenance	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
459.	434a	Powerline Technician	[redacted]
460.	434a	Powerline Technician	
461.	434a	Powerline Technician	
462.	434a	Powerline Technician	
463.	434a	Powerline Technician	
464.	434a	Powerline Technician	
465.	434a	Powerline Technician	
466.	434a	Powerline Technician	
467.	434a	Powerline Technician	
468.	434a	Powerline Technician	
469.	434a	Powerline Technician	
470.	434a	Powerline Technician	
471.	434a	Powerline Technician	
472.	309a	Electrician-Construction and Maintenance	
473.	444B	Utility Arborist	
474.	444B	Utility Arborist	
475.	444B	Utility Arborist	
476.	444B	Utility Arborist	
477.	444B	Utility Arborist	
478.	444B	Utility Arborist	
479.	444B	Utility Arborist	
480.	444B	Utility Arborist	
481.	444B	Utility Arborist	
482.	444B	Utility Arborist	
483.	444B	Utility Arborist	
484.	444B	Utility Arborist	
485.	434a	Powerline Technician	
486.	434a	Powerline Technician	
487.	434a	Powerline Technician	
488.	434a	Powerline Technician	
489.	434a	Powerline Technician	
490.	434a	Powerline Technician	
491.	434a	Powerline Technician	
492.	434a	Powerline Technician	
493.	434a	Powerline Technician	
494.	434a	Powerline Technician	
495.	434a	Powerline Technician	
496.	434a	Powerline Technician	
497.	434a	Powerline Technician	
498.	434a	Powerline Technician	
499.	434a	Powerline Technician	
500.	434a	Powerline Technician	
501.	434a	Powerline Technician	
502.	309a	Electrician-Construction and Maintenance	
503.	309a	Electrician-Construction and Maintenance	
504.	309a	Electrician-Construction and Maintenance	
505.	434a	Powerline Technician	
506.	434a	Powerline Technician	
507.	434a	Powerline Technician	
508.	434a	Powerline Technician	
509.	434a	Powerline Technician	
510.	434a	Powerline Technician	
511.	434a	Powerline Technician	
512.	434a	Powerline Technician	
513.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
514.	434a	Powerline Technician	[redacted]
515.	434a	Powerline Technician	
516.	434a	Powerline Technician	
517.	434a	Powerline Technician	
518.	434a	Powerline Technician	
519.	434a	Powerline Technician	
520.	434a	Powerline Technician	
521.	444B	Utility Arborist	
522.	444B	Utility Arborist	
523.	444B	Utility Arborist	
524.	444B	Utility Arborist	
525.	444B	Utility Arborist	
526.	444B	Utility Arborist	
527.	444B	Utility Arborist	
528.	444B	Utility Arborist	
529.	444B	Utility Arborist	
530.	444B	Utility Arborist	
531.	444B	Utility Arborist	
532.	444B	Utility Arborist	
533.	309a	Electrician-Construction and Maintenance	
534.	309a	Electrician-Construction and Maintenance	
535.	309a	Electrician-Construction and Maintenance	
536.	309a	Electrician-Construction and Maintenance	
537.	309a	Electrician-Construction and Maintenance	
538.	309a	Electrician-Construction and Maintenance	
539.	309a	Electrician-Construction and Maintenance	
540.	309a	Electrician-Construction and Maintenance	
541.	309a	Electrician-Construction and Maintenance	
542.	309a	Electrician-Construction and Maintenance	
543.	309a	Electrician-Construction and Maintenance	
544.	309a	Electrician-Construction and Maintenance	
545.	309a	Electrician-Construction and Maintenance	
546.	309a	Electrician-Construction and Maintenance	
547.	309a	Electrician-Construction and Maintenance	
548.	309a	Electrician-Construction and Maintenance	
549.	309a	Electrician-Construction and Maintenance	
550.	444B	Utility Arborist	
551.	444B	Utility Arborist	
552.	444B	Utility Arborist	
553.	444B	Utility Arborist	
554.	444B	Utility Arborist	
555.	444B	Utility Arborist	
556.	444B	Utility Arborist	
557.	444B	Utility Arborist	
558.	444B	Utility Arborist	
559.	444B	Utility Arborist	
560.	444B	Utility Arborist	
561.	444B	Utility Arborist	
562.	309a	Electrician-Construction and Maintenance	
563.	309a	Electrician-Construction and Maintenance	
564.	309a	Electrician-Construction and Maintenance	
565.	309a	Electrician-Construction and Maintenance	
566.	309a	Electrician-Construction and Maintenance	
567.	309a	Electrician-Construction and Maintenance	
568.	309a	Electrician-Construction and Maintenance	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
569.	434a	Powerline Technician	[redacted]
570.	434a	Powerline Technician	
571.	434a	Powerline Technician	
572.	434a	Powerline Technician	
573.	434a	Powerline Technician	
574.	434a	Powerline Technician	
575.	434a	Powerline Technician	
576.	434a	Powerline Technician	
577.	434a	Powerline Technician	
578.	434a	Powerline Technician	
579.	434a	Powerline Technician	
580.	309a	Electrician-Construction and Maintenance	
581.	309a	Electrician-Construction and Maintenance	
582.	309a	Electrician-Construction and Maintenance	
583.	309a	Electrician-Construction and Maintenance	
584.	309a	Electrician-Construction and Maintenance	
585.	309a	Electrician-Construction and Maintenance	
586.	309a	Electrician-Construction and Maintenance	
587.	309a	Electrician-Construction and Maintenance	
588.	309a	Electrician-Construction and Maintenance	
589.	309a	Electrician-Construction and Maintenance	
590.	434a	Powerline Technician	
591.	434a	Powerline Technician	
592.	434a	Powerline Technician	
593.	434a	Powerline Technician	
594.	434a	Powerline Technician	
595.	434a	Powerline Technician	
596.	434a	Powerline Technician	
597.	434a	Powerline Technician	
598.	434a	Powerline Technician	
599.	434a	Powerline Technician	
600.	434a	Powerline Technician	
601.	434a	Powerline Technician	
602.	434a	Powerline Technician	
603.	434a	Powerline Technician	
604.	434a	Powerline Technician	
605.	434a	Powerline Technician	
606.	434a	Powerline Technician	
607.	434a	Powerline Technician	
608.	434a	Powerline Technician	
609.	310t	Truck And Coach Technician	
610.	310t	Truck And Coach Technician	
611.	310t	Truck And Coach Technician	
612.	310t	Truck And Coach Technician	
613.	310t	Truck And Coach Technician	
614.	434a	Powerline Technician	
615.	434a	Powerline Technician	
616.	434a	Powerline Technician	
617.	434a	Powerline Technician	
618.	434a	Powerline Technician	
619.	434a	Powerline Technician	
620.	434a	Powerline Technician	
621.	434a	Powerline Technician	
622.	434a	Powerline Technician	
623.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
624.	434a	Powerline Technician	[redacted]
625.	434a	Powerline Technician	
626.	434a	Powerline Technician	
627.	434a	Powerline Technician	
628.	434a	Powerline Technician	
629.	434a	Powerline Technician	
630.	403a	General Carpenter	
631.	309a	Electrician-Construction and Maintenance	
632.	309a	Electrician-Construction and Maintenance	
633.	309a	Electrician-Construction and Maintenance	
634.	309a	Electrician-Construction and Maintenance	
635.	309a	Electrician-Construction and Maintenance	
636.	403a	General Carpenter	
637.	434a	Powerline Technician	
638.	434a	Powerline Technician	
639.	434a	Powerline Technician	
640.	434a	Powerline Technician	
641.	434a	Powerline Technician	
642.	434a	Powerline Technician	
643.	434a	Powerline Technician	
644.	434a	Powerline Technician	
645.	434a	Powerline Technician	
646.	434a	Powerline Technician	
647.	434a	Powerline Technician	
648.	434a	Powerline Technician	
649.	434a	Powerline Technician	
650.	434a	Powerline Technician	
651.	434a	Powerline Technician	
652.	434a	Powerline Technician	
653.	403a	General Carpenter	
654.	444B	Utility Arborist	
655.	444B	Utility Arborist	
656.	444B	Utility Arborist	
657.	444B	Utility Arborist	
658.	444B	Utility Arborist	
659.	444B	Utility Arborist	
660.	444B	Utility Arborist	
661.	444B	Utility Arborist	
662.	444B	Utility Arborist	
663.	444B	Utility Arborist	
664.	444B	Utility Arborist	
665.	444B	Utility Arborist	
666.	444B	Utility Arborist	
667.	444B	Utility Arborist	
668.	444B	Utility Arborist	
669.	444B	Utility Arborist	
670.	444B	Utility Arborist	
671.	444B	Utility Arborist	
672.	444B	Utility Arborist	
673.	444B	Utility Arborist	
674.	444B	Utility Arborist	
675.	444B	Utility Arborist	
676.	444B	Utility Arborist	
677.	434a	Powerline Technician	
678.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
679.	434a	Powerline Technician	[redacted]
680.	434a	Powerline Technician	
681.	434a	Powerline Technician	
682.	434a	Powerline Technician	
683.	434a	Powerline Technician	
684.	434a	Powerline Technician	
685.	434a	Powerline Technician	
686.	434a	Powerline Technician	
687.	434a	Powerline Technician	
688.	434a	Powerline Technician	
689.	434a	Powerline Technician	
690.	434a	Powerline Technician	
691.	434a	Powerline Technician	
692.	434a	Powerline Technician	
693.	434a	Powerline Technician	
694.	434a	Powerline Technician	
695.	434a	Powerline Technician	
696.	434a	Powerline Technician	
697.	434a	Powerline Technician	
698.	434a	Powerline Technician	
699.	434a	Powerline Technician	
700.	434a	Powerline Technician	
701.	434a	Powerline Technician	
702.	434a	Powerline Technician	
703.	434a	Powerline Technician	
704.	434a	Powerline Technician	
705.	434a	Powerline Technician	
706.	434a	Powerline Technician	
707.	434a	Powerline Technician	
708.	434a	Powerline Technician	
709.	434a	Powerline Technician	
710.	309a	Electrician-Construction and Maintenance	
711.	309a	Electrician-Construction and Maintenance	
712.	309a	Electrician-Construction and Maintenance	
713.	309a	Electrician-Construction and Maintenance	
714.	309a	Electrician-Construction and Maintenance	
715.	309a	Electrician-Construction and Maintenance	
716.	309a	Electrician-Construction and Maintenance	
717.	309a	Electrician-Construction and Maintenance	
718.	309a	Electrician-Construction and Maintenance	
719.	309a	Electrician-Construction and Maintenance	
720.	433a	Industrial Mechanic (Millwright)	
721.	433a	Industrial Mechanic (Millwright)	
722.	403a	General Carpenter	
723.	309a	Electrician-Construction and Maintenance	
724.	309a	Electrician-Construction and Maintenance	
725.	309a	Electrician-Construction and Maintenance	
726.	309a	Electrician-Construction and Maintenance	
727.	434a	Powerline Technician	
728.	434a	Powerline Technician	
729.	434a	Powerline Technician	
730.	434a	Powerline Technician	
731.	434a	Powerline Technician	
732.	434a	Powerline Technician	
733.	434a	Powerline Technician	

	A Trade code 400	B Apprenticeship program/trade name 405	C Name of apprentice 410
734.	434a	Powerline Technician	[redacted]
735.	434a	Powerline Technician	
736.	434a	Powerline Technician	
737.	434a	Powerline Technician	
738.	434a	Powerline Technician	
739.	434a	Powerline Technician	
740.	434a	Powerline Technician	
741.	434a	Powerline Technician	
742.	434a	Powerline Technician	
743.	434a	Powerline Technician	
744.	309a	Electrician-Construction and Maintenance	
745.	310t	Truck And Coach Technician	
746.	310t	Truck And Coach Technician	
747.	310t	Truck And Coach Technician	
748.	310t	Truck And Coach Technician	
749.	310t	Truck And Coach Technician	
750.	310t	Truck And Coach Technician	
751.	309a	Electrician-Construction and Maintenance	
752.	434a	Powerline Technician	
753.	434a	Powerline Technician	
754.	434a	Powerline Technician	

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
[redacted]	2011-01-10	2015-01-01	2015-01-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-10	2015-01-01	2015-03-09
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-02-26
	2011-03-28	2015-01-01	2015-03-27
	2011-03-28	2015-01-01	2015-03-27
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	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
	2011-05-02	2015-01-01	2015-05-01
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	2011-05-30	2015-01-01	2015-05-29
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	2011-05-30	2015-01-01	2015-05-29
	2011-07-14	2015-01-01	2015-07-13
	2011-09-19	2015-01-01	2015-09-18
	2011-11-03	2015-01-01	2015-03-24
	2012-01-30	2015-01-01	2015-10-31
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	2012-01-30	2015-01-01	2015-10-31
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	2012-02-06	2015-01-01	2015-10-31
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	2012-02-27	2015-01-01	2015-10-31
	2012-02-27	2015-01-01	2015-10-31
	2012-02-27	2015-01-01	2015-10-31
	2012-02-27	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2012-02-27	2015-01-01	2015-10-31
	2012-02-27	2015-01-01	2015-10-31
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	2012-02-27	2015-01-01	2015-10-31
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	2012-03-29	2015-01-01	2015-07-08
	2012-03-29	2015-01-01	2015-10-31
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	2012-03-29	2015-01-01	2015-10-31
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	2012-05-28	2015-01-01	2015-10-31
	2012-05-28	2015-01-01	2015-10-31
	2012-05-28	2015-01-01	2015-10-31
	2012-05-28	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2012-05-28	2015-01-01	2015-10-31
	2012-05-28	2015-01-01	2015-10-31
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	2012-05-28	2015-01-01	2015-10-31
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	2013-01-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2013-01-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-31
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	2013-04-08	2015-01-01	2015-10-31
	2013-04-08	2015-01-01	2015-10-31
	2013-04-08	2015-01-01	2015-10-31
	2013-04-08	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2013-04-08	2015-01-01	2015-10-31
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	2013-06-03	2015-01-01	2015-10-31
	2013-06-03	2015-01-01	2015-10-31
	2013-06-03	2015-01-01	2015-10-31
	2013-06-03	2015-01-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2013-06-03	2015-01-01	2015-10-31
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	2013-06-27	2015-01-01	2015-10-31
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
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	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-01-01	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-04-27	2015-10-31
	2015-04-27	2015-01-01	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-01-01	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-01-01	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-01-01	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-01-01	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-05-25	2015-05-25	2015-10-31
	2015-06-01	2015-01-01	2015-10-31
	2015-06-01	2015-01-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31

D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (year month day) (see note 1) 425	F Start date of employment as an apprentice in the tax year (year month day) (see note 2) 430	G End date of employment as an apprentice in the tax year (year month day) (see note 3) 435
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-06-01	2015-10-31
	2015-06-01	2015-01-01	2015-10-31
	2015-07-06	2015-07-06	2015-10-31
	2015-08-06	2015-08-06	2015-10-31
	2015-08-06	2015-08-06	2015-10-31
	2015-08-06	2015-08-06	2015-10-31
	2015-08-06	2015-08-06	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-08-10	2015-08-10	2015-10-31
	2015-09-15	2015-03-09	2015-10-31
	2013-06-03	2015-01-01	2015-05-31
	2013-01-28	2015-01-01	2015-03-20
	2013-01-28	2015-02-05	2015-10-31
	2013-01-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-31
	2012-05-28	2015-01-01	2015-10-31
	2013-01-28	2015-01-01	2015-10-04
	2014-05-26	2015-01-01	2015-10-31
	2012-02-27	2015-01-01	2015-08-02
	2013-01-28	2015-01-01	2015-10-31
	2011-03-28	2015-01-01	2015-03-27

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 – Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
1.		9		9	247
2.		68		68	1,863
3.		68		68	1,863
4.		68		68	1,863
5.		68		68	1,863
6.		68		68	1,863
7.		86		86	2,356
8.		86		86	2,356
9.		57		57	1,562
10.		86		86	2,356
11.		86		86	2,356
12.		86		86	2,356
13.		86		86	2,356
14.		86		86	2,356
15.		86		86	2,356
16.		86		86	2,356
17.		86		86	2,356
18.		86		86	2,356
19.		86		86	2,356
20.		101		101	2,767
21.		121		121	3,315
22.		121		121	3,315
23.		121		121	3,315
24.		121		121	3,315
25.		121		121	3,315
26.		121		121	3,315
27.		121		121	3,315
28.		121		121	3,315
29.		121		121	3,315
30.		121		121	3,315
31.		121		121	3,315
32.		121		121	3,315
33.		121		121	3,315
34.		121		121	3,315
35.		149		149	4,082
36.		149		149	4,082
37.		149		149	4,082
38.		149		149	4,082
39.		149		149	4,082
40.		149		149	4,082
41.		149		149	4,082
42.		149		149	4,082
43.		149		149	4,082
44.		149		149	4,082
45.		149		149	4,082
46.		149		149	4,082
47.		194		194	5,315
48.		261		261	7,151
49.		83		83	2,274
50.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
51.		304		304	8,329
52.		304		304	8,329
53.		304		304	8,329
54.		304		304	8,329
55.		304		304	8,329
56.		304		304	8,329
57.		304		304	8,329
58.		304		304	8,329
59.		304		304	8,329
60.		304		304	8,329
61.		304		304	8,329
62.		304		304	8,329
63.		304		304	8,329
64.		304		304	8,329
65.		304		304	8,329
66.		175		175	4,795
67.		304		304	8,329
68.		304		304	8,329
69.		304		304	8,329
70.		304		304	8,329
71.		304		304	8,329
72.		304		304	8,329
73.		304		304	8,329
74.		304		304	8,329
75.		304		304	8,329
76.		304		304	8,329
77.		304		304	8,329
78.		304		304	8,329
79.		304		304	8,329
80.		304		304	8,329
81.		304		304	8,329
82.		304		304	8,329
83.		304		304	8,329
84.		304		304	8,329
85.		304		304	8,329
86.		304		304	8,329
87.		304		304	8,329
88.		304		304	8,329
89.		189		189	5,178
90.		304		304	8,329
91.		304		304	8,329
92.		279		279	7,644
93.		304		304	8,329
94.		304		304	8,329
95.		304		304	8,329
96.		71		71	1,945
97.		304		304	8,329
98.		70		70	1,918
99.		304		304	8,329
100.		304		304	8,329
101.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
102.		237		237	6,493
103.		304		304	8,329
104.		304		304	8,329
105.		304		304	8,329
106.		268		268	7,342
107.		134		134	3,671
108.		232		232	6,356
109.		155		155	4,247
110.		253		253	6,932
111.		217		217	5,945
112.		121		121	3,315
113.		120		120	3,288
114.		304		304	8,329
115.		218		218	5,973
116.		267		267	7,315
117.		212		212	5,808
118.		304		304	8,329
119.		304		304	8,329
120.		304		304	8,329
121.		217		217	5,945
122.		304		304	8,329
123.		304		304	8,329
124.		8		8	219
125.		125		125	3,425
126.		304		304	8,329
127.		304		304	8,329
128.		304		304	8,329
129.		304		304	8,329
130.		304		304	8,329
131.		304		304	8,329
132.		304		304	8,329
133.		304		304	8,329
134.		304		304	8,329
135.		304		304	8,329
136.		304		304	8,329
137.		304		304	8,329
138.		304		304	8,329
139.		304		304	8,329
140.		304		304	8,329
141.		304		304	8,329
142.		304		304	8,329
143.		304		304	8,329
144.		289		289	7,918
145.		301		301	8,247
146.		304		304	8,329
147.		238		238	6,521
148.		304		304	8,329
149.		278		278	7,616
150.		229		229	6,274
151.		304		304	8,329
152.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
153.		304		304	8,329
154.		304		304	8,329
155.		236		236	6,466
156.		304		304	8,329
157.		131		131	3,589
158.		304		304	8,329
159.		203		203	5,562
160.		304		304	8,329
161.		304		304	8,329
162.		304		304	8,329
163.		304		304	8,329
164.		22		22	603
165.		304		304	8,329
166.		304		304	8,329
167.		304		304	8,329
168.		304		304	8,329
169.		304		304	8,329
170.		304		304	8,329
171.		304		304	8,329
172.		304		304	8,329
173.		304		304	8,329
174.		304		304	8,329
175.		304		304	8,329
176.		304		304	8,329
177.		304		304	8,329
178.		304		304	8,329
179.		304		304	8,329
180.		304		304	8,329
181.		304		304	8,329
182.		304		304	8,329
183.		304		304	8,329
184.		304		304	8,329
185.		304		304	8,329
186.		304		304	8,329
187.		304		304	8,329
188.		304		304	8,329
189.		304		304	8,329
190.		304		304	8,329
191.		304		304	8,329
192.		304		304	8,329
193.		304		304	8,329
194.		304		304	8,329
195.		304		304	8,329
196.		304		304	8,329
197.		304		304	8,329
198.		304		304	8,329
199.		304		304	8,329
200.		304		304	8,329
201.		304		304	8,329
202.		304		304	8,329
203.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
204.		304		304	8,329
205.		304		304	8,329
206.		304		304	8,329
207.		304		304	8,329
208.		304		304	8,329
209.		304		304	8,329
210.		304		304	8,329
211.		304		304	8,329
212.		304		304	8,329
213.		304		304	8,329
214.		188		188	5,151
215.		304		304	8,329
216.		304		304	8,329
217.		304		304	8,329
218.		304		304	8,329
219.		304		304	8,329
220.		304		304	8,329
221.		304		304	8,329
222.		304		304	8,329
223.		304		304	8,329
224.		304		304	8,329
225.		304		304	8,329
226.		304		304	8,329
227.		304		304	8,329
228.		304		304	8,329
229.		304		304	8,329
230.		304		304	8,329
231.		304		304	8,329
232.		304		304	8,329
233.		304		304	8,329
234.		304		304	8,329
235.		304		304	8,329
236.		304		304	8,329
237.		304		304	8,329
238.		304		304	8,329
239.		304		304	8,329
240.		304		304	8,329
241.		304		304	8,329
242.		304		304	8,329
243.		304		304	8,329
244.		304		304	8,329
245.		304		304	8,329
246.		304		304	8,329
247.		304		304	8,329
248.		304		304	8,329
249.		304		304	8,329
250.		304		304	8,329
251.		304		304	8,329
252.		304		304	8,329
253.		304		304	8,329
254.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
255.		304		304	8,329
256.		304		304	8,329
257.		304		304	8,329
258.		304		304	8,329
259.		304		304	8,329
260.		304		304	8,329
261.		304		304	8,329
262.		304		304	8,329
263.		304		304	8,329
264.		304		304	8,329
265.		304		304	8,329
266.		304		304	8,329
267.		304		304	8,329
268.		304		304	8,329
269.		304		304	8,329
270.		304		304	8,329
271.		304		304	8,329
272.		304		304	8,329
273.		304		304	8,329
274.		304		304	8,329
275.		304		304	8,329
276.		161		161	4,411
277.		304		304	8,329
278.		304		304	8,329
279.		304		304	8,329
280.		304		304	8,329
281.		304		304	8,329
282.		304		304	8,329
283.		304		304	8,329
284.		304		304	8,329
285.		304		304	8,329
286.		304		304	8,329
287.		304		304	8,329
288.		304		304	8,329
289.		304		304	8,329
290.		304		304	8,329
291.		304		304	8,329
292.		304		304	8,329
293.		304		304	8,329
294.		304		304	8,329
295.		304		304	8,329
296.		304		304	8,329
297.		304		304	8,329
298.		304		304	8,329
299.		304		304	8,329
300.		304		304	8,329
301.		304		304	8,329
302.		304		304	8,329
303.		304		304	8,329
304.		304		304	8,329
305.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
306.		304		304	8,329
307.		304		304	8,329
308.		304		304	8,329
309.		304		304	8,329
310.		304		304	8,329
311.		237		237	6,493
312.		304		304	8,329
313.		304		304	8,329
314.		304		304	8,329
315.		304		304	8,329
316.		304		304	8,329
317.		304		304	8,329
318.		304		304	8,329
319.		304		304	8,329
320.		304		304	8,329
321.		304		304	8,329
322.		304		304	8,329
323.		304		304	8,329
324.		304		304	8,329
325.		304		304	8,329
326.		304		304	8,329
327.		304		304	8,329
328.		304		304	8,329
329.		304		304	8,329
330.		28		28	767
331.		304		304	8,329
332.		304		304	8,329
333.		304		304	8,329
334.		304		304	8,329
335.		304		304	8,329
336.		304		304	8,329
337.		304		304	8,329
338.		304		304	8,329
339.		304		304	8,329
340.		304		304	8,329
341.		304		304	8,329
342.		304		304	8,329
343.		304		304	8,329
344.		304		304	8,329
345.		304		304	8,329
346.		304		304	8,329
347.		304		304	8,329
348.		304		304	8,329
349.		304		304	8,329
350.		304		304	8,329
351.		304		304	8,329
352.		304		304	8,329
353.		304		304	8,329
354.		304		304	8,329
355.		304		304	8,329
356.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
357.		304		304	8,329
358.		304		304	8,329
359.		304		304	8,329
360.		304		304	8,329
361.		304		304	8,329
362.		304		304	8,329
363.		304		304	8,329
364.		304		304	8,329
365.		304		304	8,329
366.		304		304	8,329
367.		304		304	8,329
368.		304		304	8,329
369.		304		304	8,329
370.		304		304	8,329
371.		304		304	8,329
372.		304		304	8,329
373.		304		304	8,329
374.		304		304	8,329
375.		49		49	1,342
376.		304		304	8,329
377.		304		304	8,329
378.		304		304	8,329
379.		304		304	8,329
380.		304		304	8,329
381.		304		304	8,329
382.		304		304	8,329
383.		304		304	8,329
384.		304		304	8,329
385.		304		304	8,329
386.		304		304	8,329
387.		304		304	8,329
388.		304		304	8,329
389.		304		304	8,329
390.		304		304	8,329
391.		304		304	8,329
392.		304		304	8,329
393.		304		304	8,329
394.		304		304	8,329
395.		304		304	8,329
396.		304		304	8,329
397.		304		304	8,329
398.		304		304	8,329
399.		304		304	8,329
400.		304		304	8,329
401.		304		304	8,329
402.		304		304	8,329
403.		304		304	8,329
404.		304		304	8,329
405.		304		304	8,329
406.		304		304	8,329
407.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
408.		304		304	8,329
409.		304		304	8,329
410.		304		304	8,329
411.		304		304	8,329
412.		304		304	8,329
413.		304		304	8,329
414.		304		304	8,329
415.		304		304	8,329
416.		304		304	8,329
417.		304		304	8,329
418.		304		304	8,329
419.		304		304	8,329
420.		304		304	8,329
421.		98		98	2,685
422.		304		304	8,329
423.		304		304	8,329
424.		304		304	8,329
425.		304		304	8,329
426.		304		304	8,329
427.		304		304	8,329
428.		304		304	8,329
429.		304		304	8,329
430.		304		304	8,329
431.		304		304	8,329
432.		304		304	8,329
433.		304		304	8,329
434.		304		304	8,329
435.		304		304	8,329
436.		304		304	8,329
437.		304		304	8,329
438.		304		304	8,329
439.		304		304	8,329
440.		304		304	8,329
441.		304		304	8,329
442.		304		304	8,329
443.		304		304	8,329
444.		304		304	8,329
445.		304		304	8,329
446.		304		304	8,329
447.		304		304	8,329
448.		304		304	8,329
449.		304		304	8,329
450.		304		304	8,329
451.		237		237	6,493
452.		237		237	6,493
453.		304		304	8,329
454.		304		304	8,329
455.		304		304	8,329
456.		304		304	8,329
457.		260		260	7,123
458.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
459.		119		119	3,260
460.		304		304	8,329
461.		304		304	8,329
462.		304		304	8,329
463.		304		304	8,329
464.		304		304	8,329
465.		304		304	8,329
466.		304		304	8,329
467.		304		304	8,329
468.		304		304	8,329
469.		304		304	8,329
470.		304		304	8,329
471.		304		304	8,329
472.		304		304	8,329
473.		304		304	8,329
474.		304		304	8,329
475.		304		304	8,329
476.		304		304	8,329
477.		304		304	8,329
478.		304		304	8,329
479.		304		304	8,329
480.		304		304	8,329
481.		304		304	8,329
482.		304		304	8,329
483.		304		304	8,329
484.		304		304	8,329
485.		304		304	8,329
486.		304		304	8,329
487.		304		304	8,329
488.		304		304	8,329
489.		304		304	8,329
490.		304		304	8,329
491.		304		304	8,329
492.		304		304	8,329
493.		304		304	8,329
494.		304		304	8,329
495.		304		304	8,329
496.		304		304	8,329
497.		304		304	8,329
498.		304		304	8,329
499.		304		304	8,329
500.		304		304	8,329
501.		304		304	8,329
502.		304		304	8,329
503.		304		304	8,329
504.		304		304	8,329
505.		304		304	8,329
506.		304		304	8,329
507.		304		304	8,329
508.		304		304	8,329
509.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
510.		304		304	8,329
511.		304		304	8,329
512.		304		304	8,329
513.		304		304	8,329
514.		304		304	8,329
515.		304		304	8,329
516.		304		304	8,329
517.		304		304	8,329
518.		304		304	8,329
519.		304		304	8,329
520.		304		304	8,329
521.		17		17	466
522.		304		304	8,329
523.		304		304	8,329
524.		304		304	8,329
525.		304		304	8,329
526.		304		304	8,329
527.		304		304	8,329
528.		304		304	8,329
529.		304		304	8,329
530.		304		304	8,329
531.		304		304	8,329
532.		304		304	8,329
533.		304		304	8,329
534.		304		304	8,329
535.		304		304	8,329
536.		304		304	8,329
537.		304		304	8,329
538.		304		304	8,329
539.		304		304	8,329
540.		304		304	8,329
541.		304		304	8,329
542.		304		304	8,329
543.		304		304	8,329
544.		304		304	8,329
545.		304		304	8,329
546.		304		304	8,329
547.		304		304	8,329
548.		304		304	8,329
549.		304		304	8,329
550.		304		304	8,329
551.		304		304	8,329
552.		304		304	8,329
553.		304		304	8,329
554.		304		304	8,329
555.		304		304	8,329
556.		304		304	8,329
557.		304		304	8,329
558.		304		304	8,329
559.		304		304	8,329
560.		304		304	8,329

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
561.		304		304	8,329
562.		304		304	8,329
563.		233		233	6,384
564.		304		304	8,329
565.		304		304	8,329
566.		304		304	8,329
567.		304		304	8,329
568.		304		304	8,329
569.		237		237	6,493
570.		237		237	6,493
571.		237		237	6,493
572.		237		237	6,493
573.		237		237	6,493
574.		297		297	8,137
575.		237		237	6,493
576.		237		237	6,493
577.		237		237	6,493
578.		237		237	6,493
579.		237		237	6,493
580.		304		304	8,329
581.		304		304	8,329
582.		304		304	8,329
583.		304		304	8,329
584.		304		304	8,329
585.		304		304	8,329
586.		304		304	8,329
587.		304		304	8,329
588.		304		304	8,329
589.		304		304	8,329
590.		300		300	8,219
591.		144		144	3,945
592.		300		300	8,219
593.		279		279	7,644
594.		279		279	7,644
595.		279		279	7,644
596.		279		279	7,644
597.		279		279	7,644
598.		279		279	7,644
599.		279		279	7,644
600.		279		279	7,644
601.		279		279	7,644
602.		279		279	7,644
603.		279		279	7,644
604.		279		279	7,644
605.		279		279	7,644
606.		279		279	7,644
607.		279		279	7,644
608.		279		279	7,644
609.		279		279	7,644
610.		279		279	7,644
611.		279		279	7,644

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
612.		279		279	7,644
613.		279		279	7,644
614.		251		251	6,877
615.		251		251	6,877
616.		251		251	6,877
617.		251		251	6,877
618.		251		251	6,877
619.		251		251	6,877
620.		251		251	6,877
621.		251		251	6,877
622.		251		251	6,877
623.		251		251	6,877
624.		251		251	6,877
625.		251		251	6,877
626.		251		251	6,877
627.		251		251	6,877
628.		251		251	6,877
629.		96		96	2,630
630.		237		237	6,493
631.		234		234	6,411
632.		234		234	6,411
633.		234		234	6,411
634.		234		234	6,411
635.		234		234	6,411
636.		230		230	6,301
637.		230		230	6,301
638.		230		230	6,301
639.		230		230	6,301
640.		230		230	6,301
641.		230		230	6,301
642.		230		230	6,301
643.		230		230	6,301
644.		230		230	6,301
645.		230		230	6,301
646.		230		230	6,301
647.		230		230	6,301
648.		230		230	6,301
649.		230		230	6,301
650.		230		230	6,301
651.		230		230	6,301
652.		230		230	6,301
653.		148		148	4,055
654.		202		202	5,534
655.		202		202	5,534
656.		202		202	5,534
657.		202		202	5,534
658.		202		202	5,534
659.		202		202	5,534
660.		202		202	5,534
661.		202		202	5,534
662.		202		202	5,534

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
663.		202		202	5,534
664.		202		202	5,534
665.		202		202	5,534
666.		202		202	5,534
667.		202		202	5,534
668.		202		202	5,534
669.		202		202	5,534
670.		202		202	5,534
671.		202		202	5,534
672.		202		202	5,534
673.		202		202	5,534
674.		202		202	5,534
675.		43		43	1,178
676.		44		44	1,205
677.			188		2,575
678.			188		2,575
679.			188		2,575
680.			188		2,575
681.			188		2,575
682.			188		2,575
683.			188		2,575
684.			188		2,575
685.			188		2,575
686.			188		2,575
687.			188		2,575
688.			188		2,575
689.			188		2,575
690.			188		2,575
691.			188		2,575
692.			188		2,575
693.			160		2,192
694.			160		2,192
695.			160		2,192
696.			160		2,192
697.			160		2,192
698.			160		2,192
699.			160		2,192
700.			160		2,192
701.			160		2,192
702.			160		2,192
703.			160		2,192
704.			160		2,192
705.			160		2,192
706.			160		2,192
707.			160		2,192
708.			160		2,192
709.			160		2,192
710.			153		2,096
711.			153		2,096
712.			153		2,096
713.			153		2,096

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1) 442	4H Number of days in the tax year employed as an apprentice in a qualifying apprenticeship program that began after April 23, 2015 (see note 1)	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2) 445
714.			153		2,096
715.			153		2,096
716.			153		2,096
717.			153		2,096
718.			153		2,096
719.			153		2,096
720.			153		2,096
721.			153		2,096
722.			118		1,616
723.			87		1,192
724.			87		1,192
725.			87		1,192
726.			87		1,192
727.			83		1,137
728.			83		1,137
729.			83		1,137
730.			83		1,137
731.			83		1,137
732.			83		1,137
733.			83		1,137
734.			83		1,137
735.			83		1,137
736.			83		1,137
737.			83		1,137
738.			83		1,137
739.			83		1,137
740.			83		1,137
741.			83		1,137
742.			83		1,137
743.			47		644
744.		151		151	4,137
745.		52		52	1,425
746.		269		269	7,370
747.		184		184	5,041
748.		224		224	6,137
749.		216		216	5,918
750.		277		277	7,589
751.		304		304	8,329
752.		214		214	5,863
753.		96		96	2,630
754.		86		86	2,356

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 H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E on page 2.
For 4H: The days employed as an apprentice must be within 36 months of the registration date provided in column E on page 2.

Note 2: Maximum credit = ($10,000 × H2/365*) or ($5,000 × 4H/365*), whichever applies.
* 366 days, if the tax year includes February 29

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
1.		100,249		100,249	35,087
2.		70,997		70,997	24,849
3.		49,094		49,094	17,183
4.		72,378		72,378	25,332
5.		17,935		17,935	6,277
6.		51,921		51,921	18,172
7.		86,984		86,984	30,444
8.		102,735		102,735	35,957
9.		98,495		98,495	34,473
10.		85,764		85,764	30,017
11.		117,129		117,129	40,995
12.		118,561		118,561	41,496
13.		82,633		82,633	28,922
14.		97,134		97,134	33,997
15.		106,864		106,864	37,402
16.		104,616		104,616	36,616
17.		90,113		90,113	31,540
18.		88,858		88,858	31,100
19.		116,430		116,430	40,751
20.		80,369		80,369	28,129
21.		112,417		112,417	39,346
22.		76,731		76,731	26,856
23.		106,073		106,073	37,126
24.		78,325		78,325	27,414
25.		94,969		94,969	33,239
26.		96,703		96,703	33,846
27.		91,204		91,204	31,921
28.		100,597		100,597	35,209
29.		95,977		95,977	33,592
30.		109,882		109,882	38,459
31.		100,451		100,451	35,158
32.		102,846		102,846	35,996
33.		106,342		106,342	37,220
34.		80,470		80,470	28,165
35.		85,295		85,295	29,853
36.		90,738		90,738	31,758
37.		109,380		109,380	38,283
38.		131,690		131,690	46,092
39.		73,542		73,542	25,740
40.		81,342		81,342	28,470
41.		102,498		102,498	35,874
42.		87,285		87,285	30,550
43.		77,572		77,572	27,150
44.		114,453		114,453	40,059
45.		66,503		66,503	23,276
46.		90,762		90,762	31,767
47.		64,999		64,999	22,750
48.		79,132		79,132	27,696
49.		87,368		87,368	30,579
50.		80,975		80,975	28,341
51.		80,601		80,601	28,210

	J1 Eligible expenditures before March 27, 2009	J2 Eligible expenditures incurred after March 26, 2009 (see note 3)	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2)	K Eligible expenditures multiplied by specified percentage (see note 4)
	451	452		450	460
52.		85,628		85,628	29,970
53.		103,203		103,203	36,121
54.		81,507		81,507	28,527
55.		92,237		92,237	32,283
56.		80,096		80,096	28,034
57.		75,662		75,662	26,482
58.		112,173		112,173	39,261
59.		107,910		107,910	37,769
60.		85,393		85,393	29,888
61.		86,025		86,025	30,109
62.		89,120		89,120	31,192
63.		84,654		84,654	29,629
64.		75,810		75,810	26,534
65.		83,023		83,023	29,058
66.		102,274		102,274	35,796
67.		92,418		92,418	32,346
68.		96,313		96,313	33,710
69.		89,800		89,800	31,430
70.		82,558		82,558	28,895
71.		91,089		91,089	31,881
72.		83,872		83,872	29,355
73.		81,438		81,438	28,503
74.		100,992		100,992	35,347
75.		80,437		80,437	28,153
76.		76,165		76,165	26,658
77.		82,738		82,738	28,958
78.		102,362		102,362	35,827
79.		77,017		77,017	26,956
80.		78,130		78,130	27,346
81.		81,136		81,136	28,398
82.		81,883		81,883	28,659
83.		74,945		74,945	26,231
84.		85,776		85,776	30,022
85.		76,511		76,511	26,779
86.		67,109		67,109	23,488
87.		66,140		66,140	23,149
88.		66,184		66,184	23,164
89.		73,034		73,034	25,562
90.		53,014		53,014	18,555
91.		57,171		57,171	20,010
92.		77,805		77,805	27,232
93.		57,512		57,512	20,129
94.		67,556		67,556	23,645
95.		65,864		65,864	23,052
96.		70,588		70,588	24,706
97.		78,090		78,090	27,332
98.		105,441		105,441	36,904
99.		62,254		62,254	21,789
100.		67,207		67,207	23,522
101.		91,302		91,302	31,956
102.		55,158		55,158	19,305

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
103.		67,106		67,106	23,487
104.		83,192		83,192	29,117
105.		62,272		62,272	21,795
106.		58,977		58,977	20,642
107.		70,367		70,367	24,628
108.		67,401		67,401	23,590
109.		66,603		66,603	23,311
110.		63,227		63,227	22,129
111.		60,561		60,561	21,196
112.		70,481		70,481	24,668
113.		68,856		68,856	24,100
114.		43,964		43,964	15,387
115.		81,139		81,139	28,399
116.		60,210		60,210	21,074
117.		76,054		76,054	26,619
118.		60,102		60,102	21,036
119.		79,681		79,681	27,888
120.		72,015		72,015	25,205
121.		102,197		102,197	35,769
122.		72,879		72,879	25,508
123.		72,568		72,568	25,399
124.		2,371		2,371	830
125.		100,936		100,936	35,328
126.		68,281		68,281	23,898
127.		74,856		74,856	26,200
128.		80,906		80,906	28,317
129.		77,425		77,425	27,099
130.		74,063		74,063	25,922
131.		72,291		72,291	25,302
132.		99,390		99,390	34,787
133.		72,715		72,715	25,450
134.		80,678		80,678	28,237
135.		76,769		76,769	26,869
136.		81,105		81,105	28,387
137.		81,447		81,447	28,506
138.		100,838		100,838	35,293
139.		83,593		83,593	29,258
140.		63,204		63,204	22,121
141.		49,991		49,991	17,497
142.		74,017		74,017	25,906
143.		92,126		92,126	32,244
144.		60,863		60,863	21,302
145.		76,464		76,464	26,762
146.		69,219		69,219	24,227
147.		61,689		61,689	21,591
148.		65,439		65,439	22,904
149.		79,550		79,550	27,843
150.		65,255		65,255	22,839
151.		75,042		75,042	26,265
152.		80,797		80,797	28,279
153.		58,967		58,967	20,638

	J1 Eligible expenditures before March 27, 2009	J2 Eligible expenditures incurred after March 26, 2009 (see note 3)	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2)	K Eligible expenditures multiplied by specified percentage (see note 4)
	451	452		450	460
154.		84,958		84,958	29,735
155.		72,649		72,649	25,427
156.		60,270		60,270	21,095
157.		83,090		83,090	29,082
158.		55,784		55,784	19,524
159.		23,383		23,383	8,184
160.		51,021		51,021	17,857
161.		62,867		62,867	22,003
162.		59,397		59,397	20,789
163.		52,712		52,712	18,449
164.		1,670		1,670	585
165.		59,117		59,117	20,691
166.		48,389		48,389	16,936
167.		50,543		50,543	17,690
168.		38,407		38,407	13,442
169.		52,964		52,964	18,537
170.		83,889		83,889	29,361
171.		74,821		74,821	26,187
172.		63,649		63,649	22,277
173.		66,700		66,700	23,345
174.		62,121		62,121	21,742
175.		70,298		70,298	24,604
176.		72,881		72,881	25,508
177.		87,432		87,432	30,601
178.		75,690		75,690	26,492
179.		60,020		60,020	21,007
180.		66,270		66,270	23,195
181.		71,382		71,382	24,984
182.		80,250		80,250	28,088
183.		50,101		50,101	17,535
184.		82,051		82,051	28,718
185.		86,442		86,442	30,255
186.		68,481		68,481	23,968
187.		72,650		72,650	25,428
188.		69,308		69,308	24,258
189.		68,199		68,199	23,870
190.		71,290		71,290	24,952
191.		40,749		40,749	14,262
192.		71,996		71,996	25,199
193.		72,229		72,229	25,280
194.		90,172		90,172	31,560
195.		73,276		73,276	25,647
196.		72,772		72,772	25,470
197.		74,116		74,116	25,941
198.		83,066		83,066	29,073
199.		72,219		72,219	25,277
200.		69,230		69,230	24,231
201.		46,715		46,715	16,350
202.		73,604		73,604	25,761
203.		70,271		70,271	24,595
204.		72,837		72,837	25,493

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
205.		71,192		71,192	24,917
206.		60,994		60,994	21,348
207.		67,137		67,137	23,498
208.		65,774		65,774	23,021
209.		70,149		70,149	24,552
210.		75,847		75,847	26,546
211.		29,163		29,163	10,207
212.		22,049		22,049	7,717
213.		76,773		76,773	26,871
214.		27,138		27,138	9,498
215.		29,687		29,687	10,390
216.		22,561		22,561	7,896
217.		41,088		41,088	14,381
218.		31,275		31,275	10,946
219.		75,086		75,086	26,280
220.		66,440		66,440	23,254
221.		115,426		115,426	40,399
222.		79,109		79,109	27,688
223.		70,416		70,416	24,646
224.		66,412		66,412	23,244
225.		68,814		68,814	24,085
226.		71,167		71,167	24,908
227.		67,231		67,231	23,531
228.		75,323		75,323	26,363
229.		74,434		74,434	26,052
230.		80,891		80,891	28,312
231.		53,391		53,391	18,687
232.		63,969		63,969	22,389
233.		58,045		58,045	20,316
234.		89,999		89,999	31,500
235.		61,221		61,221	21,427
236.		54,432		54,432	19,051
237.		64,229		64,229	22,480
238.		68,415		68,415	23,945
239.		60,465		60,465	21,163
240.		66,968		66,968	23,439
241.		67,205		67,205	23,522
242.		62,014		62,014	21,705
243.		55,980		55,980	19,593
244.		63,713		63,713	22,300
245.		55,902		55,902	19,566
246.		66,541		66,541	23,289
247.		68,652		68,652	24,028
248.		68,034		68,034	23,812
249.		75,503		75,503	26,426
250.		68,908		68,908	24,118
251.		71,070		71,070	24,875
252.		101,756		101,756	35,615
253.		59,560		59,560	20,846
254.		56,678		56,678	19,837
255.		55,157		55,157	19,305

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
256.		68,406		68,406	23,942
257.		74,883		74,883	26,209
258.		74,307		74,307	26,007
259.		67,775		67,775	23,721
260.		63,374		63,374	22,181
261.		65,036		65,036	22,763
262.		54,859		54,859	19,201
263.		58,019		58,019	20,307
264.		78,822		78,822	27,588
265.		57,059		57,059	19,971
266.		57,857		57,857	20,250
267.		53,910		53,910	18,869
268.		45,436		45,436	15,903
269.		47,823		47,823	16,738
270.		43,438		43,438	15,203
271.		61,845		61,845	21,646
272.		25,765		25,765	9,018
273.		48,565		48,565	16,998
274.		26,582		26,582	9,304
275.		23,569		23,569	8,249
276.		103,977		103,977	36,392
277.		70,535		70,535	24,687
278.		67,688		67,688	23,691
279.		65,285		65,285	22,850
280.		75,267		75,267	26,343
281.		53,772		53,772	18,820
282.		51,870		51,870	18,155
283.		79,363		79,363	27,777
284.		70,264		70,264	24,592
285.		51,442		51,442	18,005
286.		63,584		63,584	22,254
287.		50,753		50,753	17,764
288.		45,861		45,861	16,051
289.		64,352		64,352	22,523
290.		43,769		43,769	15,319
291.		25,610		25,610	8,964
292.		73,454		73,454	25,709
293.		79,415		79,415	27,795
294.		57,169		57,169	20,009
295.		122,355		122,355	42,824
296.		113,472		113,472	39,715
297.		66,717		66,717	23,351
298.		55,554		55,554	19,444
299.		71,464		71,464	25,012
300.		61,361		61,361	21,476
301.		32,007		32,007	11,202
302.		57,186		57,186	20,015
303.		58,496		58,496	20,474
304.		54,813		54,813	19,185
305.		55,624		55,624	19,468
306.		57,925		57,925	20,274

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
307.		60,213		60,213	21,075
308.		58,426		58,426	20,449
309.		51,717		51,717	18,101
310.		51,010		51,010	17,854
311.		43,297		43,297	15,154
312.		59,873		59,873	20,956
313.		23,585		23,585	8,255
314.		31,284		31,284	10,949
315.		26,524		26,524	9,283
316.		23,291		23,291	8,152
317.		24,970		24,970	8,740
318.		23,116		23,116	8,091
319.		75,360		75,360	26,376
320.		21,046		21,046	7,366
321.		25,928		25,928	9,075
322.		62,516		62,516	21,881
323.		28,630		28,630	10,021
324.		21,751		21,751	7,613
325.		64,932		64,932	22,726
326.		64,278		64,278	22,497
327.		59,540		59,540	20,839
328.		24,678		24,678	8,637
329.		25,116		25,116	8,791
330.		79,149		79,149	27,702
331.		21,129		21,129	7,395
332.		28,140		28,140	9,849
333.		21,621		21,621	7,567
334.		26,875		26,875	9,406
335.		22,199		22,199	7,770
336.		24,019		24,019	8,407
337.		57,383		57,383	20,084
338.		43,303		43,303	15,156
339.		51,372		51,372	17,980
340.		79,723		79,723	27,903
341.		55,096		55,096	19,284
342.		62,320		62,320	21,812
343.		62,051		62,051	21,718
344.		55,397		55,397	19,389
345.		62,902		62,902	22,016
346.		55,984		55,984	19,594
347.		65,011		65,011	22,754
348.		60,640		60,640	21,224
349.		57,239		57,239	20,034
350.		49,194		49,194	17,218
351.		69,085		69,085	24,180
352.		56,909		56,909	19,918
353.		57,473		57,473	20,116
354.		52,370		52,370	18,330
355.		43,568		43,568	15,249
356.		72,800		72,800	25,480
357.		79,481		79,481	27,818

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
358.		48,168		48,168	16,859
359.		61,135		61,135	21,397
360.		39,874		39,874	13,956
361.		57,238		57,238	20,033
362.		42,159		42,159	14,756
363.		51,986		51,986	18,195
364.		43,235		43,235	15,132
365.		51,780		51,780	18,123
366.		37,784		37,784	13,224
367.		70,769		70,769	24,769
368.		76,766		76,766	26,868
369.		82,687		82,687	28,940
370.		63,507		63,507	22,227
371.		38,679		38,679	13,538
372.		64,419		64,419	22,547
373.		62,416		62,416	21,846
374.		58,574		58,574	20,501
375.		63,264		63,264	22,142
376.		61,409		61,409	21,493
377.		64,010		64,010	22,404
378.		67,746		67,746	23,711
379.		70,664		70,664	24,732
380.		73,985		73,985	25,895
381.		60,882		60,882	21,309
382.		59,782		59,782	20,924
383.		38,819		38,819	13,587
384.		61,323		61,323	21,463
385.		61,560		61,560	21,546
386.		61,781		61,781	21,623
387.		56,268		56,268	19,694
388.		75,673		75,673	26,486
389.		59,869		59,869	20,954
390.		52,762		52,762	18,467
391.		46,075		46,075	16,126
392.		48,260		48,260	16,891
393.		39,206		39,206	13,722
394.		52,279		52,279	18,298
395.		64,001		64,001	22,400
396.		56,904		56,904	19,916
397.		54,696		54,696	19,144
398.		59,590		59,590	20,857
399.		64,820		64,820	22,687
400.		62,949		62,949	22,032
401.		63,914		63,914	22,370
402.		74,355		74,355	26,024
403.		56,721		56,721	19,852
404.		64,167		64,167	22,458
405.		65,153		65,153	22,804
406.		65,312		65,312	22,859
407.		61,864		61,864	21,652
408.		62,765		62,765	21,968

	J1 Eligible expenditures before March 27, 2009	J2 Eligible expenditures incurred after March 26, 2009 (see note 3)	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2)	K Eligible expenditures multiplied by specified percentage (see note 4)
	451	452		450	460
409.		53,376		53,376	18,682
410.		74,602		74,602	26,111
411.		76,971		76,971	26,940
412.		60,076		60,076	21,027
413.		51,067		51,067	17,873
414.		50,733		50,733	17,757
415.		42,111		42,111	14,739
416.		51,587		51,587	18,055
417.		39,710		39,710	13,899
418.		58,748		58,748	20,562
419.		54,911		54,911	19,219
420.		70,917		70,917	24,821
421.		20,078		20,078	7,027
422.		59,628		59,628	20,870
423.		60,908		60,908	21,318
424.		61,367		61,367	21,478
425.		91,618		91,618	32,066
426.		64,726		64,726	22,654
427.		58,147		58,147	20,351
428.		60,558		60,558	21,195
429.		63,099		63,099	22,085
430.		65,586		65,586	22,955
431.		56,921		56,921	19,922
432.		60,725		60,725	21,254
433.		69,944		69,944	24,480
434.		54,041		54,041	18,914
435.		67,544		67,544	23,640
436.		66,248		66,248	23,187
437.		57,963		57,963	20,287
438.		54,022		54,022	18,908
439.		50,712		50,712	17,749
440.		51,389		51,389	17,986
441.		51,397		51,397	17,989
442.		50,512		50,512	17,679
443.		49,043		49,043	17,165
444.		50,698		50,698	17,744
445.		49,904		49,904	17,466
446.		53,070		53,070	18,575
447.		49,561		49,561	17,346
448.		58,532		58,532	20,486
449.		27,408		27,408	9,593
450.		12,954		12,954	4,534
451.		57,553		57,553	20,144
452.		71,107		71,107	24,887
453.		34,846		34,846	12,196
454.		41,772		41,772	14,620
455.		39,463		39,463	13,812
456.		48,999		48,999	17,150
457.		41,544		41,544	14,540
458.		43,390		43,390	15,187
459.		65,086		65,086	22,780

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
460.		55,569		55,569	19,449
461.		61,098		61,098	21,384
462.		36,555		36,555	12,794
463.		71,129		71,129	24,895
464.		71,533		71,533	25,037
465.		60,281		60,281	21,098
466.		67,621		67,621	23,667
467.		25,071		25,071	8,775
468.		70,829		70,829	24,790
469.		66,358		66,358	23,225
470.		60,805		60,805	21,282
471.		58,110		58,110	20,339
472.		55,359		55,359	19,376
473.		51,082		51,082	17,879
474.		54,249		54,249	18,987
475.		59,122		59,122	20,693
476.		50,467		50,467	17,663
477.		47,912		47,912	16,769
478.		47,119		47,119	16,492
479.		47,473		47,473	16,616
480.		50,695		50,695	17,743
481.		55,799		55,799	19,530
482.		50,412		50,412	17,644
483.		49,840		49,840	17,444
484.		53,839		53,839	18,844
485.		47,351		47,351	16,573
486.		52,940		52,940	18,529
487.		53,214		53,214	18,625
488.		50,330		50,330	17,616
489.		55,523		55,523	19,433
490.		57,661		57,661	20,181
491.		83,863		83,863	29,352
492.		55,113		55,113	19,290
493.		69,340		69,340	24,269
494.		55,541		55,541	19,439
495.		64,517		64,517	22,581
496.		62,221		62,221	21,777
497.		62,052		62,052	21,718
498.		59,256		59,256	20,740
499.		58,884		58,884	20,609
500.		60,948		60,948	21,332
501.		66,495		66,495	23,273
502.		44,885		44,885	15,710
503.		55,600		55,600	19,460
504.		58,679		58,679	20,538
505.		61,657		61,657	21,580
506.		57,404		57,404	20,091
507.		60,139		60,139	21,049
508.		64,961		64,961	22,736
509.		65,854		65,854	23,049
510.		65,945		65,945	23,081

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
511.		55,998		55,998	19,599
512.		58,540		58,540	20,489
513.		66,375		66,375	23,231
514.		61,991		61,991	21,697
515.		61,312		61,312	21,459
516.		54,355		54,355	19,024
517.		54,475		54,475	19,066
518.		68,890		68,890	24,112
519.		58,348		58,348	20,422
520.		62,158		62,158	21,755
521.		1,709		1,709	598
522.		52,379		52,379	18,333
523.		53,286		53,286	18,650
524.		50,475		50,475	17,666
525.		58,662		58,662	20,532
526.		47,539		47,539	16,639
527.		52,358		52,358	18,325
528.		50,151		50,151	17,553
529.		49,267		49,267	17,243
530.		49,684		49,684	17,389
531.		46,993		46,993	16,448
532.		48,273		48,273	16,896
533.		55,753		55,753	19,514
534.		40,661		40,661	14,231
535.		53,848		53,848	18,847
536.		56,410		56,410	19,744
537.		55,654		55,654	19,479
538.		21,387		21,387	7,485
539.		44,276		44,276	15,497
540.		46,731		46,731	16,356
541.		45,197		45,197	15,819
542.		53,579		53,579	18,753
543.		48,776		48,776	17,072
544.		48,785		48,785	17,075
545.		53,363		53,363	18,677
546.		43,929		43,929	15,375
547.		46,608		46,608	16,313
548.		70,126		70,126	24,544
549.		54,751		54,751	19,163
550.		43,315		43,315	15,160
551.		49,231		49,231	17,231
552.		52,131		52,131	18,246
553.		48,522		48,522	16,983
554.		43,218		43,218	15,126
555.		44,791		44,791	15,677
556.		51,367		51,367	17,978
557.		48,295		48,295	16,903
558.		39,240		39,240	13,734
559.		51,109		51,109	17,888
560.		50,362		50,362	17,627
561.		47,540		47,540	16,639

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
562.		43,986		43,986	15,395
563.		54,531		54,531	19,086
564.		40,908		40,908	14,318
565.		39,879		39,879	13,958
566.		37,025		37,025	12,959
567.		39,416		39,416	13,796
568.		56,963		56,963	19,937
569.		58,790		58,790	20,577
570.		67,623		67,623	23,668
571.		66,484		66,484	23,269
572.		57,307		57,307	20,057
573.		47,093		47,093	16,483
574.		65,327		65,327	22,864
575.		57,635		57,635	20,172
576.		55,900		55,900	19,565
577.		54,120		54,120	18,942
578.		64,034		64,034	22,412
579.		60,366		60,366	21,128
580.		29,971		29,971	10,490
581.		31,075		31,075	10,876
582.		38,471		38,471	13,465
583.		48,608		48,608	17,013
584.		33,152		33,152	11,603
585.		33,475		33,475	11,716
586.		50,611		50,611	17,714
587.		34,520		34,520	12,082
588.		39,369		39,369	13,779
589.		31,075		31,075	10,876
590.		58,445		58,445	20,456
591.		18,888		18,888	6,611
592.		72,336		72,336	25,318
593.		50,222		50,222	17,578
594.		54,336		54,336	19,018
595.		53,445		53,445	18,706
596.		39,926		39,926	13,974
597.		50,882		50,882	17,809
598.		55,318		55,318	19,361
599.		48,044		48,044	16,815
600.		51,295		51,295	17,953
601.		43,865		43,865	15,353
602.		47,187		47,187	16,515
603.		49,743		49,743	17,410
604.		56,588		56,588	19,806
605.		52,890		52,890	18,512
606.		55,403		55,403	19,391
607.		49,208		49,208	17,223
608.		60,515		60,515	21,180
609.		56,361		56,361	19,726
610.		60,448		60,448	21,157
611.		58,078		58,078	20,327
612.		75,386		75,386	26,385

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
613.		44,327		44,327	15,514
614.		49,597		49,597	17,359
615.		45,729		45,729	16,005
616.		44,078		44,078	15,427
617.		46,081		46,081	16,128
618.		50,206		50,206	17,572
619.		47,705		47,705	16,697
620.		50,791		50,791	17,777
621.		51,351		51,351	17,973
622.		45,282		45,282	15,849
623.		52,502		52,502	18,376
624.		49,450		49,450	17,308
625.		55,989		55,989	19,596
626.		44,114		44,114	15,440
627.		41,645		41,645	14,576
628.		48,177		48,177	16,862
629.		56,144		56,144	19,650
630.		44,416		44,416	15,546
631.		32,101		32,101	11,235
632.		34,247		34,247	11,986
633.		30,156		30,156	10,555
634.		32,678		32,678	11,437
635.		25,729		25,729	9,005
636.		53,282		53,282	18,649
637.		39,818		39,818	13,936
638.		42,374		42,374	14,831
639.		45,996		45,996	16,099
640.		52,469		52,469	18,364
641.		43,242		43,242	15,135
642.		45,631		45,631	15,971
643.		39,986		39,986	13,995
644.		41,351		41,351	14,473
645.		44,478		44,478	15,567
646.		45,847		45,847	16,046
647.		41,142		41,142	14,400
648.		41,843		41,843	14,645
649.		39,645		39,645	13,876
650.		47,876		47,876	16,757
651.		42,719		42,719	14,952
652.		36,276		36,276	12,697
653.		22,418		22,418	7,846
654.		49,085		49,085	17,180
655.		35,248		35,248	12,337
656.		33,420		33,420	11,697
657.		30,596		30,596	10,709
658.		40,765		40,765	14,268
659.		29,590		29,590	10,357
660.		31,190		31,190	10,917
661.		28,590		28,590	10,007
662.		31,181		31,181	10,913
663.		29,050		29,050	10,168

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
664.		28,355		28,355	9,924
665.		29,543		29,543	10,340
666.		28,113		28,113	9,840
667.		29,003		29,003	10,151
668.		30,799		30,799	10,780
669.		30,403		30,403	10,641
670.		36,791		36,791	12,877
671.		28,840		28,840	10,094
672.		32,840		32,840	11,494
673.		33,506		33,506	11,727
674.		30,411		30,411	10,644
675.		22,747		22,747	7,961
676.		30,010		30,010	10,504
677.			36,427		9,107
678.			39,642		9,911
679.			39,328		9,832
680.			35,149		8,787
681.			40,201		10,050
682.			46,735		11,684
683.			36,964		9,241
684.			37,725		9,431
685.			34,625		8,656
686.			35,712		8,928
687.			38,974		9,744
688.			40,470		10,118
689.			44,787		11,197
690.			38,790		9,698
691.			36,825		9,206
692.			42,368		10,592
693.			40,201		10,050
694.			38,197		9,549
695.			38,097		9,524
696.			35,829		8,957
697.			42,241		10,560
698.			34,774		8,694
699.			55,232		13,808
700.			32,170		8,043
701.			33,233		8,308
702.			41,220		10,305
703.			40,934		10,234
704.			40,612		10,153
705.			46,863		11,716
706.			32,441		8,110
707.			30,372		7,593
708.			36,303		9,076
709.			42,214		10,554
710.			40,909		10,227
711.			30,350		7,588
712.			26,422		6,606
713.			36,092		9,023
714.			27,234		6,809

	J1 Eligible expenditures before March 27, 2009 451	J2 Eligible expenditures incurred after March 26, 2009 (see note 3) 452	4J Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3)	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures multiplied by specified percentage (see note 4) 460
715.			34,377		8,594
716.			31,628		7,907
717.			36,211		9,053
718.			25,748		6,437
719.			28,913		7,228
720.			44,251		11,063
721.			41,110		10,278
722.			32,549		8,137
723.			17,376		4,344
724.			17,309		4,327
725.			15,166		3,792
726.			3,585		896
727.			26,916		6,729
728.			20,195		5,049
729.			21,060		5,265
730.			17,140		4,285
731.			16,539		4,135
732.			26,900		6,725
733.			29,537		7,384
734.			25,987		6,497
735.			28,211		7,053
736.			14,907		3,727
737.			20,805		5,201
738.			17,015		4,254
739.			19,368		4,842
740.			19,352		4,838
741.			21,145		5,286
742.			19,284		4,821
743.			55,051		13,763
744.		27,870		27,870	9,755
745.		12,762		12,762	4,467
746.		63,873		63,873	22,356
747.		37,957		37,957	13,285
748.		56,060		56,060	19,621
749.		42,267		42,267	14,793
750.		59,355		59,355	20,774
751.		39,800		39,800	13,930
752.		41,468		41,468	14,514
753.		19,508		19,508	6,828
754.		30,886		30,886	10,810

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 J2: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 48 months of the apprenticeship program, and not relating to services performed before the apprenticeship program began or after it ended.

For 4J: Eligible expenditures must be for services provided by the apprentice to the taxpayer during the first 36 months of the apprenticeship program, and not relating to services performed before the apprenticeship began or after it ended.

Note 4: Calculate the amount in column K as follows:
Column K = (J2 × line 312) or (4J × line 314), whichever applies.

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
1.	247		247
2.	1,863		1,863
3.	1,863		1,863
4.	1,863		1,863
5.	1,863		1,863
6.	1,863		1,863
7.	2,356		2,356
8.	2,356		2,356
9.	1,562		1,562
10.	2,356		2,356
11.	2,356		2,356
12.	2,356		2,356
13.	2,356		2,356
14.	2,356		2,356
15.	2,356		2,356
16.	2,356		2,356
17.	2,356		2,356
18.	2,356		2,356
19.	2,356		2,356
20.	2,767		2,767
21.	3,315		3,315
22.	3,315		3,315
23.	3,315		3,315
24.	3,315		3,315
25.	3,315		3,315
26.	3,315		3,315
27.	3,315		3,315
28.	3,315		3,315
29.	3,315		3,315
30.	3,315		3,315
31.	3,315		3,315
32.	3,315		3,315
33.	3,315		3,315
34.	3,315		3,315
35.	4,082		4,082
36.	4,082		4,082
37.	4,082		4,082
38.	4,082		4,082
39.	4,082		4,082
40.	4,082		4,082
41.	4,082		4,082
42.	4,082		4,082
43.	4,082		4,082
44.	4,082		4,082
45.	4,082		4,082
46.	4,082		4,082
47.	5,315		5,315
48.	7,151		7,151
49.	2,274		2,274
50.	8,329		8,329
51.	8,329		8,329
52.	8,329		8,329
53.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
54.	8,329		8,329
55.	8,329		8,329
56.	8,329		8,329
57.	8,329		8,329
58.	8,329		8,329
59.	8,329		8,329
60.	8,329		8,329
61.	8,329		8,329
62.	8,329		8,329
63.	8,329		8,329
64.	8,329		8,329
65.	8,329		8,329
66.	4,795		4,795
67.	8,329		8,329
68.	8,329		8,329
69.	8,329		8,329
70.	8,329		8,329
71.	8,329		8,329
72.	8,329		8,329
73.	8,329		8,329
74.	8,329		8,329
75.	8,329		8,329
76.	8,329		8,329
77.	8,329		8,329
78.	8,329		8,329
79.	8,329		8,329
80.	8,329		8,329
81.	8,329		8,329
82.	8,329		8,329
83.	8,329		8,329
84.	8,329		8,329
85.	8,329		8,329
86.	8,329		8,329
87.	8,329		8,329
88.	8,329		8,329
89.	5,178		5,178
90.	8,329		8,329
91.	8,329		8,329
92.	7,644		7,644
93.	8,329		8,329
94.	8,329		8,329
95.	8,329		8,329
96.	1,945		1,945
97.	8,329		8,329
98.	1,918		1,918
99.	8,329		8,329
100.	8,329		8,329
101.	8,329		8,329
102.	6,493		6,493
103.	8,329		8,329
104.	8,329		8,329
105.	8,329		8,329
106.	7,342		7,342

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
107.	3,671		3,671
108.	6,356		6,356
109.	4,247		4,247
110.	6,932		6,932
111.	5,945		5,945
112.	3,315		3,315
113.	3,288		3,288
114.	8,329		8,329
115.	5,973		5,973
116.	7,315		7,315
117.	5,808		5,808
118.	8,329		8,329
119.	8,329		8,329
120.	8,329		8,329
121.	5,945		5,945
122.	8,329		8,329
123.	8,329		8,329
124.	219		219
125.	3,425		3,425
126.	8,329		8,329
127.	8,329		8,329
128.	8,329		8,329
129.	8,329		8,329
130.	8,329		8,329
131.	8,329		8,329
132.	8,329		8,329
133.	8,329		8,329
134.	8,329		8,329
135.	8,329		8,329
136.	8,329		8,329
137.	8,329		8,329
138.	8,329		8,329
139.	8,329		8,329
140.	8,329		8,329
141.	8,329		8,329
142.	8,329		8,329
143.	8,329		8,329
144.	7,918		7,918
145.	8,247		8,247
146.	8,329		8,329
147.	6,521		6,521
148.	8,329		8,329
149.	7,616		7,616
150.	6,274		6,274
151.	8,329		8,329
152.	8,329		8,329
153.	8,329		8,329
154.	8,329		8,329
155.	6,466		6,466
156.	8,329		8,329
157.	3,589		3,589
158.	8,329		8,329
159.	5,562		5,562

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
160.	8,329		8,329
161.	8,329		8,329
162.	8,329		8,329
163.	8,329		8,329
164.	585		585
165.	8,329		8,329
166.	8,329		8,329
167.	8,329		8,329
168.	8,329		8,329
169.	8,329		8,329
170.	8,329		8,329
171.	8,329		8,329
172.	8,329		8,329
173.	8,329		8,329
174.	8,329		8,329
175.	8,329		8,329
176.	8,329		8,329
177.	8,329		8,329
178.	8,329		8,329
179.	8,329		8,329
180.	8,329		8,329
181.	8,329		8,329
182.	8,329		8,329
183.	8,329		8,329
184.	8,329		8,329
185.	8,329		8,329
186.	8,329		8,329
187.	8,329		8,329
188.	8,329		8,329
189.	8,329		8,329
190.	8,329		8,329
191.	8,329		8,329
192.	8,329		8,329
193.	8,329		8,329
194.	8,329		8,329
195.	8,329		8,329
196.	8,329		8,329
197.	8,329		8,329
198.	8,329		8,329
199.	8,329		8,329
200.	8,329		8,329
201.	8,329		8,329
202.	8,329		8,329
203.	8,329		8,329
204.	8,329		8,329
205.	8,329		8,329
206.	8,329		8,329
207.	8,329		8,329
208.	8,329		8,329
209.	8,329		8,329
210.	8,329		8,329
211.	8,329		8,329
212.	7,717		7,717

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
213.	8,329		8,329
214.	5,151		5,151
215.	8,329		8,329
216.	7,896		7,896
217.	8,329		8,329
218.	8,329		8,329
219.	8,329		8,329
220.	8,329		8,329
221.	8,329		8,329
222.	8,329		8,329
223.	8,329		8,329
224.	8,329		8,329
225.	8,329		8,329
226.	8,329		8,329
227.	8,329		8,329
228.	8,329		8,329
229.	8,329		8,329
230.	8,329		8,329
231.	8,329		8,329
232.	8,329		8,329
233.	8,329		8,329
234.	8,329		8,329
235.	8,329		8,329
236.	8,329		8,329
237.	8,329		8,329
238.	8,329		8,329
239.	8,329		8,329
240.	8,329		8,329
241.	8,329		8,329
242.	8,329		8,329
243.	8,329		8,329
244.	8,329		8,329
245.	8,329		8,329
246.	8,329		8,329
247.	8,329		8,329
248.	8,329		8,329
249.	8,329		8,329
250.	8,329		8,329
251.	8,329		8,329
252.	8,329		8,329
253.	8,329		8,329
254.	8,329		8,329
255.	8,329		8,329
256.	8,329		8,329
257.	8,329		8,329
258.	8,329		8,329
259.	8,329		8,329
260.	8,329		8,329
261.	8,329		8,329
262.	8,329		8,329
263.	8,329		8,329
264.	8,329		8,329
265.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
266.	8,329		8,329
267.	8,329		8,329
268.	8,329		8,329
269.	8,329		8,329
270.	8,329		8,329
271.	8,329		8,329
272.	8,329		8,329
273.	8,329		8,329
274.	8,329		8,329
275.	8,249		8,249
276.	4,411		4,411
277.	8,329		8,329
278.	8,329		8,329
279.	8,329		8,329
280.	8,329		8,329
281.	8,329		8,329
282.	8,329		8,329
283.	8,329		8,329
284.	8,329		8,329
285.	8,329		8,329
286.	8,329		8,329
287.	8,329		8,329
288.	8,329		8,329
289.	8,329		8,329
290.	8,329		8,329
291.	8,329		8,329
292.	8,329		8,329
293.	8,329		8,329
294.	8,329		8,329
295.	8,329		8,329
296.	8,329		8,329
297.	8,329		8,329
298.	8,329		8,329
299.	8,329		8,329
300.	8,329		8,329
301.	8,329		8,329
302.	8,329		8,329
303.	8,329		8,329
304.	8,329		8,329
305.	8,329		8,329
306.	8,329		8,329
307.	8,329		8,329
308.	8,329		8,329
309.	8,329		8,329
310.	8,329		8,329
311.	6,493		6,493
312.	8,329		8,329
313.	8,255		8,255
314.	8,329		8,329
315.	8,329		8,329
316.	8,152		8,152
317.	8,329		8,329
318.	8,091		8,091

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
319.	8,329		8,329
320.	7,366		7,366
321.	8,329		8,329
322.	8,329		8,329
323.	8,329		8,329
324.	7,613		7,613
325.	8,329		8,329
326.	8,329		8,329
327.	8,329		8,329
328.	8,329		8,329
329.	8,329		8,329
330.	767		767
331.	7,395		7,395
332.	8,329		8,329
333.	7,567		7,567
334.	8,329		8,329
335.	7,770		7,770
336.	8,329		8,329
337.	8,329		8,329
338.	8,329		8,329
339.	8,329		8,329
340.	8,329		8,329
341.	8,329		8,329
342.	8,329		8,329
343.	8,329		8,329
344.	8,329		8,329
345.	8,329		8,329
346.	8,329		8,329
347.	8,329		8,329
348.	8,329		8,329
349.	8,329		8,329
350.	8,329		8,329
351.	8,329		8,329
352.	8,329		8,329
353.	8,329		8,329
354.	8,329		8,329
355.	8,329		8,329
356.	8,329		8,329
357.	8,329		8,329
358.	8,329		8,329
359.	8,329		8,329
360.	8,329		8,329
361.	8,329		8,329
362.	8,329		8,329
363.	8,329		8,329
364.	8,329		8,329
365.	8,329		8,329
366.	8,329		8,329
367.	8,329		8,329
368.	8,329		8,329
369.	8,329		8,329
370.	8,329		8,329
371.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
372.	8,329		8,329
373.	8,329		8,329
374.	8,329		8,329
375.	1,342		1,342
376.	8,329		8,329
377.	8,329		8,329
378.	8,329		8,329
379.	8,329		8,329
380.	8,329		8,329
381.	8,329		8,329
382.	8,329		8,329
383.	8,329		8,329
384.	8,329		8,329
385.	8,329		8,329
386.	8,329		8,329
387.	8,329		8,329
388.	8,329		8,329
389.	8,329		8,329
390.	8,329		8,329
391.	8,329		8,329
392.	8,329		8,329
393.	8,329		8,329
394.	8,329		8,329
395.	8,329		8,329
396.	8,329		8,329
397.	8,329		8,329
398.	8,329		8,329
399.	8,329		8,329
400.	8,329		8,329
401.	8,329		8,329
402.	8,329		8,329
403.	8,329		8,329
404.	8,329		8,329
405.	8,329		8,329
406.	8,329		8,329
407.	8,329		8,329
408.	8,329		8,329
409.	8,329		8,329
410.	8,329		8,329
411.	8,329		8,329
412.	8,329		8,329
413.	8,329		8,329
414.	8,329		8,329
415.	8,329		8,329
416.	8,329		8,329
417.	8,329		8,329
418.	8,329		8,329
419.	8,329		8,329
420.	8,329		8,329
421.	2,685		2,685
422.	8,329		8,329
423.	8,329		8,329
424.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
425.	8,329		8,329
426.	8,329		8,329
427.	8,329		8,329
428.	8,329		8,329
429.	8,329		8,329
430.	8,329		8,329
431.	8,329		8,329
432.	8,329		8,329
433.	8,329		8,329
434.	8,329		8,329
435.	8,329		8,329
436.	8,329		8,329
437.	8,329		8,329
438.	8,329		8,329
439.	8,329		8,329
440.	8,329		8,329
441.	8,329		8,329
442.	8,329		8,329
443.	8,329		8,329
444.	8,329		8,329
445.	8,329		8,329
446.	8,329		8,329
447.	8,329		8,329
448.	8,329		8,329
449.	8,329		8,329
450.	4,534		4,534
451.	6,493		6,493
452.	6,493		6,493
453.	8,329		8,329
454.	8,329		8,329
455.	8,329		8,329
456.	8,329		8,329
457.	7,123		7,123
458.	8,329		8,329
459.	3,260		3,260
460.	8,329		8,329
461.	8,329		8,329
462.	8,329		8,329
463.	8,329		8,329
464.	8,329		8,329
465.	8,329		8,329
466.	8,329		8,329
467.	8,329		8,329
468.	8,329		8,329
469.	8,329		8,329
470.	8,329		8,329
471.	8,329		8,329
472.	8,329		8,329
473.	8,329		8,329
474.	8,329		8,329
475.	8,329		8,329
476.	8,329		8,329
477.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
478.	8,329		8,329
479.	8,329		8,329
480.	8,329		8,329
481.	8,329		8,329
482.	8,329		8,329
483.	8,329		8,329
484.	8,329		8,329
485.	8,329		8,329
486.	8,329		8,329
487.	8,329		8,329
488.	8,329		8,329
489.	8,329		8,329
490.	8,329		8,329
491.	8,329		8,329
492.	8,329		8,329
493.	8,329		8,329
494.	8,329		8,329
495.	8,329		8,329
496.	8,329		8,329
497.	8,329		8,329
498.	8,329		8,329
499.	8,329		8,329
500.	8,329		8,329
501.	8,329		8,329
502.	8,329		8,329
503.	8,329		8,329
504.	8,329		8,329
505.	8,329		8,329
506.	8,329		8,329
507.	8,329		8,329
508.	8,329		8,329
509.	8,329		8,329
510.	8,329		8,329
511.	8,329		8,329
512.	8,329		8,329
513.	8,329		8,329
514.	8,329		8,329
515.	8,329		8,329
516.	8,329		8,329
517.	8,329		8,329
518.	8,329		8,329
519.	8,329		8,329
520.	8,329		8,329
521.	466		466
522.	8,329		8,329
523.	8,329		8,329
524.	8,329		8,329
525.	8,329		8,329
526.	8,329		8,329
527.	8,329		8,329
528.	8,329		8,329
529.	8,329		8,329
530.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
531.	8,329		8,329
532.	8,329		8,329
533.	8,329		8,329
534.	8,329		8,329
535.	8,329		8,329
536.	8,329		8,329
537.	8,329		8,329
538.	7,485		7,485
539.	8,329		8,329
540.	8,329		8,329
541.	8,329		8,329
542.	8,329		8,329
543.	8,329		8,329
544.	8,329		8,329
545.	8,329		8,329
546.	8,329		8,329
547.	8,329		8,329
548.	8,329		8,329
549.	8,329		8,329
550.	8,329		8,329
551.	8,329		8,329
552.	8,329		8,329
553.	8,329		8,329
554.	8,329		8,329
555.	8,329		8,329
556.	8,329		8,329
557.	8,329		8,329
558.	8,329		8,329
559.	8,329		8,329
560.	8,329		8,329
561.	8,329		8,329
562.	8,329		8,329
563.	6,384		6,384
564.	8,329		8,329
565.	8,329		8,329
566.	8,329		8,329
567.	8,329		8,329
568.	8,329		8,329
569.	6,493		6,493
570.	6,493		6,493
571.	6,493		6,493
572.	6,493		6,493
573.	6,493		6,493
574.	8,137		8,137
575.	6,493		6,493
576.	6,493		6,493
577.	6,493		6,493
578.	6,493		6,493
579.	6,493		6,493
580.	8,329		8,329
581.	8,329		8,329
582.	8,329		8,329
583.	8,329		8,329

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
584.	8,329		8,329
585.	8,329		8,329
586.	8,329		8,329
587.	8,329		8,329
588.	8,329		8,329
589.	8,329		8,329
590.	8,219		8,219
591.	3,945		3,945
592.	8,219		8,219
593.	7,644		7,644
594.	7,644		7,644
595.	7,644		7,644
596.	7,644		7,644
597.	7,644		7,644
598.	7,644		7,644
599.	7,644		7,644
600.	7,644		7,644
601.	7,644		7,644
602.	7,644		7,644
603.	7,644		7,644
604.	7,644		7,644
605.	7,644		7,644
606.	7,644		7,644
607.	7,644		7,644
608.	7,644		7,644
609.	7,644		7,644
610.	7,644		7,644
611.	7,644		7,644
612.	7,644		7,644
613.	7,644		7,644
614.	6,877		6,877
615.	6,877		6,877
616.	6,877		6,877
617.	6,877		6,877
618.	6,877		6,877
619.	6,877		6,877
620.	6,877		6,877
621.	6,877		6,877
622.	6,877		6,877
623.	6,877		6,877
624.	6,877		6,877
625.	6,877		6,877
626.	6,877		6,877
627.	6,877		6,877
628.	6,877		6,877
629.	2,630		2,630
630.	6,493		6,493
631.	6,411		6,411
632.	6,411		6,411
633.	6,411		6,411
634.	6,411		6,411
635.	6,411		6,411
636.	6,301		6,301

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
637.	6,301		6,301
638.	6,301		6,301
639.	6,301		6,301
640.	6,301		6,301
641.	6,301		6,301
642.	6,301		6,301
643.	6,301		6,301
644.	6,301		6,301
645.	6,301		6,301
646.	6,301		6,301
647.	6,301		6,301
648.	6,301		6,301
649.	6,301		6,301
650.	6,301		6,301
651.	6,301		6,301
652.	6,301		6,301
653.	4,055		4,055
654.	5,534		5,534
655.	5,534		5,534
656.	5,534		5,534
657.	5,534		5,534
658.	5,534		5,534
659.	5,534		5,534
660.	5,534		5,534
661.	5,534		5,534
662.	5,534		5,534
663.	5,534		5,534
664.	5,534		5,534
665.	5,534		5,534
666.	5,534		5,534
667.	5,534		5,534
668.	5,534		5,534
669.	5,534		5,534
670.	5,534		5,534
671.	5,534		5,534
672.	5,534		5,534
673.	5,534		5,534
674.	5,534		5,534
675.	1,178		1,178
676.	1,205		1,205
677.	2,575		2,575
678.	2,575		2,575
679.	2,575		2,575
680.	2,575		2,575
681.	2,575		2,575
682.	2,575		2,575
683.	2,575		2,575
684.	2,575		2,575
685.	2,575		2,575
686.	2,575		2,575
687.	2,575		2,575
688.	2,575		2,575
689.	2,575		2,575

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
690.	2,575		2,575
691.	2,575		2,575
692.	2,575		2,575
693.	2,192		2,192
694.	2,192		2,192
695.	2,192		2,192
696.	2,192		2,192
697.	2,192		2,192
698.	2,192		2,192
699.	2,192		2,192
700.	2,192		2,192
701.	2,192		2,192
702.	2,192		2,192
703.	2,192		2,192
704.	2,192		2,192
705.	2,192		2,192
706.	2,192		2,192
707.	2,192		2,192
708.	2,192		2,192
709.	2,192		2,192
710.	2,096		2,096
711.	2,096		2,096
712.	2,096		2,096
713.	2,096		2,096
714.	2,096		2,096
715.	2,096		2,096
716.	2,096		2,096
717.	2,096		2,096
718.	2,096		2,096
719.	2,096		2,096
720.	2,096		2,096
721.	2,096		2,096
722.	1,616		1,616
723.	1,192		1,192
724.	1,192		1,192
725.	1,192		1,192
726.	896		896
727.	1,137		1,137
728.	1,137		1,137
729.	1,137		1,137
730.	1,137		1,137
731.	1,137		1,137
732.	1,137		1,137
733.	1,137		1,137
734.	1,137		1,137
735.	1,137		1,137
736.	1,137		1,137
737.	1,137		1,137
738.	1,137		1,137
739.	1,137		1,137
740.	1,137		1,137
741.	1,137		1,137
742.	1,137		1,137

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5) 480	N ATTC for each apprentice (column L or M, whichever applies) 490
743.	644		644
744.	4,137		4,137
745.	1,425		1,425
746.	7,370		7,370
747.	5,041		5,041
748.	6,137		6,137
749.	5,918		5,918
750.	7,589		7,589
751.	8,329		8,329
752.	5,863		5,863
753.	2,630		2,630
754.	2,356		2,356

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 5,221,673 **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 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.

See the privacy notice on your return.

Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . . Hydro One Networks Inc.

Taxation Year . . . . . 2015-01-01 to 2015-10-31

Jurisdiction . . . . . Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
☐	☐	☐	☐	X	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Corporation is associated . . . . . Y

Corporation is related . . . . . Y

Number of associated corporations . . . 27

Type of corporation . . . . . Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial* . . . . . -10,205,810

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income		1,236,494,923
Taxable income		1,235,974,281
Donations		520,642
Calculation of income from an active business carried on in Canada		1,236,491,829
Dividends paid		870,455,244
Dividends paid – Regular	870,455,244	
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		2,405,250,113
Balance of the general rate income pool at the end of the year		3,295,149,368
Part I tax (base amount)		469,670,227

Credits against part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I	183,651,295	ITC refund	
M&P deduction		Part IV		Dividends refund	825
Foreign tax credit		Part III.1		Instalments	329,521,834
Investment tax credits	1,745,456	Other*		Surtax credit	
Abatement/Other*	284,273,682	Provincial or territorial tax	135,665,554	Other*	
				Balance due/refund (–)	-10,205,810

* 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	10,605,423
Financial statement reserve	2,050,508,096

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	1,236,494,923		
Taxable income	1,235,974,281		
% Allocation	100.00		
Attributed taxable income	1,235,974,281		
Tax payable before deduction*	142,137,042		
Deductions and credits	296,848		
Net tax payable	141,840,194		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	141,840,194		
Instalments and refundable credits	6,174,640		
Balance due/Refund (-)	135,665,554		
Logging tax payable (COZ-1179)			
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
Hydro One Networks Inc.	6,977,000,000	6,977,000,000	4,452,000,000	4,452,000,000
HYDRO ONE LIMITED				
HYDRO ONE INC.				
2486267 ONTARIO INC				
2486268 ONTARIO INC				
HYDRO ONE REMOTE COMMUNITIES INC.				
HYDRO ONE TELECOM INC.				
HYDRO ONE TELECOM LINK LIMITED				
MUNICIPAL BILLING SERVICES INC				
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC				
1938454 ONTARIO INC.				
1943404 ONTARIO INC.				
B2M GP INC.				
HYDRO ONE B2M HOLDINGS INC				
HYDRO ONE B2M LP INC.				
NORFOLK ENERGY INC				
NORFOLK POWER DISTRIBUTION INC				
HALDIMAND COUNTY ENERGY INC				
HALDIMAND COUNTY HYDRO INC				
Woodstock Hydro Services Inc.				
Woodstock Hydro Holdings Inc.				
1908872 ONTARIO INC.				
1908873 ONTARIO INC.				
1937672 ONTARIO INC.				
1937680 ONTARIO INC.				

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
1937681 ONTARIO INC.				
Hydro One Brampton Networks Inc.				
HYDRO ONE EAST WEST TIE INC.				
Total	6,977,000,000	6,977,000,000	4,452,000,000	4,452,000,000

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771 and CO-771.1.3) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	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	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Hydro One Networks Inc.	6,968,000,000
HYDRO ONE LIMITED	
HYDRO ONE INC.	
2486267 ONTARIO INC	
2486268 ONTARIO INC	
HYDRO ONE REMOTE COMMUNITIES INC.	
HYDRO ONE TELECOM INC.	
HYDRO ONE TELECOM LINK LIMITED	
MUNICIPAL BILLING SERVICES INC	
HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	
1938454 ONTARIO INC.	
1943404 ONTARIO INC.	
B2M GP INC.	
HYDRO ONE B2M HOLDINGS INC	
HYDRO ONE B2M LP INC.	
NORFOLK ENERGY INC	
NORFOLK POWER DISTRIBUTION INC	
HALDIMAND COUNTY ENERGY INC	
HALDIMAND COUNTY HYDRO INC	
Woodstock Hydro Services Inc.	
Woodstock Hydro Holdings Inc.	
1908872 ONTARIO INC.	
1908873 ONTARIO INC.	
1937672 ONTARIO INC.	
1937680 ONTARIO INC.	

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
1937681 ONTARIO INC.	
Hydro One Brampton Networks Inc.	
HYDRO ONE EAST WEST TIE INC.	
Total	6,968,000,000

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Net income	1,236,494,923	298,627,556	428,405,133	487,936,028	564,971,095
Taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
Active business income	1,236,491,829	298,627,556	428,405,133	487,891,364	564,971,095
Dividends paid	870,455,244	744,503,509	220,455,653	270,455,293	182,955,551
Dividends paid – Regular	870,455,244	744,503,509	220,455,653	270,455,293	182,955,551
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	2,405,250,113	2,191,113,945	1,883,139,249	1,532,131,967	1,136,980,325
GRIP – end of the year	3,295,149,368	2,405,250,113	2,191,113,945	1,883,139,249	1,532,131,967
Donations	520,642	1,216,212	662,500	381,250	468,750
Balance due/refund (-)	-10,205,810	-9,666,762	-13,110,926	-10,219,916	-6,378,052
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Taxable income before loss carrybacks	N/A	N/A	427,742,633	487,554,778	564,502,345
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A	427,742,633	487,554,778	564,502,345

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Adjusted taxable income before current year loss carrybacks*	N/A	297,411,344	427,742,633	487,554,778	N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A	297,411,344	427,742,633	487,554,778	N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by 3 after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part IV tax multiplied by 3 before current year loss carrybacks**	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by 3 after loss carrybacks	N/A				N/A

** The adjusted Part IV tax multiplied by 3 before current year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by 3 to help you identify the amount of the loss that is needed to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Part I	183,651,295	42,116,118	60,818,854	67,267,328	88,404,896
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against part I tax

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit	1,745,456	2,495,584	3,342,542	5,874,673	4,737,990
Abatement/other*	284,273,682	68,404,609	98,380,805	112,131,793	121,368,005

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
ITC refund					
Dividend refund	825			11,910	
Instalments	329,521,834	77,739,036	115,100,000	126,095,684	153,755,210
Surtax credit					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2015-10-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
Net income	1,236,494,923	298,627,556	428,405,133	487,936,028	564,971,095
Taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	1,235,974,281	297,411,344	427,742,633	487,554,778	564,502,345
Surtax					
Income tax payable before deduction	142,137,042	34,202,305	49,190,403	56,068,799	66,317,397
Income tax deductions /credits	296,848	488,547	636,096	1,267,262	984,049
Net income tax payable	141,840,194	33,713,758	48,554,307	54,801,537	65,333,348
Taxable capital					
Capital tax payable					
Total tax payable*	141,840,194	33,713,758	48,554,307	54,801,537	65,333,348
Instalments and refundable credits	6,174,640	7,757,602	7,384,087	6,181,187	6,361,086
Balance due/refund**	135,665,554	25,956,156	41,170,220	48,620,350	58,972,262

* 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.

Attached Notes – Summary

Name of the cell Terminal loss (line 404 of Schedule 1) Form Sch. 8 - Capital cost allowance (CCA)

Please note that proceeds do not reflect FMV because the PILs arising from the deemed disposition of assets triggered by the exit from the PILs regime has already been paid under a separate process that has been the subject to a formal agreement with Ontario pursuant to subsection 16.1(5) of Regulation 207/99 of the Electricity Act, 1998 (Ontario).

E07463 - 2016-04-14

Keep this note when rolling forward the file ☐

Canada Revenue Agency / Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

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

To claim an ITC, use either:

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

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

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

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

Part 1 – General information

010 Name of claimant Hydro One Networks Inc.	Enter one of the following: 87086 5821 RC0001 Business number (BN)
Tax year From: 2015-01-01 (Year Month Day) To: 2015-10-31 (Year Month Day)	Social insurance number (SIN)
050 Total number of projects you are claiming this tax year: 8	

100 Contact person for the financial information Glendy Cheung	**105** Telephone number/extension (416) 345-6812	**110** Fax number (416) 345-6978
115 Contact person for the technical information Brian Soares	**120** Telephone number/extension (416) 345-6782	**125** Fax number (416) 345-6978

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1301

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

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

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

160 1 ☐ I elect to use the proxy method
(Enter "0" on line 360 and complete Part 5.)

162 1 ☒ I choose to use the traditional method
(Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	2,249,267
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	2,249,267
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	102,154
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	3,624,189
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	1,186,828
• Third-party payments (see note 2) (complete Form T1263*)	370	+	30,000
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	7,192,438
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	7,192,438

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		7,192,438
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	296,848
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	1,556,784
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	5,338,806
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	5,338,806
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	5,338,806
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

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

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

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

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

Enter the breakdown between current and capital expenditures (to the nearest dollar)

			Current Expenditures			Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492		7,192,438	496		
Add						
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500	+	271,904			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502	+				
• expenditures on shared-use equipment for property acquired **before 2014**				504	+	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508	+		510	+	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511	=	7,464,342	512	=	
Deduct (see note 4)						
• provincial government assistance	513	–	296,848	514	–	
• other government assistance	515	–		516	–	
• non-government assistance and contract payments	517	–		518	–	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520	–	112,882			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528	–				
• 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012	529	–	730,838			
• prescribed expenditures not allowed by regulations (see guide)	530	–		532	–	
• other deductions (see guide)	533	–		535	–	
• non-arm's length transactions						
– assistance allocated to you (complete Form T1145*)	538	–		540	–	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541	–				
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542	–		543	–	
– qualified expenditures you transferred (complete Form T1146**)	544	–		546	–	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557	=	6,323,774	558	=	
Qualified SR&ED expenditures (add lines 557 and 558)				559	=	6,323,774
Add						
• repayments of assistance and contract payments made in the year				560	+	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)				570	=	6,323,774

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

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

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

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

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

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307) . . . . . **810** +

Deduct

Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 . . . . . **812** –

Subtotal (line 810 minus 812) . . . . . **814** =

Salary or wages of specified employees

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

(Enter total of column 6 on line 816) **816** +

Salary base (total of lines 814 and 816) . . . . . **818** =

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) . . . . . **820** =

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

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

Part 6 – Project costs

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

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. 10-03 ADS – Remote Control of Distributed Generation	1,575,911	9,617	2,734,184
2. 11-01 Anti-Islanding Technology	78,352	2,488	
3. 11-03 Extreme Space Weather Preparedness	30,870	41,349	
4. 12-02 Controlling Power Quality Through FESS	35,580		
5. 13-04 Aging and Reliability Studies	3,142		188,005
6. 15-02 Data uncertainty reduction			579,000
7. 15-03 Mission Critical Protection Scheme Upgrade Methods	525,412	48,700	35,000

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
8. 15-04 Distribution Impact of Electric Vehicles			88,000
Total	2,249,267	102,154	3,624,189

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 3,538,249

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	**600**	100.000		
Parent companies, subsidiaries, and affiliated companies	**602**		**604**	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	**606**			
Federal contracts	**608**			
Provincial funding	**610**			
SR&ED contract work performed for other companies on their behalf	**612**		**614**	
Other funding (e.g., universities, foreign governments)	**616**		**618**	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [X] Basic or Applied research

622 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	**632**	15
Technologists and technicians	**634**	8
Managers and administrators	**636**	
Other technical supporting staff	**638**	

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . . . [X]
3. completed Part 2 for each project . . . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . . . [X]

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . . . [X]

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

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

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

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

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

	940	945	950	955	960	965
	Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1	[redacted]	[redacted]	4	80,000.00		80,000
					Total	80,000

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, GIOVANNA BARAGETTI, certify that the information provided in this part is complete and accurate.

Name of authorized signing officer of the corporation, or individual (print)

Signature

975 2016-04-27
Year Month Day

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 GIOVANNA BARAGETTI
Name of authorized signing officer of the corporation, or individual

Signature

170 2016-04-27
Date

175 [redacted]
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 "Scientific Research and Experimental Development" in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

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

All legislative references on this return are to the federal *Income Tax Act* and *Income Tax Regulations*. 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**
Filed: 2016-05-31
Exhibit C2-5-1
Attachment 2
Page 1 of 91

Identification

Business number (BN) 001 87086 5821 RC0001

Corporation's name
002 HYDRO ONE NETWORKS INC.

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.)
011 483 BAY STREET, 8TH FLOOR
012 SOUTH TOWER
City: 015 TORONTO
Province, territory, or state: 016 ON
Country (other than Canada): 017 CA
Postal code/Zip code: 018 M5G 2P5

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 GIOVANNA BARAGETTI
022 483 BAY STREET, 7TH FLOOR
023 SOUTH TOWER
City: 025 TORONTO
Province, territory, or state: 026 ON
Country (other than Canada): 027
Postal code/Zip code: 028 M5G 2P5

Location of books and records (if different from head office address)
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.)
031 483 BAY STREET, 7TH FLOOR
032 SOUTH TOWER
City: 035 TORONTO
Province,territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 M5G 2P5

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 060 2015-11-01 YYYY MM DD
Tax year-end 061 2015-11-04 YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . . 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 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
095 096 898

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the *Income Tax Regulations*?	170		29
Did the corporation have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

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

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

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

284	Electricity	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes		2 No	X
Did the corporation emigrate from Canada during the tax year?	292	1 Yes		2 No	X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes		2 No	
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible (YYYY MM DD)	294				
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes		2 No	

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300	-2,091,831	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C **plus** amount D)	360		
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)			Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . . **400** _____ A

Taxable income from line 360 on page 3, **minus** 100/28 3.57143 of the amount on line 632* on page 7, **minus** 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** _____ B

Business limit (see notes 1 and 2 below) . . . . . **410** 5,479 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 5,479 x **415** *** 10,062,000 / 11,250 D = ... 4,900,418 E

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

Small business deduction

Amount A, B, C, or F, whichever is the least _____ x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 4 / 4 x 17 % = _____ 1

Amount A, B, C, or F, whichever is the least _____ x Number of days in the tax year after December 31, 2015, and before January 1, 2017 / Number of days in the tax year _____ / 4 x 17.5 % = _____ 2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** _____ G

* 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.

** 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 page 3 (line 360 or amount Z, whichever applies)				A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 from Part 13 of Schedule 27		C		
Personal service business income	432	D		
Amount used to calculate the credit union deduction (amount F 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*		G		
Subtotal (**add** amounts B to G)			▶	H
Amount A **minus** amount H (if negative, enter "0")				I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				J

Enter amount J on line 638 on page 7.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		L		
Amount K13 from Part 13 of Schedule 27		M		
Personal service business income	434	N		
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O		
Subtotal (**add** amounts L to O)			▶	P
Amount K **minus** amount P (if negative, enter "0")				Q
General tax reduction – Amount Q **multiplied** by 13 %				R

Enter amount R on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . . **440** _____ x (26 2 / 3 + 4 x ____ / 4) % = _____ A

(Number of days in the tax year after 2015 / Number of days in the tax year)

Foreign non-business income tax credit from line 632 on page 7 . . . . . _____ B

Deduct:

Foreign investment income from Schedule 7 . . . . . **445** _____ x (9 1 / 3 − 1 1 / 3 x ____ / 4) % = _____ C

(Number of days in the tax year after 2015 / Number of days in the tax year)

(if negative, enter "0") _____ ▶ _____ D

Amount A **minus** amount D (if negative, enter "0") . . . . . _____ E

Taxable income from line 360 on page 3 . . . . . _____ F

Deduct:

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

Foreign non-business income tax credit from line 632 on page 7 . . . . _____ x 100 / 35 = _____ H

Foreign business income tax credit from line 636 on page 7 . . . . . _____ x 4 = _____ I

Subtotal _____ ▶ _____ J

_____ K

x (26 2 / 3 + 4 x ____ / 4) % = _____ L

(Number of days in the tax year after 2015 / Number of days in the tax year)

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . . _____ M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . . **450** _____ N

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year . . . . . **460** _____

Deduct: Dividend refund for the previous tax year . . . . . **465** _____

_____ ▶ _____ O

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . . _____ P

Total Part IV tax payable from Schedule 3 . . . . . _____ Q

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . . **480** _____

_____ ▶ _____ R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R . . . . . **485** _____

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 . . . . . 10,000,000,000 x [(1 / 3) + (5 x ____ / 4) %] = 3,333,333,333 S

(Number of days in the tax year after 2015 / Number of days in the tax year)

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . . _____ T

Dividend refund – Amount S or T, whichever is less . . . . . _____ U

Enter amount U on line 784 on page 8.

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . . **550** _____ A

Recapture of investment tax credit from Schedule 31 . . . . . **602** _____ B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 . . . . . _____ C

Taxable income from line 360 on page 3 . . . . . _____ D

Deduct:

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

Net amount (amount D **minus** amount E) . . . . . _____ ▶ _____ F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x _____) % of whichever is less: amount C or amount F . . . . . **604** _____ G

Number of days in the tax year after 2015 / 4 / Number of days in the tax year

Subtotal (**add** amounts A, B, and G) _____ H

Deduct:

Small business deduction from line 430 on page 4 . . . . . _____ I

Federal tax abatement . . . . . **608** _____

Manufacturing and processing profits deduction from Schedule 27 . . . . . **616** _____

Investment corporation deduction . . . . . **620** _____

Taxed capital gains **624** _____

Additional deduction – credit unions from Schedule 17 . . . . . **628** _____

Federal foreign non-business income tax credit from Schedule 21 . . . . . **632** _____

Federal foreign business income tax credit from Schedule 21 . . . . . **636** _____

General tax reduction for CCPCs from amount J on page 5 . . . . . **638** _____

General tax reduction from amount R on page 5 . . . . . **639** _____

Federal logging tax credit from Schedule 21 . . . . . **640** _____

Eligible Canadian bank deduction under section 125.21 . . . . . **641** _____

Federal qualifying environmental trust tax credit . . . . . **648** _____

Investment tax credit from Schedule 31 . . . . . **652** _____

Subtotal _____ ▶ _____ J

Part I tax payable – Amount H **minus** amount J . . . . . _____ K

Enter amount K on line 700 on page 8.

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K on page 7	700	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	760	199,901	
Total tax payable	770	199,901	A

Deduct other credits:

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

Refund code 894 [ ] Overpayment

Balance (amount A **minus** amount B) 199,901

If the result is positive, you have a **balance unpaid**. If the result is negative, you have an **overpayment**. Enter the amount on whichever line applies. Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid 199,901

For information on how to make your payment, go to **www.cra-arc.gc.ca/payments**.

Direct deposit request

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

[ ] Start [ ] Change information 910 Branch number

914 Institution number 918 Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920

Certification

I, 950 BARAGETTI (Last name (print)) 951 GIOVANNA (First name (print)) 954 Vice President, Corporate Tax (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 2016-04-29 (Date (yyyy/mm/dd)) Signature of the authorized signing officer of the corporation 956 (416) 345-6778 (Telephone number)

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

958 Glendy Cheung (Name (print)) 959 (416) 345-6812 (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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Balance sheet information

Account	Description	GIFI		Current year	Prior year
Assets					
	Total current assets	1599	+	1,172,000,000	1,095,000,000
	Total tangible capital assets	2008	+	26,293,000,000	26,293,000,000
	Total accumulated amortization of tangible capital assets	2009	–	9,216,000,000	9,205,000,000
	Total intangible capital assets	2178	+	475,000,000	475,000,000
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	1,942,000,000	1,942,000,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	20,666,000,000	20,600,000,000
Liabilities					
	Total current liabilities	3139	+	2,814,000,000	5,025,000,000
	Total long-term liabilities	3450	+	11,132,000,000	11,132,000,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	13,946,000,000	16,157,000,000
Shareholder equity					
	Total shareholder equity (mandatory field)	3620	+	6,720,000,000	4,443,000,000
	Total liabilities and shareholder equity	3640	=	20,666,000,000	20,600,000,000
Retained earnings					
	Retained earnings/deficit – end (mandatory field)	3849	=	1,024,000,000	1,018,000,000

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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	+	77,000,000	4,966,000,000
	Cost of sales	8518	–	40,000,000	2,557,000,000
	Gross profit/loss	8519	=	37,000,000	2,409,000,000
	Cost of sales	8518	+	40,000,000	2,557,000,000
	Total operating expenses	9367	+	30,000,000	1,744,000,000
	Total expenses (mandatory field)	9368	=	70,000,000	4,301,000,000
	Total revenue (mandatory field)	8299	+	77,000,000	4,966,000,000
	Total expenses (mandatory field)	9368	–	70,000,000	4,301,000,000
	Net non-farming income	9369	=	7,000,000	665,000,000
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	=	7,000,000	665,000,000
	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	–	1,000,000	2,365,000,000
	Future (deferred) income tax provision	9995	–		2,000,000
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	6,000,000	-1,702,000,000

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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. 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.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012*, T2 Corporation – Income Tax Guide.*
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

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

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

Is the accountant connected* with the corporation? . . . . . **097** 1 Yes [X] 2 No [ ]

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.

* 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.

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: **110**

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . . **101** 1 Yes [X] 2 No [ ]

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

Are subsequent events mentioned in the notes? . . . . . **104** 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . . **105** 1 Yes [X] 2 No [ ]

Is contingent liability information mentioned in the notes? . . . . . **106** 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . **107** 1 Yes [ ] 2 No [X]

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**211**	
Intangible assets	**215**		**216**	
Investment property	**220**			
Biological assets	**225**			
Financial instruments	**230**		**231**	
Other	**235**		**236**	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . **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.

T2 BAR CODE RETURN

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001
Tax Year Start: 2015-11-01
Tax Year End: 2015-11-04

1. DESCRIPTION OF THE BUSINESS

Hydro One Inc. (Hydro One) was incorporated on December 1, 1998, under the Business Corporations Act (Ontario) and was wholly owned by the Province of Ontario (the Province) until October 31, 2015. On October 31, 2015, Hydro One Limited, a wholly owned subsidiary of the Province, acquired all issued and outstanding shares of Hydro One from the Province. The principal businesses of Hydro One are the transmission and distribution of electricity to customers within Ontario.

Hydro One Networks Inc. (Hydro One Networks or the Company) was incorporated on March 4, 1999 under the Business Corporations Act (Ontario) and is a wholly -owned subsidiary of Hydro One. The Company owns and operates Hydro One's regulated transmission and distribution businesses. The regulated transmission business (Transmission Business) operates a high-voltage electrical transmission network that represents almost all of the licensed transmission capacity in Ontario. The regulated distribution business (Distribution Business) operates a low-voltage electrical distribution network that distributes electricity from the transmission system, or directly from generators, to customers within Ontario. These businesses are regulated by the Ontario Energy Board (OEB).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These Financial Statements are prepared and presented in accordance with United States Generally Accepted Accounting Principles and in Canadian

dollars. The Financial Statements have been prepared solely for the purpose of filing the Company's income tax return, as on November 5, 2015, the common shares of Hydro One Limited began trading on the Toronto Stock Exchange, and as a result, the Company lost its status as a Canadian-Controlled Private Corporation. Since these financial statements have not been prepared for general purposes, some users may require additional information. These Financial Statements present the financial position of the Company at November 4, 2015 and the results of its operations and its cash flows for the period from November 1, 2015 to November 4, 2015. The comparative information is presented as at October 31, 2015 and for the period from January 1, 2015 to October 31, 2015.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions, and assumptions believed to be reasonable at the time the assumptions are made, with any adjustments being recognized in results of operations in the period they arise. Significant estimates relate to regulatory assets and regulatory liabilities, environmental liabilities, post-retirement and post-employment benefits, asset retirement obligations (AROs), goodwill and asset impairments, contingencies, unbilled revenues, allowance for doubtful accounts, derivative instruments, and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates.

Rate Setting

The OEB has approved the use of US GAAP for rate setting and regulatory accounting and reporting by the Company's Distribution and Transmission Businesses.

Transmission

On January 8, 2015, pursuant to an application filed with the OEB, the OEB approved the 2015 Hydro One transmission rates revenue requirement of $1,477 million.

Distribution

On March 12, 2015, the OEB issued a Decision and Rate Order approving a revenue requirement of $1,326 million for 2015, $1,430 million for 2016 and $1,486 million for 2017. The revenue requirements for 2016 and 2017 are estimates that may change based on 2016 and 2017 Rate Orders. On April 23, 2015, the Final Rate Order for 2015 rates was approved by the OEB.

Regulatory Accounting

The OEB has the general power to include or exclude revenues, costs, gains or losses in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate-regulated

accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities that generally represent amounts that are refundable to future electricity customers. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in setting future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

Revenue Recognition

Transmission revenues are collected through OEB-approved rates, which are based on an approved revenue requirement that includes a rate of return. Such revenue is recognized as electricity is transmitted and delivered to customers.

Distribution revenues attributable to the delivery of electricity are based on OEB-approved distribution rates and are recognized on an accrual basis and include billed and unbilled revenues. Billed revenues are based on electricity delivered as measured from customer meters. Unbilled revenues are based on an estimate of electricity delivered determined by historical trends of consumption and are estimated at the end of each month. The unbilled revenue estimate is affected by energy consumption, weather, and changes in the

composition of customer classes.

Distribution revenue also includes an amount relating to rate protection for rural, residential and remote customers, which is received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB.

Revenues also include amounts related to sales of other services and equipment. Such revenue is recognized as services are rendered or as equipment is delivered.

Revenues are recorded net of indirect taxes.

Accounts Receivable and Allowance for Doubtful Accounts

Billed accounts receivable are recorded at the invoiced amount, net of allowance for doubtful accounts. Unbilled accounts receivable are recorded at their estimated value. Overdue amounts related to regulated billings bear interest at OEB-approved
rates. The allowance for doubtful accounts reflects the Company's best estimate of losses on billed accounts receivable balances. The Company estimates the allowance for doubtful accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balances by aging category. Loss rates applied to the accounts receivable balances are based on historical overdue balances, customer payments and write -offs. Accounts receivable are written-off against the allowance when they are deemed uncollectible. The existing allowance for doubtful accounts will continue to be affected by changes in volume, prices and economic conditions.

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001
Tax Year Start: 2015-11-01
Tax Year End: 2015-11-04

Income Taxes

On October 31, 2015, the Company ceased to be exempt from tax under the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario) (Federal Tax Regime). Prior to that date, the Company was required to make payments in lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC) under the Electricity Act, 1998 (Ontario) (PILs Regime). These payments were calculated in accordance with the rules for computing income and other relevant amounts contained in the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario), as modified by the Electricity Act, 1998, and related regulations. Upon exiting the PILs Regime, the Company is required to make corporate income tax payments to the Canada Revenue Agency (CRA) under the Federal Tax Regime.

Current and deferred income taxes are computed based on the tax rates and tax laws enacted at the balance sheet date. Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the "more-likely-than-not" recognition threshold is satisfied and are measured at the largest amount of benefit that has a greater than 50% likelihood of being realized upon settlement. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant management judgment is required to determine recognition thresholds and the related amount of tax benefits to be recognized in the Financial Statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available.

Deferred Income Taxes

Deferred income taxes are provided for using the liability method. Deferred income taxes are recognized based on the estimated future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities in the Financial Statements and their corresponding tax bases.

Deferred income tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is more-likely-than-not that these assets will be realized from taxable income available against which deductible temporary differences can be utilized.

Deferred income taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on the tax rates and tax laws that have been enacted at the balance sheet date. Deferred income taxes that are not included in the rate-setting process are charged or credited to the Statements of Operations and Comprehensive Income (Loss).

If management determines that it is more-likely-than-not that some or all of a deferred income tax asset will not be realized, a valuation allowance is recorded against the deferred income tax asset to report the net asset balance at the amount expected to be realized. Previously unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become more-likely-than-not that the tax benefit will be realized.

The Company records regulatory assets and liabilities associated with deferred income taxes that will be included in the rate-setting process.

The Company uses the flow-through method to account for investment tax credits (ITCs) earned on eligible scientific research and experimental development expenditures, and apprenticeship job creation. Under this method, only non-refundable ITCs are recognized as a reduction to income tax expense.

Inter-company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including Hydro One Networks. The balance in the inter-company demand facility represents the cumulative net effect of all deposits and withdrawals made by the Company to and from the pooled bank accounts. Interest is earned on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. Interest is charged on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent consumables, small spare parts and construction materials held for internal construction and maintenance of property, plant and equipment. These assets are carried at average cost less any impairments recorded.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost, net of customer contributions, and any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the Consolidated Balance Sheets as property, plant and equipment.

The original cost of property, plant and equipment includes direct materials, direct labour (including employee benefits), contracted services, attributable capitalized financing costs, asset retirement costs, and direct and indirect overheads that are related to the capital project or program. Indirect overheads include a portion of corporate costs such as finance, treasury, human resources, information technology and executive costs. Overhead costs, including corporate functions and field services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology.

Property, plant and equipment in service consists of transmission, distribution, communication, administration and service assets and land easements. Property, plant and equipment also includes future use assets, such as land, major components and spare parts, and capitalized project development costs associated with deferred capital projects.

Transmission

Transmission assets include assets used for the transmission of high-voltage electricity, such as transmission lines, support structures, foundations, insulators, connecting hardware and grounding systems, and assets used to step up the voltage of electricity from generating stations for transmission and to step down voltages for distribution, including transformers, circuit breakers

and switches.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices and metering systems.

Communication

Communication assets include the fibre-optic and microwave radio system, optical ground wire, towers, telephone equipment and associated buildings.

Administration and Service

Administration and service assets include administrative buildings, personal computers, transport and work equipment, tools and other minor assets.

Intangible Assets

Intangible assets separately acquired or internally developed are measured on initial recognition at cost, which comprises purchased software, direct labour (including employee benefits), consulting, engineering, overheads and attributable capitalized financing charges. Following initial recognition, intangible assets are carried at cost, net of any accumulated amortization and accumulated impairment losses. The Company's intangible assets primarily represent major computer applications.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment or development of intangible assets. The financing cost of attributable borrowed funds is capitalized as part of the acquisition cost of such assets. The capitalized portion of financing costs is a reduction to financing charges recognized in the Statements of Operations and Comprehensive Income (Loss). Capitalized financing costs are calculated using the Company's weighted average effective cost of debt.

Construction and Development in Progress

Construction and development in progress consists of the capitalized cost of constructed assets that are not yet complete and which have not yet been placed in service.

Depreciation and Amortization

The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight-line basis based on the estimated remaining service life of each asset category, except for transport and work equipment, which is depreciated on a declining balance basis.

The Company periodically initiates an external independent review of its property, plant and equipment and intangible asset depreciation and amortization rates, as required by the OEB. Any changes arising from OEB approval of such a review are implemented on a remaining service life basis,

consistent with their inclusion in electricity rates. The last review resulted in changes to rates effective January 1, 2015. A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

	Average Service Life	Rate (%) Range	Rate (%) Average
Transmission	55 years	1% - 2%	2%
Distribution	46 years	1% - 7%	2%
Communication	16 years	1% - 15%	6%
Administration and service	16 years	3% - 20%	5%

The cost of intangible assets is included primarily within the administration and service classification above. Amortization rate for computer applications software and other intangible assets is 10%.

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, and intangible assets that are normally retired, is charged to accumulated depreciation, with no gain or loss being reflected in results of operations. Where a disposition of property, plant and equipment occurs through sale, a gain or loss is calculated based on proceeds and such gain or loss is included in depreciation expense. Depreciation expense also includes the costs incurred to remove property, plant and equipment where no asset retirement obligations have been recorded.

Goodwill

Goodwill represents the cost of acquired local distribution companies that is

in excess of the fair value of the net identifiable assets acquired at the acquisition date. Goodwill is not included in rate base.

Goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require. The Company performs a qualitative assessment to determine whether it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount. If the Company determines, as a result of its qualitative assessment, that it is not more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, no further testing is required. If the Company determines, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of the applicable reporting unit is less than its carrying amount, a goodwill impairment assessment is performed using a two-step, fair value-based test. The first step compares the fair value of the applicable reporting unit to its carrying amount, including goodwill. If the carrying amount of the applicable reporting unit exceeds its fair value, a second step is performed. The second step requires an allocation of fair value to the individual assets and liabilities using purchase price allocation in order to determine the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss is recorded as a reduction to goodwill and as a charge to results of operations.

Long-Lived Asset Impairment

When circumstances indicate the carrying value of long-lived assets may not be recoverable, the Company evaluates whether the carrying value of such assets, excluding goodwill, has been impaired. For such long-lived assets, the Company evaluates whether impairment may exist by estimating future estimated

undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used to develop estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, an impairment loss is recorded, measured as the excess of the carrying value of the asset over its fair value. As a result, the asset's carrying value is adjusted to its estimated fair value.

The carrying costs of most of Hydro One Networks' long-lived assets are included in rate base where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable. At November 4, 2015 and October 31, 2015, no asset impairment had been recorded.

Costs of Arranging Debt Financing

For financial liabilities classified as other than held-for-trading, the Company defers its proportionate share of the relevant Hydro One external transaction costs related to obtaining debt financing and presents such amounts as deferred debt costs on the Balance Sheets. Deferred debt costs are amortized over the contractual life of the related debt on an effective-interest basis and the amortization is included within financing charges in the Statements of Operations and Comprehensive Income (Loss). Transaction costs for items classified as held-for-trading are expensed immediately.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI). OCI and net income are presented in a single continuous Statement of Operations and Comprehensive Income (Loss).

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; or available-for-sale. Financial assets and liabilities classified as held-for-trading are measured at fair value. All other financial assets and liabilities are measured at amortized cost, except accounts receivable, which are measured at the lower of cost or fair value. Accounts receivable are classified as loans and receivables. The Company considers the carrying amounts of accounts receivable to be reasonable estimates of fair value because of the short time to maturity of these instruments. Provisions for impaired accounts receivable are recognized as adjustments to the allowance for doubtful accounts and are recognized when there is objective evidence that the Company will not be able to collect amounts according to the original terms. All financial instrument transactions are recorded at trade date.

Derivative instruments are measured at fair value. Gains and losses from fair valuation are included within financing charges in the period in which they arise. The Company determines the classification of its financial assets and liabilities at the date of initial recognition. The Company designates certain

of its financial assets and liabilities to be held at fair value, when it is consistent with the Company's risk management policy.

Derivative Instruments and Hedge Accounting

Hydro One closely monitors the risks associated with changes in interest rates on its operations and, where appropriate, uses various derivative instruments to hedge these risks. Certain of these derivative instruments qualify for hedge accounting and are designated as accounting hedges, while others either do not qualify as hedges or have not been designated as hedges (hereinafter referred to as undesignated contracts) as they are part of economic hedge relationships. Hydro One's derivative instruments, or portions thereof, are mirrored down to Hydro One Networks, and are allocated between the Company's transmission and distribution businesses. The derivative instruments are classified as fair value hedges or undesignated contracts, consistent with Hydro One's derivative instruments classification.

The accounting guidance for derivative instruments requires the recognition of all derivative instruments not identified as meeting the normal purchase and sale exemption as either assets or liabilities recorded at fair value on the Balance Sheets. For derivative instruments that qualify for hedge accounting, Hydro One may elect to designate such derivative instruments as either cash flow hedges or fair value hedges. Hydro One offsets fair value amounts recognized in its Balance Sheets related to derivative instruments executed with the same counterparty under the same master netting agreement.

For derivative instruments that qualify for hedge accounting and which are designated as cash flow hedges, the effective portion of any gain or loss, net

of tax, is reported as a component of accumulated OCI (AOCI) and is reclassified to results of operations in the same period or periods during which the hedged transaction affects results of operations. Any gains or losses on the derivative instrument that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in results of operations. For fair value hedges, changes in fair value of both the derivative instrument and the underlying hedged exposure are recognized in the Statement of Operations and Comprehensive Income in the current period. The gain or loss on the derivative instrument is included in the same line item as the offsetting gain or loss on the hedged item in the Statements of Operations and Comprehensive Income. Additionally, Hydro One enters into derivative agreements that are economic hedges that either do not qualify for hedge accounting or have not been designated as hedges. The changes in fair value of these undesignated derivative instruments are reflected in results of operations.

Embedded derivative instruments are separated from their host contracts and carried at fair value on the Balance Sheets when: (a) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract; (b) the hybrid instrument is not measured at fair value, with changes in fair value recognized in results of operations each period; and (c) the embedded derivative itself meets the definition of a derivative. Hydro One does not engage in derivative trading or speculative activities and had no embedded derivatives at November 4, 2015 and October 31, 2015.

Hydro One periodically develops hedging strategies taking into account risk management objectives. At the inception of a hedging relationship where Hydro

One has elected to apply hedge accounting, Hydro One formally documents the relationship between the hedged item and the hedging instrument, the related risk management objective, the nature of the specific risk exposure being hedged, and the method for assessing the effectiveness of the hedging relationship. Hydro One also assesses, both at the inception of the hedge and on a quarterly basis, whether the hedging instruments are effective in offsetting changes in fair values or cash flows of the hedged items.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of the pension, post-retirement and post-employment benefit plans are recorded over the periods during which employees render service.

Hydro One recognizes the funded status of its pension, post-retirement and post-employment plans on its Consolidated Balance Sheets and subsequently recognizes the changes in funded status at the end of each reporting year. Pension, post-retirement and post-employment funds are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized on the Consolidated Balance Sheets of Hydro One for any net underfunded projected benefit obligation. The net underfunded projected benefit obligation may be disclosed as a current liability, long-term liability, or both. The current portion is the amount by which the actuarial present value of benefits included in the benefit obligation payable in the next 12 months exceeds the fair value of plan assets. If the fair value of plan assets exceeds the projected benefit obligation of the plan, an asset is recognized equal to the net overfunded

projected benefit obligation. The post-retirement and post-employment benefit plans are unfunded because there are no related plan assets. The measurement date for the Plans was December 31.

Pension Benefits

Hydro One has a contributory defined benefit pension plan covering most regular employees of Hydro One and its subsidiaries, including Hydro One Networks. The Hydro One pension plan does not segregate assets in a separate account for individual subsidiaries, nor is the obligation of the pension plan allocated to, or funded separately by, entities within the consolidated group. Accordingly, for purposes of these Financial Statements, the pension plan is accounted for as a defined contribution plan and no pension benefit asset or liability is recorded.

A detailed description of Hydro One pension benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.

Post-Retirement and Post-Employment Benefits

Post-retirement and post-employment benefits are recorded and included in rates on an accrual basis. Costs are determined by independent actuaries using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments are amortized to results of operations based on the expected average remaining service period. Hydro One records a regulatory asset equal to the incremental net unfunded projected benefit obligation for post-retirement and post-

employment plans recorded at each year end based on annual actuarial reports.

For post-retirement benefits, all actuarial gains or losses are deferred using the "corridor" approach. The amount calculated above the "corridor" is amortized to results of operations on a straight-line basis over the expected average remaining service life of active employees in the plan and over the remaining life expectancy of inactive employees in the plan. The post-retirement benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the associated regulatory liabilities representing actuarial gains on transition to US GAAP are amortized to results of operations based on the "corridor" approach. Post transition, the actuarial gains and losses on post-employment obligations that are incurred during the year are recognized immediately to results of operations. The post-employment benefit obligation is remeasured to its fair value at each year end based on an annual actuarial report, with an offset to the associated regulatory asset, to the extent of the remeasurement adjustment.

All post-retirement and post-employment future benefit costs are attributed to labour and are either charged to results of operations or capitalized as part of the cost of property, plant and equipment and intangible assets.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in the Pension and Post-Retirement and Post-Employment Benefits note to the Consolidated Financial Statements of Hydro One.

Loss Contingencies

Hydro One and its subsidiaries are involved in certain legal and environmental matters that arise in the normal course of business. In the preparation of its Financial Statements, management makes judgments regarding the future outcome of contingent events and records a loss for a contingency based on its best estimate when it is determined that such loss is probable and the amount of the loss can be reasonably estimated. Where the loss amount is recoverable in future rates, a regulatory asset is also recorded. When a range estimate for the probable loss exists and no amount within the range is a better estimate than any other amount, the Company records a loss at the minimum amount within the range.

Management regularly reviews current information available to determine whether recorded provisions should be adjusted and whether new provisions are required. Estimating probable losses may require analysis of multiple forecasts and scenarios that often depend on judgments about potential actions by third parties, such as federal, provincial and local courts or regulators. Contingent liabilities are often resolved over long periods of time. Amounts recorded in the Financial Statements may differ from the actual outcome once the contingency is resolved. Such differences could have a material impact on future results of operations, financial position and cash flows of the Company.

Provisions are based upon current estimates and are subject to greater uncertainty where the projection period is lengthy. A significant upward or downward trend in the number of claims filed, the nature of the alleged injuries, and the average cost of resolving each claim could change the

estimated provision, as could any substantial adverse or favorable verdict at trial. A federal or provincial legislative outcome or structured settlement could also change the estimated liability. Legal fees are expensed as incurred.

Environmental Liabilities

Environmental liabilities are recorded in respect of past contamination when it is determined that future environmental remediation expenditures are probable under existing statute or regulation and the amount of the future expenditures can be reasonably estimated. Hydro One Networks records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) program and for the phase-out and destruction of polychlorinated biphenyl (PCB)-contaminated mineral oil removed from electrical equipment, based on the present value of these estimated future expenditures. The present value is determined with a discount rate equal to its credit-adjusted risk-free interest rate on financial instruments with comparable maturities to the pattern of future environmental expenditures. As the Company anticipates that the future expenditures will continue to be recoverable in future rates, an offsetting regulatory asset has been recorded to reflect the future recovery of these environmental expenditures from customers. Hydro One Networks reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

Asset Retirement Obligations

AROs are recorded for legal obligations associated with the future removal and

disposal of long-lived assets. Such obligations may result from the acquisition, construction, development and/or normal use of the asset. Conditional AROs are recorded when there is a legal obligation to perform a future asset retirement activity but where the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. In such a case, the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement.

When recording an ARO, the present value of the estimated future expenditures required to complete the asset retirement activity is recorded in the period in which the obligation is incurred, if a reasonable estimate can be made. In general, the present value of the estimated future expenditures is added to the carrying amount of the associated asset and the resulting asset retirement cost is depreciated over the estimated useful life of the asset. Where an asset is no longer in service when an ARO is recorded, the asset retirement cost is recorded in results of operations.

Some transmission and distribution assets, particularly those located on unowned easements and rights-of-way, may have AROs, conditional or otherwise. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms are generally subject to extension or renewal. As the Company expects to use the majority of its facilities in perpetuity, no ARO currently exists for these assets. If, at some future date, a particular facility is shown not to meet the perpetuity assumption, it will be reviewed to determine whether an estimable ARO exists. In such a case, an ARO would be recorded at that time.

Name: HYDRO ONE NETWORKS INC.

BN: 87086 5821 RC 0001
Tax Year Start: 2015-11-01
Tax Year End: 2015-11-04

The Company's AROs recorded to date relate to estimated future expenditures associated with the removal and disposal of asbestos-containing materials installed in some of its facilities and with the decommissioning of specific switching stations located on unowned sites.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Assets – lines 1000 to 2599

1060	1,144,000,000	1061	-64,000,000	1120	19,000,000
1480	54,000,000	1481	19,000,000	1599	1,172,000,000
1900	24,975,000,000	1901	-9,216,000,000	1920	1,318,000,000
2008	26,293,000,000	2009	-9,216,000,000	2010	363,000,000
2012	112,000,000	2178	475,000,000	2420	1,942,000,000
2589	1,942,000,000	2599	20,666,000,000		

Liabilities – lines 2600 to 3499

2620	859,000,000	2629	95,000,000	2700	450,000,000
2860	1,391,000,000	2960	19,000,000	3139	2,814,000,000
3140	7,727,000,000	3240	1,361,000,000	3320	2,044,000,000
3450	11,132,000,000	3499	13,946,000,000		

Shareholder equity – lines 3500 to 3640

3500	5,700,000,000	3541	5,000,000	3580	-9,000,000
3600	1,024,000,000	3620	6,720,000,000	3640	20,666,000,000

Retained earnings – lines 3660 to 3849

3660	1,018,000,000	3680	6,000,000	3849	1,024,000,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

Description

Sequence number 0003 01

Revenue – lines 8000 to 8299

8000	77,000,000	8089	77,000,000	8299	77,000,000

Cost of sales – lines 8300 to 8519

8320	40,000,000	8518	40,000,000	8519	37,000,000

Operating expenses – lines 8520 to 9369

8570	1,000,000	8670	10,000,000	8710	5,000,000
9284	14,000,000	9367	30,000,000	9368	70,000,000
9369	7,000,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	7,000,000	9990	1,000,000	9999	6,000,000

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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				6,313,757 A
Add:				
Provision for income taxes – current	101	1,089,967		
Amortization of tangible assets	104	10,399,985		
Amortization of intangible assets	106	307,170		
Charitable donations and gifts from Schedule 2	112	5,000		
Non-deductible meals and entertainment expenses	121	34,591		
Reserves from financial statements – balance at the end of the year	126	2,050,542,241		
Subtotal of additions		2,062,378,954	▶	2,062,378,954
Other additions:				
Debt issue expense	208	39,810		
Miscellaneous other additions:				
604				
Total	294			
Subtotal of other additions	199	39,810	▶	39,810
Total additions	500	2,062,418,764	▶	2,062,418,764 B
Amount A **plus** amount B				2,068,732,521
Deduct:				
Capital cost allowance from Schedule 8	403	17,272,370		
Cumulative eligible capital deduction from Schedule 10	405	2,974,689		
Deferred and prepaid expenses	409	47,111		
Reserves from financial statements – balance at the beginning of the year	414	2,050,508,096		
Subtotal of deductions		2,070,802,266	▶	2,070,802,266
Other deductions:				
Miscellaneous other deductions:				
700 Income included in OCI	390	4,196		
704 Other deductions (see attached) 17,890				
Total 17,890	394	17,890		
Subtotal of other deductions	499	22,086	▶	22,086
Total deductions	510	2,070,824,352	▶	2,070,824,352
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				-2,091,831

T2 SCH 1 E (12)

Canada

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Amortization of Underwriting fee (GL #761780)	22,483	00
Amortization of Prospectus fee (GL #761790)	2,310	00
Amortization of Upfront Loan fee (included in GL #761730)	11,753	00
Amortization of Hedge Loss (included in GL #761770)	3,264	00
Total	39,810	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title Line 409 – Deferred and prepaid expenses

Description	Amount	
20(1)(e) deduction re: underwriting fees	32,869	00
20(1)(e) deduction re: prospectus fees	1,066	00
20(1)(e) deduction re: upfront loan fees	10,571	00
20(1)(e) deduction re: legal fees for deferred financing	2,605	00
Total	47,111	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Bond Premium/Discount Am	15,514	00
Amortization of Capital contribution (741701)	1,715	00
S 18(9.1) deduction	661	00
Total	17,890	00

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees;
  - the Ontario community food program donation tax credit for farmers;
  - the eligible amount of gifts to Canada, a province, or a territory;
  - the eligible amount of gifts of certified cultural property;
  - the eligible amount of gifts of certified ecologically sensitive land; or
  - the additional deduction for gifts of medicine.
- All legislative references are the federal *Income Tax Act*, unless otherwise specified.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts are eligible for a 5-year carryforward except for gifts of certified ecologically sensitive land made after February 10, 2014, which are eligible for a 10-year carryforward.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Act*.
- Subsection 110.1(1.2) of the federal 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.
- An eligible medical gift to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction 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)
[redacted]	5,000
Subtotal	5,000
Add: Total donations of less than $100 each	
Total donations in current tax year	5,000

Part 1 – Charitable donations

		Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year	240		B		
Add:					
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (enter this amount on line 112 of Schedule 1)	210	5,000		5,000	5,000
Subtotal (line 250 **plus** line 210)		5,000	C	5,000	5,000
Subtotal (amount B **plus** amount C)		5,000	D	5,000	5,000
Deduct: Adjustment for an acquisition of control	255				
Total charitable donations available (amount D **minus** amount on line 255)		5,000	E	5,000	5,000
Deduct: Amount applied in the current year against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount E **minus** amount on line 260)	280	5,000		5,000	5,000
Ontario community food program donation for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262				
Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %)			1		

Enter the amount from line 1 on line 420 of Schedule 5, *Tax Calculation Supplementary – Corporations*. The maximum amount you can claim in the current year is whichever is less; the Ontario income tax otherwise payable or the amount on line 1. For more information, see section 103.1.2 of the *Taxation Act, 2007* (Ontario).

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

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
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 % . . . . . F

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** . . . . . 225 G

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) . . . . . 227 H

The amount of the recapture of capital cost allowance in respect of charitable donations 230

Proceeds of disposition, **less** outlays and expenses** I

Capital cost** . . . . . J

Amount I or J, whichever is less 235

Amount on line 230 or 235, whichever is less . . . . . K

Subtotal (**add** amounts G, H, and K) L

Amount L **multiplied** by 25 % M

Subtotal (amount F **plus** amount M) N

Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less) . . . . . O

* For credit unions, subsection 137(2) states that 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 . . . . . A

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 current tax year . . . . . 340 B

Add:

Gifts to Canada, a province, or a territory transferred on an amalgamation or the wind-up of a subsidiary 350

Total gifts made to Canada, a province, or a territory in the current year* 310

Subtotal (line 350 **plus** line 310) ▶ C

Subtotal (amount B **plus** amount C) D

Deduct:

Adjustment for an acquisition of control 355

Amount applied in the current year against taxable income (enter this amount on line 312 of the T2 return) 360

Subtotal (line 355 **plus** line 360) ▶ E

Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E) 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			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year	440		G		
Add:					
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year	410				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
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			K		
Deduct: Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year	540		L		
Add:					
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land made before February 11, 2014	510				
Total current-year gifts of certified ecologically sensitive land made after February 10, 2014	520				
Subtotal (**add** lines 550, 510, and 520)			M		
Subtotal (amount L **plus** amount M)			N		
Deduct:					
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			O		
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580				

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date . . . . . .

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
7th prior year	2009-12-31			
8th prior year	2008-12-31			
9th prior year	2007-12-31			
10th prior year	2006-12-31			
11th prior year*	2005-12-31			
12th prior year	2004-12-31			
13th prior year	2003-12-31			
14th prior year	2002-12-31			
15th prior year	2001-12-31			
16th prior year	2000-12-31			
17th prior year	1999-12-31			
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during 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.

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			P				
Deduct: Additional deduction for gifts of medicine expired after five tax years	639						
Additional deduction for gifts of medicine at the beginning of the current tax year	640		Q				
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:							1
Proceeds of disposition	602		1		1		2
Cost of gifts of medicine	601		2		2		3
Subtotal (line 1 **minus** line 2)			3		3		4
Line 3 **multiplied** by 50 %			4		4		5
Eligible amount of gifts	600		5		5		

Federal

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year 610 _____

Québec

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

Alberta

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

		Federal		Québec		Alberta
Subtotal (line 650 **plus** line 610)			R			
Subtotal (amount Q **plus** amount R)			S			
Deduct:						
Adjustment for an acquisition of control	655					
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660					
Subtotal (line 655 **plus** line 660)			T			
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680					

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2015-10-31			
2nd prior year	2014-12-31			
3rd prior year	2013-12-31			
4th prior year	2012-12-31			
5th prior year	2011-12-31			
6th prior year*	2010-12-31			
Total				

***** These donations expired in the current year.

Québec – Gifts of musical instruments

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

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2015-10-31	
2nd prior year	2014-12-31	
3rd prior year	2013-12-31	
4th prior year	2012-12-31	
5th prior year	2011-12-31	
6th prior year*	2010-12-31	
7th prior year	2009-12-31	
8th prior year	2008-12-31	
9th prior year	2007-12-31	
10th prior year	2006-12-31	
11th prior year	2005-12-31	
12th prior year	2004-12-31	
13th prior year	2003-12-31	
14th prior year	2002-12-31	
15th prior year	2001-12-31	
16th prior year	2000-12-31	
17th prior year	1999-12-31	
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

T2 SCH 2 E (12/2014)

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

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.
- Column FF – Indicate if the dividends have been received before January 1, 2016, or after December 31, 2015. This information is required to determine the appropriate rate for the Part IV tax calculation.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

Name of payer corporation (from which the corporation received the dividend) 200	A	Complete if payer corporation is connected: B Enter 1 if payer corporation is connected 205	C Business Number of connected corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (See note) 220	E Non-taxable dividend under section 83 230
				Total (enter on line 402 of Schedule 1)	

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

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

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

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

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

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Rate: The Part IV tax rate is 38 1/3% for dividends received after December 31, 2015, and 33 1/3% for dividends received before January 1, 2016.

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 400	Business Number 410	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note) 420	Taxable dividends paid to connected corporations 430	Eligible dividends (included in column D)
1	Hydro One Inc.	86999 4731 RC0001	2015-11-04	10,000,000,000	

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 10,000,000,000

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 10,000,000,000

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) 10,000,000,000

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

Total dividends paid in the tax year 500 10,000,000,000

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 10,000,000,000

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide.*
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		-2,091,831	A
Deduct: (increase a loss)			
Net capital losses deducted in the year (enter as a positive amount)			a
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)			b
Amount of Part VI.1 tax deductible			c
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)			d
Subtotal (total of amounts a to d)			B
Subtotal (amount A **minus** amount B; if positive, enter "0")		-2,091,831	C
Deduct: (increase a loss)			
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions			D
Subtotal (amount C **minus** amount D)		-2,091,831	E
Add: (decrease a loss)			
Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss)			F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")		-2,091,831	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e	
Deduct: Non-capital loss expired*	100		f	
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102			H
Add:				
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	105		g	
Current-year non-capital loss (from amount G)	110	2,091,831	h	
Subtotal (amount g **plus** amount h)		2,091,831		I
Subtotal (amount H **plus** amount I)				J

* A non-capital loss expires as follows:
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i	
Section 80 – Adjustments for forgiven amounts	140		j	
Subsection 111(10) – Adjustments for fuel tax rebate			j.1	
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130		k	
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax**	135		l	
Subtotal (total of amounts i to l)		▶		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)			2,091,831	L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901		m	
Second previous tax year to reduce taxable income	902		n	
Third previous tax year to reduce taxable income	903		o	
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p	
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q	
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r	
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)		▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180		2,091,831	N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		a	
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		b	
Subtotal (amount a **plus** amount b)		▶		A

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	250		c	
Section 80 – Adjustments for forgiven amounts	240		d	
Subtotal (amount c **plus** amount d)		▶		B
Subtotal (amount A **minus** amount B)				C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)	210			D
Unused non-capital losses that expired in the tax year*			e	
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**			f	
Enter amount e or f, whichever is less	215		g	
ABILs expired as non-capital loss: line 215 **divided** by 0.500000	220			E
Subtotal (total of amounts C to E)				F

Note

If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain*** . . . . . 225 _____ G

Capital losses before any request for a carryback (amount F **minus** amount G) _____ H

Deduct – Request to carry back capital loss to**:

	Capital gain (100%)		Amount carried back (100%)	
First previous tax year	_____	951	_____	h
Second previous tax year	_____	952	_____	i
Third previous tax year	_____	953	_____	j
Subtotal (total of amounts h to j)			_____ ▶	_____ I

Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I) 280 _____ J

*** To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**** On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year . . . . . _____ a

Deduct: Farm loss expired* . . . . . 300 _____ b

Farm losses at the beginning of the tax year (amount a **minus** amount b) . . . . . 302 _____ ▶ _____ A

Add:

Farm losses transferred on the amalgamation or the windup of a subsidiary corporation . . . . . 305 _____ c

Current-year farm loss (amount F in Part 1) . . . . . 310 _____ d

Subtotal (amount c **plus** amount d) _____ ▶ _____ B

Subtotal (amount A **plus** amount B) _____ C

Deduct:

Other adjustments (includes adjustments for an acquisition of control) . . . . . 350 _____ e

Section 80 – Adjustments for forgiven amounts . . . . . 340 _____ f

Farm losses of previous tax years applied in the current tax year . . . . . 330 _____ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax** . . . . . 335 _____ h

Subtotal (total of amounts e to h) _____ ▶ _____ D

Farm losses before any request for a carryback (amount C **minus** amount D) _____ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . . 921 _____ i

Second previous tax year to reduce taxable income . . . . . 922 _____ j

Third previous tax year to reduce taxable income . . . . . 923 _____ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 931 _____ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 932 _____ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 933 _____ n

Subtotal (total of amounts i to n) _____ ▶ _____ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) 380 _____ G

* A farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

** Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business . . . . . 485 _____ A

Minus the deductible farm loss:

(amount A above _____ – $2,500) **divided** by 2 = _____ a

Amount a or $ 15,000 *, whichever is less . . . . . _____ ▶ _____ b

2,500 c

Subtotal (amount b **plus** amount c) 2,500 ▶ 2,500 B

Current-year restricted farm loss (amount A **minus** amount B) _____ C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year . . . . . _____ d

Deduct: Restricted farm loss expired** . . . . . 400 _____ e

Restricted farm losses at the beginning of the tax year (amount d **minus** amount e) . . . . . 402 _____ ▶ _____ D

Add:

Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation . . . . . 405 _____ f

Current-year restricted farm loss (from amount C) . . . . . 410 _____ g

Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.

Subtotal (amount f **plus** amount g) _____ ▶ _____ E

Subtotal (amount D **plus** amount E) _____ F

Deduct:

Restricted farm losses from previous tax years applied against current farming income . . . . . 430 _____ h

Enter amount h on line 333 of the T2 return.

Section 80 – Adjustments for forgiven amounts . . . . . 440 _____ i

Other adjustments . . . . . 450 _____ j

Subtotal (total of amounts h to j) _____ ▶ _____ G

Restricted farm losses before any request for a carryback (amount F **minus** amount G) _____ H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income . . . . . 941 _____ k

Second previous tax year to reduce farming income . . . . . 942 _____ l

Third previous tax year to reduce farming income . . . . . 943 _____ m

Subtotal (total of amounts k to m) _____ ▶ _____ I

Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I) 480 _____ J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

** A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a	
Deduct: Listed personal property loss expired after seven tax years	500		b	
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502	▶		A
Add: Current-year listed personal property loss (from Schedule 6)	510			B
Subtotal (amount A **plus** amount B)				C

Deduct:

Previous year personal property losses applied in the current tax year against listed personal property gains Enter amount c on line 655 of Schedule 6.	530		c	
Other adjustments	550		d	
Subtotal (amount c **plus** amount d)		▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)				E

Deduct – Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains	961		e	
Second previous tax year to reduce listed personal property gains	962		f	
Third previous tax year to reduce listed personal property gains	963		g	
Subtotal (total of amounts e to g)		▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)	580			G

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier 600	Tax year ending YYYY/MM/DD 602	Corporation's share of limited partnership loss 604	Corporation's at-risk amount 606	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses 608	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6) 620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier 630	Tax year ending YYYY/MM/DD 632	Limited partnership losses at the end of the previous tax year 634	Corporation's at-risk amount 636	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses 638	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) 650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership identifier 660	Limited partnership losses at the end of the previous tax year 662	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary 664	Current-year limited partnership losses (from line 620) 670	Limited partnership losses applied in the current year (cannot be more than line 650) 675	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) 680

Total (enter this amount on line 335 of the T2 return)

Note

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . . 190 Yes ☐

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	2,091,831			N/A		2,091,831
1st preceding taxation year 2015-10-31		N/A		N/A			
2nd preceding taxation year 2014-12-31		N/A		N/A			
3rd preceding taxation year 2013-12-31		N/A		N/A			
4th preceding taxation year 2012-12-31		N/A		N/A			
5th preceding taxation year 2011-12-31		N/A		N/A			
6th preceding taxation year 2010-12-31		N/A		N/A			
7th preceding taxation year 2009-12-31		N/A		N/A			
8th preceding taxation year 2008-12-31		N/A		N/A			
9th preceding taxation year 2007-12-31		N/A		N/A			
10th preceding taxation year 2006-12-31		N/A		N/A			
11th preceding taxation year 2005-12-31		N/A		N/A			
12th preceding taxation year 2004-12-31		N/A		N/A			
13th preceding taxation year 2003-12-31		N/A		N/A			
14th preceding taxation year 2002-12-31		N/A		N/A			
15th preceding taxation year 2001-12-31		N/A		N/A			
16th preceding taxation year 2000-12-31		N/A		N/A			
17th preceding taxation year 1999-12-31		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		2,091,831					2,091,831

*** This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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

Part 1 – Allocation of taxable income

100 _____ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

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

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

*** 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

Ontario basic income tax (from Schedule 500) 270

Deduct: Ontario small business deduction (from Schedule 500) 402

Subtotal ▶ A6

Add:

Ontario additional tax re Crown royalties (from Schedule 504) 274

Ontario transitional tax debits (from Schedule 506) 276

Recapture of Ontario research and development tax credit (from Schedule 508) 277

Subtotal ▶ B6

Subtotal (amount A6 **plus** amount B6) C6

Deduct:

Ontario resource tax credit (from Schedule 504) 404

Ontario tax credit for manufacturing and processing (from Schedule 502) 406

Ontario foreign tax credit (from Schedule 21) 408

Ontario credit union tax reduction (from Schedule 500) 410

Ontario transitional tax credits (from Schedule 506) 414

Ontario political contributions tax credit (from Schedule 525) 415

Subtotal ▶ D6

Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") E6

Deduct: Ontario research and development tax credit (from Schedule 508) 416

Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0") F6

Deduct:

Ontario corporate minimum tax credit (from Schedule 510) 418

Ontario community food program donation tax credit for farmers (from Schedule 2) 420

Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0") G6

Add:

Ontario corporate minimum tax (from Schedule 510) 278 199,901

Ontario special additional tax on life insurance corporations (from Schedule 512) 280

Subtotal 199,901 ▶ 199,901 H6

Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) 199,901 I6

Deduct:

Ontario qualifying environmental trust tax credit 450

Ontario co-operative education tax credit (from Schedule 550) 452

Ontario apprenticeship training tax credit (from Schedule 552) 454

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

Subtotal ▶ J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) 290 199,901 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** 199,901

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1			5,800,940	5,287,104,609	0	2,900,470	5,290,005,079	4	0	0	2,318,906	5,290,586,643
2.	2				3,256,786,260	0		3,256,786,260	6	0	0	2,141,449	3,254,644,811
3.	3			11,358,453	303,665,553	0	5,679,227	309,344,779	5	0	0	169,504	314,854,502
4.	6			7,898,936	78,894,548	0	3,949,468	82,844,016	10	0	0	90,788	86,702,696
5.	8			77,880,574	104,445,813	0	38,940,287	143,386,100	20	0	0	314,271	182,012,116
6.	9			832,725	18,456,750	0	416,363	18,873,112	25	0	0	51,707	19,237,768
7.	10			63,690,463	303,562,256	0	31,845,232	335,407,487	30	0	0	1,102,710	366,150,009
8.	12			14,895,902	309,217,562	0	7,447,951	316,665,513	100	0	0	3,470,307	320,643,157
9.	17			11,013,905	90,172,211	0	5,506,953	95,679,163	8	0	0	83,883	101,102,233
10.	42			8,858,467	121,530,116	0	4,429,234	125,959,349	12	0	0	165,645	130,222,938
11.	45				24,066,540	0		24,066,540	45	0	0	118,684	23,947,856
12.	46			2,362,721	7,194,198	0	1,181,361	8,375,558	30	0	0	27,536	9,529,383
13.	47			743,976,613	5,931,801,902	0	371,988,307	6,303,790,208	8	0	0	5,526,611	6,670,251,904
14.	50			48,536,772	224,553,024	0	24,268,386	248,821,410	55	0	0	1,499,745	271,590,051
15.	52				15,898,502	0		15,898,502	100	0	0	174,230	15,724,272
16.	13	Atrium on Bay (WBS 300040666)			44,976	0		44,976	NA	0	0	99	44,877
17.	13	Newmarket Garage (WBS 30004			74,875	0		74,875	NA	0	0	164	74,711
18.	13	255 Matheson Mississauga (WBS			741,233	0		741,233	NA	0	0	1,625	739,608
19.	13	Nipigon (WBS 700011829)			87,323	0		87,323	NA	0	0	191	87,132
20.	13	Sudbury (WBS 700010356)			169,607	0		169,607	NA	0	0	186	169,421
21.	13	Lionhead (WBS 700015140)			21,780	0		21,780	NA	0	0	48	21,732
22.	13	Newmarket SC (WBS 700016578		1,864	4,760	0	932	5,692	NA	0	0	10	6,614
23.	13	Orillia Forestry Work Centre (WB		75,801	137,738	0	37,901	175,638	NA	0	0	275	213,264
24.	13	483 Bay Street (WBS 300042991		2,821,855	6,559,870	0	1,410,928	7,970,797	NA	0	0	8,735	9,372,990

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
25.	13	Arnprior Forestry Work Centre (V		55,853	144,071	0	27,927	171,997	NA	0	0	269	199,655
26.	13	Orleans OC (WBS 700010809)		1,457,659		0	728,830	728,829	NA	0	0	4,792	1,452,867
27.	94	CIP	1,341,902,510			0		1,341,902,510	0	0	0		1,341,902,510
28.	93	Future Use Inventory	83,497,543			0		83,497,543	0	0	0		83,497,543
29.	90	Land	1,377,514,476			0		1,377,514,476	0	0	0		1,377,514,476
		Totals	2,802,914,529	1,001,519,503	16,085,336,077		500,759,757	19,389,010,352				17,272,370	19,872,497,739

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

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see *Regulation* 1100(2) and (2.2).

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost. Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

****** 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 (14)

Canada

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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.	HYDRO ONE LIMITED	CA	80512 9962 RC0001	3					
2.	HYDRO ONE INC.	CA	86999 4731 RC0001	1					
3.	2486267 ONTARIO INC	CA	80232 6124 RC0001	3					
4.	2486268 ONTARIO INC	CA	80167 4078 RC0001	3					
5.	HYDRO ONE REMOTE COMMUNITIE	CA	87083 6269 RC0001	3					
6.	HYDRO ONE TELECOM INC.	CA	86800 1066 RC0001	3					
7.	HYDRO ONE TELECOM LINK LIMITE	CA	88786 7513 RC0001	3					
8.	MUNICIPAL BILLING SERVICES INC	CA	87560 6519 RC0001	3					
9.	HYDRO ONE LAKE ERIE LINK MANA	CA	87892 1519 RC0002	3					
10.	1938454 ONTARIO INC.	CA	86391 7795 RC0002	3					
11.	1943404 ONTARIO INC.	CA	86248 6123 RC0002	3					
12.	B2M GP INC.	CA	81838 1840 RC0001	3					
13.	HYDRO ONE B2M HOLDINGS INC	CA	82217 7531 RC0001	3					
14.	HYDRO ONE B2M LP INC.	CA	81838 2046 RC0001	3					
15.	NORFOLK ENERGY INC	CA	86289 0399 RC0001	3					
16.	NORFOLK POWER DISTRIBUTION II	CA	86289 2593 RC0001	2					
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	Woodstock Hydro Services Inc.	CA	89909 5012 RC0001	3					
20.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
21.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
22.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
23.	HYDRO ONE EAST WEST TIE INC.	CA	80105 5880 RC0001	3					

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

T2 SCH 9 (11)

Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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** _____ A

Add: Cost of eligible capital property acquired during the taxation year . . . . . **222** _____

Other adjustments **226** 5,170,292,129

Subtotal (line 222 plus line 226) 5,170,292,129 x 3 / 4 = 3,877,719,097 B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 . . . . . **228** _____ x 1 / 2 = _____ C

amount B minus amount C (if negative, enter "0") 3,877,719,097 ▶ 3,877,719,097 D

Amount transferred on amalgamation or wind-up of subsidiary . . . . . **224** _____ E

Subtotal (add amounts A, D, and E) **230** 3,877,719,097 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year . . . . **242** _____ G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) . . . . . **244** _____ H

Other adjustments . . . . . **246** _____ I

(add amounts G,H, and I) _____ x 3 / 4 = **248** _____ J

Cumulative eligible capital balance (amount F minus amount J) . . . . . 3,877,719,097 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 3,877,719,097

less amount from line 249 _____

Current year deduction . . . . . 3,877,719,097 x 7.00 % = **250** 2,974,689 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 2,974,689 ▶ 2,974,689 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") . . . . . **300** 3,874,744,408 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 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	OPEB Liability Short Term		48,537,000			48,537,000
2	OPEB Liability Long Term		1,555,838,518			1,555,838,518
3	Environmental Short Term		31,071,377			31,071,377
4	Environmental Long Term		188,891,116			188,891,116
5	Contingent Liabilities		12,201,961			12,201,961
6	Regulatory Accounts		198,281,224			198,281,224
7	Tenant Inducement		-2,383,295	31,910		-2,351,385
8	Asset Retirement Obligations		8,797,191	2,235		8,799,426
9	General Bad Debt Reserve		3,908,361			3,908,361
10	Insurance proceeds reserve		5,329,643			5,329,643
11	Non deductible accruals		35,000			35,000
12						
	Reserves from Part 2 of Schedule 13					
	Totals		2,050,508,096	34,145		2,050,542,241

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

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 23

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

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

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

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

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

1 – Associated for purposes of allocating the business limit (unless code 5 applies)

2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction

3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)

4 – Associated non-CCPC

5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

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

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

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

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

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

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

Allocating the business limit

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

Enter the calendar year to which the agreement applies . . . . . **050** Year 2015

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 Association code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	HYDRO ONE NETWORKS INC.	87086 5821 RC0001	1	500,000	100.0000	500,000
2	HYDRO ONE LIMITED	80512 9962 RC0001	1	500,000		
3	HYDRO ONE INC.	86999 4731 RC0001	1	500,000		
4	2486267 ONTARIO INC	80232 6124 RC0001	1	500,000		
5	2486268 ONTARIO INC	80167 4078 RC0001	1	500,000		
6	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	1	500,000		
7	HYDRO ONE TELECOM INC.	86800 1066 RC0001	1	500,000		
8	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	1	500,000		
9	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	1	500,000		
10	HYDRO ONE LAKE ERIE LINK MANAGEMENT IN	87892 1519 RC0002	1	500,000		
11	1938454 ONTARIO INC.	86391 7795 RC0002	1	500,000		
12	1943404 ONTARIO INC.	86248 6123 RC0002	1	500,000		
13	B2M GP INC.	81838 1840 RC0001	1	500,000		

	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	
14	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	1	500,000			
15	HYDRO ONE B2M LP INC.	81838 2046 RC0001	1	500,000			
16	NORFOLK ENERGY INC	86289 0399 RC0001	1	500,000			
17	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	1	500,000			
18	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	1	500,000			
19	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	1	500,000			
20	Woodstock Hydro Services Inc.	89909 5012 RC0001	1	500,000			
21	1937672 ONTARIO INC.	81722 4561 RC0001	1	500,000			
22	1937680 ONTARIO INC.	81930 4924 RC0001	1	500,000			
23	1937681 ONTARIO INC.	81722 4363 RC0001	1	500,000			
24	HYDRO ONE EAST WEST TIE INC.	80105 5880 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% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

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

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

T2 SCH 23 (09)

Canada

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Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101	3,411,542,254	
Capital stock (or members' contributions if incorporated without share capital)	103	5,700,000,000	
Retained earnings	104	1,024,000,000	
Contributed surplus	105	5,000,000	
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	9,623,494,000	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (**add** lines 101 to 112)		19,764,036,254 ▶	19,764,036,254 A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if

a) those lines applied to partnerships in the same manner that they apply to corporations, and

b) those amounts were computed without reference to amounts owing by the partnership

(i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or

(ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1) 19,764,036,254 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121	19,000,000		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		19,000,000 ▶	19,000,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		19,745,036,254	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	6,356,000
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(*d*)), or another partnership described in paragraph 181.2(4)(*d.1*)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	6,356,000

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		19,745,036,254	C
Deduct: Investment allowance for the year (line 490)		6,356,000	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	19,738,680,254	

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 19,738,680,254 x Taxable income earned in Canada / Taxable income **610** 1,000 / 1,000 = **Taxable capital employed in Canada** **690** 19,738,680,254

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** _____

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(*c*) to (*f*)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . . **711** _____

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . . **712** _____

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . . **713** _____

Total deductions (**add** lines 711, 712, and 713) _____ ▶ _____ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . . **790** _____

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . . _____ F

Deduct: . . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") _____ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . . _____ I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Schedule 33 - Supplementary Schedule

Description	Amount	
LT Debt payable within a year (FS)	450,000,000	00
Primary Debt (FS)	7,727,000,000	00
Intercompany demand facility	1,391,000,000	00
Customer deposit (a/c 390000/391010/392000/392010)	48,524,000	00
Banked vacation (a/c 362100)	6,669,000	00
Mark to Market Adjustment (a/c 304300)	301,000	00
Total	9,623,494,000	00

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Schedule 33/CT23 - Supplementary Schedule

Description	Amount	
Prepaid insurance (a/c 277180)	3,506,000	00
Deposit -Bnft Provider (a/c 277290)	958,000	00
OEB Prepaid Expense (a/c 277950)	1,892,000	00
Total	6,356,000	00

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for th

Description	Amount	
Schedule 13 Reserves	2,050,542,254	00
Future Income Tax Liability	1,361,000,000	00
Total	3,411,542,254	00

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	Hydro One Inc.	86999 4731 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

On: 2015-11-04

- 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.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- 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. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ 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 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	1,532,131,967 A
Taxable income for the year (DICs enter "0") *		110		B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120			
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140			
Subtotal (**add** lines 120, 130, and 140)		▶		C
Income taxable at the general corporate rate (amount B **minus** amount C) (if negative enter "0")		150		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	D
Eligible dividends received in the tax year		200		
Dividends deductible under section 113 received in the tax year		210		
Subtotal (line 200 **plus** line 210)		▶		E
GRIP addition:				
Becoming a CCPC (from amount PP in Part 4)		220		
Post-amalgamation (total of amounts EE in Part 3 and amounts PP in Part 4)		230		
Post-wind-up (total of amounts EE in Part 3 and amounts PP in Part 4)		240		
Subtotal (**add** lines 220, 230, and 240)		290	▶	F
Subtotal (**add** amounts A, D, E, and F)				1,532,131,967 G
Eligible dividends paid in the previous tax year		300		
Excessive eligible dividend designations made in the previous tax year		310		
(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 (amount G **minus** amount H) (amount can be negative)			490	1,532,131,967
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	1,532,131,967

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.

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 2015-10-31

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** amounts K1, L1, and M1)		▶	N1
Subtotal (amount J1 **minus** amount N1) (if negative, enter "0")		▶	O1

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

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 . . . . . _____ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ R1

Aggregate investment income (line 440 of the T2 return) . . . . . _____ S1

Subtotal (**add** amounts Q1, R1, and S1) _____ ▶ _____ T1

Subtotal (amount P1 **minus** amount T1) (if negative, enter "0") _____ ▶ _____ U1

Subtotal (amount O1 **minus** amount U1) (if negative, enter "0") _____ V1

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

(amount V1 **multiplied** by 0.72) . . . . . **500** _____

Second previous tax year 2014-12-31

Taxable income before specified future tax consequences from the current tax year . . . . . _____ J2

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ L2

Aggregate investment income (line 440 of the T2 return) . . . . . _____ M2

Subtotal (**add** amounts K2, L2, and M2) _____ ▶ _____ N2

Subtotal (amount J2 **minus** amount N2) (if negative, enter "0") _____ ▶ _____ O2

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 . . . . . _____ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . _____ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . _____ R2

Aggregate investment income (line 440 of the T2 return) . . . . . _____ S2

Subtotal (**add** amounts Q2, R2, and S2) _____ ▶ _____ T2

Subtotal (amount P2 **minus** amount T2) (if negative, enter "0") _____ ▶ _____ U2

Subtotal (amount O2 **minus** amount U2) (if negative, enter "0") _____ V2

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

(amount V2 **multiplied** by 0.72) . . . . . **520** _____

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

Third previous tax year 2013-12-31

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** amounts K3, L3, and M3) _____ ▶ _____ N3

Subtotal (amount J3 **minus** amount 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** amounts Q3, R3, and S3) _____ ▶ _____ T3

Subtotal (amount P3 **minus** amount T3) (if negative, enter "0") _____ ▶ _____ U3

Subtotal (amount O3 **minus** amount U3) (if negative, enter "0") _____ V3

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

(amount V3 **multiplied by** 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 in part 1.

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

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . ☐

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

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

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

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

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

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

Subtotal (amount BB **minus** amount CC) _____ ▶ _____ DD

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

(amount AA **minus** amount DD) . . . . . _____ EE

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

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

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . ☐ Post amalgamation . . . . . ☐ Post wind-up . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

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

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . . _____ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . . _____ GG

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses	_____	a
Net capital losses	_____	b
Farm losses	_____	c
Restricted farm losses	_____	d
Limited partnership losses	_____	e
Subtotal (**add** amounts a to e)	_____ ▶	_____ 1

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses	_____	f
Net capital losses	_____	g
Farm losses	_____	h
Restricted farm losses	_____	i
Limited partnership losses	_____	j
Subtotal (**add** amounts f to j)	_____ ▶	_____ 2

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount 1 **minus** amount 2) _____ ▶ _____ HH

Subtotal (**add** amounts FF, GG, and HH) _____ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . . _____ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . . _____ KK

All the corporation's reserves deducted in its previous/last tax year . . . . . _____ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . . _____ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . . _____ NN

Subtotal (**add** amounts JJ to NN) _____ ▶ _____ OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount II **minus** amount OO) (if negative, enter "0") . . . . . _____ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

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 are to the *Income Tax Act* and the *Income Tax Regulations*.
- 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		10,000,000,000	
Total taxable dividends paid in the tax year	100	10,000,000,000	
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	1,532,131,967	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**.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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	20,666,000,000
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	
Total assets (total of lines 112 to 116)		20,666,000,000
Total revenue of the corporation for the tax year **	142	7,026,250,000
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	
Total revenue (total of lines 142 to 146)		7,026,250,000

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 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	6,313,757
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	1,089,967		
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		1,089,967 ▶		1,089,967 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	7,403,724

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 GIFI (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 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)	515	7,403,724
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	7,403,724

Amount from line 520	7,403,724	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	4	x	4 % =	1
Amount from line 520	7,403,724	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	4 / 4	x	2.7 % = 199,901	2
			Subtotal (amount 1 **plus** amount 2)			199,901	3

Gross CMT: amount on line 3 above x OAF **	540	199,901	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		199,901	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		199,901	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 ***** = _____

Ontario allocation factor	1.00000	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) 199,901

SAT payable (amount O from Part 6 of Schedule 512) . . . . . .

Subtotal 199,901 ▶ 199,901 K

CMT credit carryforward at the end of the tax year (amount J **plus** amount K) . . . . . 670 199,901 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) 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 199,901 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: 199,901 6

Subtotal (if negative, enter "0") ▶ N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . . .

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) . . . . . .

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) . . . . . .

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 include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO ONE NETWORKS INC.	87086 5821 RC0001	2015-11-04

- 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 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	HYDRO ONE LIMITED	80512 9962 RC0001	0	0
2	HYDRO ONE INC.	86999 4731 RC0001	0	0
3	2486267 ONTARIO INC	80232 6124 RC0001	0	0
4	2486268 ONTARIO INC	80167 4078 RC0001	0	0
5	HYDRO ONE REMOTE COMMUNITIES INC.	87083 6269 RC0001	0	0
6	HYDRO ONE TELECOM INC.	86800 1066 RC0001	0	0
7	HYDRO ONE TELECOM LINK LIMITED	88786 7513 RC0001	0	0
8	MUNICIPAL BILLING SERVICES INC	87560 6519 RC0001	0	0
9	HYDRO ONE LAKE ERIE LINK MANAGEMENT INC	87892 1519 RC0002	0	0
10	1938454 ONTARIO INC.	86391 7795 RC0002	0	0
11	1943404 ONTARIO INC.	86248 6123 RC0002	0	0
12	B2M GP INC.	81838 1840 RC0001	0	0
13	HYDRO ONE B2M HOLDINGS INC	82217 7531 RC0001	0	0
14	HYDRO ONE B2M LP INC.	81838 2046 RC0001	0	0
15	NORFOLK ENERGY INC	86289 0399 RC0001	0	0
16	NORFOLK POWER DISTRIBUTION INC	86289 2593 RC0001	0	0
17	HALDIMAND COUNTY ENERGY INC	89076 2412 RC0001	0	0
18	HALDIMAND COUNTY HYDRO INC	89075 9814 RC0001	0	0
19	Woodstock Hydro Services Inc.	89909 5012 RC0001	0	0
20	1937672 ONTARIO INC.	81722 4561 RC0001	0	0
21	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
22	1937681 ONTARIO INC.	81722 4363 RC0001	0	0
23	HYDRO ONE EAST WEST TIE INC.	80105 5880 RC0001	0	0
		Total	450	550

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.

T2 SCH 511

Canada