COST OF SERVICE SUMMARY, COST DRIVERS AND SUMMARY OF OM&A EXPENDITURES

1.0 COST OF SERVICE SUMMARY

This evidence presents an overview of Remotes Cost of Service evidence. The Cost of Service submissions include the following components:

- Operation, Maintenance and Administration expenses;
- Depreciation and Amortization Expense;
- Payments in Lieu of Corporate Income Taxes; and
- External Costs.

Each of these components is separately addressed within the company's evidence. Exhibit reference numbers are provided below.

Remotes' forecast cost of service has been developed consistent with its corporate objectives. The Company's planning process is described in detail at Exhibit B1 and Exhibit A, Tab 7, Schedule 3.

1.1 Operation, Maintenance and Administration Expenses (OM&A)

Total OM&A expenses for the 2018 test year are $50,143K.

Remotes plans and organizes its OM&A expenses on the basis of the various work programs and functions performed by the company. Exhibits in support of OM&A costs have been prepared by program area, and appear within the submitted evidence as follows:

Table 1

OM&A Cost Categories

Program Areas	**2018 Total Cost (in $K)**	**Reference**
Summary of OM&A Expenses	**$50,143**	**Exhibit D1, Tab 1, Sch 1**
Generation	$44,159	Exhibit D1, Tab 1, Sch 2
Distribution	$2,203	Exhibit D1, Tab 1, Sch 3
Customer Care	$1,999	Exhibit D1, Tab 1, Sch 4
Community Relations	$305	Exhibit D1, Tab 1, Sch 5
Shared Services and Other Administrative Costs	$1,342	Exhibit D1, Tab 1, Sch 6
Cost of External Work	$135	Exhibit D1, Tab 2, Sch 1

In order to satisfy the requirements of the *2006 Electricity Distribution Rate Handbook* and the *Filing Requirements for Transmission and Distribution Applications* (updated July 14, 2017) Exhibit D2, Tab 2, Schedule 1 identifies OM&A costs by grouped USofA accounts.

1.2 Resourcing

Labour costs are charged to OM&A and Capital work programs using standard labour rates. The evidence contained at Exhibit D2, Tab 5, Schedule 2 presents staff levels and costs incurred by the company. Exhibit D1, Tab 5, Schedule 1 describes standard labour rates.

1.3 Corporate Cost Allocation

Hydro One Networks Inc. provides common services to Distribution and Transmission and Hydro One Inc. subsidiaries, including Remotes, on a centralized and shared basis. The costs of these services and assets are assigned to business units on the basis of cost causation and benefit. These costs and assets are directly assigned where it is possible to do so.

In 2004, Black & Veatch ("B&V") was engaged by Hydro One to recommend a best practice methodology to distribute Common Corporate Costs to Hydro One and its subsidiaries and partnerships. The methodology is based on clearly articulated shared services and an established cost allocation approach based on cost causality and benefit principles. This Common Corporate Cost Allocation is supported by a recent B&V Review of Common Corporate Costs in 2015 prepared for Hydro One Networks Transmission (EB-2016-0160) and a later Review of Common Corporate Costs prepared for Hydro One Networks Distribution (EB-2017-0049).

The evidence included herein on the allocation of common corporate costs uses this methodology and is shown in Exhibit D1, Tab 5, Schedule 1.

Exhibit C1, Tab 2, Schedule 1 provides evidence regarding the derivation of Overhead Capitalization Rates.

1.4 Depreciation and Amortization Expense

The depreciation expense for Remotes' submission for the 2018 revenue requirement was based on the methodology in an independent study conducted by Foster Associates for Hydro One Remote Communities in 2011 and approved by the Board in EB-2012-0137.

The company is proposing to recover $4,608K in depreciation and amortization expenses. Remotes’ evidence on depreciation expense is filed at Exhibit D1, Tab 6, Schedule 1.

1.5 Income Taxes

Evidence outlining the calculation of Payments of Utility Income Taxes of ($69)K appears at Exhibit D2, Tab 8, Schedule 1.

2.0 SUMMARY OF OM&A EXPENDITURES

The requested OM&A expenditures result from a business planning and work prioritization process that reflects risk-based decision making to ensure that appropriate, environmentally responsible and cost effective solutions are in place. This process is described in detail at Exhibit A, Tab 7, Schedule 3.

The proposed OM&A programs are required to meet public and employee safety objectives, to comply with regulatory requirements and government direction, to protect the environment, to maintain service quality and reliability at targeted performance levels, and to ensure public confidence as stewards of the assets entrusted to us.

Remotes’ OM&A budget is grouped by investment categories: Generation, Distribution, Customer Care, Community Relations, Administration and Other OM&A and External Costs. Table 1 provides a summary of Remotes’ OM&A expenditures for the historical, bridge and test years.

Table 2

Summary of OM&A Budget (in $K)

Description	**Board Approved**	**Historic (Actual)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Generation	36,632	38,522	40,061	36,197	37,662	42,696	44,159
Distribution	2,980	1,461	1,879	2,415	1,992	2,119	2,203
Customer Care	1,903	3,064	1,731	628	1,876	1,892	1,999
Community Relations	750	520	554	291	138	379	305
Shared Services and Other Administrative Costs	1,157	1,439	1,542	1,317	1,487	1,164	1,342
External Costs	61	206	172	265	342	135	135
TOTAL	**43,483**	**45,212**	**45,939**	**41,113**	**43,497**	**48,385**	**50,143**
% Change (year-over-year)	-	*9.8%*	*1.6%*	*-10.5%*	*5.8%*	*11.2%*	*3.6%*
$ Change (Test vs. 2013 Board Approved)	-	-	-	-	-	-	*6,660*
% Change (Test vs. 2013 Board Approved)	-	-	-	-	-	-	*15.3%*

Total OM&A expenditures are expected to increase by 4% or $1,758K over the 2017 to 2018 period. The increase is primarily driven by the cost of diesel fuel.

The cost drivers and detailed descriptions of the work activities in each area of Remotes' OM&A expense and the reasons for the changes in costs over the 2013 to 2018 period are discussed in the schedules that make up Exhibit D1, Tab 1, Schedules 2 to 6.

3.0 GENERATION

The Generation OM&A budget represents costs required to maintain and operate the existing generation stations and associated facilities to meet community loads. The proposed costs are intended to ensure that the overall reliability of the generating assets is maintained and that customer commitments are achieved, and that all legislative, regulatory and safety requirements are met. Details of the expenditures under this program are provided at Exhibit D1, Tab 1, Schedule 2.

4.0 DISTRIBUTION

The Distribution OM&A budget represents planned maintenance, forestry and right-of-way maintenance, trouble response, data collection and system condition assessment, and meter re-verification, testing and checking. The proposed costs are intended to ensure that the overall reliability of the distribution systems is improved, that customer commitments are met, and that all legislative, regulatory, environmental and safety requirements are met. Details of the expenditures under this program are described in detail at Exhibit D1, Tab 1, Schedule 3.

5.0 CUSTOMER CARE

The Customer Care OM&A expenses represent the costs associated with meter reading, customer billing, collections and bad debt expenses. Details of the expenditures under this program are filed at Exhibit D1, Tab 1, Schedule 4.

6.0 COMMUNITY RELATIONS

The Community Relations OM&A work program includes CDM programs, outreach activities, the Customer Advisory Board (“CAB”), and community safety program. Details of the expenditures under this program are filed at Exhibit D1, Tab 1, Schedule 5.

7.0 SHARED SERVICES AND OTHER ADMINISTRATIVE COSTS

The Shared Services and Other Administrative costs include the common corporate functions and services to support the Remotes business, as well as the maintenance of existing infrastructure, including business systems, facilities, and information technology. The common corporate functions and services include the provision of financial, human resource, legal, information technology and strategic planning services. Other OM&A programs also include the credits for overheads capitalized. Details of the expenditures under this program are filed at Exhibit D1, Tab 1, Schedule 6.

8.0 EXTERNAL COSTS

Remotes performs a small amount of unregulated external work. There are three main areas of work: assistance to the Electricity Safety Authority to facilitate inspections of Remotes' distribution systems and of customer installations; maintenance of street lights and First Nation owned generating equipment in Remotes' service territory; and assessments of the Independent Power Authority generating stations (First Nation-owned and operated generating stations in remote communities Remotes does not serve). External work is described in Exhibit D1, Tab 2, Schedule 1.

GENERATION OM&A

1.0 INTRODUCTION

Due to the lack of grid connection, Remotes generates electricity to meet its obligations under section 29 of the *Electricity Act, 1998*. Diesel generation is currently the prime source of electricity within the communities. Remote also owns and operates two run-of-the-river mini-hydro electric generating facilities and has four demonstration project windmills. The feasibility of using further renewable technologies is continually examined as new technologies evolve, but diesel is currently the most reliable and cost effective technology.

There are presently 57 diesel generators in service, ranging in size from 60kW to 1500kW. Most stations have three generators, sized to meet community load at different times of the day. Automated operation ensures that the generation units are run to maximize fuel efficiency by matching the generator size to the community load. Depending on electrical demand, Remotes handles approximately 18 million litres of fuel each year.

Remotes has fuel storage tanks ("tank farms") within each community to ensure adequate diesel fuel supply. Tanks are equipped with measurement and alarm devices to reduce the risk of fuel spills and to enhance fuel control measurement. Most tanks are double-walled to enhance containment.

Due to the high cost of transportation to the communities, Remotes’ staff generally reside in the communities while undertaking planned and unplanned maintenance. Remotes maintains staff houses and trailers at fourteen sites. Commercial accommodations are used at the other sites.

The proposed Generation OM&A expenditures for 2018 are $44,159K and include $27,600K for diesel fuel required to generate electricity. These expenditures are required to meet customer, regulatory and statutory requirements regarding service and reliability.

2.0 OVERVIEW

The Operation and Maintenance spending for historic, bridge and test years are presented in the table below.

Table 1

Generation Operation & Maintenance OM&A (in $K)

Category	**Board Approved**	**Historic (Actual)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Generation Maintenance	6,012	8,648	9,932	8,610	9,574	11,392	11,640
Generation Operations	4,573	4,306	4,260	4,337	4,358	4,819	4,919
Fuel	24,067	25,568	25,869	23,250	23,669	26,485	27,600
Other Power Supply Expenses	1,980	0	0	0	61	0	0
Total	**36,632**	**38,522**	**40,061**	**36,197**	**37,662**	**42,696**	**44,159**

3.0 GENERATION MAINTENANCE

Generation maintenance includes planned and unplanned maintenance related to the generation site, buildings, engines, systems and fuel storage and fuel systems. Planned maintenance prevents premature equipment and system failures and contributes to service reliability. Unplanned maintenance includes maintenance and repair related to trouble reports and equipment or component failures.

As outlined in Exhibit A, Tab 3, Schedule 2 and in the DSP, in response to overall funding constraints, Indigenous and Northern Affairs Canada ("INAC") and Remotes have developed a more incremental approach to funding required upgrades. INAC now funds the cost of replacing an existing engine with a larger engine. In some cases, where engine rooms are too small for the new engine, INAC will also fund the cost to modify the generating station. Adopting this strategy is critical from a customer perspective. Since 2013, eight communities have been in load restrictions, where new services could not be connected to the electrical systems. The shift to more incremental funding has satisfied customer needs and expectations for safe, reliable power and has to date removed connection restrictions in seven communities. A project to remove restrictions is planned in the remaining growth-constrained community. Because the stations are not replaced by INAC as originally planned, investments are still required to maintain aging auxiliary systems and station buildings.

3.1 Maintenance of Diesel Engines

Planned maintenance of diesel engines is prescribed by the engine manufacturer and is required to keep generating units available and operating to meet community load. Intensive maintenance procedures are scheduled based on engine operating hours and vary from year to year. Forecasts of planned maintenance engines are based on forecast engine operating hours, not the age of the unit. Actual engine maintenance performed varies according to actual load in the community and the hours each engine is picked to run by the automated control system. Regular maintenance is also performed on the run-of-the-river hydro stations.

3.2 Maintenance of Plant and Auxiliary Systems

Planned maintenance of plant and auxiliary systems includes inspection and maintenance of: all electrical system and SCADA systems; secondary heating systems; engine fuel controls, primary cooling and ventilation systems; overhead cranes; and mandatory annual inspection and maintenance of fire suppression systems.

The plant auxiliary systems were installed when stations were newly constructed, and must be maintained, tested, inspected and calibrated to keep them in service. As proposed and approved in EB-2012-0137, an ongoing program to meet regulatory requirements for annual certification of fire systems was established in 2013.

3.3 Maintenance of Buildings

Planned maintenance related to structures includes civil repair work (required to maintain all generating station buildings, fences, yard sites and staff houses), annual inspections, and bi-annual sampling of water facilities for the staff houses and generation stations. Delays to station upgrades mean that ongoing civil repair work increases significantly as buildings that were expected to be replaced continue to age and require increased maintenance.

3.4 Maintenance of Tank Farms

Planned maintenance of tank farms includes expenditures required to inspect, maintain and address deficiencies in the generating station fuel offload, bulk storage tanks and fuel transfer equipment in order to keep fuel systems in standard operating condition. Fuel system maintenance is directly related to Remotes’ responsibility for station operation as prescribed in the Electrification Agreements, Canadian Standards Association fuel regulations B-139-15, and Fuel Oil Regulation 212. Liquid Fuels Handling Code, Technical Standards and Safety Association.

3.5 Design, Construction and Asset Management (Engineering) Support

Design, Construction and Asset Management maintenance programs and projects are related to improvements in the efficiency, safety and operation of generation assets and include engineering investigations, electrical drawing projects and renewable energy improvements.

Table 2

Generation Maintenance OM&A (in $K)

Category	Board Approved	Historic (Actual)				Bridge	Test
	2013	2013	2014	2015	2016	2017	2018
Generation Maintenance	6,012	8,648	9,932	8,610	9,574	11,392	11,640

Increases in generation maintenance between the 2013 OEB-approved amounts and 2013 actual amounts are primarily due to higher unplanned maintenance, including unit failures in Weagamow, Deer Lake, Wapekeka and Fort Severn, higher maintenance of auxiliary and plant systems and renewable energy maintenance. Increased building maintenance, electrical station drawing projects and engineering investigations also contributed to this variance, partially offset by lower planned maintenance of engines.

Increases in generation maintenance between 2013 and 2014 are primarily related to higher planned maintenance of engines and increased maintenance of auxiliary and plant systems, which were identified as a leading cause of unplanned generation outages. Increased work on leak detection sensor improvements, engineering investigations, and electrical station drawing projects also contributed to the variance and are partially offset by lower unplanned engine maintenance in 2014 and lower planned and renewable energy maintenance.

Decreases in generation maintenance between 2014 and 2015 are mainly due to a shift in resources to focus on fully recoverable capital upgrade work, lower planned maintenance of engines and lower maintenance of auxiliary and plant systems which was a major focus in 2014. Lower expenditures on unplanned maintenance of engines, leak detection sensor improvements, engineering investigations, and electrical station drawing projects also contributed to this variance. These decreases are offset by higher renewable energy maintenance and increased environmental improvements.

Increases in generation maintenance between 2015 and 2016 are related to higher planned maintenance of engines, unplanned maintenance of engines, and spill detection operational improvements. Increased planned maintenance of buildings, renewable energy maintenance, and engineering investigations also contributed to this variance. These increases are offset by decreased plant maintenance auxiliaries and systems and fewer electrical station drawing projects.

Increases in generation maintenance between 2016 and 2017 bridge year forecast are associated with higher planned maintenance of engines, unplanned maintenance of engines, maintenance of auxiliary and plant systems and safety improvements, engineering investigations, and station electrical drawing projects. These increases are offset by lower planned maintenance of buildings.

Increases in generation maintenance between 2017 bridge year forecast and 2018 test year are associated with higher maintenance of engines, auxiliary and plant systems, and renewable energy maintenance.

4.0 GENERATION OPERATIONS

Generation operations represent expenditures required for safe and reliable day-to-day operation of the generating plants, and are required to keep the generating station and associated facilities in a standard operating condition as required to meet community load. This is associated with Remotes' responsibilities prescribed by the Electrification Agreements, the Certificate of Approval to Operate the Generating Station under the *Environmental Protection Act*, and Section 6.2.27 of the Distribution System Code.

The inaccessibility of its service territory is Remotes' greatest operational risk. Within each community, Remotes contracts for local operators, who perform regular routine inspection and maintenance of equipment at generating facilities including the generating units, auxiliary equipment and the bulk storage tank farm. The operators provide on-site monitoring of fuel deliveries, and the safe handling, transportation and disposal of waste. Operators are also responsible for keeping the stations clean, undertaking filter changes, checking diesel plants and reporting and troubleshooting problems to the Thunder Bay Service Centre. Operators are also responsible for responding to emergencies such as power outages, house fires and spills.

Operations staff in Thunder Bay is responsible for ensuring that the diesel plants operate safely and reliably. Operations staff is also the primary contact for the operators, responsible for supervising and scheduling, developing plant-specific procedures, logistical and troubleshooting support, assisting the operator in emergency response, plant reporting and for ensuring that the operators are competent to perform daily maintenance activities. Operations staff is responsible for conducting and documenting operator training. Each operator must successfully complete a comprehensive on-site training program each year. On average, each operator requires annual refresher training of two weeks to learn to operate the plant systems, respond to emergencies and perform day-to-day maintenance.

Generation operations also include a variety of environmental programs. These programs are conducted to ensure that Remotes complies with all legal and corporate requirements related to environmental protection, including obtaining and respecting Certificates of Approvals and permits for the transportation of dangerous goods and with various reporting requirements under the *Environmental Protection Act.*

In 1999, Remotes developed an Environmental Management System ("EMS") to help improve environmental performance. The EMS is registered to the ISO 14001-2015 standard and requires regular audits, spills prevention, support and training for staff and agents, and internal and public communications.

Generation operations, excluding fuel and power purchases, in the historic, bridge and test years are presented in Table 3 below.

Table 3
Generation Operations OM&A (in $K)

Category	**Board Approved**	**Historic (Actual)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Generation Operations	4,573	4,306	4,260	4,337	4,358	4,819	4,919

Decreases in generation operations between the 2013 OEB-approved amounts and 2013 actual amounts are due to investments in operator training in 2012 and earlier years that led to lower compliance related items and corrective actions, improvements in on-site tools and equipment, and the successful re-negotiation of the winter road contract.

2016 expenditures were lower than planned due to an unanticipated vacancy associated with the long-term illness of one of the two operations officers. Increases in generation operations between 2016 and 2017 relate to renegotiated operator contracts and the re-establishment of two regular operations staff.

5.0 FORECAST OF FUEL USAGE, PRICING AND DELIVERY

Fuel purchases for the historic, bridge and test years are shown in Table 4 below.

Table 4

Fuel Purchases (in $K)

Category	Board Approved	Historic (Actual)				Bridge	Test
	2013	2013	2014	2015	2016	2017	2018
Fuel	24,067	25,568	25,869	23,250	23,669	26,485	27,600

Increases in fuel between the 2013 OEB-approved amounts and 2013 actual amounts are due to increased fuel volumes associated with higher community load, offset by a decrease in unit price. Decreases in fuel between 2014 and 2015 relate primarily to lower unit price. Increases between 2016 and the bridge year 2017 relate primarily to higher unit price. Increases between 2017 bridge year forecast and 2018 test year are due to increased volume and unit price.

Remotes forecasts load in order to plan for and meet customer loads, to estimate customer revenues and to forecast its fuel and maintenance costs. As a result of Remotes' break-even business model, cost and revenue differences between forecast loads and forecast fuel costs do not result in a profit or loss to Remotes, but are added to or drawn from the RRRP Variance Account. The load forecast methodology and statistics related to load forecast are discussed in more detail in Exhibit G1, Tab 1, Schedule 1, and in the supporting schedules to that Exhibit.

5.1 Fuel Usage Forecast

Remotes tracks actual historical data on energy usage by community, customer class, and time period. This historical data provides the baseline starting point for forecasting usage/kWh sold. Adjustments are made to this baseline data on a going-forward basis using average load growth, historical customer growth patterns and seasonality. Feedback is solicited from communities about upcoming construction or community programs that may impact future loads.

The Usage Forecast (kWhs sold) forms the basis of the fuel forecast. Once the usage forecast is established, historic operating fuel efficiency ratios and load loss rates are utilized to forecast generated kWhs and fuel litres required. The fuel forecast is done on a site by site basis, given different load characteristics and plant efficiencies.

Expected fuel commodity prices are based on market prices at the time the forecast is made. Fuel commodity prices are escalated based on Consumer Price Index (“CPI”). As there is no Canadian forecast for diesel fuel commodity prices, commodity pricing is confirmed through a high level analysis of the published fuel indices that are used by each supplier.

The cost of delivery accounts for about 44% of the delivered price of fuel. As a result, supply delivery contract data is critical in developing the forecast costs. Supplier contracts are subject to a competitive tendering process and delivery costs are forecast on the basis of supplier contracts and historical deliveries of winter road fuel. Air delivery typically constitutes about 56% of fuel delivered to Remotes’ communities, followed by all-weather road delivery at 13%, winter road delivery at 18% and First Nation contracts at about 13%.

Table 5

Total Cost of Fuel

Fuel Efficiency (kWh/litre)	3.42
Total litres of fuel issued (in KL)	18,203
Average delivered cost per litre ($)	$1.516
Total Cost of Fuel (in $K)	$27,600

5.2 Fuel Cost Management

Overall fuel costs are affected by three main factors: price, volume and delivery. Two of these factors can be influenced by Remotes, volume and costs of delivery. Remotes has several initiatives underway to address volume. To influence fuel volumes, Remotes makes CDM available to customers, is reinvesting in its Programmable Logic Controller (“PLC”) system and is installing new, more fuel efficient engines when engines are at end of life.

Since 2007, Remotes has been reducing delivery costs, by improving delivery contracts for both air and winter road fuel by improving supplier contracts, requiring that fuel levels are drawn down in advance of winter road openings and by continuing to expand its contracting with First Nation-owned tank farms for the supply and storage of winter road fuel. Fuel commodity prices, on the other hand, are the result of market forces and are not within Remotes’ control.

In order to reduce diesel fuel usage, Remotes has done the following:

- Introduced a CDM program and supported the development of community-led, energy planning discussed in Exhibit D1 Tab 1, Schedule 5;
- Operated and introduced customer-owned Renewable Energy Technologies ("REINDEER program") generation facilities (Exhibit A, Tab 3, Schedule 3);
- Invested in improving fuel generating efficiency through a proactive scheduled maintenance program; and
- Maintained an active generation asset replacement program, and introduced more efficient technology.

In order to mitigate the impact of rising fuel rates Remotes has done the following:

- Negotiated long-term fuel delivery contracts with multiple suppliers;
- Maximized winter road deliveries (cheaper delivery methods) where possible through supplier relationships and improved tank storage; and
- Negotiated an increased number of fuel contracts directly with the First Nation communities with fuel storage on site where Remotes does not have adequate fuel storage facilities to take advantage of winter road delivery pricing.

6.0 POWER PURCHASES

6.1 Shoulderblade Falls Hydroelectric Station

During the 1990s, Ontario Hydro, Deer Lake First Nation and INAC jointly funded the construction of a small hydroelectric station at Shoulderblade Falls as a demonstration of renewable technology in the north. In 1999, Deer Lake and Ontario Hydro agreed that Ontario Hydro would operate the station for ten (10) years and then would transfer ownership to Deer Lake at the end of 2009. Ontario Hydro agreed to pay Deer Lake for purchased power based on the avoided cost of diesel fuel. Remotes inherited this agreement from Ontario Hydro. At the request of Deer Lake First Nation, the transfer of the station was deferred until the end of 2012. At the time of the last filing, Remotes expected to transfer the station to Deer Lake First Nation and to purchase power from the community starting in 2013. The First Nation decided to defer taking over the station for another ten (10) years; therefore, power has not been purchased from the station. In the interim, Remotes pays Deer Lake First Nation $120K per year for the use of the facility and $10K for road maintenance as part of an agreement to share the benefits of the station with the community. The benefit-sharing costs are currently included in generation maintenance. Renewable energy purchased through the REINDEER program is an offset to fuel expense. The REINDEER program is discussed further in Exhibit A, Tab 3, Schedule 3.

Table 6

Shoulderblade Falls Power Purchases

	2013 OEB-Approved	**2013 Actual**
Total MWh purchased	1,881	0
Estimated Cost of Power (in $K)	$612	$0

6.2 Forecast Power Purchases for Grid Connected Communities

Remotes expected to begin serving the communities of Cat Lake and Pikangikum in 2013. Neither community has yet signed an agreement for service with Remotes. Discussions on a service agreement with Cat Lake are currently in abeyance, as the community has requested some time to resolve certain issues with Hydro One Networks. Although discussions on the transfer of service are not currently active, Remotes staff is working with Cat Lake First Nation on a community soil remediation project (some contamination in the community relates related to the old Ontario Hydro generation station), and believes that an agreement for service will eventually be reached.

Pikangikum was unable in 2013 to get the capital required to build a distribution line to the community. In March, 2016, Pikangikum First Nation wrote to Remotes noting that it was working with the Watay project and wished to revive negotiations for a service agreement. Discussions with Pikangikum are currently active and Watay has developed a project plan to connect the community. It is Remotes' expectation that Pikangikum will receive funding for this project and that Remotes will serve the community. However, no revenues or costs associated with service to either Cat Lake or Pikangikum are included in this filing as neither community is currently expected to enter Remotes service territory in 2018.

Table 7

Forecast Purchases by Community (MWhs)

Category	**Board Approved**	**Historic (Actual)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Cat Lake	1,921	0	0	0	0	0	0
Pikangikum	10,682	0	0	0	0	0	0
Total (includes line losses)	12,603	0	0	0	0	0	0
Total Cost of Power (in $K)	$1,980	$0	$0	$0	$0	$0	$0

DISTRIBUTION OM&A

1.0 INTRODUCTION

Remotes served approximately 3,550 customers at the end of 2016 through nineteen isolated distribution systems to serve twenty-one communities. Within each system, Remotes is responsible for transformation, voltage regulation, delivery and metering of power. The distribution systems are isolated, distinct and stand-alone, the result of the distance between each community. These distribution systems operate at distribution voltages ranging from 4.8 kV to 25 kV. The distribution in-service assets maintained by Remotes include approximately 242 kilometers of line and transformers distributed throughout the system, which are used for voltage transformation.

The proposed OM&A expenditures are driven by the need to meet customer, regulatory and statutory requirements regarding service and reliability.

Table 1

Distribution OM&A (in $K)

Category	**Board Approved**	**Historic (Actuals)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Distribution Maintenance	2,679	1,399	1,799	2,216	1,780	2,008	2,087
Distribution Operations	301	62	80	199	212	111	116
Total	**2,980**	**1,461**	**1,879**	**2,415**	**1,992**	**2,119**	**2,203**

Distribution maintenance includes both planned and unplanned maintenance and trouble calls. Unplanned power interruptions on the distribution system generally result from line component failures and contact by trees or animals. Unplanned maintenance is reactive and varies due to external factors such as storms, variability in equipment deterioration and random equipment failures. Planned maintenance includes equipment maintenance that is primarily cyclical in nature, including maintenance of line equipment (reclosers and line regulators).

Distribution maintenance also includes costs associated with metering. Revenue metering is federally regulated under the *Electricity and Gas Inspection Act* and is governed by Measurement Canada. Under Measurement Canada regulations, all revenue meters must be approved and routinely inspected and maintained. Remotes complies with Measurement Canada rules and regulations. Based on Measurement Canada rules, meters must regularly be removed from service to verify that they are performing accurately and within specifications. Electricity customers require a meter to measure their electricity usage, and the proper functioning of billing meters is essential to ensure customers are neither overbilled nor underbilled.

Distribution operations includes data collection and system condition assessment used to plan corrective and preventative maintenance, joint use activities and engineering support for distribution. The Distribution System Code requires that all local distribution companies assess the condition of its assets and patrol their distribution lines to identify structural problems, damaged equipment and components that may cause a power interruption, as well as any hazards such as leaning poles, damaged equipment enclosures and vandalism.

Distribution maintenance in 2013 was lower than the OEB-approved 2013 level primarily due to the delay in reaching service agreements with Cat Lake and Pikangikum. The cancellation of collection trips due to the implementation of the CIS project also contributed to the lower than planned spending.

Higher distribution maintenance expenditures in 2014 compared to 2013, primarily reflect the resumption of collection trips after CIS stabilization and increased planned forestry activities, partially offset by lower trouble calls.

Higher distribution maintenance expenditures in 2015 compared to 2014 primarily reflect increased trouble response, planned maintenance, and forestry activities. Increased distribution operations expenditures in 2015 compared to 2014 reflect increased costs related to a project to automate distribution data collection.

Lower distribution maintenance in 2016 compared to 2015 primarily reflects a decrease in planned forestry activities.

Higher distribution maintenance in 2017 compared to 2016 primarily reflects an increase in planned forestry activities. Remotes is currently on track to complete the planned distribution maintenance in 2017.

CUSTOMER CARE OM&A

1.0 INTRODUCTION

Remotes provides general customer account services including in-community customer service activities to all customers connected to its distribution system. These services are established by Remotes' Distribution Licence, rate schedules, and in the Codes and Rules established by the Board, and are documented in Remotes' Conditions of Service. Remotes' customer care team is responsible for billing, collections, meter reading, and responding to customer inquiries and complaints.

The Customer Care spending for historic, bridge and test years is shown in Table 1 below. Bad Debt expense is included in the Customer Care OM&A category.

Table 1
Customer Care OM&A (in $K)

Category	**Board Approved**	**Historic (Actuals)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Customer Care	1,855	2,844	1,906	1,733	1,897	1,857	1,939
Bad Debt	48	220	(175)	(1,105)	(21)	35	60
Total	**1,903**	**3,064**	**1,731**	**628**	**1,876**	**1,892**	**1,999**

2.0 CUSTOMER CARE

Customer care expenses include costs to read meters, bill customers, collect on outstanding accounts and respond to customer inquiries. Remotes has two staff in the Thunder Bay service centre who are responsible for entering meter readings into the Customer Service System, answering customer calls and inquiries, entering bill payments, organizing collection trips, contacting customers and Band Councils prior to collection activity and negotiating payment arrangements. Field staff undertake collection activities in the communities. Meter reading is contracted out through Band Councils to individuals in the communities.

Higher customer care spending in 2013 compared to the Board-approved 2013 level, is due to Remotes' involvement in the project design and implementation of the CIS billing system. Lower customer care spending in 2014 compared to 2013 reflects the implementation of the CIS billing system in 2013 as required involvement in the project wound down.

3.0 BAD DEBIT

Bad debt expense is made up of direct write-offs offset by recoveries, plus adjustments to the provision for bad debts. The bad debt allowance is based on a combination of applying a model percentage against outstanding energy accounts receivables and specific identification of high risk receivables. The provision is an allowance taken against receivables where full recovery is in doubt and is determined using allowance rates on previous actual payment history, the normal payment curve and specific adjustments for large or unusual receivables based on management judgment. Adjustments to this allowance are charged to bad debt expense when outstanding receivables increase. When outstanding balances are reduced, the provision is reduced and the adjustments are credited to bad debts.

Credits to bad debt expense in 2014 and 2016 reflect Remotes' success in negotiating payment arrangements with First Nation Band Councils. The credit in 2015 primarily reflects the successful early completion of a long term payment plan. Since January 2013, outstanding First Nation accounts receivable have been reduced from $4,407K to $2,613K in December 2016, when most First Nations had successfully completed their payment plans. As a result of these successful payment arrangements, the provision has been reduced. Bad debt expense is expected to increase to reflect the conclusion of most of these payment plans in the bridge and test years.

COMMUNITY RELATIONS OM&A

Community Relations expenses include various customer outreach activities, including a Conservation and Demand Management (CDM) program, the Customer Advisory Board (CAB) and public safety measures such as the joint use program.

Table 1
Community Relations ($K)

Category	Board Approved	Historic (Actuals)				Bridge	Test
	2013	2013	2014	2015	2016	2017	2018
Total	**750**	**520**	**554**	**291**	**138**	**379**	**305**

Until 2016, CDM was the largest element of Remotes' Community Relations activities. Between 2011 and 2014 CDM activities were carried out by the Remotes' Conservation and Renewable Energy ("CaRE") officer. Most of Remotes' customers are residential, therefore the program focused on residential conservation. In 2013, Remotes' customers also benefited from an Ontario Power Authority ("OPA") Program that also focused on residential customer conservation. Between the two programs, most customers participated in programs that were designed to develop sustainable conservation by developing local expertise and buy-in, and from access to energy efficient products and appliances.

In 2013 and 2014, the OPA and the federal government also sponsored the development of community energy plans in various communities that Remotes serves. Remotes supported this work by offering advice and information on usage and costs. These energy plans included conservation, but also focused on renewable energy development, alternatives to diesel fuel and the potential for grid access. By 2015, most Band Councils expressed a preference for Remotes to focus on activities related to grid-readiness and on opportunities for renewable energy development. Where conservation was seen as a priority, it was directed toward Band accounts (i.e., Standard A customers) as these rates are much higher and were making it difficult for Band Councils to pay their bills. Remotes therefore decided to continue to offer residential programs through an application based program, and to also offer its commercial customers separate application-based programs. The move to application-based programs resulted in lower program spending part way through 2015 and 2016 and is also reflected in the bridge and test years.

Other Community Relations activities include Remotes' Customer Advisory Board ("CAB"), customer research activities, customer communications and community relations expenses such as community meetings. Remotes surveys its customers and Band Councils annually to discuss service satisfaction, planned program activities, areas that services can be improved and related matters. Customer communications includes bill inserts and other mailings to customers. Community relations activities include community meetings and other outreach activities to discuss service issues. CAB members are residential and commercial customers from within Remotes' service territory. The CAB offers advice on service policies and procedures, and ways to improve services within the communities. Costs for this program are related primarily to meeting facilities, transportation to meetings and travel expenses for CAB members. See Exhibit A, Tab 4, Schedule 1 - Customer Service and Engagement Strategy for information on CAB discussions.

Variances from 2014 to 2016 relate to reduced spending on CDM activities. The CDM expenditure level is expected to return to the normal level in 2017. Variances from 2017 to 2018 relate to an expected increase in uptake of conservation programs and a small increase in community outreach activities related to public safety and community meetings.

SHARED SERVICES AND OTHER ADMINISTRATIVE COSTS

1.0 SHARED SERVICES

The shared service model allows for the delivery of specialized services performed by Hydro One without replicating these functions within each separate subsidiary. Shared Services include common corporate functions and services ("CCF&S"), telecommunications, enterprise technology, supply management services and the use of assets.

Benefits to Remotes include the following:

- Ensures availability of required specialised professional expertise and resources in diverse areas;
- Ensures application of consistent policies, governance frameworks, business processes;
- Rationalizes and offers consistent levels of service across all Hydro One subsidiaries irrespective of size (human resources, pay and financial services, infrastructure support);
- Uses common technology systems and platforms providing better access to high quality and accurate information and to required services; and
- Allows Remotes to benefit from economies of scale in such areas as accounts payable processing, procurement processes and management of supplier relationships.

Table 1

Remotes' Shared Services (in $K)

Description	Historic					Bridge	Test
	2013 OEB Approved	2013	2014	2015	2016	2017	2018
CCF&S	905	868	993	956	1,144	1,032	1,027
Enterprise Technology Services	217	213	219	266	219	145	135
Telecommunications Services	118	124	125	140	135	141	140
System Services & Lease of Computer Equipment	180	219	299	299	276	261	261
Customer System Operations	53	54	39	43	43	46	47
Total Shared Services	**1,473**	**1,478**	**1,675**	**1,704**	**1,817**	**1,625**	**1,610**
Supply Chain Services	77	76	76	76	76	76	76
Total	**1,550**	**1,554**	**1,751**	**1,780**	**1,893**	**1,701**	**1,686**

CCF&S are also discussed in Exhibit A, Tab 6, Schedule 1, and include Corporate Management, Finance, Outsourcing Services, Internal Audit, Tax, Legal, Corporate Secretariat, Regulatory, Corporate Communications and Services, First Nation and Metis Relations, Security, Human Resources and Labour Relations.

2.0 OTHER ADMINISTRATIVE COSTS

Other Administrative Costs include Remotes' project costs, Ontario Energy Board cost assessment, costs awards and proceeding-specific costs and expenses related to the

OEB's Low-Income Emergency Assistance Program. No political or charitable donations have been made or are planned for recovery.

Table 2
Other Administrative Costs (in $K)

Description	Historic					Bridge	Test
	OEB Approved	2013	2014	2015	2016	2017	2018
OEB Initiated Regulatory Expenses	86	122	129	142	68	40	50
Applicant Driven Regulatory Expenses	54	140	9	0	0	90	125
Low-Income Energy Assistance Program (LEAP)	52	52	52	52	52	52	52
Total	**192**	**314**	**190**	**194**	**120**	**182**	**227**

Regulatory expenses include the Ontario Energy Board's allocation of its expenses to Remotes and Section 30 costs associated with OEB led proceedings. Year over year variances in 2013, 2014 and 2015 relate primarily to differences in OEB initiated Section 30 costs. Variances between 2015 and subsequent years relate to the new cost allocation methodology adopted by the Board. Variances between 2013 OEB-approved and 2013 actual amounts reflect intervenor costs for EB-2011-0021 and EB-2012-0137. Increased expenses in 2017 reflect the cost for Notice and for consultant support for the DSP. Test year expenses primarily reflect expected intervenor cost awards. Details related to these costs are shown in Exhibit D2, Tab 6, Schedule 1.

LEAP is an OEB directed initiative, which started in 2011.

3.0 TOTAL SHARED SERVICES AND OTHER ADMINISTRATION

Total Shared Services and Other Administration include credits associated with direct program assignments, non-energy bad debts and capitalized overheads.

Direct Program Assignments are services that can be directly assigned to an OM&A program, such as billing. These are deducted from Shared Services and Administration. Non-energy bad debts are also removed and are included in Customer Care (Exhibit E1 Tab 1, Schedule 4).

Capitalized Overheads are the portion of Common Corporate Costs attributable to overhead and indirect costs related to capital projects that are capitalized, as discussed in Exhibit C1, Tab 2, Schedule 1 and are deducted from Shared Services and Other Costs.

Table 3

Total Shared Services and Other Administrative Costs (in $K)

Description	**Historic**					**Bridge**	**Test**
	2013 OEB Approved	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Shared Services	1,550	1,554	1,751	1,780	1,893	1,701	1,686
Other Administrative Costs	192	314	190	194	120	182	227
Total	**1,742**	**1,868**	**1,941**	**1,974**	**2,013**	**1,883**	**1,915**
Less Direct Program Assignments	(130)	(130)	(115)	(119)	(119)	(122)	(123)
Less Capitalized Overheads	(455)	(320)	(342)	(556)	(410)	(562)	(448)
Total Shared Services and Other Administration	**1,157**	**1,418**	**1,484**	**1,299**	**1,484**	**1,199**	**1,342**

COST OF EXTERNAL WORK

1.0 OVERVIEW

Remotes performs a small amount of external work for other parties. The main areas of work are: 1) assistance to the Electricity Safety Authority and other parties to facilitate their work in the communities; 2) maintenance activities (streetlights and First Nation-owned generating equipment in Remotes' service territory) and engineering design and assessments related to the connection and integration of renewable generation to Remotes' electricity distribution and generating systems; and 3) assessments of the Independent Power Authority ("IPA") generating stations (First Nation owned and-operated generating stations in remote communities that Remotes does not serve).

Assessments of IPA assets are undertaken from time to time in cooperation with Wataay/OSLP ("Opiikapawin Services Limited Partnership"), Indigenous and Northern Affairs Canada ("INAC") and the local community. Assessments identify operational risks and efficiency measures that could be undertaken by INAC or the local First Nation. Connection impact assessments for renewable energy facilities wishing to connect to Remotes' distribution systems may also include engineering design work associated with integration with the existing diesel plant, depending on the size of the installation.

Costs related to external work are shown in Table 1. Revenues from external work are an offset to the revenue requirement and are discussed in Exhibit G1, Tab 3, Schedule 1.

Table 1

Costs Related to External, Unregulated Work (in $K)

Category	**Board Approved**	**Historic (Actuals)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Total	**61**	**206**	**172**	**265**	**342**	**135**	**135**

The increase in external costs from 2013 OEB-approved to 2013 actuals is due to connection and commissioning of the temporary trailer in the community of Weagamow. Higher external costs in 2015 as compared to 2014 are due to higher ESA requests and the completion of a tank farm in the community of Sachigo. Higher external work in 2016 compared to 2015 due to the completion of a street light retrofit in the community of Weagamow and engineering design work associated with customer-owned renewable energy facilities. Lower external costs in 2017 and 2018 result primarily from fewer projected customer impact/system assessments related to renewable energy and fewer expected IPA community assessments.

CORPORATE STAFFING

1.0 STAFFING STRATEGY AND OVERVIEW

Remotes' work is performed by regular staff, hiring hall staff, co-op students and summer students, services purchased from Hydro One Networks Inc., contracts with external firms who provide environmental services and by contracts for services with local communities, for agents and meter readers, and for casual resources related to land assessment and remediation, construction and CDM projects. Over 40% of Remotes' work is performed by non-regular resources.

Remotes has fifty-one full-time, regular staff. Remotes' work program has increased significantly over the past four years. Most of the increased work program has been handled through non-regular staff. Additional resources used to supplement Remotes' regular employees include casual skilled trades staff contracted through the Hiring Hall (Power Workers' Union) and temporary staff. Together with students and apprentices, Remotes employs approximately ten full-time equivalent hiring hall staff, apprentices and students each year.

Remotes staff complement performs the following functions: design and manage generation and distribution assets, construction planning, project management and commissioning, environmental management and support services, financial support and services, regulatory support and services, customer outreach, contact and billing/collection services, program management, work execution, planning and management/supervision, skilled electrical and mechanical trades work and fuel and material inventory management.

Due to the nature of Remotes' service territory, extensive travel and time away from home may be required. Staff retention and recruitment can therefore be challenging. Additionally, about 41% of Remotes employees are eligible for an undiscounted retirement over the next five years. Remotes has a number of regular staff positions that are essentially "one of" positions. If an employee leaves the company to retire or pursue other opportunities, Remotes' work program can be negatively affected until the job duties are mastered by the departing employee's replacement.

To address the training risk associated with staff retirements, Remotes creates succession plans for key employees and attempts to offer some overlap between new employees and retiring employees so that a skill and knowledge transfer can take place. Remotes also participates in Hydro One Networks Inc. established recruitment, apprenticeship and training programs, and benefits from opportunities to employ skilled staff on a temporary basis (on rotations for example). Three full-time equivalent apprentices and three full time equivalent co-op/summer students are used to supplement regular and hiring hall (casual) staff resources.

Contracts with First Nation Agents/Operators through Band offices provide the following functions: minor maintenance on diesel generators; initial emergency response and assessment; fuel delivery, receipting and inventory monitoring; diesel station and staff house janitorial work; line switching in the event of a house fire; and meter reading. External workers are also secured through Band offices for translation and logistical assistance for community/customer meetings, to work on construction projects and on Land Assessment and Remediation projects.

Remotes also contracts with Hydro One Networks Inc. for various services. These contracts give Remotes access to a greater pool of employees than would otherwise be the case for a small utility. Remotes also secures lines and trouble response services, forestry services, purchasing services, legal services, information technology services, corporate accounting services, safety and work methods and training services from Hydro One Networks Inc. under Service Level Agreements. These agreements allow Remotes to supplement their regular staff and to access professional and trades staff required on a less than full-time basis.

2.0 STAFFING STRUCTURE

There are seven main categories of labor resources:

(i) PWU-represented staff: The PWU is an industrial union that represents the trades, technicians and clerical workers. Within Remotes, PWU staff perform line work, electrical, mechanical, protection and control, civil, stock keeping, other technical and clerical/administrative work. These include Hydro One electrical maintainers, line maintainers, mechanical maintainers, engineering technicians and administrative employees.

(ii) Society-represented staff: The Society is a professional union that represents engineers, accounting, technical, administrative and supervisory staff. They perform engineering, high level technical and administrative work as well as supervisory functions.

(iii) Management staff are excluded from representation because they carry out managerial duties or work on confidential labour relations matters or legal matters.

(iv) Temporary Employees who are employees performing work in any of the three categories set out above and who are engaged in work that is not of a continuing nature.

(v) Contracted Staff are individuals engaged as independent contractors and are not on Remotes' payroll. They are engaged for varying amounts of time and paid varying amounts commensurate with their skill sets and the market rate for that skill.

Contract staff are tracked and charged to Remotes by work programs or activities and not by headcount. Where applicable, the procurement of contract staff is governed by the terms of the collective agreements between the Corporation and its respective unions.

(vi) Station operator agents and meter readers are community-based resources normally contracted through the local Band Council. Station operators are responsible for routine inspections of the diesel plants; minor maintenance such as changing oil filters; reporting station problems to the Thunder Bay service centre; monitoring fuel deliveries; emergency response; and the safe handling and disposal of waste. Remotes has an agent and a back-up agent for each station. Meter readers are responsible for reading meters and for reporting meter readings to the Thunder Bay Service Centre. Remotes has a meter reader in each community.

(vii) Casual workers are used for building projects, Land Assessment and Remediation projects and CDM projects. Casual workers may be acquired through the PWU hiring hall, or contracted through local Band Councils, depending on the type of work and skills available in the community.

As a subsidiary of Hydro One, Remotes is subject to the same collective agreements as Hydro One Networks Distribution and Transmission. PWU and Society-represented staff are compensated in accordance with the collective agreements negotiated by Hydro One. Remotes' Management Staff are non-Executive management and are compensated through base salaries and a short-term incentive plan that rewards performance. Detailed information on wages, salaries and overtime payments related to regular, temporary and hiring hall employees can be found in Exhibit D2, Tab 5, Schedules 1 and 2.

PENSION AND BENEFIT COSTS (“OPEBS”)

1.0 PENSION COSTS

Remotes is a participant in the Hydro One Pension Plan (“the Plan”). The Plan is a contributory, defined-benefit pension plan whose members are comprised of 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 Hydro One Sault St. Marie Transmission. 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 Remotes, the Plan is accounted for as a defined contribution plan and no deferred pension asset or liability is recorded on Remotes’ financial statements.

Hydro One recovers its pension expense on a cash basis. Hydro One believes this method is more beneficial to its customers than the accrual method because it results in a lower cost recovered through rates. The cash method is also more predictable, allowing Hydro One to forecast the effect on rates for up to a three-year period.

The Board has previously accepted cash payments related to pension obligations to be included in revenue requirement (RP-1998-0001) for Hydro One and its subsidiaries, and has approved full recovery of these cash payments in various proceedings since then. The Board and intervenors accepted this treatment for Remotes’ pension obligations in EB-2012-0137.

For Remotes, the charge to be recovered through rates in 2018 is $1,707K provided in Table 1 below.

Table 1

Pension Costs (in $K)

Category	**Board Approved**	**Historic (Actual)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
OM&A	799	1,064	1,198	1,084	712	1,149	1,220
Capital	401	338	347	464	285	552	487
Total	**1,200**	**1,401**	**1,545**	**1,548**	**997**	**1,701**	**1,707**

2.0 ACTUARIAL CALCULATION

The most recent actuarial valuation for the Plan was as at December 31, 2016. In May 2017, Hydro One filed this actuarial valuation with the Financial Services Commission of Ontario (“FSCO”). The valuation showed that the Plan had a surplus of $434 million, on a going-concern basis. Starting in 2017, the required contribution for the Hydro One companies was set at $73 million, variable based on the level of base pensionable earnings. In accordance with applicable regulations, Hydro One makes all required contributions on a monthly basis.

Hydro One’s next actuarial valuation is required by December 31, 2019. The valuation will depend on investment returns, changes in benefits, and actuarial assumptions.

During 2014, 2015 and 2016, actual contributions were $174 million, $177 million, and $110 million, respectively. Actual contribution requirements in 2018 may differ depending on the level of base pension earnings used to compute the monthly contribution.

3.0 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, 2016, the Plan had a reported net asset value of $6,870 million and about 13,087 members. Approximately 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, 2016, the Fund returned 7.04% annualized while the Fund's target benchmark is 6.80%, thus outperforming its target benchmark return by 0.24%. 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.

4.0 DEFINED CONTRIBUTION PENSION PLAN

Effective January 1, 2016, Hydro One introduced a Defined Contribution Pension Plan ("the DC Plan"). The DC Plan allows eligible employees to contribute up to 6% of their pensionable earnings with a 100% match of contributions by Hydro One. The DC Plan is open to all new MCP employees, who are no longer eligible to participate in the Plan.

5.0 OTHER POST-EMPLOYMENT BENEFITS ("OPEB") COSTS

Hydro One utilizes the accrual method for accounting of OPEBs costs. The accrual method is appropriate because it reflects the costs incurred during the time period and, as such, more accurately attributes those costs to the appropriate ratepayers. Table 2 summarizes historical and forecast OPEB costs included in rates.

Table 2

OPEB Costs Included in Rates (in $K)

Amounts Included in Rates	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
OM&A	775	941	760	866	846	909	**5,096**
Capital (Note 1)	250	272	325	347	406	363	**1,963**
Total	**1,025**	**1,213**	**1,085**	**1,213**	**1,252**	**1,272**	**7,059**
Paid Benefits Amounts	264	91	51	63	576	605	**1,650**
Net Excess - amount included in rates vs. amount actually paid	761	1,122	1,034	1,150	676	667	**5,409**

Note 1 – The Capital component of OPEB costs is recovered over the useful life of the assets to which it is capitalized and not in the years noted. Therefore, the Net Excess as noted does not represent the excess recovery in each year.

In March 2017, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard's Update (ASU 2017-07) that affects the accounting for pensions and OPEBs effective January 1, 2018.

As part of ASU 2017-07, Topic 715 – Compensation – Retirement Benefits of the US GAAP Accounting Standards Codification has been amended. The amendments allow only the service cost component of the net periodic pension cost and net periodic post-retirement benefit cost to be eligible for capitalization when applicable. For rate-setting purposes, Remotes accounts for its pension costs on a cash basis and therefore this amendment is not anticipated to affect the amounts included in this application. The changes to the accounting for OPEB, which Remotes accounts for on an accrual basis for rate-setting purposes, will affect this application.

The re-classification of these elements to OM&A would have an adverse impact on rates in a given year. As Remotes operates on a break-even basis, the net periodic post-retirement benefit cost other than service cost that would have been classified as capital prior to the issuance of ASU 2017-07 will flow through the RRRP account effective January 1, 2018.

COSTING OF WORK

1.0 OVERVIEW

Remotes' work program costs are comprised primarily of expenditures associated with labour, equipment, material acquisition and sundry. Consistent with common industry practice, trade labour and equipment hours are distributed directly to benefiting programs and projects by weekly time-entry. 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 to the benefiting work.

In terms of material and contract costs, a material surcharge is included in this cost category to capture material and contract services procurement costs benefiting the particular program or project. In the case of distribution capital projects and external sales, a freight surcharge is also included to distribute the freight costs associated with the winter road delivery of distribution line materials into the remote communities.

As thirteen of the communities Remotes serves are not accessible by year-round road, staff, equipment and cargo are transported to the communities by aircraft. Remotes contracts out the passenger and cargo transportation services. Flight costs are charged to the project that the personnel are working on. Cost efficiencies achieved by co-ordination of work crew scheduling are captured whenever possible.

Remotes staff most often stay several days at a time in the company's staff house in the remote community in which they are working. To efficiently reflect the cost of food to direct work, food expense is allocated to all projects in which there are labour hours incurred by trade and technical staff. This cost is implicit in the labour rate ("fully loaded") and is $5 per hour in the test year.

In terms of estimating and costing capital work, there may be circumstances when removal costs or customer contributions need to be separately identified. The cost of removal work is accounted for as Depreciation and Amortization and customer contributions are netted against the gross capital costs. Capital work also receives a monthly charge for its share of Corporate Common Functions and Services, overhead costs and capitalized interest where applicable.

2.0 PROJECT / PROGRAM MAJOR COST CATEGORIES

2.1 Standard Labour Rates

On an annual basis, Remotes' 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 costs include allowances (as per negotiated contracts), company benefits, Government obligations and contractual time away from work (vacation, statutory holidays, sick leave) along with assigned Remote administrative costs. Those total payable costs are divided by the forecast billable hours, to create the Remotes standard labour rates. The cost elements embedded in the standard rate are illustrated in Table 1 and explained in the pages following, using the Remotes Technician rate as an example.

Table 1

Remote Communities Technician (Regular Staff) 2018 Forecasted Labour Rate

Rate Component	**Billable $ per Hr.**
Meal Surcharge	$5
Payroll Obligations	$70
Non-Labour Administration Costs	$13
Non-Project, Administration, Management and Support Services Labour	$81
Total	**$169**

2.1.1 Payroll Obligations ($70)

A brief description of the cost elements included in this category is provided below.

Labour and Payroll Allowances (75.3% of Payroll Obligations)

- Base Pay: Contractually negotiated and reflected in union wage schedules.
- Overtime: Contractually negotiated.
- Payroll Allowances: Allowances are also contractually negotiated and stated in union collective agreements. Regular staff (PWU) are entitled to travel, footwear and on-call allowances. Casual trades are entitled to travel and subsistence allowances where circumstances permit. Staff are also entitled to Northern and Remote overnight and lodging allowances when working directly in communities served by local diesel generation.

Company Benefits (20.6% of Payroll Obligations)

- Regular Staff: Comprised of Pension (12.4% of base pensionable earnings) and current and post employment benefits; health, dental, etc. (29.3% of base pensionable earnings).

Government Obligations (4.1% of Payroll Obligations)

- Consists of Canada Pension Plan, Employment Insurance, Employee Health Tax and Workplace Safety and Insurance Board Schedule 1 Premiums;
- In 2018, 5.5% is to be applied against total earnings (includes base pay, bonus, overtime, benefits and taxable allowances) to recover these costs.

2.1.2 Non-Labour Administration Costs ($13)

This category consists primarily of non-labour expenses incurred by the business necessary for the business operations. This includes facility costs related to the main office, property taxes, utilities, telephone, insurance, maintenance, materials and supplies. It also includes items such as travel, training, advertising, postage, office supplies and low value computer equipment and services. Non-labour administration costs are budgeted based on historical trends and consider current company initiatives and individual interdepartmental needs.

2.1.3 Non-Project, Administration and Support Services Labour ($81)

This category consists of labour costs incurred in non-project, administrative, management or support service roles. These costs include management and technical staff providing support services to manage and monitor the status of the assigned programs and projects. Some other functions include finance, stock-keeping, fuel management and flight logistics. Additionally, it includes time for attendance at safety meetings, housekeeping and downtime often resulting from inclement weather. This category includes employee vacation and statutory holidays, all established and identified in union collective agreements; sickness costs are also included. These estimates are based on historical trends and consider current company initiatives.

2.2 Transport & Work Equipment ("T&WE")

Remotes utilizes Hydro One Networks Inc. owned fleet assets as per the conditions of the Service Level Agreement ("SLA") with Hydro One Networks Inc. This SLA is for fleet management, maintenance, repair and rental services relating to the use of transport and work equipment used by Remotes. Remotes incurs the cost of transporting T&WE into the remote locations as well as flight costs associated with sending the Hydro One Networks Inc. fleet mechanic to these locations. Periodically, Remotes also incurs fuel and maintenance costs outside of those incurred by Hydro One Networks Inc. (and included in the SLA). Each equipment class has a standard equipment rate which is calculated by dividing the annual forecast cost by the annual forecast hours 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.

2018 TWE Cost Forecast (including SLA)	$1,153K
2018 Forecasted TWE Hours	24,386
2018 Total Average TWE Rate/Hour	$47

2.3 Material Costs and Surcharges

Material costs charged to a project or program are based on the issue cost from Inventory, which is the Average Unit Price or the direct-shipped purchase order price. On a monthly basis, the total monthly material and contract charges are surcharged with a fixed percentage to cost effectively recover the Corporate Common Functions and Services cost allocation to Remotes for services provided by Supply Management Services ("SMS"). These are costs associated with purchasing, negotiating contracts and transportation management. The percentage rate is derived by assigning the costs of SMS to projects based on an annual material and contract forecast. The 2018 forecasted SMS rate is 1.0%.

A freight surcharge is applied to all distribution capital and external work in order to allocate freight costs incurred for winter road delivery of distribution inventory line materials to remote communities. The percentage rate is derived by using the forecasted freight expense and projected material expense for planned distribution capital.

2.4 Sundry – Passenger Flight Costs and Meals

The cost of transporting staff to remote locations is charged to the project that is benefiting from this expense. This service is tendered to obtain the most cost competitive contract. Efficiencies are achieved with coordinating the schedule of work and work groups to share flights.

In order to carry out operating, maintenance and capital work activities, it is necessary for trade and technical staff to stay overnight in remote communities at Remotes' staff houses on an ongoing basis. Food supplies are required and the cost of these supplies is allocated to direct work programs based on labour hours charged by the two primary trade and technical labour groups and is therefore recovered in the hourly charge out rate. The rate per hour is based on forecasted meal expense and planned labour hours.

DEPRECIATION AND AMORTIZATION EXPENSES

1.0 INTRODUCTION

The purpose of this evidence is to summarize the method and cost of Remotes' depreciation and amortization expense for the 2018 test year.

The depreciation expense for Remotes' submission for the 2018 revenue requirement was based on the methodology in an independent study conducted by Foster Associates for Hydro One Remote Communities in 2011 and approved by the Board in EB-2012-0137.

Amortization expense pertains to costs the Board has allowed Remotes to defer for recognition at a future date. The Board has, in past decisions, approved the amount of the cost to be deferred for future recovery, the prescribed period or method of amortization and prescribed the time period over which the costs in each account should be amortized. Historical, bridge and test year amortization schedules are filed at Exhibit D2, Tab 7, Schedule 1.

2.0 DEPRECIATION EXPENSE

The aforementioned Foster methodology was used in determining the depreciation expense for the 2018 test year. Historical, bridge and test year depreciation expense schedule is filed at Exhibit D2, Tab 7, Schedule 2.

Table 1

Depreciation Expense (in $K)

Description	**Board Approved**	**Historic**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Depreciation on Fixed Assets	2,596	2,563	2,594	2,711	2,751	2,877	2,942
Asset Removal Costs	721	590	430	969	620	1,041	634
Total	**3,317**	**3,153**	**3,024**	**3,680**	**3,371**	**3,918**	**3,576**

Fixed asset removal costs are charged to depreciation expense on an “as incurred” basis. Removals increased significantly in 2015 and 2017 (projected) due to a higher level of engine replacements.

OEB Chapter 2, Appendix 2-BB – Service Life Comparison, is not applicable as Remotes does not have an expected change in asset life.

OEB Chapter 2, Appendix 2-C – Depreciation and Amortization Expense for 2013 to 2018 are filed at Exhibit D2, Tab 10, Schedules 1 to 6. The variances are due to the following:

- The OEB model calculates depreciation expense on Net Book Value (NBV) whereas Remotes uses Cost.
- The OEB model assumes a straight line depreciation rate based on the life of the asset whereas Remotes uses the rates provided by their depreciation consultants, Foster Associates, based on Iowa Curves.

OEB Chapter 2, Appendix 2-C (2013) has a material variance of $562K for USofA 1670 (Prime Movers). The 2013 NBV for 1670 is low as many assets in this category were at or approaching the end of their useful lives, resulting in a low estimate for depreciation expense for 2013 per the OEB calculation on NBV instead of Cost. The adjustments from the 2011 Depreciation Study are reflected in the 2014 opening balances. An increase in the useful life for USofA 1670 (Prime Movers) caused a decrease in the depreciation rate, resulting in lower variances for the 2014 to 2018 years.

3.0 AMORTIZATION EXPENSE

Remotes recognizes a liability for estimated future expenditures required to remediate past environmental contamination associated with the assessment and remediation of contaminated lands, based on the net present value of these estimated future expenditures. Since these expenditures are expected to be recoverable in future rates, Remotes has recognized an equivalent amount as a regulatory asset. This balance is amortized as expenditures as they are incurred each year. The Board accepted this accounting treatment for Remotes in EB-2005-0020, EB-2008-0232 and in EB-2012-0137. The treatment of these costs in this Submission is consistent with the treatment in those proceedings. Remotes reviews its estimates of future environmental expenditures on an annual basis.

Table 2

Amortization Expense (in $K)

Description	**Board Approved**	**Historic**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Environmental Assets	2,713	1,656	1,599	1,222	1,247	1,163	1,032

Table 2 shows historic bridge and test expenditures of Land Assessment Remediation (“LAR”). The LAR program involves assessment of historically contaminated lands, the implementation of remedial measures to treat, remove or otherwise manage the contamination found on and off-site and the implementation of on-site management controls to mitigate future off-site property impacts. Most of the contamination at Remotes' sites is associated with historic spills of diesel fuel.

LAR projects are normally planned to coincide with major capital projects such as generation upgrades and extend over multiple years. As such, variances in year over year expense are typical, based on the timing of these discrete projects. As these projects are normally undertaken with the involvement of the local First Nations, negotiations are required and project delays can occur. The decrease between the 2013 OEB-approved amounts and 2013 actual amounts is a result of a delay in the remediation of Pikangikum, Attawapiskat and Webequie, which is partially offset by higher costs than planned in Sachigo. The remediation project at Sandy Lake started earlier than planned and was substantially completed in 2014, leading to a decrease in cost in 2015. Differences between the planned and actual expenditures approved as part of Remotes' revenue requirement flow through the RRRP account, which is further discussed in Exhibit F1, Tab 1, Schedule 1. The duration and cost have been impacted by lengthy negotiations on sites where multiple parties are involved and agreement of responsibility is required, funding constraints from other parties, weather restrictions, and the inability to put the work out for competitive bidding.

4.0 LAND ASSESSMENT REMEDIATION PROGRAM

Hydro One Remotes reviews and updates its environmental liability pertaining to its LAR program on an annual basis to determine if any revisions are required to its environmental provisions and related regulatory assets. In 2016, the provision assumptions were reviewed for significant changes in work program plans (e.g. quantity of contaminated sites, extent of contamination, the year in which certain sites are anticipated to become grid connected), including costs and timing for monitoring and remediation, and changes in regulations. No major regulatory changes occurred in 2016. This review encompasses an assessment of the current state of applicable regulations as well as the sufficiency and accuracy of the current dollar cost estimate of performing the work and any revisions to the assumed pattern of expected future cash flows that give rise to the obligation's present value. Expected future cash flows are compiled by experienced Remotes staff and are reviewed by management at Hydro One Networks Inc. and Remotes. Remotes' environmental liabilities consist of the present value of LAR. The same value is used to record the related environmental regulatory asset. The Board accepted this accounting treatment for Remotes, in EB-2005-0020, EB-2008-0232 and in EB-2012-0137.

Remotes confirmed significant increases to the provision consistent with changes in the scope and timing of remediation work and the impact of the grid connection. The Remotes LAR provision was increased in 2016 by $25.7 million (present value). The duration of the program was also extended a further 17 years (originally 2027) to the period ending 2044 to accommodate the additional work. The LAR provision is based on the most reliable information currently available and is mainly driven by revisions in the estimated scope of site remediation, the most recent information available for the costs of remediation, and an increase to annual monitoring costs due to remediation timing. The impact of grid connection is expected to occur in 2024 for ten of the communities that Remotes currently serves, in which the generating stations will be used as backup until the end of their useful lives. The generating stations at the road access sites will continue until the end of their useful lives. There are multiple moving parts with respect to grid connection of the communities and therefore the timing or use of current generation assets may be impacted by future decisions by Indigenous and Northern Affairs Canada, provincial government, OEB, and the IESO. If and when it is, it will be reflected in the provision. Monitoring costs are incurred until a site can be remediated, after which time they continue for two more years in order to ensure that the site is fully remediated. Remediation cannot occur until the station and its components are removed from the site.

At the end of 2016 the provision reflects what is reliably determinable based on facts known at that date and assumptions based on prior experience.

INCOME TAXES AND PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

1.0 INTRODUCTION

This Exhibit explains how Remotes calculates its income tax expenses for the purposes of rate recovery. Exhibit D2, Tab 8, Schedules 1 to 4 contain detailed calculations for rate recovery purposes of income tax liabilities, supporting reconciliations, as needed, as well as copies of Remotes's December 31, 2013, December 31, 2014, October 31, 2015, November 4, 2015, December 31, 2015 and December 31, 2016 tax returns at Exhibit D2, Tab 9. The information provided in this Application is consistent with section 2.8.11 of the Filing Requirements. Material exceptions have been identified and explained.

2.0 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, Remotes 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 parent companies shares (Hydro One), Remotes was no longer subject to this exemption and exited the PILs regime. Under the *Income Tax Act*, Remotes was deemed to have disposed of its assets at fair market value at that time and immediately re-acquired them at the same value. Remotes was obligated to pay a one-time PILs departure tax of approximately $5 million 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.

3.0 INCOME TAX RATE (FEDERAL AND ONTARIO):

A combined income tax rate of 26.5% has been used for the 2018 test year, comprised of a federal rate of 15% and a provincial rate of 11.5%. Due to the way rates are set for Remotes' customers, 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 the RRRP variance account, described further in Exhibit H1, Tab 1, Schedules 1.

4.0 RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND TAXABLE INCOME

Reconciliation between the regulatory Net Income Before Tax ("NIBT") and taxable income for the 2018 test year is provided in Exhibit D2, Tab 8, Schedules 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, 2015 and 2016 is also provided in Exhibit D2, Tab 8, Schedules 3 to 4. In order to make it easier to follow these reconciliations, Remotes 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 Remote’s investment plan.

5.0 OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME

The starting point for the computation of Remotes 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.

6.0 TREATMENT OF DEFERRAL ACCOUNTS (REGULATORY ASSETS AND LIABILITIES)

Deferral accounts are typically recognized by utilities' balance sheets for foregone revenue or for incurred expenses, for which recovery will be sought from ratepayers through future rates. The Board determines disposition of the deferral accounts.

For example, as shown in Table 1, assuming that a 26.5% tax rate is used 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. This conclusion is consistent with the "2006 EDR Handbook Report of the Board" issued May 11, 2005, (page 61), that states:

> “A PILS or tax provision is not needed for the recovery of deferredy 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.”

7.0 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 on all available information. 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.

Remotes has not adjusted the 2018 through 2022 NIBT for contingent liabilities in computing taxable income since no changes were forecast in the contingent liability balances for 2018 through 2022. 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

	Historical				**Bridge**	**Test**				
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Federal Tax Rate (%)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Provincial Tax Rate (%)	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Total Statutory Tax Rate (%)	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**	**26.5**

8.0 INTEGRITY CHECKS

Remotes has performed the integrity checks set described in 2.4.5.2 of the Filing requirements.

2017 REGULATORY TAX ADJUSTMENT

As a result of the Initial Public Offering ("IPO") of Hydro One Limited, Remotes exited the PILS regime. This triggered a deemed disposition of all of its assets at Fair Market Value ("FMV").

As a result of the deemed disposition on IPO, Remotes was not able to claim the capital cost allowance ("CCA") for the January 1 to October 31, 2015 period for tax purposes. It was discovered that the additional tax expense from not claiming CCA was not returned to rate payers – which resulted in additional amounts being collected in rates (via the Rural and Remote Rate Protection (RRRP) account).

The rate payers should not be impacted as a result of the IPO. Any tax deductions that were lost as a result of the IPO should stay with the shareholder as opposed to being included in rates to keep the rate payers whole.

Tax deductions lost as a result of the IPO were factored into rates resulting in lower taxes and a higher net income in Remotes for 2015. As Remotes operates a break-even business, this higher net income must be returned to rate payers through the RRRP variance account. As a result, the CCA from January 1, 2015 to October 31, 2015 will be claimed for rate filing purposes.

As Remotes' net income is nil, the overstatement of taxes resulted in the RRRP account being overstated by $682K. Consequently, the RRRP account has been adjusted lower by $682K.

PROPERTY TAXES AND CROWN LEASE PAYMENTS

1.0 SUMMARY OF PROPERTY TAXES AND CROWN LEASE PAYMENTS

This Exhibit describes property taxes and crown lease payments made in respect of Remotes. These costs are externally imposed and are summarized in Table 1. The property taxes and crown lease payments are included as part of the costing of work as described in Exhibit D1, Tab 5, Schedule 1.

Table 1
Property Taxes and Crown Lease Payments (in $K)

Category	**Board Approved**	**Historic (Actuals)**				**Bridge**	**Test**
	2013	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Property Taxes	50	49	48	48	48	55	55
Crown Lease Payments	8	8	8	8	8	8	8
Total	**58**	**57**	**56**	**56**	**56**	**63**	**63**

Remotes property taxes are regulated under the *Electricity Act 1998*, the *Municipal Act 2001*, and the *Assessment Act 1990*. Property taxes are paid to the City of Thunder Bay each year on the service centre site located at 680 Beaverhall Place. The total assessed property values are assigned by the Municipal Property Assessment Corporation and updated using the same schedule as the rest of the province.

Remotes pays a nominal fee for the right to use Crown land.

As Table 1 shows, actual payments are materially in line with approved levels.

The test year property tax forecast is based on most recent property tax information available.

HYDRO ONE REMOTE COMMUNITIES INC.

Cost of Service

Historical (2013, 2014, 2015, 2016), Bridge (2017) and Test (2018) Years
Year Ending December 31
(in $K)

Line No.	Particulars	2013 (a)	2014 (b)	2015 (c)	2016 (e)	2017 (f)	2018 (f)
1	Total Operation, Maintenance & Administrative Expenses	45,212	45,939	41,113	43,497	48,385	50,143
2	Depreciation & Amortization Expenses	4,809	4,623	4,902	4,618	5,081	4,608
3	Capital Taxes	-	-	-	-	-	-
4	Income Taxes (Note1)	(700)	(56)	(301)	440	(82)	(69)
5	**Total Cost of Service**	**49,321**	**50,506**	**45,714**	**48,555**	**53,384**	**54,682**

Note 1: Historic years calculated per tax returns; Bridge year per tax return projection; Test year based on revenue requirement

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HYDRO ONE REMOTE COMMUNITIES INC.

Mapping OM&A Expenditures to Grouped USofA Accounts
Historical (2013, 2014, 2015 and 2016), Bridge (2017) and Test (2018) Years
As at December 31
(in $K)

Line No.	Minimum USofA Grouping	Account Numbers	Approved 2013	2013	2014	2015	2016	2017	2018
1	Generation - Operation	4510, 4550, 4555	28,640	29,874	30,129	27,587	28,027	31,304	32,519
2	Generation - Maintenance	4610, 4635	6,012	8,648	9,932	8,610	9,574	11,392	11,640
3	Generation - Other Power Supply	4708	1,980	-	-	-	61	-	-
4	Distribution Expenses - Operation	5085	301	62	80	199	212	111	116
5	Distribution Expenses- Maintenance	5120, 5125, 5130, 5135, 5175	2,679	1,399	1,799	2,216	1,780	2,008	2,087
6	Customer Care (Billing and Collecting)	5310, 5315, 5320, 5335	1,903	3,064	1,731	628	1,876	1,892	1,999
7	Community Relations	5410, 5415, 5420	750	520	554	291	138	379	305
8	Administrative and General Expenses	5615, 5625, 5655, 5675, 6205	1,157	1,439	1,542	1,317	1,487	1,164	1,342
8	External Costs	4330	61	206	172	265	342	135	135
10	**Total OM&A**		**43,483**	**45,212**	**45,939**	**41,113**	**43,497**	**48,385**	**50,143**

Appendix 2-JA
Summary of Recoverable OM&A Expenses
(in $K)

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	**USGAAP**	**USGAAP**	**USGAAP**	**USGAAP**	**USGAAP**	**USGAAP**	**USGAAP**
Generation Operations	$ 30,620	$ 29,874	$ 30,129	$ 27,587	$ 28,088	$ 31,304	$ 32,519
Generation Maintenance	$ 6,012	$ 8,648	$ 9,932	$ 8,610	$ 9,574	$ 11,392	$ 11,640
Distribution Operations	$ 300	$ 62	$ 80	$ 199	$ 212	$ 111	$ 116
Distribution Maintenance	$ 2,680	$ 1,399	$ 1,799	$ 2,216	$ 1,780	$ 2,008	$ 2,087
SubTotal	**$ 39,612**	**$ 39,983**	**$ 41,940**	**$ 38,612**	**$ 39,654**	**$ 44,815**	**$ 46,362**
%Change (year over year)			4.9%	-7.9%	2.7%	16.1%	3.5%
%Change (Test Year vs Last Rebasing Year - Actual)							16.0%
Billing and Collecting	$ 1,903	$ 3,064	$ 1,731	$ 628	$ 1,876	$ 1,892	$ 1,999
Community Relations	$ 750	$ 520	$ 554	$ 291	$ 138	$ 379	$ 305
Administrative and General	$ 1,218	$ 1,645	$ 1,714	$ 1,582	$ 1,829	$ 1,299	$ 1,477
SubTotal	**$ 3,871**	**$ 5,229**	**$ 3,999**	**$ 2,501**	**$ 3,843**	**$ 3,570**	**$ 3,781**
%Change (year over year)			-23.5%	-37.5%	53.7%	42.7%	5.9%
%Change (Test Year vs Last Rebasing Year - Actual)							-27.7%
Total	**$ 43,483**	**$ 45,212**	**$ 45,939**	**$ 41,113**	**$ 43,497**	**$ 48,385**	**$ 50,143**
%Change (year over year)			1.6%	-10.5%	5.8%	11.2%	3.6%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Generation Operations	$ 30,620	$ 29,874	$ 30,129	$ 27,587	$ 28,088	$ 31,304	$ 32,519
Generation Maintenance	$ 6,012	$ 8,648	$ 9,932	$ 8,610	$ 9,574	$ 11,392	$ 11,640
Distribution Operations	$ 300	$ 62	$ 80	$ 199	$ 212	$ 111	$ 116
Distribution Maintenance	$ 2,680	$ 1,399	$ 1,799	$ 2,216	$ 1,780	$ 2,008	$ 2,087
Billing and Collecting	$ 1,903	$ 3,064	$ 1,731	$ 628	$ 1,876	$ 1,892	$ 1,999
Community Relations	$ 750	$ 520	$ 554	$ 291	$ 138	$ 379	$ 305
Administrative and General	$ 1,218	$ 1,645	$ 1,714	$ 1,582	$ 1,829	$ 1,299	$ 1,477
Total	**$ 43,483**	**$ 45,212**	**$ 45,939**	**$ 41,113**	**$ 43,497**	**$ 48,385**	**$ 50,143**
%Change (year over year)			1.6%	-10.5%	5.8%	11.2%	3.6%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	Variance 2013 BA – 2013 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Actuals	Variance 2015 Actuals vs. 2014 Actuals	2016 Actuals	Variance 2016 Actuals vs. 2015 Actuals	2017 Bridge Year	Variance 2017 Bridge vs. 2016 Actuals	2018 Test Year	Variance 2018 Test vs. 2017 Bridge
Generation Operations	$ 30,620	$ 29,874	-$ 746	$ 30,129	$ 255	$ 27,587	-$ 2,542	$ 28,088	$ 501	$ 31,304	$ 3,216	$ 32,519	$ 1,215
Generation Maintenance	$ 6,012	$ 8,648	$ 2,636	$ 9,932	$ 1,284	$ 8,610	-$ 1,322	$ 9,574	$ 964	$ 11,392	$ 1,818	$ 11,640	$ 248
Distribution Operations	$ 300	$ 62	-$ 238	$ 80	$ 18	$ 199	$ 119	$ 212	$ 13	$ 111	-$ 101	$ 116	$ 5
Distribution Maintenance	$ 2,680	$ 1,399	-$ 1,281	$ 1,799	$ 400	$ 2,216	$ 417	$ 1,780	-$ 436	$ 2,008	$ 228	$ 2,087	$ 79
Billing and Collecting	$ 1,903	$ 3,064	$ 1,161	$ 1,731	-$ 1,333	$ 628	-$ 1,103	$ 1,876	$ 1,248	$ 1,892	$ 16	$ 1,999	$ 107
Community Relations	$ 750	$ 520	-$ 230	$ 554	$ 34	$ 291	-$ 263	$ 138	-$ 153	$ 379	$ 241	$ 305	-$ 74
Administrative and General	$ 1,218	$ 1,645	$ 427	$ 1,714	$ 658	$ 1,582	-$ 132	$ 1,829	$ 247	$ 1,299	-$ 530	$ 1,477	$ 178
Total OM&A Expenses	$ 43,483	$ 45,212	$ 1,729	$ 45,939	$ 1,316	$ 41,113	-$ 4,826	$ 43,497	$ 2,384	$ 48,385	$ 4,888	$ 50,143	$ 1,758
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)													
Total Recoverable OM&A Expenses	$ 43,483	$ 45,212	$ 1,729	$ 45,939	$ 1,316	$ 41,113	-$ 4,826	$ 43,497	$ 2,384	$ 48,385	$ 4,888	$ 50,143	$ 1,758
Variance from previous year		4,045		$ 727		-$ 4,826		$ 2,384		$ 4,888		$ 1,758	
Percent change (year over year)				2%		-11%		6%		11%		4%	
Percent Change: Test year vs. Most Current Actual								15.28%					
Simple average of % variance for all years								10.91%					2%
Compound Annual Growth Rate for all years								-56.54%					2.1%
Compound Growth Rate (2016 Actuals vs. 2013 Actuals)								-1.28%					

Note:

1 "BA" = Board-Approved

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

3 Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-JB.

Appendix 2-JB
Recoverable OM&A Cost Driver Table
(in $K)

OM&A	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
Opening Balance	$ 43,483	$ 45,212	$ 45,939	$ 41,113	$ 43,497	$ 48,385
Generation Operations						
Sustainment Projects - Operations	-$ 326	-$ 11	$ 222	-$ 53	$ 468	$ 80
Environment	$ 59	-$ 35	-$ 145	$ 74	-$ 7	$ 21
Sustainment Projects - Operations	$ 1,501	$ 302	-$ 2,618	$ 420	$ 2,816	$ 1,115
Sustainment Projects - Operations	-$ 1,980	$ -	$ -	$ 61	-$ 61	$ -
Generation Maintenance						
Sustainment Projects - Gx Maintenance	$ 2,439	$ 991	-$ 970	$ 902	$ 1,343	$ 229
Safety Improvements	$ 67	$ 173	-$ 296	-$ 187	$ 386	$ -
RET Improvements	-$ 36	-$ 6	$ 7	-$ 6	$ 7	$ -
Environmental Improvements	-$ 2	-$ 52	$ 152	$ 38	-$ 118	$ 2
Engineering Investigations	$ 167	$ 179	-$ 215	$ 217	$ 199	$ 17
Distribution Maintenance						
Distribution Sustainment	-$ 1,517	$ 415	$ 535	-$ 423	$ 128	$ 84
Billing and Collecting						
Customer Care	$ 1,161	-$ 1,331	-$ 1,104	$ 1,247	$ 16	$ 108
Community Relations						
Community Relations	-$ 231	$ 34	-$ 263	-$ 153	$ 241	-$ 75
Administrative and General						
Shared Services and Other Admin Costs	$ 282	$ 102	-$ 224	$ 170	-$ 323	$ 177
External Costs	$ 145	-$ 34	$ 93	$ 77	-$ 207	$ -
Closing Balance	$ 45,212	$ 45,939	$ 41,113	$ 43,497	$ 48,385	$ 50,143

Notes:

1 For each year, a detailed explanation for each cost driver and associated amount is required in Exhibit 4.
2 For purposes of assessing incremental cost drivers, the closing balance for each year becomes the opening balance for the next year.

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

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

Appendix 2-JC
OM&A Programs Table
(in $K)

Programs	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year	Variance (Test Year vs. 2016 Actuals)	Variance (Test Year vs. Last Rebasing Year (2013 Board-Approved)
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
Generation Expenses Operations									
4510 - Fuel	24,067	25,568	25,869	23,250	23,669	26,485	27,600	3,931	3,533
4550 - Generation Expense	3,477	3,151	3,140	3,362	3,309	3,777	3,856	547	379
4555 - Miscellaneous Power Generation Expenses	1,096	1,155	1,120	975	1,049	1,042	1,063	14	-33
4708 - Charges - WMS	0	0	0	0	61	0	0	-61	0
Sub-Total	28,640	29,874	30,129	27,587	28,088	31,304	32,519	4,431	3,879
Generation Expenses Maintenance									
4610 - Maintenance of Structures	933	1,529	1,719	1,469	1,557	1,466	1,491	-66	558
4635 - Maintenance of Generating and Electric Plant	5,079	7,119	8,213	7,141	8,017	9,926	10,149	2,132	5,070
Sub-Total	6,012	8,648	9,932	8,610	9,574	11,392	11,640	2,066	5,628
Other Power Supply Expenses									
4705 - Power Purchased	1,980	0	0	0	0	0	0	0	-1,980
Sub-Total	1,980	0	0	0	0	0	0	0	-1,980
Distribution Expense Operations									
5085 - Miscellaneous Distribution Expense	301	62	80	199	212	111	116	-96	-185
Sub-Total	301	62	80	199	212	111	116	-96	-185
Distribution Expense Maintenance									
5120 - Maintenance of Poles, Towers and Fixtures	695	500	633	754	703	719	751	48	56
5125 - Maintenance of Overhead Conductors and Devices	556	391	512	602	562	575	601	39	45
5130 - Maintenance of Overhead Services	139	100	127	151	141	144	150	9	11
5135 - Overhead Distribution Lines and Feeders - Right of Way	1,174	313	392	549	262	448	457	195	-717
5175 - Maintenance of Meters	116	95	135	160	112	122	128	16	12
Sub-Total	2,680	1,399	1,799	2,216	1,780	2,008	2,087	307	-593
Collecting and Billing									
5310 - Meter Reading Expense	347	286	404	479	335	367	383	48	36
5315 - Customer Billing	1,123	2,542	1,195	964	1,202	1,169	1,221	19	98
5320 - Collecting	385	16	307	290	360	321	335	-25	-50
5335 - Bad Debt Expense	48	220	-175	-1,105	-21	35	60	81	12
5410 - Community Relations - Sundry	133	79	89	100	67	218	139	72	6
5415 - Energy Conservation	565	398	404	144	14	110	112	98	-453
5420 - Community Safety Program	53	43	61	47	57	51	54	-3	1
5425 - Misc Customer Service and Informational Expenses	0	0	0	0	0	0	0	0	0
Sub-Total	2,654	3,584	2,285	919	2,014	2,271	2,304	290	-350
Administration General Expenses									
5615 - General Administrative Salaries and Expenses	1,429	1,441	1,645	1,670	1,778	1,572	1,574	-204	145
5625 - Administrative Expense Transferred - Credit	-456	-320	-342	-556	-410	-562	-448	-38	8
5655 - Regulatory Expenses	132	262	138	142	68	103	165	97	33
5665 - Miscellaneous General Expenses	0	0	0	0	0	0	0	0	0
5675 - Maintenance of General Plant	0	12	50	10	0	0	0	0	0
Sub-Total	1,105	1,395	1,491	1,266	1,436	1,113	1,291	-145	186
Other Deductions									
4330 - Costs and Expenses of Merchandising	60	206	172	265	342	133	133	-209	73
6205 - Donations	51	44	51	51	51	53	53	2	2
Sub-Total	111	250	223	316	393	186	186	-207	75
Miscellaneous								0	0
Total	**43,483**	**45,212**	**45,939**	**41,113**	**43,497**	**48,385**	**50,143**	**6,646**	**6,660**

Notes:

1 Please provide a breakdown of the major components of each OM&A Program undertaken in each year. Please ensure that all Programs below the materiality threshold are included in the miscellaneous line. Add more Programs as required.

2 The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the OM&A budget in the miscellaneous category

Appendix 2-L

Recoverable OM&A Cost per Customer and per FTE [1]

(in $K)

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Actuals	2017 Bridge Year	2018 Test Year
Reporting Basis	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP	USGAAP
OM&A Costs							
O&M	$ 42,267	$ 43,567	$ 44,225	$ 39,531	$ 41,668	$ 47,086	$ 48,666
Admin Expenses	$ 1,216	$ 1,645	$ 1,714	$ 1,582	$ 1,829	$ 1,299	$ 1,477
Total Recoverable OM&A from Appendix 2-JB [5]	$ 43,483	$ 45,212	$ 45,939	$ 41,113	$ 43,497	$ 48,385	$ 50,143
Number of Customers [2,4]	3,529	3,513	3,546	3,530	3,554	3,627	3,762
Number of FTEs [3,4]	48	58.33	58.68	58.22	61.83	60.3	60.3
Customers/FTEs	73.52	60.23	60.43	60.63	57.48	60.15	62.39
OM&A cost per customer							
O&M per customer	11.97704732	12.40165101	12.47179921	11.19858357	11.72425436	12.98207885	12.93620415
Admin per customer	0.344573534	0.468260746	0.483361534	0.44815864	0.514631401	0.358147229	0.392610314
Total OM&A per customer	12.32162086	12.86991176	12.95516074	11.64674221	12.23888576	13.34022608	13.32881446
OM&A cost per FTE							
O&M per FTE	880.5625	746.9055375	753.66394	678.993473	673.9123403	780.8623549	807.0646766
Admin per FTE	25.33333333	28.20161152	29.20927062	27.17279285	29.58110949	21.54228856	24.49419569
Total OM&A per FTE	905.8958333	775.107149	782.8732106	706.1662659	703.4934498	802.4046434	831.5588723

Notes:

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

2 The method of calculating the number of customers must be identified. Should correspond with data provided in Appendix 2-IB

3 The method of calculating the number of FTEs must be identified. See also Appendix 2-K

4 The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.

5 For the test year, the applicant should take into account the system O&M (line 22 of Appendix 2-AB) in developing its forecasted OM&A.

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]
Years: 2013-2018
(in $K)

Shared Services

Name of Company					2013		2014		2015		2016		2017		2018	
From	To	Service Offered		Pricing Methodology	Price for the Service	Cost for the Service	Price for the Service	Cost for the Service	Price for the Service	Cost for the Service	Price for the Service	Cost for the Service	Price for the Service	Cost for the Service	Price for the Service	Cost for the Service
					$	$	$	$	$	$	$	$	$	$	$	$
HONI	**Remotes**	Utility Operation Services	• Fleet • Forestry • Lines • Engineering	Cost Based	2,468	**2,468**	1,799	**1,799**	2,077	**2,077**	1,859	**1,859**	1,640	**1,640**	1,649	**1,649**
HONI	**Remotes**	Supply Chain Services	• Purchasing	Cost Based	76	**76**	76	**76**	76	**76**	76	**76**	76	**76**	76	**76**
HONI	**Remotes**	Transfer Price Charges for HONI Assets	• System Services • Lease of Computer Equipment	Allocation Model	219	**219**	299	**299**	299	**299**	276	**276**	261	**261**	261	**261**

Corporate Cost Allocation

Name of Company																
From	To	Service Offered		Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated	% of Corporate Costs Allocated	Amount Allocated	% of Corporate Costs Allocated	Amount Allocated	% of Corporate Costs Allocated	Amount Allocated	% of Corporate Costs Allocated	Amount Allocated	% of Corporate Costs Allocated	Amount Allocated
					%	$	%	$	%	$	%	$	%	$	%	$
HOI	**Remotes**	General Counsel & Secretary	• Corporate Secretariat • Corporate Management	CC Allocation Model	2.5%	**23**	2.5%	**21**	2.4%	**21**	2.4%	**23**	1.2%	**28**	1.2%	**29**
HOI	**Remotes**	President/CEO/Chairman/Board	• President/CEO Office • Chair • Board	CC Allocation Model	0.5%	**18**	0.4%	**19**	0.3%	**19**	0.3%	**48**	2.4%	**21**	2.4%	**21**
HOI	**Remotes**	Chief Financial Office Services	• CFO Office	CC Allocation Model	1.1%	**8**	1.1%	**8**	1.1%	**8**	1.1%	**22**	0.3%	**13**	0.3%	**13**
HONI	**Remotes**	General Counsel & Secretary Services	• Law • Corporate Secretariat • Regulatory Affairs	CC Allocation Model	1.1%	**329**	1.2%	**343**	1.2%	**255**	1.2%	**405**	0.8%	**383**	0.8%	**388**
HONI	**Remotes**	Financial Services	• Corporate Controller • Treasury • Tax • Decision Support • Internal Audit and Risk Management	CC Allocation Model	0.7%	**176**	0.7%	**211**	0.7%	**210**	0.7%	**279**	1.2%	**247**	1.2%	**236**
HONI	**Remotes**	Corporate Services	• Human Resources • Labour Relations • Communications • External Relations • Corporate Security • First Nations & Metis Relations • Information Management	CC Allocation Model	0.1%	**223**	0.1%	**297**	0.1%	**353**	0.1%	**276**	0.7%	**269**	0.7%	**269**
HONI	**Remotes**	Telecom Services	• Telecom Services	CC Allocation Model	0.7%	**124**	0.8%	**125**	0.8%	**140**	0.8%	**135**	0.1%	**141**	0.1%	**141**
HONI	**Remotes**	Other Services	Inergi: • Customer Support • Finance • Settlements • Human Resources • IT	CC Allocation Model	0.3%	**358**	0.2%	**351**	0.2%	**399**	0.2%	**353**	0.8%	**263**	0.8%	**255**

Legend:

"HOI"	Hydro One Inc.
"HONI"	Hydro One Netwo
"Remotes"	Hydro One Remotes Inc.

Note:

[1] **This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:**

Type of Service: **Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.**

Pricing Methodology: **Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.**

% Allocation: **The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.**

Hydro One Remote Communities Inc.
Comparison of Wages and Salaries

Year	Representation	Total Pay	Base Pay	Overtime	Incentive Pay	Other Allowances	FTEs
2013	MCP	704,673	621,242	0	55,500	27,932	5.0
	PWU	3,968,794	2,942,923	867,611	0	158,260	33.5
	SOCIETY	1,406,944	1,271,554	101,746	0	33,644	13.5
	Casual	973,414	561,242	319,927	0	92,245	6.4
	Total	**7,053,826**	**5,396,961**	**1,289,285**	**55,500**	**312,080**	**58.3**
2014	MCP	741,678	609,248	0	71,289	61,142	5.0
	PWU	3,820,037	2,898,131	769,507	0	152,400	34.7
	Society	1,542,898	1,334,880	152,649	0	55,369	11.9
	Casual	1,069,956	636,357	338,469	0	95,130	7.1
	Total	**7,174,570**	**5,478,615**	**1,260,625**	**71,289**	**364,041**	**58.7**
2015	MCP	558,677	464,304	-	73,000	21,373	3.0
	PWU	3,927,010	2,951,082	809,274	0	166,654	33.1
	Society	1,778,866	1,502,631	206,151	0	70,083	14.0
	Casual	1,056,804	646,259	327,913	0	82,633	8.1
	Total	**7,321,357**	**5,564,277**	**1,343,338**	**73,000**	**340,742**	**58.2**
2016	MCP	803,740	683,090	0	75,570	45,079	5.0
	PWU	4,082,771	3,049,037	811,977	0	221,756	35.5
	Society	1,801,594	1,566,328	168,553	0	66,713	13.0
	Casual	1,184,316	729,858	350,319	0	104,139	8.3
	Total	**7,872,420**	**6,028,314**	**1,330,849**	**75,570**	**437,688**	**61.8**
2017	MCP	819,814	696,752	0	77,081	45,981	5.0
	PWU	4,123,599	3,079,528	820,097	0	223,974	33.7
	Society	1,810,602	1,574,160	169,395	0	67,047	14.0
	Casual	1,196,159	737,157	353,822	0	105,180	7.6
	Total	**7,950,174**	**6,087,596**	**1,343,314**	**77,081**	**442,182**	**60.3**
2018	MCP	819,814	696,752	0	77,081	45,981	5.0
	PWU	4,164,835	3,110,323	828,298	0	226,214	33.7
	Society	1,819,655	1,582,030	170,242	0	67,382	14.0
	Casual	1,208,121	744,528	357,360	0	106,232	7.6
	Total	**8,012,424**	**6,133,634**	**1,355,901**	**77,081**	**445,809**	**60.3**

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Tab 5
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Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	**Last Rebasing Year - 2013- Actual**	**2014 Actuals**	**2015 Actuals**	**2016 Actuals**	**2017 Bridge Year**	**2018 Test Year**
Number of Employees (FTEs including Part-Time and Casual Employees) [1]							
Management (including executive)	5.0	5.0	5.0	3.0	5.0	5.0	5.0
Non-Management (union and non-union) [2]	43.0	53.3	53.7	55.2	56.8	55.3	55.3
Total	**48.0**	**58.3**	**58.7**	**58.2**	**61.8**	**60.3**	**60.3**
Total Salary and Wages including overtime and incentive pay							
Management (including executive)	$ 740,430	$ 704,673	$ 741,678	$ 558,677	$ 803,740	$ 819,814	$ 819,814
Non-Management (union and non-union) [2]	$ 5,026,714	$ 6,349,153	$ 6,432,892	$ 6,762,680	$ 7,068,681	$ 7,130,360	$ 7,192,610
Total	**$ 5,767,145**	**$ 7,053,826**	**$ 7,174,570**	**$ 7,321,357**	**$ 7,872,420**	**$ 7,950,174**	**$ 8,012,424**
Total Benefits (Current + Accrued) [3]							
Management (including executive)	$ 104,355	$ 126,978	$ 152,154	$ 130,301	$ 141,716	$ 172,429	$ 175,678
Non-Management (union and non-union)	$ 737,645	$ 897,564	$ 1,061,168	$ 954,580	$ 1,071,015	$ 1,080,038	$ 1,095,638
Total	**$ 842,000**	**$ 1,024,542**	**$ 1,213,322**	**$ 1,084,881**	**$ 1,212,731**	**$ 1,252,468**	**$ 1,271,315**
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	$ 844,785	$ 831,651	$ 893,832	$ 688,978	$ 945,455	$ 992,243	$ 995,492
Non-Management (union and non-union)	$ 5,764,360	$ 7,246,716	$ 7,494,060	$ 7,717,260	$ 8,139,696	$ 8,210,398	$ 8,288,248
Total	**$ 6,609,145**	**$ 8,078,368**	**$ 8,387,892**	**$ 8,406,238**	**$ 9,085,151**	**$ 9,202,641**	**$ 9,283,740**

Note:

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

[2] Board Approved amounts from Last Rebasing Year (2013) did not include Casual Employees.

[3] Current employee benefits, plus Pension and Other Post-Employment Benefits costs, as recorded for recovery in distribution rates. Should be consistent with OPEBs costs as documented in Appendix 2-KA.

Appendix 2-KA
OPEBs (Other Post-Employment Benefits) Costs

A Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since the distributor started to recover OPEBs in distribution rates from

Notes:
(Please add any information to explain the accounting basis used for OPEBs cost recovery in rate setting. If basis is other than Cash or Accrual, an explanation is required.)

Hydro One utilizes the accrual method for accounting of Other Post-Employment Benefit ("OPEBs") costs. The accrual method is appropriate because it reflects the costs incurred during the time period and, as such, more accurately attributes those costs to the appropriate ratepayers.

B Please complete the following table:

OPEBS	**First Year of recovery to 2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Amounts included in Rates								
OM&A		$ 774,554	$ 940,931	$ 759,957	$ 865,879	$ 846,227	$ 908,769	$ 5,096,317
Capital		$ 249,988	$ 272,391	$ 324,924	$ 346,852	$ 406,241	$ 362,546	$ 1,962,942
Total	$ -	$ 1,024,542	$ 1,213,322	$ 1,084,881	$ 1,212,731	$ 1,252,468	$ 1,271,315	$ 7,059,259
Paid benefit amounts		$ 263,986	$ 91,388	$ 51,140	$ 62,671	$ 575,553	$ 604,984	$ 1,649,722
Net excess amount included in rates relative to amounts actually paid.	$ -	$ 760,556	$ 1,121,934	$ 1,033,741	$ 1,150,060	$ 676,915	$ 666,331	$ 5,409,537

C Please describe what the distributor has done with the recoveries in excess of cash payments:

The Capital component of OPEB costs is recovered over the useful life of the assets to which it is capitalized and not in the years noted. Therefore, the Net Excess as noted does not represent the excess recovery in each year.

Appendix 2-M
Regulatory Cost Schedule

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? [2]	Last Rebasing Year (2013 Board Approved)	2013 Actuals	2014 Actuals	2015 Actuals	Most Current Actuals Year 2016	2017 Bridge Year	Annual % Change	2018 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	(E)				(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5655		On-Going	$ 86,000	$ 122,415	$ 123,723	$ 130,132	$ 56,441	$ 25,000	-55.71%	$ 25,000	0.00%
2	OEB Section 30 Costs (Applicant-originated)	5655		One-Time	$ 54,000	$ -	$ 8,872		$ -	$ -		$ 35,000	
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going			$ 5,067	$ 11,449	$ 11,817	$ 15,000	26.93%	$ 25,000	66.67%
4	Expert Witness costs for regulatory matters												
5	Legal costs for regulatory matters												
6	Consultants' costs for regulatory matters			One-Time						$ 70,000		$ 10,000	-85.71%
7	Operating expenses associated with staff resources allocated to regulatory matters												
8	Operating expenses associated with other resources allocated to regulatory matters [1]												
9	Other regulatory agency fees or assessments												
10	Any other costs for regulatory matters: Advertising, Notice			One-Time		$ 11,712				$ 20,000			-100.00%
11	Intervenor costs	5655		One-Time		$ 128,133						$ 80,000	
12	Sub-total - Ongoing Costs [3]		$ -		$ 86,000	$ 122,415	$ 128,790	$ 141,581	$ 68,258	$ 40,000	-41.40%	$ 50,000	25.00%
13	Sub-total - One-time Costs [4]		$ -		$ 54,000	$ 139,845	$ 8,872	$ -	$ -	$ 90,000		$ 125,000	38.89%
14	Total		$ -		$ 140,000	$ 262,260	$ 137,662	$ 141,581	$ 68,258	$ 130,000	90.45%	$ 175,000	34.62%

Please fill out the following table for all one-time costs related to this cost of service application to be amortized over the test year plus the IRM period.

		Historical Year(s)	2017 Bridge Year	2018 Test Year
4	Expert Witness costs			
5	Legal costs			
6	Consultants' costs			
7	Incremental operating expenses associated with staff resources allocated to this application.			
8	Incremental operating expenses associated with other resources allocated to this application. [1]			
11	Intervenor costs			

Notes:

[1] Please identify the resources involved.

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

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

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

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HYDRO ONE REMOTE COMMUNITIES INC.

Depreciation & Amortization Expenses
Historical (2013-2016), Bridge (2017) & Test (2018) Years
Year Ending December 31
(in $K)

		Historic				Bridge	Test
		2013	2014	2015	2016	2017	2018
Line No.	Particulars	Provision	Provision	Provision	Provision	Provision	Provision
		(b)	(b)	(b)	(b)	(b)	(d)
	Depreciation Expenses						
1	Major Fixed Assets	2,415	2,416	2,507	2,535	2,679	2,782
2	Minor Fixed Assets	148	178	204	216	198	160
3	Depreciation on Fixed Assets	2,563	2,594	2,711	2,751	2,877	2,942
5	Asset Removal Costs	590	430	969	620	1,041	634
6	Losses/(Gains) on Asset Disposition	0	0	0	0	0	0
7	Total Depreciation Expenses	**3,153**	**3,024**	**3,680**	**3,371**	**3,918**	**3,576**
	Amortization Expenses						
8	Environmental Costs	1,656	1,599	1,222	1,247	1,163	1,032
9	Total Amortization Expenses	**1,656**	**1,599**	**1,222**	**1,247**	**1,163**	**1,032**
10	Total Depreciation & Amortization Expenses	**4,809**	**4,623**	**4,902**	**4,618**	**5,081**	**4,608**

HYDRO ONE REMOTE COMMUNITIES INC.
Depreciation Expense Detail by Asset Class Schedule

Year 2013-2018

OEB	Description	2013	2014	2015	2016	2017	2018
1611	Computer Software (Formally known as Account 1925)	$ -	$ -	$ -	$ -	$ -	$ -
1612	Land Rights (Formally known as Account 1906)	$ -	$ -	$ -	$ -	$ -	$ -
1615	Land	$ -	$ -	$ -	$ -	$ -	$ -
1620	Buildings &Fixtures	-$ 124,399	-$ 123,387	-$ 132,687	-$ 137,030	-$ 140,158	-$ 140,590
1650	Reservoirs Dams & Water	$ -	$ -	$ -	$ -	-$ 29,429	-$ 29,429
1665	Fuel Holders Produce	-$ 169,359	-$ 206,904	-$ 212,150	-$ 207,882	-$ 212,862	-$ 223,494
1670	Prime Movers	-$ 1,120,389	-$ 1,044,464	-$ 1,070,467	-$ 1,079,006	-$ 1,145,586	-$ 1,143,573
1675	Generators	-$ 388,504	-$ 411,702	-$ 421,061	-$ 420,843	-$ 402,004	-$ 443,590
1680	Accessory Electc Equ	-$ 145,497	-$ 142,172	-$ 150,977	-$ 150,977	-$ 158,465	-$ 180,788
1685	Misc Power Plant Equ	-$ 98,641	-$ 106,123	-$ 109,075	-$ 109,075	-$ 131,722	-$ 135,336
1805	Land	-$ 5,712	-$ 5,712	-$ 5,712	-$ 5,712	-$ 5,712	-$ 5,712
1806	L&Rights	-$ 2,271	-$ 2,271	-$ 2,271	-$ 2,271	-$ 2,271	-$ 2,271
1808	Buildings	$ -	$ -	$ -	$ -	$ -	$ -
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ -	$ -	$ -	$ -	$ -	$ -
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	-$ 41,705	-$ 48,533	-$ 50,610	-$ 53,920	-$ 58,452	-$ 63,120
1835	Overhead Conductors & Devices	-$ 31,672	-$ 34,026	-$ 37,146	-$ 42,713	-$ 45,582	-$ 49,044
1840	Underground Conduit	$ -	$ -	$ -	$ -	$ -	$ -
1845	Underground Conductors & Devices	-$ 5,641	-$ 7,444	-$ 7,701	-$ 7,701	-$ 7,701	-$ 7,701
1850	Line Transformers	-$ 45,834	-$ 49,593	-$ 51,922	-$ 53,207	-$ 55,779	-$ 58,888
1855	Services (Overhead & Underground)	$ -	$ -	$ -	$ -	$ -	$ -
1860	Meters	-$ 45,472	-$ 35,721	-$ 38,233	-$ 41,563	-$ 43,756	-$ 47,046
1860-A	Meters (Smart Meters)	$ -	$ -	$ -	$ -	$ -	$ -
1905	Land	$ -	$ -	$ -	$ -	$ -	$ -
1908	Buildings & Fixtures	-$ 180,309	-$ 189,482	-$ 200,421	-$ 209,500	-$ 225,375	-$ 237,386
1910	Leasehold Improvements	-$ 7,677	-$ 7,677	-$ 15,650	-$ 12,993	-$ 12,993	-$ 12,993
1955	Communications Equipment	-$ 687	-$ 687	-$ 687	-$ 687	-$ 687	-$ 687
1955-A	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	$ -
A	Maj Rollup Acc Dep Suspense	$ -	$ -	$ -	$ -	$ -	$ -
	MAJOR FIXED ASSETS	**-$ 2,413,769**	**-$ 2,415,898**	**-$ 2,506,770**	**-$ 2,535,080**	**-$ 2,678,534**	**-$ 2,781,648**
1915	Office Furniture & Equipment (5 years)	-$ 9,389	-$ 10,004	-$ 10,775	-$ 10,775	-$ 8,998	-$ 7,646
1915-A	Office Furniture & Equipment (10 years)	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Equipment - Hardware	-$ 13,625	-$ 11,849	-$ 9,497	-$ 4,083	-$ 1,238	$ -
1920-A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	$ -
1920-B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	$ -
1930	Transportation Equipment	$ -	$ -	$ -	$ -	$ -	$ -
1935	Stores Equipment	-$ 33,246	-$ 28,971	-$ 22,325	-$ 18,844	-$ 17,859	-$ 16,838
1940	Tools, Shop & Garage Equipment	-$ 8,359	-$ 12,360	-$ 14,446	-$ 17,337	-$ 17,544	-$ 14,625
1945	Measurement & Testing Equipment	-$ 16,449	-$ 23,619	-$ 25,189	-$ 23,962	-$ 21,634	-$ 14,917
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	$ -
1960	Miscellaneous Equipment	-$ 68,658	-$ 91,350	-$ 122,464	-$ 141,025	-$ 131,056	-$ 105,872
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	$ -
1980	System Supervisor Equipment	$ -	$ -	$ -	$ -	$ -	$ -
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
1995	Contributions & Grants	$ -	$ -	$ -	$ -	$ -	$ -
	MINOR FIXED ASSETS	**-$ 149,726**	**-$ 178,153**	**-$ 204,696**	**-$ 216,026**	**-$ 198,329**	**-$ 159,898**
	Total Depreciation on Fixed Assets	**-$ 2,563,495**	**-$ 2,594,051**	**-$ 2,711,466**	**-$ 2,751,106**	**-$ 2,876,863**	**-$ 2,941,546**

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Exhibit D2
Tab 8
Schedule 1
Page 1 of 1

HYDRO ONE REMOTE COMMUNITIES INC.

Calculation of Utility Income Taxes
Test Year (2018)
Year Ending December 31
(in $K)

Line No.	Particulars		2018	
	Determination of Taxable Income			
1	Regulatory Net Income (before tax)	$	(0)	
2	Book to Tax Adjustments:			
3	Other Post Employment Benefits expense		910	
4	Other Post Employment Benefits payments		(605)	
5	Depreciation and amortization		4,607	
6	Capital Cost Allowance		(3,026)	*
7	Removal costs		(164)	
8	Environmental costs		(1,032)	
9	Non-deductible meals & entertainment		44	
10	Capitalized interest deduction		(117)	
11	Capitalized overhead costs deduction		(443)	
12	Capitalized pension costs deduction		(437)	
13		$	(262)	
14				
15	Regulatory Taxable Income	$	(262)	
16				
17				
18	Calculation of Utility Income Taxes			
19				
20	Corporate Income Tax Rate		26.50	%
21				
22	Regulatory Income Tax	$	(69)	
23				
24				
25	Income Tax Rates:			
26				
27	Federal Tax		15.00	%
28	Provincial Tax		11.50	%
29	Total Federal and ON Tax rate		26.50	%

* Excludes CCA related on revaluation of assets due to IPO

HYDRO ONE REMOTE COMMUNITIES INC.

Calculation of Capital Cost allowance (CCA)
Test and Bridge Year
2017 & 2018
Year Ending December 31
(in $K)

2017

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	17,001	832	17,833	416	17,417	4%	697	17,136
2	409	-	409	-	409	6%	25	384
3	606	-	606	-	606	5%	30	575
6	4,274	-	4,274	-	4,274	10%	427	3,847
8	858	166	1,024	83	941	20%	188	836
10	131	-	131	-	131	30%	39	92
12	0	-	0	-	0	100%	0	-
13	86	-	86	-	86	SL	17	69
17	14,665	1,032	15,697	516	15,181	8%	1,214	14,482
42	115	-	115	-	115	12%	14	102
43.1	429	-	429	-	429	30%	129	301
45	0	-	0	-	0	45%	0	0
47	3,751	776	4,527	388	4,139	8%	331	4,196
50	0	9	9	5	5	55%	3	7
CCA	**42,326**	**2,815**	**45,140**	**1,407**	**43,733**		**3,114**	**42,026**

2018

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	17,136	423	17,559	212	17,348	4%	694	16,866
2	384	-	384	-	384	6%	23	361
3	575	-	575	-	575	5%	29	546
6	3,847	-	3,847	-	3,847	10%	385	3,462
8	836	166	1,002	83	919	20%	184	818
10	92	-	92	-	92	30%	27	64
12	-	-	-	-	-	100%	-	-
13	69	-	69	-	69	SL	14	55
17	14,482	1,196	15,678	598	15,080	8%	1,206	14,472
42	102	-	102	-	102	12%	12	89
43.1	301	-	301	-	301	30%	90	210
45	0	-	0	-	0	45%	0	0
47	4,196	513	4,709	257	4,453	8%	356	4,353
50	7	9	16	5	11	55%	6	9
CCA	**42,026**	**2,307**	**44,333**	**1,154**	**43,179**		**3,026**	**41,307**

HYDRO ONE REMOTE COMMUNITIES INC.

Calculation of Utility Income Taxes
Historic Years
2013-2016
Year Ending December 31
(in $K)

The following only includes tax adjustments relate to the Remotes regulated operations only. Any tax adjustments relating to non-regulated activities (i.e. IPO) have not been included.

Line	Particulars	2013	2014	2015	2016
	Calculation of Federal and ON Taxable Income				
1	Net Income Before Tax (NIBT)	$ (1,091)	$ 10	$ 628	$ 461
2	**Required Adjustments to accounting NIBT**			-	
3	**Recurring items included in Revenue Requirement (RR):**			-	
4	Post Employment Benefit accrual in excess of payments	514	850	755	803
5	Depreciation and amortization	4,809	4,623	4,902	4,618
6	Capital Cost Allowance	(2,826)	(3,272)	(3,192)	(3,183)
7	Removal costs	(213)	(86)	(133)	(87)
8	Environmental costs deduction	(1,656)	(1,599)	(1,222)	(1,247)
9	Non-deductible M & E / interest	32	80	21	19
10	Capitalized overhead costs deducted	(309)	(349)	(541)	(392)
11	Capitalized Pension costs deducted	(338)	(347)	(477)	(287)
12	Losses utized in rates	-	-	-	-
13	Loss Carryforwards utilized	$ -	2,859	(3,285)	-
14		13	$ 2,759	$ (3,171)	$ 244
15	**Deferral accounts not part of RR:**				
16	RRRP	(1,199)	(2,593)	1,819	1,116
17		$ (1,199)	$ (2,593)	$ 1,819	$ 1,116
18	**Reversal of accounting adjustments not part of RR:**				
19	Capitalized interest deductible for tax	(376)	(146)	(97)	(115)
20		$ (376)	$ (146)	$ (97)	$ (115)
21	**Recurring items not part of RR:**				
22					
23	**Immaterial items not in business plan detail:**				
24	Capital items deducted for accounting	1	3	13	2
25	Interest deduction net of financing costs amortized	16	6	7	3
26	Regulatory Asset Movement	73	-	-	-
27	Additional CCA due to IPO	-	-	-	-
28	Losses utilized/(carryforward) from IPO			-	-
29	Other	39	(39)	(108)	62
30		129	(30)	(88)	67
31					
32	NET Adjustments to Accounting NIBT	$ (1,434)	$ (10)	$ (1,538)	$ 1,312
33	Prior years Non capital loss C/F utilized				
34	Taxable Income Federal and Ontario	$ (2,525) *	$ 0	$ (910)	$ 1,773
35					
36	**Income Tax:**				
37	Federal Income Tax	(379)	0	(137)	266
38	ON Income Tax	(290)	0	(105)	204
39	Total Income Tax Per Returns	(669)	-	(241)	470
40					
41	Tax Credits	(31)	(56)	(59)	(29)
42	Tax Payable/(Recovery) net of tax credits	(700)	(56)	(301)	440
43					
44	Federal Tax	15.0%	15.0%	15.0%	15.0%
45	Provincial Tax	11.5%	11.5%	11.5%	11.5%
46	Corporate Income Tax Rate	26.5%	26.5%	26.5%	26.5%
47					
48	* Losses were carried back to offset taxable income.				

HYDRO ONE REMOTE COMMUNITIES INC.

Calculation of Capital Cost allowance (CCA)
Historic Years
2013-2016
Year Ending December 31
(in $K)

2013

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC	
1	17,530	526	18,055	263	17,792	4%	712	17,344	
2	523	-	523	-	523	6%	31	492	
3	743	-	743	-	743	5%	37	706	
6	2,799	2,068	4,867	1,034	3,833	10%	383	4,484	
8	868	215	1,083	108	975	20%	195	888	
10	373	35	408	18	391	30%	117	291	
12	3	0	3	0	3	100%	3	0	
13	61	-	61	-	61	N/A	4	57	
17	9,888	4,255	14,143	2,127	12,015	8%	961	13,182	
42	192	-	192	-	192	12%	23	169	
43.1	1	982	983	491	492	30%	147	835	
45	1	-	1	-	1	45%	1	1	
47	2,512	224	2,736	112	2,624	8%	210	2,526	
50	3	-	3	-	3	55%	2	1	
CCA	**35,496**	**8,305**	**43,801**	**4,153**	**39,649**		**2,826**	**40,975**	-

2014

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC	
1	17,344	307	17,651	154	17,497	4%	700	16,951	
2	492	-	492	-	492	6%	30	463	
3	706	-	706	-	706	5%	35	671	
6	4,484	1,296	5,780	648	5,132	10%	513	5,267	
8	888	188	1,076	94	982	20%	196	880	
10	291	63	354	32	322	30%	97	257	
12	0	2	2	1	1	100%	1	1	
13	57	47	105	24	81	N/A	8	97	
17	13,182	2,471	15,653	1,236	14,417	8%	1,153	14,500	
42	169	-	169	-	169	12%	20	149	
43.1	835	324	1,159	162	997	30%	299	860	
45	1	-	1	-	1	45%	0	0	
47	2,526	413	2,939	207	2,733	8%	219	2,721	
50	1	-	1	-	1	55%	1	1	
CCA	**40,975**	**5,112**	**46,087**	**2,556**	**43,531**		**3,272**	**42,815**	-

2015

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC	
1	16,951	564	17,515	282	17,233	4%	683	16,831	
2	463	-	463	-	463	6%	27	435	
3	671	-	671	-	671	5%	33	637	
6	5,267	-	5,267	-	5,267	10%	518	4,749	
8	880	287	1,167	144	1,023	20%	202	965	
10	257	3	261	2	259	30%	74	187	
12	1	2	3	1	2	100%	1	1	
13	97	-	97	-	97	N/A	4	93	
17	14,500	578	15,078	289	14,789	8%	1,163	13,914	
42	149	-	149	-	149	12%	17	131	
43.1	860	0	860	0	860	30%	246	613	
45	0	-	0	-	0	45%	0	0	
47	2,721	992	3,713	496	3,217	8%	225	3,488	
50	1	-	1	-	1	55%	0	0	
CCA	**42,815**	**2,427**	**45,242**	**1,213**	**44,028**		**3,195**	**42,047**	-

2016

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC	
1	16,831	860	17,692	430	17,262	4%	690	17,001	
2	435	-	435	-	435	6%	26	409	
3	637	-	637	-	637	5%	32	606	
6	4,749	-	4,749	-	4,749	10%	475	4,274	
8	965	95	1,060	48	1,013	20%	203	858	
10	187	-	187	-	187	30%	56	131	
12	1	0	2	0	1	100%	1	0	
13	93	-	93	-	93	N/A	7	86	
17	13,914	1,941	15,856	971	14,885	8%	1,191	14,665	
42	131	-	131	-	131	12%	16	115	
43.1	613	-	613	-	613	30%	184	429	
45	0	-	0	-	0	45%	0	0	
47	3,488	565	4,053	282	3,771	8%	302	3,751	
50	0	-	0	-	0	55%	0	0	
CCA	**42,047**	**3,462**	**45,509**	**1,731**	**43,778**		**3,183**	**42,326**	-

HYDRO ONE REMOTE COMMUNITIES INC.

INCOME TAX RETURNS

Attachment 1: Hydro One Remote Communities Inc. Income Tax Return 2013
Attachment 2: Hydro One Remote Communities Inc. Income Tax Return 2014
Attachment 3: Hydro One Remote Communities Inc. Income Tax Return October 31, 2015
Attachment 4: Hydro One Remote Communities Inc. Income Tax Return November 4, 2015
Attachment 5: Hydro One Remote Communities Inc. Income Tax Return December 31, 2015
Attachment 6: Hydro One Remote Communities Inc. Income Tax Return 2016

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 Do not use this area

Filed: 2017-08-28
EB-2017-0051
Exhibit D2-09-01
Attachment 1
Page 1 of 87

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

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

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

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

Identification

Business number (BN) **001** 87083 6269 RC0001

Corporation's name
002 Hydro One Remote Communities 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 Selma Yam
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
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** 2013-01-01 YYYY MM DD
Tax year-end **061** 2013-12-31 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:
subparagraph 88(2)(a)(iv)? . . . . **064** 1 Yes ☐ 2 No ☒
subsection 249(3.1)? . . . . **066** 1 Yes ☐ 2 No ☒

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

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

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

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

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

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

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

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

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

Do not use this area
095 ________ **096** ________

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	☒	9
Is the corporation an associated CCPC?	160	☒	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	151	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	☒	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	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 have any foreign affiliates during the year?	169	☐	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170	☐	29
Has the corporation had any non-arm's length transactions with a non-resident?	171	☐	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	☒	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172	☐	—
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	☐	3
Is the corporation claiming any type of losses?	204	☒	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	☐	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
Does the corporation have any property that is eligible capital property?	210	☐	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	☐	—
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	☐	—
Is the corporation claiming a surtax credit?	237	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
Is the corporation claiming a Part I tax credit?	242	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	254	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255	☐	92

Attachments – continued from page 2

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

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? **270** 1 Yes ☐ 2 No ☒

Is the corporation inactive? **280** 1 Yes ☐ 2 No ☒

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 generation and distribution	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year? **291** 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the tax year? **292** 1 Yes ☐ 2 No ☒

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 **294** ______ YYYY MM DD

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? **295** 1 Yes ☐ 2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	-2,524,507 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. Use 3.2 for tax years ending before 2012.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7 . . . . **400** ________ A

Taxable income from line 360 on page 3, **minus** 100/28* 3.57143 of the amount on line 632** on page 7, **minus** 1/(0.38 - X***) 4 times the amount on line 636**** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . **405** ________ B

Business limit (see notes 1 and 2 below) . . . . **410** ________ 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 ________ x **415** ***** ________ D / 11,250 = ... ________ E

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

Small business deduction

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

Enter amount G on line 1 on page 7.

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

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

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

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

***** **Large corporations**

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3* ______ A

Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 ______ B

Amount QQ from Part 13 of Schedule 27 ______ C

Personal service business income** **432** ______ D

Amount used to calculate the credit union deduction (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

Total of amounts B to G ______ ▶ ______ H

Amount A **minus** amount H (if negative, enter "0") ______ I

Amount I ______ x Number of days in the tax year after December 31, 2010, and before January 1, 2012 ______ / Number of days in the tax year 365 x 11.5 % = ______ J

Amount I ______ x Number of days in the tax year after December 31, 2011 365 / Number of days in the tax year 365 x 13 % = ______ K

General tax reduction for Canadian-controlled private corporations – Amount J **plus** amount K ______ L

Enter amount L on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.

** For tax years beginning after October 31, 2011.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies) ______ M

Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 ______ N

Amount QQ from Part 13 of Schedule 27 ______ O

Personal service business income* **434** ______ P

Amount used to calculate the credit union deduction (amount F from Schedule 17) ______ Q

Total of amounts N to Q ______ ▶ ______ R

Amount M **minus** amount R (if negative, enter "0") ______ S

Amount S ______ x Number of days in the tax year after December 31, 2010, and before January 1, 2012 ______ / Number of days in the tax year 365 x 11.5 % = ______ T

Amount S ______ x Number of days in the tax year after December 31, 2011 365 / Number of days in the tax year 365 x 13 % = ______ U

General tax reduction – Amount T **plus** amount U ______ V

Enter amount V on line 639 on page 7.

* For tax years beginning after October 31, 2011.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** x 26 2 / 3 % = ... A

Foreign non-business income tax credit from line 632 on page 7 . . . . B

Deduct:

Foreign investment income from Schedule 7 . . . . **445** x 9 1 / 3 % = C

(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 25/9* 100 / 35 = H

Foreign business income tax credit from line 636 on page 7 . . . . x 1(0.38 - X**) 4 = I

Subtotal ▶ J

K

x 26 2 / 3 % = L

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

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

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

Refundable dividend tax on hand

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

Deduct: Dividend refund for the previous tax year **465**

▶ 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 . . . . x 1 / 3 = S

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 (enter this amount on line 784 on page 8) . . . .

Part I tax

Base amount of Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % **550** A

Recapture of investment tax credit from Schedule 31 . . . . **602** B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 i

Taxable income from line 360 on page 3 . . . .

Deduct:

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

Net amount . . . . ▶ ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii . . . . **604** C

Subtotal (**add** amounts A to C) D

Deduct:

Small business deduction from line 430 on page 4 1

Federal tax abatement **608**

Manufacturing and processing profits deduction from Schedule 27 . . . . **616**

Investment corporation deduction **620**

Taxed capital gains **624**

Additional deduction – credit unions from Schedule 17 . . . . **628**

Federal foreign non-business income tax credit from Schedule 21 . . . . **632**

Federal foreign business income tax credit from Schedule 21 . . . . **636**

General tax reduction for CCPCs from amount L on page 5 . . . . **638**

General tax reduction from amount V on page 5 . . . . **639**

Federal logging tax credit from Schedule 21 . . . . **640**

Federal qualifying environmental trust tax credit **648**

Investment tax credit from Schedule 31 . . . . **652**

Subtotal ▶ E

Part I tax payable – Amount D **minus** amount E . . . . F

Enter amount F on line 700 on page 8.

Summary of tax and credits

Federal tax

Part I tax payable from page 7	**700**	
Part II surtax payable from Schedule 46	**708**	
Part III.1 tax payable from Schedule 55	**710**	
Part IV tax payable from Schedule 3	**712**	
Part IV.1 tax payable from Schedule 43	**716**	
Part VI tax payable from Schedule 38	**720**	
Part VI.1 tax payable from Schedule 43	**724**	
Part XIII.1 tax payable from Schedule 92	**727**	
Part XIV tax payable from Schedule 20	**728**	
Total federal tax		

Add provincial or territorial tax:

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

Net provincial or territorial tax payable (except Quebec and Alberta)	**760**		
Provincial tax on large corporations (Nova Scotia Schedule 342)	**765**		
(The Nova Scotia tax on large corporations is eliminated effective July 1, 2012.) Total provincial tax			▶
Total tax payable	**770**		A

Deduct other credits:

Investment tax credit refund from Schedule 31	**780**		
Dividend refund from page 6	**784**		
Federal capital gains refund from Schedule 18	**788**		
Federal qualifying environmental trust tax credit refund	**792**		
Canadian film or video production tax credit refund (Form T1131)	**796**		
Film or video production services tax credit refund (Form T1177)	**797**		
Tax withheld at source	**800**		
Total payments on which tax has been withheld	**801**		
Provincial and territorial capital gains refund from Schedule 18	**808**		
Provincial and territorial refundable tax credits from Schedule 5	**812**	30,604	
Tax instalments paid	**840**		
Total credits	**890**	30,604 ▶	30,604 B

Refund code **894** ☐ Overpayment 30,604 ◀

Balance (amount A **minus** amount B) -30,604

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

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

Balance unpaid

Enclosed payment **898**

Direct deposit request

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

☐ Start ☐ Change information **910** Branch number

914 Institution number **918** Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number **920**

Certification

I, **950** BARAGETTI **951** GIOVANNA **954** Vice President, Corporate Tax,
Last name (print) First name (print) Position, office, or rank

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

955 June 25/14 **956** (416) 345-6778
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation Telephone number

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

958 SELMA YAM **959** (416) 345-6827
Name (print) Telephone number

Language of correspondence – Langue de correspondance

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

Privacy Act, Personal Information Bank number CRA PPU 047

HYDRO ONE REMOTE COMMUNITIES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

HYDRO ONE REMOTE COMMUNITIES INC.
INDEPENDENT AUDITORS' REPORT

To Directors of Hydro One Remote Communities Inc.

We have audited the accompanying financial statements of Hydro One Remote Communities Inc., which comprise the balance sheet as at December 31, 2013, the statements of operations and comprehensive income, changes in shareholder's deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United States Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hydro One Remote Communities Inc. as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with United States Generally Accepted Accounting Principles.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
March 26, 2014

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012

Year ended December 31 (thousands of dollars)	**2013**	**2012**
Revenues *(Note 15)*	50,035	46,766
Costs		
Operation, maintenance and administration *(Note 15)*	19,645	16,861
Fuel used for electric generation	25,568	24,306
Depreciation and amortization *(Note 4)*	4,809	6,019
	50,022	47,186
Income (loss) before financing charges and recovery of payments in lieu of corporate income taxes	13	(420)
Financing charges *(Notes 5, 15)*	1,104	1,016
Loss before recovery of payments in lieu of corporate income taxes	(1,091)	(1,436)
Recovery of payments in lieu of corporate income taxes *(Notes 6, 15)*	(1,091)	(1,436)
Net income	–	–
Other comprehensive income	13	12
Comprehensive income	13	12

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
BALANCE SHEETS
At December 31, 2013 and 2012

December 31 (thousands of dollars)	**2013**	**2012**
Assets		
Current assets:		
Accounts receivable (net of allowance for doubtful accounts – $296; 2012 – $297) *(Notes 7, 15)*	4,995	4,193
Regulatory assets *(Note 9)*	2,427	1,823
Fuel, materials and supplies	1,736	2,179
Deferred income tax assets *(Note 6)*	108	108
Income tax receivable *(Notes 6, 15)*	2,697	1,589
	11,963	9,892
Property, plant and equipment *(Note 8)*:		
Property, plant and equipment in service	58,905	54,790
Less: accumulated depreciation	23,256	25,779
	35,649	29,011
Construction in progress	3,473	7,250
Future use components and spares	1,650	1,573
	40,772	37,834
Other long-term assets:		
Regulatory assets *(Note 9)*	15,923	14,060
Deferred income tax assets *(Note 6)*	4,239	4,733
Deferred debt costs *(Note 10)*	124	128
Long-term accounts receivable (net of allowance for doubtful accounts – $0; 2012 – $5) *(Note 7)*	674	418
	20,960	19,339
Total assets	73,695	67,065

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
BALANCE SHEETS (continued)
At December 31, 2013 and 2012

December 31 (thousands of dollars ,except number of shares)	**2013**	**2012**
Liabilities		
Current liabilities:		
Inter-company demand facility *(Notes 11, 15)*	18,031	11,212
Accounts payable	703	987
Accrued liabilities *(Notes 12, 13)*	4,954	5,876
Accrued interest *(Note 15)*	142	142
Regulatory liabilities *(Note 9)*	109	108
	23,939	18,325
Long-term debt *(Notes 10, 11, 15)*	23,000	23,000
Other long-term liabilities:		
Post-retirement and post-employment benefit liability *(Note 12)*	12,088	11,532
Regulatory liabilities *(Note 9)*	4,238	4,733
Environmental liabilities *(Note 13)*	10,999	10,057
	27,325	26,322
Total liabilities	74,264	67,647
Contingencies and commitments (Notes 17, 18)		
Shareholder's deficit		
Common shares (authorized: unlimited; issued: 2) *(Note 14)*	–	–
Accumulated other comprehensive loss	(569)	(582)
Total shareholder's deficit	(569)	(582)
Total liabilities and shareholder's deficit	73,695	67,065

See accompanying notes to Financial Statements.

On behalf of the Board of Directors:

Carmine Marcello

Carmine Marcello
Chair

Lee Ann Cameron
Director

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIT
For the years ended December 31, 2013 and 2012

Year ended December 31, 2013 (thousands of dollars)	Common shares	Accumulated other comprehensive loss	Total shareholder's deficit
January 1, 2013	–	(582)	(582)
Other comprehensive income	–	13	13
December 31, 2013	–	(569)	(569)

Year ended December 31, 2012 (thousands of dollars)	Common shares	Accumulated other comprehensive loss	Total shareholder's deficit
January 1, 2012	–	(594)	(594)
Other comprehensive income	–	12	12
December 31, 2012	–	(582)	(582)

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012

Year ended December 31 (thousands of dollars)	2013	2012
Operating activities		
Net income	–	–
Environmental expenditures	(1,656)	(2,515)
Adjustments for non-cash items:		
Depreciation and amortization (excluding removal costs)	4,220	5,461
Regulatory assets and liabilities	(1,126)	(3,957)
Amortization of hedging losses	13	12
Amortization of deferred debt costs and debt discounts	3	2
Gain on disposition of property, plant and equipment	–	(2)
Changes in non-cash balances related to operations *(Note 16)*	(2,773)	(947)
Net cash used in operating activities	(1,319)	(1,946)
Investing activities		
Capital expenditures	(5,427)	(7,042)
Proceeds on disposition of property, plant and equipment	4	11
Future use assets	(77)	(23)
Net cash used in investing activities	(5,500)	(7,054)
Net change in inter-company demand facility	(6,819)	(9,000)
Inter-company demand facility, beginning of year	(11,212)	(2,212)
Inter-company demand facility, end of year	(18,031)	(11,212)

See accompanying notes to Financial Statements.

1. DESCRIPTION OF THE BUSINESS

Hydro One Inc. (Hydro One) was incorporated on December 1, 1998, under the *Business Corporations Act* (Ontario) and is wholly owned by the Province of Ontario (Province). The principal businesses of Hydro One are the transmission and distribution of electricity to customers within Ontario.

Hydro One Remote Communities Inc. (Hydro One Remote Communities or the Company) was incorporated on August 18, 1998 under the *Business Corporations Act* (Ontario), and is a wholly owned subsidiary of Hydro One. Hydro One Remote Communities operates 19 small electrical, generation and distribution systems in remote communities in northern Ontario that are not connected to the Province's electricity grid. The Company's business is 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 (US) Generally Accepted Accounting Principles (GAAP) and in Canadian dollars.

The Company uses a cost recovery model applied to achieve breakeven net income and are for the specific use of the OEB. Certain amounts presented in these Financial Statements represent allocations from Hydro One that are subject to review and approval by the OEB. Consolidated Financial Statements of Hydro One for the year ended December 31, 2013 have been prepared and are publicly available.

Hydro One Remote Communities performed an evaluation of subsequent events through to March 26, 2014, the date these Financial Statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these Financial Statements. No such events or transactions were identified.

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 and expenses during the reporting periods. Management evaluates these estimates on an on-going basis based upon: historical experience; current conditions; and assumptions believed to be reasonable at the time the assumption is 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 impairment, contingencies, unbilled revenue, allowance for doubtful accounts and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates, which may be impacted by future decisions made by the OEB or the Province.

Rate Setting

On April 3, 2012, the OEB approved the Company's request to use US GAAP as the basis for rate setting and regulatory accounting and reporting, effective January 1, 2012.

In November 2011, Hydro One Remote Communities filed an Incentive Regulation Mechanism (IRM) application with the OEB for 2012 rates. In March 2012, the OEB approved an increase of approximately 1.1% to basic rates for the distribution and generation of electricity, with an effective date of May 1, 2012. In September 2012, Hydro One Remote Communities filed a cost of service application for 2013 distribution rates. The application requested an increase of 3.45% to customer rates for generation and distribution and an increase of approximately $7 million to annual Rural and Remote Rate Protection (RRRP). In September, 2013, the OEB approved the proposed rate increase and annual RRRP of approximately $32.3 million.

Regulatory Accounting

The OEB has the general power to include or exclude costs, revenues, losses or gains 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.

Hydro One Remote Communities is regulated under a cost recovery model applied to achieve breakeven net income, after consideration of the recovery of / provision for payments in lieu of corporate income taxes (PILs). Any excess or deficiency in RRRP amounts necessary to lead to breakeven net income is added to, or drawn from, the Remote Rate Protection Revenue (RRPR) variance account. The balance in the RRPR variance account is subject to future review and disposition by the OEB.

Revenue Recognition

Revenues are recognized on an accrual basis and include billed and unbilled revenues. Revenues attributable to the generation and delivery of electricity are based on OEB-approved distribution rates and are recognized as electricity is delivered to customers. The Company estimates monthly revenue for a period based on wholesale electricity purchases because customer meters are not generally read at the end of each month. At the end of each month, the electricity delivered to customers, but not billed, is estimated and revenue is recognized. The unbilled revenue estimate is affected by energy demand, weather, line losses and changes in the composition of customer classes.

Distribution revenue also includes RRRP which is an amount relating to rate protection for remote customers received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB. Current legislation provides RRRP for prescribed classes of rural, residential and remote consumers by reducing the electricity rates that would otherwise apply.

Revenues are recorded net of indirect taxes.

Accounts Receivable and Allowance for Doubtful Accounts

Billed accounts receivable are recorded at the invoiced amount and 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 accounts receivable balances. The allowance is based on accounts receivable aging, historical experience and other currently available information. The Company estimates the allowance for doubtful accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balances by risk segment. Risk segments represent groups of customers with similar credit quality indicators and are computed based on various attributes, including number of days receivables are past due, delinquency of balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average write-offs as a percentage of accounts receivable in each risk segment. An account is considered delinquent if the amount billed is not received within 120 days from the bill due date. Accounts receivable are written off against the allowance when they are deemed uncollectible. The existing allowance for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions.

Corporate Income Taxes

Under the *Electricity Act, 1998*, Hydro One Remote Communities is required to make (recover) PILs to (from) the Ontario Electricity Financial Corporation (OEFC). These payments are 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.

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 judgement 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.

Current Income Taxes

The recovery of or the provision for current taxes and the assets and liabilities recognized for the current and prior periods are measured at the amounts receivable from, or payable to, the OEFC.

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.

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 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 Remote Communities. 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 cash 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%.

Fuel, Materials and Supplies

Fuel is used in the generation of electricity. 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 received in aid of construction and any accumulated impairment losses. The cost of additions, including betterments and replacements of asset components, is included on the 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, 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 generation, distribution, and administration and service assets. Property, plant and equipment also includes future use assets, such as major components and spare parts and capitalized project development costs associated with deferred capital projects.

Generation

Generation assets are used in the generation of electricity, including hydroelectric equipment, wind turbines, diesel generators, and tank farms.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices, and metering systems.

Administration and Service

Administration and service assets include administrative buildings, personal computers, transport and work equipment, tools, and other minor assets.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment. 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. Capitalized financing costs are calculated using the Company's weighted average effective cost of debt.

Construction in Progress

Construction 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

The cost of property, plant and equipment is depreciated 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 depreciation rates, as required by the OEB. Any changes arising from 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, 2013.

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	Average
Generation	22 years	3% – 7%	5%
Distribution	36 years	1% – 7%	3%
Administration and service	20 years	3% – 20%	3%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, 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 assets where no asset retirement obligation has been recorded.

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 has been impaired. For such long-lived assets, impairment exists when the carrying value exceeds the sum of the 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. As at December 31, 2013, no asset impairment had been recorded.

Costs of Arranging Debt Financing

For financial liabilities classified as other than held-for-trading, the Company defers the 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 rate basis and the amortization is included within financing charges in the Statements of Operations and Comprehensive Income. 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 includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges. The Company amortizes its net unamortized hedging losses on discontinued cash flow hedges to financing charges using the effective interest method over the term of the associated hedged debt. Hydro One Remote Communities presents OCI and net income in a single continuous Statement of Operations and Comprehensive Income.

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity investments; 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 amount of accounts receivable to be a reasonable estimate 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.

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 disclosed in Note 11 – Fair Value of Financial Instruments and Risk Management.

Transaction costs associated with financial assets and liabilities that are designated as held-for-trading are recognized immediately in results of operations. All financial instrument transactions are recorded at trade date.

Derivative Instruments and Hedge Accounting

The Company currently does not engage in derivative trading or speculative activities and had no derivative instruments outstanding at December 31, 2013. OCI includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of Hydro One's 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 in 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. For the year ended December 31, 2013, the measurement date for the Plans was December 31.

Pension benefits

Hydro One has a contributory defined benefit pension plan covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities, but not including Hydro One Brampton Inc. 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 Note 15 – Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2013.

Post-retirement and post-employment benefits

Hydro One has post-retirement and post-employment benefit plans covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The benefit obligations of the these post-retirement and post-employment benefit plans are not segregated, or funded separately, for Hydro One Remote Communities. Accordingly, for purposes of these Financial Statements, the post-retirement and post-employment benefit obligations are allocated to the Company based on base pensionable earnings.

The Company records a regulatory asset equal to its allocated share of Hydro One's incremental net unfunded projected benefit obligation for post-retirement and post-employment plans at each year end based on annual actuarial reports. The regulatory asset for the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans, in absence of regulatory accounting, would be recognized in accumulated OCI (AOCI). A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process.

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.

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 lives of active Hydro One employees in the plan and over the remaining life expectancy of inactive Hydro One 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 associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the actuarial gains and losses 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 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 Note 15 – Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2013.

Loss Contingencies

Hydro One Remote Communities is involved in certain legal and environmental matters that arise in the normal course of business. In the preparation of its Financial Statements, management makes judgements 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. 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 judgements 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 the longer the projection period. A significant upward or downward trend in the number of claims filed, the nature of the alleged injury, and the average cost of resolving each such 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 Remote Communities records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) based on the present value of these estimated future expenditures. The Company determines the present value 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 Remote

Communities reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

3. NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. This ASU requires an entity to disclose both gross and net information about financial instruments and transactions eligible for offset on the Balance Sheets as well as financial instruments and transactions executed under a master netting or similar arrangement and was issued to enable users of financial statements to understand the effects or potential effects of those arrangements on its financial position. This ASU was required to be applied retrospectively and was effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The adoption of this ASU did not have a significant impact on the Company's Financial Statements.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required under US GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under US GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under US GAAP that provide additional detail about those amounts. This ASU was required to be applied prospectively and was effective for fiscal years, and interim periods within those years, beginning after December 15, 2012. The adoption of this ASU did not have a significant impact on the Company's Financial Statements.

Recent Accounting Guidance Not Yet Adopted

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This ASU provides guidance on the presentation of unrecognized tax benefits. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of this ASU is not anticipated to have a significant impact on the Company's Financial Statements.

4. DEPRECIATION AND AMORTIZATION

Year ended December 31 (thousands of dollars)	**2013**	**2012**
Depreciation of property, plant and equipment	2,564	2,946
Asset removal costs	589	560
Gain on disposition of property, plant and equipment	–	(2)
Amortization of regulatory assets	1,656	2,515
	4,809	6,019

5. FINANCING CHARGES

Year ended December 31 (thousands of dollars)	2013	2012
Interest on long-term debt	1,237	1,237
Interest on inter-company demand facility	216	83
Amortization of hedging losses	13	12
Other	14	5
Less: Interest capitalized on construction in progress	(376)	(321)
	1,104	1,016

6. PROVISION FOR PILS

The provision for PILs differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. The reconciliation between the statutory and the effective tax rates is provided as follows:

Year ended December 31 (thousands of dollars)	2013	2012
Loss before recovery of PILs	(1,091)	(1,436)
Canadian Federal and Ontario statutory income tax rate	26.50%	26.50%
Recovery of PILs at statutory rate	(289)	(381)
Increase (decrease) resulting from:		
Net temporary differences included in amounts charged to customers:		
Depreciation and amortization in excess of capital cost allowance	469	913
Environmental expenditures	(439)	(667)
Overheads capitalized for accounting but deducted for tax purposes	(82)	(102)
Interest capitalized for accounting but deducted for tax purposes	(100)	(85)
Post-retirement and post-employment benefit expense in excess of cash payments	135	74
RRPR variance account	(318)	(1,029)
Pension contribution in excess of pension expense	(90)	(107)
Other	56	(15)
Net temporary differences	(369)	(1,018)
Prior year adjustments	(332)	–
Rate difference on loss carryback	(110)	–
Other permanent differences	9	(37)
Total recovery of PILs	(1,091)	(1,436)
Current recovery of PILs	(1,091)	(1,436)
Deferred recovery of PILs	–	–
Total recovery of PILs	(1,091)	(1,436)
Effective income tax rate	100%	100%

The recovery of payments in lieu of current income taxes of $1,091 thousand (2012 – $1,436 thousand) represents the amount that is recoverable from the OEFC with respect to current year income. The balance receivable from the OEFC at December 31, 2013 was $2,697 thousand (2012 – $1,589 thousand).

Deferred Income Tax Assets

Deferred income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. At December 31, 2013 and 2012, deferred income tax assets and liabilities consisted of the following:

December 31 (thousands of dollars)	2013	2012
Deferred income tax assets		
Environmental expenditures	4,840	4,283
Post-retirement and post-employment benefits expense in excess of cash payments	4,466	4,266
Depreciation and amortization in excess of capital cost allowance	1,845	2,263
Regulatory amounts not recognized for tax	(6,615)	(5,726)
Debt costs and hedging losses recognized for tax but not for accounting purposes	(189)	(245)
Total deferred income tax assets	4,347	4,841
Less: current portion	108	108
	4,239	4,733

During 2013, there was no change in the rate applicable to future taxes (2012 – a change in rate applicable to future rates resulted in a $464 thousand increase to deferred tax liability).

7. ACCOUNTS RECEIVABLE

December 31 (thousands of dollars)	Current accounts receivable	Long-term accounts receivable	Total
2013			
Accounts receivable – billed	3,887	674	4,561
Accounts receivable – unbilled	1,404	–	1,404
Accounts receivable, gross	5,291	674	5,965
Allowance for doubtful accounts	(296)	–	(296)
Accounts receivable, net	4,995	674	5,669
2012			
Accounts receivable – billed	2,963	423	3,386
Accounts receivable – unbilled	1,527	–	1,527
Accounts receivable, gross	4,490	423	4,913
Allowance for doubtful accounts	(297)	(5)	(302)
Accounts receivable, net	4,193	418	4,611

The following table shows the movements in the total allowance for doubtful accounts for the years ended December 31, 2013 and 2012:

Year ended December 31 (thousands of dollars)	2013	2012
Allowance for doubtful accounts – January 1	(302)	(658)
Write-offs	95	222
Adjustments to allowance for doubtful accounts	(89)	134
Allowance for doubtful accounts – December 31	(296)	(302)

8. PROPERTY, PLANT AND EQUIPMENT

December 31 (thousands of dollars)	Costs	Accumulated Depreciation	Construction in Progress	Total
2013				
Generation	41,616	19,517	2,716	24,815
Distribution	8,394	1,748	596	7,242
Administration and Service	10,545	1,991	161	8,715
	60,555	23,256	3,473	40,772
2012				
Generation	38,803	22,056	6,764	23,511
Distribution	7,757	1,785	315	6,287
Administration and Service	9,803	1,938	171	8,036
	56,363	25,779	7,250	37,834

Financing charges capitalized on property, plant and equipment under construction were $376 thousand in 2013 (2012 – $321 thousand).

9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. Hydro One Remote Communities has recorded the following regulatory assets and liabilities:

December 31 (thousands of dollars)	2013	2012
Regulatory assets:		
Environmental	13,426	11,880
Post-retirement and post-employment benefits	2,939	3,144
RRPR variance account	1,985	787
IFRS transition cost variance	–	72
Total regulatory assets	18,350	15,883
Less: current portion	2,427	1,823
	15,923	14,060
Regulatory liabilities:		
Deferred income tax regulatory liability	4,347	4,841
Total regulatory liabilities	4,347	4,841
Less: current portion	108	108
	4,239	4,733

Environmental

The Company records a liability for the estimated future expenditures required to remediate environmental contamination. Management considers it probable that such expenditures will be recovered in the future through the rate-setting process, and as such, the Company has recorded an equivalent amount as a regulatory asset. In 2013, this regulatory asset increased by $2,872 thousand (2012 – decreased by $583 thousand) to reflect related changes in the Company's environmental liabilities. The environmental regulatory asset is amortized to results of operations based on the pattern of actual expenditures incurred and charged to environmental liabilities. The OEB has the discretion to examine and assess the prudency and the timing of recovery of all of the Company's actual environmental expenditures. In the absence of rate-regulated accounting, 2013 operation, maintenance and administration expenses would have been higher by $2,872 thousand (2012 – lower by $583 thousand). In addition, 2013 amortization expense would have been lower by $1,656 thousand (2012 – $2,515 thousand), and 2013 financing charges would have been higher by $330 thousand (2012 – $399 thousand).

Post-Retirement and Post-Employment Benefits

The Company recognizes the net unfunded status of post-retirement and post-employment obligations on the Balance Sheets with an incremental offset to the associated regulatory assets. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process. The post-retirement and 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. In the absence of rate-regulated accounting, 2013 OCI would have been higher by $205 thousand (2012 – lower by $1,941 thousand).

RRPR Variance Account

Hydro One Remote Communities receives RRRP amounts from the IESO. At December 31, 2013, the Company has recognized a regulatory asset representing the amounts required to achieve breakeven net income, as regulated under the cost recovery model, in excess of net RRRP amounts received. At December 31, 2012, net RRRP amounts received were also lower than amounts required to achieve breakeven net income, and as such, a regulatory asset was also recognized. In the absence of rate-regulated accounting, 2013 revenue would have been lower by $1,198 thousand (2012 – $3,957 thousand).

IFRS Transition Costs Variance

Hydro One Remote Communities recorded an asset for the variance between its one-time incremental costs incurred in its uncompleted transition to IFRS and amounts included in rates in respect of this project. In 2013, the company decided not to seek recovery of this amount from rate payers and it was included in the Statement of Operations.

Deferred Income Tax Regulatory Liability

Deferred income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company has recognized regulatory assets and liabilities that correspond to deferred income taxes that flow through the rate-setting process. In the absence of rate-regulated accounting, the Company's provision for PILs would have been recognized using the liability method and there would be no regulatory accounts established for taxes to be recovered through future rates. As a result, the 2013 recovery of PILs would have been lower by approximately $367 thousand (2012 – $771 thousand).

10. LONG-TERM DEBT

Long-term debt represents a note payable to Hydro One. The note was issued on May 19, 2005, with a carrying value of $23,000 thousand and interest at a rate of 5.38% per annum. The note matures on May 20, 2036. The note was issued on maturity of a previous note in the same principal amount that was issued on April 1, 1999 in consideration of the purchase price of Hydro One Remote Communities' net assets.

On issuance of this note, $115 thousand of transaction costs and a $31 thousand debt discount incurred by Hydro One were allocated to Hydro One Remote Communities, based on its proportionate share of Hydro One's related debt issue.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

Hydro One Remote Communities classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Hydro One Remote Communities has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2013 and 2012, the Company's carrying amounts of accounts receivable, inter-company demand facility, and accounts payable are representative of fair value because of the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial assets and liabilities at December 31, 2013 and 2012 are as follows:

December 31, 2013 (thousands of dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Inter-company demand facility	18,031	18,031	18,031	–	–
Long-term debt	23,000	25,450	–	25,450	–
	41,031	43,481	18,031	25,450	–

December 31, 2012 (thousands of dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Inter-company demand facility	11,212	11,212	11,212	–	–
Long-term debt	23,000	28,486	–	28,486	–
	34,212	39,698	11,212	28,486	–

The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no significant transfers between any of the levels during the years ended December 31, 2013 and 2012.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk. The foreign exchange risk is currently not significant, although Hydro One could in the future decide to issue and allocate foreign currency-denominated debt to the Company, along with an allocation of the resulting foreign exchange gains and losses. The Company is exposed to fluctuations in interest rates related to the interest charges passed on by Hydro One on the outstanding inter-company demand facility. The Company is charged interest on overdraft inter-company balances based on the bankers' acceptance rate, plus 0.15%.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2013 and 2012, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Remote Communities did not earn a significant amount of revenue from any individual customer. At December 31, 2013 and 2012, there was no significant accounts receivable balance due from any single customer.

At December 31, 2013, the Company's total provision for bad debts was $296 thousand (2012 – $302 thousand). Adjustments and write-offs are determined on the basis of a review of overdue accounts, taking into consideration historical experience. At December 31, 2013, approximately 47% of the Company's current accounts receivable were aged more than 60 days (2012 – 34%). Sufficient allowances have been recorded to reflect the risk of potential credit losses.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One Remote Communities meets its short-term liquidity requirements through the inter-company demand facility with Hydro One and funds from operations. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

At December 31, 2013, accounts payable and accrued liabilities in the amount of $5,657 thousand (2012 – $6,863 thousand) are expected to be settled in cash at their carrying amounts within the next year.

At December 31, 2013, Hydro One Remote Communities had long-term debt in the principal l amount of $23,000 thousand (2012 – $23,000 thousand). No long-term debt matures during the next year. Interest payments for the next 12 months on the Company's outstanding long-term debt amount to $1,237 thousand (2012 – $1,237 thousand). Principal repayments and interest payments are summarized by the number of years to maturity in the following table.

Years to Maturity	**Principal Outstanding on Long-term Debt** *(thousands of dollars)*	**Interest Payments** *(thousands of dollars)*
1 year	–	1,237
2 years	–	1,237
3 years	–	1,237
4 years	–	1,237
5 years	–	1,237
	–	6,185
6 – 10 years	–	6,185
Over 10 years	23,000	15,468
	23,000	27,838

12. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Hydro One has a defined benefit pension plan, a supplementary pension plan, and post-retirement and post-employment benefit plans. The defined benefit pension plan (Pension Plan) is contributory and covers all regular employees of Hydro One and its subsidiaries, except Hydro One Brampton Networks. The supplementary pension plan provides members of the Pension Plan with benefits that would have been earned and payable under the Pension Plan but for the limitations imposed by the *Income Tax Act* (Canada). The supplementary pension plan obligation is included with other post-retirement and post-employment benefit obligations on the Balance Sheets.

Pension Benefits

The Pension Plan provides benefits based on highest three-year average pensionable earnings. For new management employees who commenced employment on or after January 1, 2004, and for new Society of Energy Professionals represented staff hired after November 17, 2005, benefits are based on highest five-year average pensionable earnings. After retirement, pensions are indexed to inflation.

Company and employees' contributions to the Pension Plan are based on actuarial valuations performed at least every three years. Hydro One's annual Pension Plan contributions for 2013 of $160 million (2012 – $163 million) were based on an actuarial valuation effective December 31, 2011 and the level of 2013 pensionable earnings. Hydro One's estimated annual Pension Plan contributions for 2014 are approximately $160 million, based on the December 31, 2011 valuation and the projected level of pensionable earnings.

At December 31, 2013, based on the December 31, 2011 actuarial valuation, the present value of Hydro One's projected pension benefit obligation was estimated to be $6,576 million (2012 – $6,507 million). The fair value of pension plan assets available for these benefits was $5,731 million (2012 – $4,992 million).

Post-Retirement and Post-Employment Benefits

During the year ended December 31, 2013, Hydro One Remote Communities charged $775 thousand (2012 – $537 thousand) of post-retirement and post-employment benefit costs to results of operations, and capitalized $250 thousand (2012 – $223 thousand) as part of the cost of property, plant and equipment. Benefits paid by the Company in 2013 were $264 thousand (2012 – $259 thousand). In addition, the associated post-retirement and post-employment benefits regulatory asset was decreased by $205 thousand (2012 – increased by $1,941 thousand) and recorded on the Company's Balance Sheets to reflect the expected regulatory inclusion of this amount in future rates, which would otherwise be recorded in OCI.

The Company presents its post-retirement and post-employment benefit liability on the Balance Sheets within the following line items:

December 31 (thousands of dollars)	**2013**	**2012**
Accrued liabilities	300	300
Post-retirement and post-employment benefit liability	12,088	11,532
	12,388	11,832

13. ENVIRONMENTAL LIABILITIES

The Company has accrued the following discounted amounts for environmental liabilities on the Balance Sheets at December 31, 2013 and 2012:

December 31 (thousands of dollars)	**2013**	**2012**
Environmental liabilities, January 1	11,880	14,579
Interest accretion	330	399
Expenditures	(1,656)	(2,515)
Revaluation adjustment	2,872	(583)
Environmental liabilities, December 31	13,426	11,880
Less: current portion	2,427	1,823
	10,999	10,057

The following table illustrates the reconciliation between the undiscounted basis of the environmental liabilities and the amount recognized on the Balance Sheets after factoring in the discount rate:

December 31 (thousands of dollars)	**2013**	**2012**
Undiscounted environmental liabilities, December 31	14,014	12,503
Less: discounting accumulated liabilities to present value	588	623
Discounted environmental liabilities, December 31	13,426	11,880

Estimated future environmental expenditures for each of the five years subsequent to December 31, 2013 and in total thereafter are as follows: 2014 – $2,427 thousand; 2015 – $2,175 thousand; 2016 – $2,844 thousand; 2017 – $1,261 thousand; 2018 – $1,651 thousand; and thereafter – $3,653 thousand. These expenditures are expected to be incurred over the period from 2014 to 2020.

There are uncertainties in estimating future environmental costs due to potential external events such as changes in legislation or regulations and advances in remediation technologies. All factors used in estimating the Company's environmental liabilities represent management's best estimates of the present value of the cost required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions. Estimated environmental liabilities are reviewed annually or more frequently if significant changes in regulation or other relevant factors occur. Estimate changes are accounted for prospectively. The Company records a regulatory asset reflecting its expectation that future environmental costs will be recoverable in rates.

In determining the amounts to be recorded as environmental liabilities, the Company estimates the current cost of completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation assumption of approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future environmental expenditures have been discounted using factors ranging from 3.57% to 4.87%, depending on the appropriate rate for the period when increases in the obligations were first recorded.

As a result of its annual review of the environmental liabilities, the Company recorded a revaluation adjustment to increase the LAR environmental liability by $2,872 thousand (2012 – decrease by $583 thousand).

14. SHARE CAPITAL

Common Shares

The Company has 2 issued and outstanding common shares. The Company is authorized to issue an unlimited number of common shares.

Dividends

The Company has no retained earnings and does not pay dividends under its breakeven business model.

15. RELATED PARTY TRANSACTIONS

Hydro One Remote Communities is a subsidiary of Hydro One, and Hydro One is owned by the Province. The OEFC, IESO, Ontario Power Authority (OPA), Ontario Power Generation Inc. (OPG) and the OEB are related parties to Hydro One Remote Communities because they are controlled or significantly influenced by the Province. Transactions between these parties and Hydro One Remote Communities are described below.

Hydro One Remote Communities receives amounts for RRRP from the IESO. RRRP amounts received for the year ended December 31, 2013 were $33,046 thousand (2012 – $27,549 thousand). Consistent with its breakeven business model, the Company recognized $34,245 thousand as RRRP revenue in 2013 (2012 – $31,506 thousand). This 2013 revenue exceeded amounts received by $1,199 thousand (2012 – $3,957 thousand) and the RRPR variance account balance was adjusted by this amount.

The recovery of PILs was received or receivable from the OEFC.

The amounts due to and from related parties as a result of the transactions referred to above are as follows:

December 31 (thousands of dollars)	2013	2012
Accounts receivable	97	88
Income tax receivable	2,697	1,589

Transactions with related parties occur at normal market prices or at a proxy for fair value based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances at period end are interest free and settled in cash.

Hydro One and Subsidiaries

The Company provides services to, and receives services from, Hydro One and its other subsidiaries. Amounts due to and from Hydro One and its other subsidiaries are settled through the inter-company demand facility.

The Company has entered into various agreements with Hydro One and its other subsidiaries related to the provision of corporate functions and services, such as legal, financial and human resources services, and operational services, such as environmental, forestry, and line services. 2013 revenues include $195 thousand (2012 – $130 thousand) related to the provision of services to Hydro One and its other subsidiaries. 2013 operation, maintenance and administration costs include $3,475 thousand (2012 – $2,607 thousand) related to the purchase of services from Hydro One and its other subsidiaries.

The Company's long-term debt is due to Hydro One. In addition, balances payable or receivable under the inter-company demand facility are due to or from Hydro One and its other subsidiaries. Financing charges include interest expense on the long-term debt in the amount of $1,237 thousand (2012 – $1,237 thousand), and interest expense on the inter-company demand facility in the amount of $216 thousand (2012 – $83 thousand). At December 31, 2013, the Company had accrued interest payable to Hydro One totaling $142 thousand (2012 – $142 thousand).

16. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 (thousands of dollars)	2013	2012
Accounts receivable	(802)	(258)
Materials and supplies	443	638
Income taxes receivable	(1,108)	(1,426)
Long-term accounts receivable	(256)	(49)
Accounts payable	(284)	(443)
Accrued liabilities	(1,526)	91
Post-retirement and post-employment benefit liability	760	500
	(2,773)	(947)
Supplementary information:		
Net interest paid	1,453	1,320

As a result of using the cost recovery model applied to achieve after tax breakeven net income, any PILs paid are fully recovered.

17. CONTINGENCIES

Legal Proceedings

Hydro One Remote Communities is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Transfer of Assets

The transfer orders by which the Company acquired Ontario Hydro's remote communities business on April 1, 1999 did not transfer title to some assets located on lands held for First Nation bands under the *Indian Act* (Canada). Currently, OEFC holds legal title to these assets and the Company manages them until the Company has obtained necessary authorizations to complete the title transfer. To occupy reserve land, the Company must have valid permits issued by Her Majesty the Queen in the Right of Canada. For each permit, the Company must negotiate an agreement (in the form of a Memorandum of Understanding) with the band, OEFC and any First Nation individuals who have occupancy rights. The agreement includes provisions whereby the First Nation band consents to the federal Department of Aboriginal Affairs and Northern Development issuing a permit. It is difficult to predict the aggregate amount that the Company may have to pay, either on an annual or one-time basis, to obtain the required agreements from the First Nation bands. In 2013, the Company paid approximately $2 million (2012 – $1 million) in respect of these consents. OEFC will continue to hold these assets until the Company is able to negotiate agreements with the First Nation bands and occupants. If the Company cannot reach satisfactory agreements and obtain federal permits, the Company may have to relocate these assets from the reserve lands to other locations at a cost that could be substantial. In a limited number of cases, it may be necessary to abandon a line and replace it with diesel generation facilities. The costs relating to these assets could have a material adverse effect on the Company's net income if the Company is not able to recover them in future rate orders.

18. COMMITMENTS

Operating Lease

Hydro One Remote Communities is committed as lessee to an operating lease agreement for use of reserve land to operate a hydro facility for a period of 10 years.

At December 31, 2013, the future minimum lease payments under this operating lease are as follows:

Year ended December 31 (thousands of dollars)	**2013**
Within one year	120
After one year but not more than five years	510
More than five years	600
	1,230

During the year ended December 31, 2013, the Company made upfront lease payments totalling $1 million which is being amortized based over the contractual term of the lease.

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	11,963,000	9,892,000
	Total tangible capital assets	2008	+	64,028,000	63,613,000
	Total accumulated amortization of tangible capital assets	2009	–	23,256,000	25,779,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	20,960,000	19,339,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	73,695,000	67,065,000
	Liabilities				
	Total current liabilities	3139	+	23,939,000	18,325,000
	Total long-term liabilities	3450	+	50,325,000	49,322,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	74,264,000	67,647,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	-569,000	-582,000
	Total liabilities and shareholder equity	3640	=	73,695,000	67,065,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=		

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

Income statement information

Description	GIFI	
Operating name	0001	Ontario Hydro Remote Communities Service Company Inc.
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	+	50,035,000	46,766,000
	Cost of sales	8518	–	25,568,000	24,306,000
	Gross profit/loss	8519	=	24,467,000	22,460,000
	Cost of sales	8518	+	25,568,000	24,306,000
	Total operating expenses	9367	+	25,558,000	23,896,000
	Total expenses (mandatory field)	9368	=	51,126,000	48,202,000
	Total revenue (mandatory field)	8299	+	50,035,000	46,766,000
	Total expenses (mandatory field)	9368	–	51,126,000	48,202,000
	Net non-farming income	9369	=	-1,091,000	-1,436,000
	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	=	-1,091,000	-1,436,000
	Total other comprehensive income	9998	=	13,000	12,000
	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	–	-1,091,000	-1,436,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	13,000	12,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	13,000	12,000

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Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. 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 Guide 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 ☒ 2 No ☐

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

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note

If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: . . . **198**

Completed an auditor's report . . . 1 ☒

Completed a review engagement report . . . 2 ☐

Conducted a compilation engagement . . . 3 ☐

Part 3 – Reservations

If you selected option 1 or 2 under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? . . . **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: . . . **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 ☒ 2 No ☐

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

Assets – lines 1000 to 2599

1062	4,995,000	**1066**	2,697,000	**1122**	1,736,000
1480	2,427,000	**1481**	108,000	**1599**	11,963,000
1740	50,010,000	**1741**	-21,265,000	**1900**	10,545,000
1901	-1,991,000	**1920**	3,473,000	**2008**	64,028,000
2009	-23,256,000	**2420**	16,721,000	**2421**	4,239,000
2589	20,960,000	**2599**	73,695,000		

Liabilities – lines 2600 to 3499

2620	5,657,000	**2629**	142,000	**2860**	18,031,000
2960	109,000	**3139**	23,939,000	**3140**	23,000,000
3320	15,237,000	**3321**	12,088,000	**3450**	50,325,000
3499	74,264,000				

Shareholder equity – lines 3500 to 3640

3580	-569,000	**3620**	-569,000	**3640**	73,695,000

Retained earnings – lines 3660 to 3849

3849	0

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

Description

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.

Sequence number **0003** 01

Other comprehensive income – lines 7000 to 7020

7020	13,000

Revenue – lines 8000 to 8299

8000	50,035,000	8089	50,035,000	8299	50,035,000

Cost of sales – lines 8300 to 8519

8408	25,568,000	8518	25,568,000	8519	24,467,000

Operating expenses – lines 8520 to 9369

8670	4,809,000	8714	1,104,000	9270	19,645,000
9367	25,558,000	9368	51,126,000	9369	-1,091,000

Extraordinary items and taxes – lines 9970 to 9999

9970	-1,091,000	9990	-1,091,000	9998	13,000
9999	13,000				

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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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Amount calculated on line 9999 from Schedule 125					13,000	A
Add:						
Provision for income taxes – current		101	-1,091,000			
Amortization of tangible assets		104	4,809,000			
Non-deductible meals and entertainment expenses		121	32,011			
Reserves from financial statements – balance at the end of the year		126	23,828,275			
Subtotal of additions			27,578,286	▶	27,578,286	
Other additions:						
Debt issue expense		208	15,869			
Miscellaneous other additions:						
600 OPEB US GAAP Valuation		290	205,194			
601 Unpaid Bonus Accrual		291	8,461			
602 2013 Ontario Co-op & Apprentice credits		292	30,604			
604 Computer software expensed	1,011					
Total	1,011	294	1,011			
Subtotal of other additions		199	261,139	▶	261,139	
Total additions		500	27,839,425	▶	27,839,425	B
Amount A **plus** amount B					27,852,425	
Deduct:						
Capital cost allowance from Schedule 8		403	2,826,199			
Reserves from financial statements – balance at the beginning of the year		414	22,852,881			
Subtotal of deductions			25,679,080	▶	25,679,080	
Other deductions:						
Non-taxable/deductible other comprehensive income items		347	13,000			
Miscellaneous other deductions:						
700 Reverse Environmental interest & valuation adjusts in S13		390	3,202,325			
703 Removal expense added back via depreciation	213,176					
Total	213,176	393	213,176			
704 Refer to supporting schedule	1,022,539					
OPEB costs capitalized	246,812					
Total	1,269,351	394	1,269,351			
Subtotal of other deductions		499	4,697,852	▶	4,697,852	
Total deductions		510	30,376,932	▶	30,376,932	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return					-2,524,507	

T2 SCH 1 E (12)

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Amortization underwriting fee (761780)	2,251	00
Amortization of Hedge loss (761770)	13,010	00
Bond Discount (761120,761130)	608	00
Total	15,869	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Capitalized interest	376,006	00
Capitalized overhead	308,916	00
Pension costs capitalized	337,617	00
Total	1,022,539	00

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- 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 federal *Income Tax Act.*

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes				-2,524,507	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 subsection 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")				-2,524,507	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)				-2,524,507	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") If amount G is negative, enter it on line 110 as a positive.				-2,524,507	G

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	2,524,507	h		
Subtotal (amount g **plus** amount h)		2,524,507	▶	2,524,507	I
Subtotal (amount H **plus** amount I)				2,524,507	J

* A non-capital loss expires as follows:
- after **7** tax years if it arose in a tax year ending before March 23, 2004;
- 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 as follows:
- after **7** tax years if it arose in a tax year ending before March 23, 2004; and
- 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 . . . . **130** ______ k

Enter amount k on line 331 of the T2 return.

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) 2,524,507 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** 2,435,715 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) 2,435,715 ▶ 2,435,715 M

Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M) **180** 88,792 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** ______

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 before March 23, 2004, enter the losses from the 8th previous tax year. 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 before March 23, 2004, enter the losses from the 8th previous tax year. 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**	______	g
Second previous tax year	______	**952**	______	h
Third previous tax year	______	**953**	______	i

Subtotal (total of amounts g to i) ______ ▶ ______ 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) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes.*	**410**		g		
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 Enter amount h on line 333 of the T2 return.	**430**		h		
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 . . . . **530** ________ c

Enter amount c on line 655 of Schedule 6.

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

8	9	10	11	12	13	14
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 11 **minus** column 12 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 10 and 13) **650**

Continuity of limited partnership losses that can be carried forward to future tax years

15	16	17	18	19	20
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 column 7) **670**	Limited partnership losses applied in the current year (cannot be more than column 14) **675**	Current year limited partnership losses closing balance to be carried forward to future years (column 16 **plus** column 17 **plus** column 18 **minus** column 19) **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 applies only 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 tax years that begin after the start 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	2,524,507		2,435,715	N/A		88,792
1st preceding taxation year 2012-12-31		N/A		N/A			
2nd preceding taxation year 2011-12-31		N/A		N/A			
3rd preceding taxation year 2010-12-31		N/A		N/A			
4th preceding taxation year 2009-12-31		N/A		N/A			
5th preceding taxation year 2008-12-31		N/A		N/A			
6th preceding taxation year 2007-12-31		N/A		N/A			
7th preceding taxation year 2006-12-31		N/A		N/A			
8th preceding taxation year 2005-12-31		N/A		N/A			
9th preceding taxation year 2004-12-31		N/A		N/A			
10th preceding taxation year 2003-12-31		N/A		N/A			
11th preceding taxation year 2002-12-31		N/A		N/A			
12th preceding taxation year 2001-12-31		N/A		N/A			
13th preceding taxation year 2000-12-31		N/A		N/A			
14th preceding taxation year 1999-12-31		N/A		N/A			
15th preceding taxation year 1999-03-31		N/A		N/A			
16th preceding taxation year 1998-03-31		N/A		N/A			
17th preceding taxation year 1997-03-31		N/A		N/A			
18th preceding taxation year 1996-03-31		N/A		N/A			
19th preceding taxation year 1995-03-31		N/A		N/A			
20th preceding taxation year 1994-03-31		N/A		N/A			*
Total		2,524,507		2,435,715			88,792

*** 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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Part 1 – Allocation of taxable income

100 ____________ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	**003** 1 Yes ☐	**103**		**143**		
Newfoundland and Labrador offshore	**004** 1 Yes ☐	**104**		**144**		
Prince Edward Island	**005** 1 Yes ☐	**105**		**145**		
Nova Scotia	**007** 1 Yes ☐	**107**		**147**		
Nova Scotia offshore	**008** 1 Yes ☐	**108**		**148**		
New Brunswick	**009** 1 Yes ☐	**109**		**149**		
Quebec	**011** 1 Yes ☐	**111**		**151**		
Ontario	**013** 1 Yes ☐	**113**		**153**		
Manitoba	**015** 1 Yes ☐	**115**		**155**		
Saskatchewan	**017** 1 Yes ☐	**117**		**157**		
Alberta	**019** 1 Yes ☐	**119**		**159**		
British Columbia	**021** 1 Yes ☐	**121**		**161**		
Yukon	**023** 1 Yes ☐	**123**		**163**		
Northwest Territories	**025** 1 Yes ☐	**125**		**165**		
Nunavut	**026** 1 Yes ☐	**126**		**166**		
Outside Canada	**027** 1 Yes ☐	**127**		**167**		
Total		**129** G		**169** H		

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

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. 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				
Ontario tax credit for the purchase of vehicles that use natural gas as a fuel					
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 (amount E6 **minus** amount on line 416) (if negative, enter "0")					F6
Deduct: Ontario corporate minimum tax credit (from Schedule 510)			418		
Ontario corporate income tax payable (amount F6 **minus** amount on line 418) (if negative, enter "0")					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)					I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	12,000			
Ontario apprenticeship training tax credit (from Schedule 552)	454	18,604			
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and television tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Other Ontario tax credits					
Subtotal		30,604	▶	30,604	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	-30,604	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**	-30,604

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Net adjustments** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ***** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		17,529,689	525,536		0	262,768	17,792,457	4	0	0	711,698	17,343,527
2.	2		523,488			0		523,488	6	0	0	31,409	492,079
3.	3		743,061			0		743,061	5	0	0	37,153	705,908
4.	6		2,798,765	2,068,214		0	1,034,107	3,832,872	10	0	0	383,287	4,483,692
5.	8		867,600	215,156		0	107,578	975,178	20	0	0	195,036	887,720
6.	10		373,003	35,011		0	17,506	390,508	30	0	0	117,152	290,862
7.	12		2,572	351		0	176	2,747	100	0	0	2,747	176
8.	13	Hillsport Water Well	38,999			0		38,999	NA	0	0	1,019	37,980
9.	13	Oba Water Well	22,260			0		22,260	NA	0	0	2,782	19,478
10.	17		9,888,184	4,254,564		0	2,127,282	12,015,466	8	0	0	961,237	13,181,511
11.	42		191,858			0		191,858	12	0	0	23,023	168,835
12.	43.1		614	981,967		0	490,984	491,597	30	0	0	147,479	835,102
13.	45		1,225			0		1,225	45	0	0	551	674
14.	47		2,512,031	224,212		14	112,099	2,624,130	8	0	0	209,930	2,526,299
15.	50		3,083			0		3,083	55	0	0	1,696	1,387
		Totals	35,496,432	8,305,011		14	4,152,500	39,648,929				2,826,199	40,975,230

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

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only, if you are using the declining balance method. For any other method (for example the straignt-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (11)

Canadä

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

	Name 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 Inc.		86999 4731 RC0001	1					
2.	Hydro One Networks Inc.		87086 5821 RC0001	3					
3.	Hydro One Telecom Inc.		86800 1066 RC0001	3					
4.	Hydro One Telecom Link Limited		88786 7513 RC0001	3					
5.	Hydro One Brampton Networks Inc.		86486 7635 RC0001	3					
6.	Hydro One Lake Erie Link Managem		87892 1519 RC0001	3					
7.	Hydro One Lake Erie Link Company		87560 6519 RC0001	3					
8.	Hydro One B2M LP Inc.		81838 2046 RC0001	3					
9.	B2M GP Inc.		81838 1840 RC0001	3					
10.	Hydro One B2M Holdings Inc.		82217 7531 RC0001	3					
11.	1908872 Ontario Inc.		82581 6838 RC0001	3					
12.	1908873 Ontario Inc.		83392 0978 RC0001	3					
13.	1893080 Ontario Inc.		82217 7333 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

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	11,832,479		555,363		12,387,842
2	RRPP Rev Var (427191)	-786,719			1,198,744	-1,985,463
3	Environmental Liability	11,879,741		1,546,155		13,425,896
4	Reg Asset - IFRS Costs	-72,620			-72,620	
5						
	Reserves from Part 2 of Schedule 13					
	Totals	22,852,881		2,101,518	1,126,124	23,828,275

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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- 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 Networks Inc	483 Bay Street Toronto ON CA M5G 2P5			818,505		
2	Hydro One Inc.	483 Bay Street Toronto ON CA M5G 2P5			49,336		

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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- 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	1,401,481	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	1,401,481	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	1,401,481	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")		C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(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 2013

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 Remote Communities Inc.	87083 6269 RC0001	1	500,000		
2	Hydro One Inc.	86999 4731 RC0001	1	500,000		
3	Hydro One Networks Inc.	87086 5821 RC0001	1	500,000	100.0000	500,000
4	Hydro One Telecom Inc.	86800 1066 RC0001	1	500,000		
5	Hydro One Telecom Link Limited	88786 7513 RC0001	1	500,000		
6	Hydro One Brampton Networks Inc.	86486 7635 RC0001	1	500,000		
7	Hydro One Lake Erie Link Management Inc	87892 1519 RC0001	1	500,000		
8	Hydro One Lake Erie Link Company Inc.	87560 6519 RC0001	1	500,000		
9	Hydro One B2M LP Inc.	81838 2046 RC0001	1	500,000		
10	B2M GP Inc.	81838 1840 RC0001	1	500,000		
11	Hydro One B2M Holdings Inc.	82217 7531 RC0001	1	500,000		
12	1908872 Ontario Inc.	82581 6838 RC0001	1	500,000		
13	1908873 Ontario Inc.	83392 0978 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	1893080 Ontario Inc.	82217 7333 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.

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)

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2012-12-31	849			849
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				
1999-03-31				
1998-03-31				
1997-03-31				
1996-03-31				
1995-03-31				
1994-03-31				*
Total	849			849

B+C+D+G **Total ITC utilized**

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

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) **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

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

On: 2013-12-31

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

Eligibility for the various additions

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

2006 addition

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

Change in the type of corporation

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

Amalgamation (first year of filing after amalgamation)

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

Winding-up

9. 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 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year . . . **100** 1,223,283 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 (line B **minus** line C) (if negative enter "0") . . . **150** ______

After-tax income (line 150 x general rate factor for the tax year ** 0.72) . . . **190** ______ D

Eligible dividends received in the tax year . . . **200** ______

Dividends deductible under section 113 received in the tax year . . . **210** ______

Subtotal (**add** lines 200 and 210) ______ ► ______ E

GRIP addition:

Becoming a CCPC (line PP from Part 4) . . . **220** ______

Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4) . . . **230** ______

Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4) . . . **240** ______

Subtotal (**add** lines 220, 230, and 240) ______ ► **290** ______ F

Subtotal (**add** lines A, D, E, and F) 1,223,283 G

Eligible dividends paid in the previous tax year . . . **300** ______

Excessive eligible dividend designations made in the previous tax year . . . **310** ______

Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.

Subtotal (line 300 **minus** line 310) ______ ► ______ H

GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative) . . . **490** 1,223,283

Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2) . . . **560** 1,503,909

GRIP at the end of the tax year (line 490 **minus** line 560) . . . **590** -280,626

Enter this amount on line 160 of Schedule 55.

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

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

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

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

First previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year . . . ______ J1

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

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . ______ L1

Aggregate investment income (line 440 of the T2 return) . . . ______ M1

Subtotal (**add** lines K1, L1, and M1) ______ ► ______ N1

Subtotal (line J1 **minus** line N1) (if negative, enter "0") ______ ► ______ O1

Part 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** lines Q1, R1, and S1) ____ ▶ ____ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ____ ▶ ____ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ____ V1

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

(line V1 **multiplied by** the general rate factor for the tax year 0.72) . . . . **500** ____

Second previous tax year 2011-12-31

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** lines K2, L2, and M2) ____ ▶ ____ N2

Subtotal (line J2 **minus** line 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** lines Q2, R2, and S2) ____ ▶ ____ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ____ ▶ ____ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ____ V2

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

(line V2 **multiplied by** the general rate factor for the tax year 0.72) . . . . **520** ____

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

Third previous tax year 2010-12-31

Taxable income before specified future tax consequences from the current tax year . . . 2,088,762 J3

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

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

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

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

Subtotal (**add** lines K3, L3, and M3) ______ ▶ ______ N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 2,088,762 ▶ 2,088,762 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**
2,435,715					2,435,715

Taxable income after specified future tax consequences . . . ______ P3

Enter the following amounts after specified future tax consequences:

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

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

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

Subtotal (**add** lines Q3, R3, and S3) ______ ▶ ______ T3

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

Subtotal (line O3 **minus** line U3) (if negative, enter "0") 2,088,762 V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.72) . . . **540** 1,503,909

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . 1,503,909 W

Enter amount W on line 560.

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

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . ☐

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

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

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

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

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

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

Subtotal (line BB **minus** line CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . ______ EE

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

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

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

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

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses . . . . ______
Net capital losses . . . . ______
Farm losses . . . . ______
Restricted farm losses . . . . ______
Limited partnership losses . . . . ______

Subtotal ______ ▶ ______ HH

Subtotal (**add** lines FF, GG, and HH) ______ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ______ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ______ KK

All the corporation's reserves deducted in its previous/last tax year . . . . ______ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ______ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ______ NN

Subtotal (**add** lines JJ, KK, LL, MM, and NN) ______ ▶ ______ OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0") . . . . ______ PP

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

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

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

0.68	x	number of days in the tax year before January 1, 2010		. . . . =		QQ
		number of days in the tax year	365			
0.69	x	number of days in the tax year in 2010		. . . . =		RR
		number of days in the tax year	365			
0.7	x	number of days in the tax year in 2011		. . . . =		SS
		number of days in the tax year	365			
0.72	x	number of days in the tax year after December 31, 2011	365	. . . . =	0.720000000	TT
		number of days in the tax year	365			

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.72000 UU

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	73,695,000
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	33,431,225,104
Total assets (total of lines 112 to 116)		33,504,920,104
Total revenue of the corporation for the tax year **	142	50,035,000
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	6,702,002,000
Total revenue (total of lines 142 to 146)		6,752,037,000

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	13,000	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220				
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			▶		A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	320	1,091,000			
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 Other comprehensive income included in income	382	13,000			
383	384				
385	386				
387	388				
389	390				
Subtotal		1,104,000	▶	1,104,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	-1,091,000	

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 – 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** ____________

Deduct:

CMT loss available (amount R from Part 7) 1,551,765

Minus: Adjustment for an acquisition of control * . . . . . . **518** ____________

Adjusted CMT loss available . . . . 1,551,765 ▶ 1,551,765 C

Net income subject to CMT calculation (if negative, enter "0") . . . . **520** ____________

Amount from line 520 ____________ x Number of days in the tax year before July 1, 2010 ______ / Number of days in the tax year 365 x 4 % = ____________ 1

Amount from line 520 ____________ x Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365 x 2.7 % = ____________ 2

Subtotal (amount 1 **plus** amount 2) . . . . ____________ 3

Gross CMT: amount on line 3 above x OAF ** . . . . **540** ____________

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ____________

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ____________ D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . ____________

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 – 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 – 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) 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 6

Subtotal (if negative, enter "0") ▶ N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) 30,604

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 – 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 – CMT loss carryforward

CMT loss carryforward at the end of the previous tax year *		1,551,765 Q		
Deduct:				
CMT loss expired *	700			
CMT loss carryforward at the beginning of the tax year * (see note below)		1,551,765 ▶	720	1,551,765
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)				1,551,765 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")				1,551,765 S
Add:				
Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount)			760	1,091,000
CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760)			770	2,642,765 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 – 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.

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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 Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 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 Inc.	86999 4731 RC0001	13,247,000,000	650,000,000
2	Hydro One Networks Inc.	87086 5821 RC0001	19,698,000,000	5,502,000,000
3	Hydro One Telecom Inc.	86800 1066 RC0001	76,876,000	80,880,000
4	Hydro One Telecom Link Limited	88786 7513 RC0001	1,111,000	442,000
5	Hydro One Brampton Networks Inc.	86486 7635 RC0001	403,229,000	468,680,000
6	Hydro One Lake Erie Link Management Inc	87892 1519 RC0001	4,990,000	0
7	Hydro One Lake Erie Link Company Inc.	87560 6519 RC0001	18,000	0
8	Hydro One B2M LP Inc.	81838 2046 RC0001	1	0
9	B2M GP Inc.	81838 1840 RC0001	999	0
10	Hydro One B2M Holdings Inc.	82217 7531 RC0001	100	0
11	1908872 Ontario Inc.	82581 6838 RC0001	1	0
12	1908873 Ontario Inc.	83392 0978 RC0001	1	0
13	1893080 Ontario Inc.	82217 7333 RC0001	2	0
		Total	450 33,431,225,104	550 6,702,002,000

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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record): Hydro One Remote Communities Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent: **Ontario**

110 Date of incorporation or amalgamation, whichever is the most recent (Year Month Day): 1998-08-18

120 Ontario Corporation No.: 1310735

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

200 Care of (if applicable):

210 Street number: 483

220 Street name/Rural route/Lot and Concession number: Bay Street 8th Floor

230 Suite number:

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

250 Municipality (e.g., city, town): Toronto

260 Province/state: ON

270 Country: CA

280 Postal/zip code: M5G 2P5

Part 3 – Change identifier

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

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

Part 4 – Certification

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

450 Last name: BARAGETTI

451 First name: GIOVANNA

454 Middle name(s):

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

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

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

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:

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

510 Care of (if applicable)

520 Street number

530 Street name/Rural route/Lot and Concession number

540 Suite number

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

560 Municipality (e.g., city, town)

570 Province/state

580 Country

590 Postal/zip code

Part 6 – Language of preference

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

Canada Revenue Agency   Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

- 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
SELMA YAM	(416) 345-6827

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** 9,723,581

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**
1.	Carelton	Mechanical Engineering
2.	Carelton	Mechanical Engineering
3.	Toronto	Mechanical Engineering
4.	Toronto	Mechanical Engineering
5.		

	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**
1.	[redacted]	2013-05-06	2013-08-31
2.	[redacted]	2013-09-01	2013-12-31
3.	[redacted]	2013-01-01	2013-04-30
4.	[redacted]	2013-05-07	2013-08-22
5.			

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 %	17,739	25.000 %		17
2.		10.000 %	17,739	25.000 %		17
3.		10.000 %	22,861	25.000 %		16
4.		10.000 %	22,861	25.000 %		14
5.		10.000 %		25.000 %		

	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
1.	4,435	3,000	3,000		3,000
2.	4,435	3,000	3,000		3,000
3.	5,715	3,000	3,000		3,000
4.	5,715	3,000	3,000		3,000
5.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 12,000 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

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2013-12-31

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

Part 1 – Corporate information (please print)

110 Name of person to contact for more information	**120** Telephone number including area code
SELMA YAM	(416) 345-6827

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes ☐ 2 No ☒

If **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ______

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 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.

T2 SCH 552 E (10)

Canada

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 9,723,581

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:

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

Specified percentage . . . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Specified percentage . . . . . . **312** 35.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/ trade name 405	C Name of apprentice 410
1.	310t	Truck And Coach Technician	[redacted]
2.	310t	Truck And Coach Technician	[redacted]
3.	310t	Truck And Coach Technician	[redacted]
4.	310t	Truck And Coach Technician	[redacted]
5.	434a	Powerline Technician	[redacted]
6.	434a	Powerline Technician	[redacted]
7.			

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425	F Start date of employment as an apprentice in the tax year (see note 2 below) 430	G End date of employment as an apprentice in the tax year (see note 3 below) 435
1.	[redacted]	2009-01-05	2013-01-01	2013-01-05
2.	[redacted]	2009-08-17	2013-01-02	2013-03-14
3.	[redacted]	2011-05-30	2013-10-28	2013-12-19
4.	[redacted]	2010-07-05	2013-03-06	2013-09-27
5.	[redacted]	2010-05-03	2013-07-22	2013-12-31
6.	[redacted]	2011-03-28	2013-01-21	2013-07-19

	D Original contract or training agreement number **420**	E Original registration date of apprenticeship contract or training agreement (see note 1 below) **425**	F Start date of employment as an apprentice in the tax year (see note 2 below) **430**	G End date of employment as an apprentice in the tax year (see note 3 below) **435**
7.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2 below) 445
1.		5	5	137
2.		72	72	1,973
3.		53	53	1,452
4.		206	206	5,644
5.		163	163	4,466
6.		180	180	4,932
7.				

	J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451	J2 Eligible expenditures after March 26, 2009 (see note 3 below) 452	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460
1.		93,336	93,336	32,668
2.		92,676	92,676	32,437
3.		64,434	64,434	22,552
4.		89,190	89,190	31,217
5.		103,175	103,175	36,111
6.		93,143	93,143	32,600
7.				

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5 below) 480	N ATTC for each apprentice (column L or column M, whichever applies) 490
1.	137		137
2.	1,973		1,973
3.	1,452		1,452
4.	5,644		5,644
5.	4,466		4,466
6.	4,932		4,932
7.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 18,604 O or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ____________ x percentage on line 170 in Part 1 ________ % = ... ____________ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations.* If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = ($5,000 x H1/365*) + ($10,000 x H2/365*)
* 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.

For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.
Complete a **separate entry** for each repayment of government assistance.

200

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

055 **Do not use this area**

Filed: 2017-08-28
EB-2017-0051
Exhibit D2-09-01
Attachment 2
Page 1 of 100

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** 87083 6269 RC0001

Corporation's name
002 Hydro One Remote Communities 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.)
011 680 Beaverhall Place
012
City **015** Thunder Bay
Province, territory, or state **016** ON
Country (other than Canada) **017**
Postal code/Zip code **018** P7E 6G9

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 Selma Yam
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** 2014-01-01 YYYY MM DD
Tax year-end **061** 2014-12-31 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

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	**150**	☒	9
Is the corporation an associated CCPC?	**160**	☒	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	**161**	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	**151**	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	**162**	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	**163**	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	**164**	☒	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	**165**	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	**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 federal *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**	☒	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**	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	**202**	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	**203**	☐	3
Is the corporation claiming any type of losses?	**204**	☒	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	**205**	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	**206**	☐	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	**207**	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	**208**	☒	8
Does the corporation have any property that is eligible capital property?	**210**	☐	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**	☐	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**	☐	
Is the corporation claiming a surtax credit?	**237**	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	**238**	☐	38
Is the corporation claiming a Part I tax credit?	**242**	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	**243**	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	**244**	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	**249**	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	**250**	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	**253**	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	**254**	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	**255**	☐	92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271	☐	T1134
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259	☐	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	☐	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	☐	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	☐	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	☐	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	☐	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	☐	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	☐	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	☐	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? . . . . **270** 1 Yes ☐ 2 No ☒

Is the corporation inactive? . . . . **280** 1 Yes ☐ 2 No ☒

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 generation and distribution	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year? . . . . **291** 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the tax year? . . . . **292** 1 Yes ☐ 2 No ☒

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 . . . . **294** ________ YYYY MM DD

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? . . . . **295** 1 Yes ☐ 2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	-2,858,863	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** ______ 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 ______ x **415** *** ______ D / 11,250 = ... ______ E

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

Small business deduction

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

Enter amount G on line I on page 7.

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

** 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 V and Y (line Z1) from Part 9 of Schedule 27			B	
Amount QQ from Part 13 of Schedule 27			C	
Personal service business income	**432**		D	
Amount used to calculate the credit union deduction (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 V and Y (line Z1) from Part 9 of Schedule 27			L	
Amount QQ 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 % = ... ______ A

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 % = ______ C

(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 % = ______ L

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 . . . . ______ x 1 / 3 = ______ S

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 % of whichever is less: amount C or amount F . . . . **604** ______ G

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.

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			
Provincial tax on large corporations (Nova Scotia Schedule 342)	765			
(The Nova Scotia tax on large corporations is eliminated effective July 1, 2012.)				
Total provincial or territorial tax			▶	

Deduct other credits:

Total tax payable 770 ______ A

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	55,644		
Tax instalments paid	840			
Total credits	890	55,644	▶	55,644 B

Refund code 894 2 Overpayment 55,644 ◀

Balance (amount A **minus** amount B) -55,644

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**.

Enclosed payment 898 ______

Direct deposit request

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

☐ Start ☐ Change information

910 ______ Branch number

914 ______ Institution number

918 ______ Account number

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

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 2015-06-29 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 ☒

958 SELMA YAM Name (print)

959 (416) 345-6827 Telephone number

Language of correspondence – Langue de correspondance

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

Privacy Act, personal information bank number CRA PPU 047

HYDRO ONE REMOTE COMMUNITIES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014

HYDRO ONE REMOTE COMMUNITIES INC.
INDEPENDENT AUDITORS' REPORT

To Directors of Hydro One Remote Communities Inc.

We have audited the accompanying financial statements of Hydro One Remote Communities Inc., which comprise the balance sheet as at December 31, 2014, the statements of operations and comprehensive income, changes in shareholder's deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United States Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hydro One Remote Communities Inc. as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with United States Generally Accepted Accounting Principles.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 24, 2015

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2014 and 2013

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Revenues *(Note 15)*	52,130	50,035
Costs		
Operation, maintenance and administration *(Note 15)*	20,069	19,645
Fuel used for electric generation	25,869	25,568
Depreciation and amortization *(Note 4)*	4,623	4,809
	50,561	50,022
Income (loss) before financing charges and recovery of payments in lieu of corporate income taxes	1,569	13
Financing charges *(Notes 5, 15)*	1,559	1,104
Income before recovery of payments in lieu of corporate income taxes	10	(1,091)
Provision for (recovery of) payments in lieu of corporate income taxes *(Notes 6, 15)*	10	(1,091)
Net income	–	–
Other comprehensive income	13	13
Comprehensive income	13	13

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
BALANCE SHEETS
At December 31, 2014 and 2013

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Assets		
Current assets:		
Accounts receivable (net of allowance for doubtful accounts – $145; 2013 – $296) *(Notes 7, 15)*	4,454	4,995
Regulatory assets *(Note 9)*	1,301	2,427
Fuel, materials and supplies	2,092	1,736
Deferred income tax assets *(Note 6)*	120	108
Income tax receivable *(Notes 6, 15)*	2,683	2,697
	10,650	11,963
Property, plant and equipment *(Note 8)*:		
Property, plant and equipment in service	63,601	58,905
Less: accumulated depreciation	24,588	23,256
	39,013	35,649
Construction in progress	2,138	3,473
Future use components and spares	1,767	1,650
	42,918	40,772
Other long-term assets:		
Regulatory assets *(Note 9)*	18,283	15,923
Deferred income tax assets *(Note 6)*	4,213	4,239
Deferred debt issuance costs *(Note 10)*	183	124
Long-term accounts receivable (net of allowance for doubtful accounts – $159; 2013 – $0) *(Note 7)*	1,250	674
	23,929	20,960
Total assets	77,497	73,695

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
BALANCE SHEETS (continued)
At December 31, 2014 and 2013

December 31 (thousands of Canadian dollars, except number of shares)	**2014**	**2013**
Liabilities		
Current liabilities:		
Inter-company demand facility *(Notes 11, 15)*	6,806	18,031
Accounts payable	876	703
Accrued liabilities *(Notes 12, 13)*	8,936	4,954
Accrued interest *(Note 15)*	172	142
Regulatory liabilities *(Note 9)*	120	109
	16,910	23,939
Long-term debt *(Notes 10, 11, 15)*	33,000	23,000
Other long-term liabilities:		
Post-retirement and post-employment benefit liability *(Note 12)*	12,862	12,088
Regulatory liabilities *(Note 9)*	4,213	4,238
Environmental liabilities *(Note 13)*	11,068	10,999
	28,143	27,325
Total liabilities	78,053	74,264
Contingencies and commitments (Notes 17, 18)		
Shareholder's deficit		
Common shares (authorized: unlimited; issued: 2) *(Note 14)*	–	–
Accumulated other comprehensive loss	(556)	(569)
Total shareholder's deficit	(556)	(569)
Total liabilities and shareholder's deficit	77,497	73,695

See accompanying notes to Financial Statements.

On behalf of the Board of Directors:

Carmine Marcello

Carmine Marcello
Chair

Lee Ann Cameron
Director

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIT
For the years ended December 31, 2014 and 2013

Year ended December 31, 2014 *(thousands of Canadian dollars)*	Common shares	Accumulated other comprehensive loss	Total shareholder's deficit
January 1, 2014	–	(569)	(569)
Other comprehensive income	–	13	13
December 31, 2014	–	(556)	(556)

Year ended December 31, 2013 *(thousands of Canadian dollars)*	Common shares	Accumulated other comprehensive loss	Total shareholder's deficit
January 1, 2013	–	(582)	(582)
Other comprehensive income	–	13	13
December 31, 2013	–	(569)	(569)

See accompanying notes to Financial Statements.

HYDRO ONE REMOTE COMMUNITIES INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Operating activities		
Net income	–	–
Environmental expenditures	(1,598)	(1,656)
Adjustments for non-cash items:		
Depreciation and amortization (excluding removal costs)	4,193	4,220
Regulatory assets and liabilities	(2,594)	(1,126)
Amortization of hedging losses	13	13
Amortization of deferred debt costs and debt discounts	3	3
Changes in non-cash balances related to operations *(Note 16)*	6,007	(2,773)
Net cash from (used in) operating activities	6,024	(1,319)
Financing activities		
Long-term debt issued	10,000	–
Other	(60)	–
Net cash from financing activities	9,940	–
Investing activities		
Capital expenditures	(4,634)	(5,427)
Proceeds on disposition of property, plant and equipment	12	4
Future use assets	(117)	(77)
Net cash used in investing activities	(4,739)	(5,500)
Net change in inter-company demand facility	11,225	(6,819)
Inter-company demand facility, beginning of year	(18,031)	(11,212)
Inter-company demand facility, end of year	(6,806)	(18,031)

See accompanying notes to Financial Statements.

1. DESCRIPTION OF THE BUSINESS

Hydro One Inc. (Hydro One) was incorporated on December 1, 1998, under the *Business Corporations Act* (Ontario) and is wholly owned by the Province of Ontario (Province). The principal businesses of Hydro One are the transmission and distribution of electricity to customers within Ontario.

Hydro One Remote Communities Inc. (Hydro One Remote Communities or the Company) was incorporated on August 18, 1998 under the *Business Corporations Act* (Ontario), and is a wholly owned subsidiary of Hydro One. Hydro One Remote Communities operates 19 small electrical, generation and distribution systems in remote communities in northern Ontario that are not connected to the Province's electricity grid. The Company's business is 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 (US) Generally Accepted Accounting Principles (GAAP) and in Canadian dollars.

The Company uses a cost recovery model applied to achieve breakeven net income and the financial statements are prepared for the use of the OEB. Certain amounts presented in these Financial Statements represent allocations from Hydro One that are subject to review and approval by the OEB. Consolidated Financial Statements of Hydro One for the year ended December 31, 2014 have been prepared and are publicly available.

Hydro One Remote Communities performed an evaluation of subsequent events through to March 24, 2015, the date these Financial Statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these Financial Statements. No such events or transactions were identified.

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 and expenses during the reporting periods. Management evaluates these estimates on an on-going basis based upon: historical experience; current conditions; and assumptions believed to be reasonable at the time the assumption is 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 impairment, contingencies, unbilled revenue, allowance for doubtful accounts and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates, which may be impacted by future decisions made by the OEB or the Province.

Rate Setting

In October 2013, Hydro One Remote Communities filed an IRM application with the OEB for 2014 distribution rates, seeking approval for a rate increase of approximately 0.48%. On March 13, 2014, the OEB approved an increase of approximately 1.7% to basic rates for the distribution and generation of electricity, with an effective date of May 1, 2014. The final rate increase was adjusted by the OEB's updated rate adjustment parameters and Hydro One Remote Communities' IRM stretch factor.

In 2012, Hydro One Remote Communities filed a cost-of-service application for 2013 distribution rates. The application requested an increase of 3.45% to customer rates for generation and distribution and an increase of approximately $7 million to annual Rural and Remote Rate Protection (RRRP). In 2013, the OEB approved the proposed rate increase and annual RRRP of approximately $32 million.

Regulatory Accounting

The OEB has the general power to include or exclude costs, revenues, losses or gains 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.

Hydro One Remote Communities is regulated under a cost recovery model applied to achieve breakeven net income, after consideration of the recovery of / provision for payments in lieu of corporate income taxes (PILs). Any excess or deficiency in RRRP amounts necessary to lead to breakeven net income is added to, or drawn from, the Remote Rate Protection Revenue (RRPR) variance account. The balance in the RRPR variance account is subject to future review and disposition by the OEB.

Revenue Recognition

Revenues are recognized on an accrual basis and include billed and unbilled revenues. Revenues attributable to the generation and delivery of electricity are based on OEB-approved distribution rates and are recognized as electricity is delivered to customers. The Company estimates monthly revenue for a period based on wholesale electricity purchases because customer meters are not generally read at the end of each month. At the end of each month, the electricity delivered to customers, but not billed, is estimated and revenue is recognized. The unbilled revenue estimate is affected by energy demand, weather, line losses and changes in the composition of customer classes.

Distribution revenue also includes RRRP which is an amount relating to rate protection for remote customers received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB. Current legislation provides RRRP for prescribed classes of rural, residential and remote consumers by reducing the electricity rates that would otherwise apply.

Revenues are recorded net of indirect taxes.

Accounts Receivable and Allowance for Doubtful Accounts

Billed accounts receivable are recorded at the invoiced amount and 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 accounts receivable balances. The allowance is based on accounts receivable aging, historical experience and other currently available information. The Company estimates the allowance for doubtful accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balances by risk segment. Risk segments represent groups of customers with similar credit quality indicators and are computed based on various attributes, including number of days receivables are past due, delinquency of balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average write-offs as a percentage of accounts receivable in each risk segment. An account is considered delinquent if the amount billed is not received within 120 days from the bill due date. Accounts receivable are written off against the allowance when they are deemed uncollectible. The existing allowance for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions.

Long-term accounts receivable are recorded at their invoiced amount and represent amounts due from specified First Nations. The component of long-term accounts receivable that is energy-related does not bear interest. These amounts are reduced by fixed-interval payments, received monthly throughout the term of the agreement. Provision for uncollectible amounts for this component is set at the inception of the balance and is maintained until settlement of those amounts. The provision for this component is monitored and adjusted only if required with management discretion. The component of long-term accounts receivable that is non-energy related is reduced annually by a fixed incremental amount which is expensed through performance of the associated contract. There is no provision associated with these amounts.

Corporate Income Taxes

Under the *Electricity Act, 1998*, Hydro One Remote Communities is required to make (recover) PILs to (from) the Ontario Electricity Financial Corporation (OEFC). These payments are 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.

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.

Current Income Taxes

The recovery of or the provision for current taxes and the assets and liabilities recognized for the current and prior periods are measured at the amounts receivable from, or payable to, the OEFC.

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.

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 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 Remote Communities. 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 cash 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%.

Fuel, Materials and Supplies

Fuel is used in the generation of electricity. 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 received in aid of construction and any accumulated impairment losses. The cost of additions, including betterments and replacements of asset components, is included on the 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, 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 generation, distribution, and administration and service assets. Property, plant and equipment also includes future use assets, such as major components and spare parts and capitalized project development costs associated with deferred capital projects.

Generation

Generation assets are used in the generation of electricity, including hydroelectric equipment, wind turbines, diesel generators, and tank farms.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices, and metering systems.

Administration and Service

Administration and service assets include administrative buildings, personal computers, tools, and other minor assets.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment. 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. Capitalized financing costs are calculated using the Company's weighted average effective cost of debt.

Construction in Progress

Construction 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

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category.

The Company periodically initiates an external independent review of its property, plant and equipment depreciation rates, as required by the OEB. Any changes arising from 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, 2013.

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	Average
Generation	22 years	3% – 7%	5%
Distribution	48 years	1% – 7%	2%
Administration and service	45 years	2% – 20%	4%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, 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 assets where no asset retirement obligation has been recorded.

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 has been impaired. For such long-lived assets, impairment exists when the carrying value exceeds the sum of the 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. As at December 31, 2014, no asset impairment had been recorded.

Costs of Arranging Debt Financing

For financial liabilities classified as other than held-for-trading, the Company defers the external transaction costs related to obtaining debt financing and presents such amounts as deferred debt issuance costs on the Balance Sheets. Deferred debt issuance costs are amortized over the contractual life of the related debt on an effective-interest rate basis and the amortization is included within financing charges in the Statements of Operations and Comprehensive Income. 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 includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges. The Company amortizes its net unamortized hedging losses on discontinued cash flow hedges to financing charges using the effective interest method over the term of the associated hedged debt. Hydro One Remote Communities presents OCI and net income in a single continuous Statement of Operations and Comprehensive Income.

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity investments; 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 amount of accounts receivable to be a reasonable estimate 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.

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 disclosed in Note 11 – Fair Value of Financial Instruments and Risk Management.

Transaction costs associated with financial assets and liabilities that are designated as held-for-trading are recognized immediately in results of operations. All financial instrument transactions are recorded at trade date.

Derivative Instruments and Hedge Accounting

The Company currently does not engage in derivative trading or speculative activities and had no derivative instruments outstanding at December 31, 2014. OCI includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of Hydro One's 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 plans are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized in 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. For the year ended December 31, 2014, the measurement date for all plans was December 31.

Pension benefits

Hydro One has a contributory defined benefit pension plan covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities, but not including Hydro One Brampton Inc and Norfolk Power Inc. 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 Note 15 – Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2014.

Post-retirement and post-employment benefits

Hydro One has post-retirement and post-employment benefit plans covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The benefit obligations of the these post-retirement and post-employment benefit plans are not segregated, or funded separately, for Hydro One Remote Communities. Accordingly, for purposes of these Financial Statements, the post-retirement and post-employment benefit obligations are allocated to the Company based on base pensionable earnings.

The Company records a regulatory asset equal to its allocated share of Hydro One's incremental net unfunded projected benefit obligation for post-retirement and post-employment plans at each year end based on annual actuarial reports. The regulatory asset for the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans, in absence of regulatory accounting, would be recognized in accumulated OCI (AOCI). A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process.

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.

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 lives of active Hydro One employees in the plan and over the remaining life expectancy of inactive Hydro One 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 associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the actuarial gains and losses 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 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 Note 15 – Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2014.

Loss Contingencies

Hydro One Remote Communities is involved in certain legal and environmental matters that arise in the normal course of business. In the preparation of its Financial Statements, management makes judgements 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. 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 judgements 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 the longer the projection period. A significant upward or downward trend in the number of claims filed, the nature of the alleged injury, and the average cost of resolving each such 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 Remote Communities records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) based on the present value of these estimated future expenditures. The Company determines the present value 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 Remote Communities reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

3. NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This ASU provides guidance on the presentation of unrecognized tax benefits. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. The adoption of this ASU did not have a significant impact on the Company's financial statements.

Recent Accounting Guidance Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU provides guidance on revenue recognition that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This ASU is required to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. The Company is currently assessing the impact of adoption of ASU 2014-09 on its financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This ASU provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and related disclosures. This ASU is effective for the annual period ending December 31, 2016, and for annual and interim periods thereafter. The adoption of this ASU is not anticipated to have a significant impact on the Company's financial statements.

4. DEPRECIATION AND AMORTIZATION

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Depreciation of property, plant and equipment	2,594	2,564
Asset removal costs	430	589
Amortization of regulatory assets	1,599	1,656
	4,623	4,809

5. FINANCING CHARGES

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Interest on long-term debt	1,477	1,237
Interest on inter-company demand facility	187	216
Amortization of hedging losses	13	13
Other	28	14
Less: Interest capitalized on construction in progress	(146)	(376)
	1,559	1,104

6. PROVISION FOR PILS

The provision for PILs differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. The reconciliation between the statutory and the effective tax rates is provided as follows:

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Income (loss) before provision for (recovery of) PILs	10	(1,091)
Canadian Federal and Ontario statutory income tax rate	26.50%	26.50%
Provision for (recovery of) PILs at statutory rate	3	(289)
Increase (decrease) resulting from:		
Net temporary differences included in amounts charged to customers:		
RRPR variance account	(687)	(318)
Environmental expenditures	(424)	(439)
Pension contribution in excess of pension expense	(132)	(90)
Overheads capitalized for accounting but deducted for tax purposes	(93)	(82)
Interest capitalized for accounting but deducted for tax purposes	(39)	(100)
Losses carryforward	846	–
Depreciation and amortization in excess of capital cost allowance	338	469
Post-retirement and post-employment benefit expense in excess of cash payments	189	135
Other	–	56
Net temporary differences	(2)	(369)
Prior year adjustments	10	(332)
Rate difference on loss carryback	–	(110)
Other permanent differences	(1)	9
Total provision for (recovery of) PILs	10	(1,091)
Current provision for (recovery of) PILs	10	(1,091)
Deferred provision for (recovery of) PILs	–	–
Total provision for (recovery of) PILs	10	(1,091)
Effective income tax rate	100%	100%

The current provision for PILs is remitted to, or received from, the OEFC. At December 31, 2014, the amount receivable from the OEFC was $2,683 thousand (2013 – $2,697 thousand).

Deferred Income Tax Assets

Deferred income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. At December 31, 2014 and 2013, deferred income tax assets and liabilities consisted of the following:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Deferred income tax assets		
Post-retirement and post-employment benefits expense in excess of cash payments	4,762	4,466
Environmental expenditures	4,459	4,840
Depreciation and amortization in excess of capital cost allowance	1,231	1,845
Non capital losses	1,183	–
Regulatory amounts not recognized for tax	(7,060)	(6,615)
Other	(242)	(189)
Total deferred income tax assets	4,333	4,347
Less: current portion	120	108
	4,213	4,239

During 2014 and 2013, there was no change in the rate applicable to future taxes.

7. ACCOUNTS RECEIVABLE

December 31 (thousands of Canadian dollars)	Current accounts receivable	Long-term accounts receivable	Total
2014			
Accounts receivable – billed	3,214	1,409	4,623
Accounts receivable – unbilled	1,385	–	1,385
Accounts receivable, gross	4,599	1,409	6,008
Allowance for doubtful accounts	(145)	(159)	(304)
Accounts receivable, net	4,454	1,250	5,704
2013			
Accounts receivable – billed	3,887	674	4,561
Accounts receivable – unbilled	1,404	–	1,404
Accounts receivable, gross	5,291	674	5,965
Allowance for doubtful accounts	(296)	–	(296)
Accounts receivable, net	4,995	674	5,669

The following table shows the movements in the total allowance for doubtful accounts for the years ended December 31, 2014 and 2013:

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Allowance for doubtful accounts – January 1	(296)	(302)
Write-offs	77	95
Adjustments to allowance for doubtful accounts	(85)	(89)
Allowance for doubtful accounts – December 31	(304)	(296)

8. PROPERTY, PLANT AND EQUIPMENT

December 31 (thousands of Canadian dollars)	Costs	Accumulated Depreciation	Construction in Progress	Total
2014				
Generation	44,770	20,385	1,742	26,127
Distribution	9,488	1,906	99	7,681
Administration and Service	11,110	2,297	297	9,110
	65,368	24,588	2,138	42,918
2013				
Generation	41,616	19,517	2,716	24,815
Distribution	8,394	1,748	596	7,242
Administration and Service	10,545	1,991	161	8,715
	60,555	23,256	3,473	40,772

Financing charges capitalized on property, plant and equipment under construction were $146 thousand in 2014 (2013 – $376 thousand).

9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. Hydro One Remote Communities has recorded the following regulatory assets and liabilities:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Regulatory assets:		
Environmental	12,369	13,426
RRPR variance account	4,578	1,985
Post-retirement and post-employment benefits	2,637	2,939
Total regulatory assets	19,584	18,350
Less: current portion	1,301	2,427
	18,283	15,923
Regulatory liabilities:		
Deferred income tax regulatory liability	4,333	4,347
Total regulatory liabilities	4,333	4,347
Less: current portion	120	109
	4,213	4,238

Environmental

The Company records a liability for the estimated future expenditures required to remediate environmental contamination. Management considers it probable that such expenditures will be recovered in the future through the rate-setting process, and as such, the Company has recorded an equivalent amount as a regulatory asset. In 2014, this regulatory asset increased by $180 thousand (2013 – $2,872 thousand) to reflect related changes in the Company's environmental liabilities. The environmental regulatory asset is amortized to results of operations based on the pattern of actual expenditures incurred and charged to environmental liabilities. The OEB has the discretion to examine and assess the prudency and the timing of recovery of all of the Company's actual environmental expenditures. In the absence of rate-regulated accounting, 2014 operation, maintenance and administration expenses would have been higher by $180 thousand (2013 – $2,872 thousand). In addition, 2014 amortization expense would have been lower by $1,598 thousand (2013 – $1,656 thousand), and 2014 financing charges would have been higher by $361 thousand (2013 – $330 thousand).

RRPR Variance Account

Hydro One Remote Communities receives RRRP amounts from the IESO. At December 31, 2014, the Company has recognized a regulatory asset representing the amounts required to achieve breakeven net income, as regulated under the cost recovery model, in excess of net RRRP amounts received. At December 31, 2013, net RRRP amounts received were also lower than amounts required to achieve breakeven net income, and as such, a regulatory asset was also recognized. In the absence of rate-regulated accounting, 2014 revenue would have been lower by $2,593 thousand (2013 – $1,198 thousand).

Post-Retirement and Post-Employment Benefits

The Company recognizes the net unfunded status of post-retirement and post-employment obligations on the Balance Sheets with an incremental offset to the associated regulatory assets. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process. The post-retirement and 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. In the absence of rate-regulated accounting, 2014 OCI would have been higher by $302 thousand (2013 – $205 thousand).

Deferred Income Tax Regulatory Liability

Deferred income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company has recognized regulatory assets and liabilities that correspond to deferred income taxes that flow through the rate-setting process. In the absence of rate-regulated accounting, the Company's provision for PILs would have been recognized using the liability method and there would be no regulatory accounts established for taxes to be recovered through future rates. As a result, the 2014 recovery of PILs would have been lower by approximately $2 thousand (2013 – $367 thousand).

10. LONG-TERM DEBT

Long-term debt totalling $33,000 thousand is payable to Hydro One and consists of a $23,000 thousand note maturing in 2036 and a $10,000 thousand note maturing in 2044.

The $23,000 thousand note was issued on May 19, 2005, with an interest rate of 5.38% per annum and a maturity date of May 20, 2036. The note was issued on maturity of a previous note in the same principal amount that was issued on April 1, 1999 in consideration of the purchase price of Hydro One Remote Communities' net assets. On issuance of this note, $115 thousand of transaction costs and a $31 thousand debt discount incurred by Hydro One were allocated to Hydro One Remote Communities, based on its proportionate share of Hydro One's related debt issue.

The $10,000 thousand note was issued on June 6, 2014, with an interest rate of 4.19% per annum and a maturity date of June 6, 2044. On issuance of this note, $50 thousand of transaction costs and a $10 thousand debt discount incurred by Hydro One were allocated to Hydro One Remote Communities, based on its proportionate share of Hydro One's related debt issue.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

Hydro One Remote Communities classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Hydro One Remote Communities has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2014 and 2013, the Company's carrying amounts of accounts receivable, inter-company demand facility, and accounts payable are representative of fair value because of the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial assets and liabilities at December 31, 2014 and 2013 are as follows:

December 31, 2014 (thousands of Canadian dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Inter-company demand facility	6,806	6,806	6,806	–	–
Long-term debt	33,000	39,226	–	39,226	–
	39,806	46,032	6,806	39,226	–

December 31, 2013 (thousands of Canadian dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Inter-company demand facility	18,031	18,031	18,031	–	–
Long-term debt	23,000	25,450	–	25,450	–
	41,031	43,481	18,031	25,450	–

The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no significant transfers between any of the levels during the years ended December 31, 2014 and 2013.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk. The foreign exchange risk is currently not significant, although Hydro One could in the future decide to issue and allocate foreign currency-denominated debt to the Company, along with an allocation of the resulting foreign exchange gains and losses. The Company is exposed to fluctuations in interest rates related to the interest charges passed on by Hydro One on the outstanding inter-company demand facility. The Company is charged interest on overdraft inter-company balances based on the one-month bankers' acceptance rate, plus 0.15%.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2014 and 2013, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Remote Communities did not earn a significant amount of revenue from any individual customer. At December 31, 2014 and 2013, there was no significant accounts receivable balance due from any single customer.

At December 31, 2014, the Company's total provision for bad debts was $304 thousand (2013 – $296 thousand). Adjustments and write-offs are determined on the basis of a review of overdue accounts, taking into consideration historical experience. At December 31, 2014, approximately 36% of the Company's current accounts receivable were aged more than 60 days (2013 – 47%). Sufficient allowances have been recorded to reflect the risk of potential credit losses.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One Remote Communities meets its short-term liquidity requirements through the inter-company demand facility with Hydro One and funds from operations. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

At December 31, 2014, accounts payable and accrued liabilities in the amount of $9,812 thousand (2013 – $5,657 thousand) are expected to be settled in cash at their carrying amounts within the next year.

At December 31, 2014, Hydro One Remote Communities had long-term debt in the principal amount of $33,000 thousand (2013 – $23,000 thousand). No long-term debt matures during the next year. Interest payments for the next 12 months on the Company's outstanding long-term debt amount to $1,656 thousand (2013 – $1,237 thousand). Principal repayments and interest payments are summarized by the number of years to maturity in the following table.

Years to Maturity	**Principal Repayments on Long-term Debt** *(thousands of Canadian dollars)*	**Interest Payments** *(thousands of Canadian dollars)*	**Weighted Average Interest Rate** *(%)*
1 year	–	1,656	5.019
2 years	–	1,656	5.019
3 years	–	1,656	5.019
4 years	–	1,656	5.019
5 years	–	1,656	5.019
	–	8,280	5.019
6 – 10 years	–	8,280	5.019
Over 10 years	33,000	22,405	5.019
	33,000	38,965	5.019

12. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Hydro One has a defined benefit pension plan, a supplementary pension plan, and post-retirement and post-employment benefit plans. The defined benefit pension plan (Pension Plan) is contributory and covers all regular employees of Hydro One and its subsidiaries, except Hydro One Brampton Networks. The supplementary pension plan provides members of the Pension Plan with benefits that would have been earned and payable under the Pension Plan but for the limitations imposed by the *Income Tax Act* (Canada). The supplementary pension plan obligation is included with other post-retirement and post-employment benefit obligations on the Balance Sheets.

Pension Benefits

The Pension Plan provides benefits based on highest three-year average pensionable earnings. For new management employees who commenced employment on or after January 1, 2004, and for new Society of Energy Professionals represented staff hired after November 17, 2005, benefits are based on highest five-year average pensionable earnings. After retirement, pensions are indexed to inflation.

Company and employees' contributions to the Pension Plan are based on actuarial valuations performed at least every three years. Hydro One's annual Pension Plan contributions for 2014 of $174 million (2013 – $160 million) were based on an actuarial valuation effective December 31, 2013 (2013 – effective December 31, 2011) and the level of 2014 pensionable earnings. Estimated annual Pension Plan contributions for 2015 and 2016 are approximately $174 million and $175 million, respectively, based on an actuarial valuation as at December 31, 2013 and projected levels of pensionable earnings. Future minimum contributions beyond 2016 will be based on an actuarial valuation effective no later than December 31, 2016. Contributions are payable one month in arrears. All of the contributions are expected to be in the form of cash.

At December 31, 2014, based on the December 31, 2013 actuarial valuation, the present value of Hydro One's projected pension benefit obligation was estimated to be $7,535 million (2013 – $6,576 million). The fair value of pension plan assets available for these benefits was $6,299 million (2013 – $5,731 million).

Post-Retirement and Post-Employment Benefits

During the year ended December 31, 2014, Hydro One Remote Communities charged $941 thousand (2013 – $775 thousand) of post-retirement and post-employment benefit costs to results of operations, and capitalized $272 thousand (2013 – $250 thousand) as part of the cost of property, plant and equipment. Benefits paid by the Company in 2014 were $91 thousand (2013 – $264 thousand). In addition, the incremental offset to decrease the associated post-retirement and post-employment benefits regulatory assets by $302 thousand (2013 – $205 thousand) was recorded on the Company's Balance Sheets to reflect the expected regulatory inclusion of this amount in future rates, which would otherwise be recorded in OCI.

The Company presents its post-retirement and post-employment benefit liability on the Balance Sheets within the following line items:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Accrued liabilities	346	300
Post-retirement and post-employment benefit liability	12,862	12,088
	13,208	12,388

13. ENVIRONMENTAL LIABILITIES

The Company has accrued the following discounted amounts for environmental liabilities on the Balance Sheets at December 31, 2014 and 2013:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Environmental liabilities, January 1	13,426	11,880
Interest accretion	361	330
Expenditures	(1,598)	(1,656)
Revaluation adjustment	180	2,872
Environmental liabilities, December 31	12,369	13,426
Less: current portion	1,301	2,427
	11,068	10,999

The following table illustrates the reconciliation between the undiscounted basis of the environmental liabilities and the amount recognized on the Balance Sheets after factoring in the discount rate:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Undiscounted environmental liabilities, December 31	12,881	14,014
Less: discounting accumulated liabilities to present value	512	588
Discounted environmental liabilities, December 31	12,369	13,426

At December 31, 2014, the estimated future environmental expenditures were as follows:

(thousands of Canadian dollars)	
2015	1,301
2016	2,619
2017	2,717
2018	1,851
2019	1,657
Thereafter	2,736
	12,881

The Company records a liability for the estimated future expenditures for the contaminated LAR 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.

There are uncertainties in estimating future environmental costs due to potential external events such as changes in legislation or regulations, and advances in remediation technologies. In determining the amounts to be recorded as environmental liabilities, the Company estimates the current cost of completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation rate assumption of approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future expenditures have been discounted using factors ranging from approximately 3.6% to 4.9%, depending on the appropriate rate for the period when expenditures are expected to be incurred. All factors used in estimating the Company's environmental liabilities represent management's best estimates of the present value of costs required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions.

The Company's best estimate of the total estimated future expenditures to complete its LAR program is $12,881 thousand. These expenditures are expected to be incurred over the period from 2015 to 2020. As a result of its annual review of environmental liabilities, the Company recorded a revaluation adjustment in 2014 to increase the LAR environmental liability by $180 thousand (2013 – $2,872 thousand).

14. SHARE CAPITAL

Common Shares

The Company has 2 issued and outstanding common shares. The Company is authorized to issue an unlimited number of common shares.

Dividends

The Company has no retained earnings and does not pay dividends under its breakeven business model.

15. RELATED PARTY TRANSACTIONS

Hydro One Remote Communities is a subsidiary of Hydro One, and Hydro One is owned by the Province. The OEFC, IESO, Ontario Power Authority (OPA), Ontario Power Generation Inc. (OPG) and the OEB are related parties to Hydro One Remote Communities because they are controlled or significantly influenced by the Province. Transactions between these parties and Hydro One Remote Communities are described below.

Hydro One Remote Communities receives amounts for RRRP from the IESO. RRRP amounts received for the year ended December 31, 2014 were $32,259 thousand (2013 – $33,046 thousand). Consistent with its breakeven business model, the Company recognized $34,852 thousand as RRRP revenue in 2014 (2013 – $34,245 thousand). This 2014 revenue exceeded amounts received by $2,593 thousand (2013 – $1,199 thousand) and the RRPR variance account balance was adjusted by this amount.

PILs are paid to or received from the OEFC.

The amounts due to and from related parties as a result of the transactions referred to above are as follows:

December 31 (thousands of Canadian dollars)	**2014**	**2013**
Accounts receivable	106	97
Income tax receivable	2,683	2,697

Transactions with related parties occur at normal market prices or at a proxy for fair value based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances at period end are interest free and settled in cash.

Hydro One and Subsidiaries

The Company provides services to, and receives services from, Hydro One and its other subsidiaries. Amounts due to and from Hydro One and its other subsidiaries are settled through the inter-company demand facility.

The Company has entered into various agreements with Hydro One and its other subsidiaries related to the provision of corporate functions and services, such as legal, financial and human resources services, and operational services, such as environmental, forestry, and line services. 2014 revenues include $109 thousand (2013 – $195 thousand) related to the provision of services to Hydro One and its other subsidiaries. 2014 operation, maintenance and administration costs include $2,958 thousand (2013 – $3,475 thousand) related to the purchase of services from Hydro One and its other subsidiaries.

The Company's long-term debt is due to Hydro One. In addition, balances payable or receivable under the inter-company demand facility are due to or from Hydro One and its other subsidiaries. Financing charges include interest expense on the long-term debt in the amount of $1,477 thousand (2013 – $1,237 thousand), and interest expense on the inter-company demand facility in the amount of $187 thousand (2013 – $216 thousand). At December 31, 2014, the Company had accrued interest payable to Hydro One totaling $172 thousand (2013 – $142 thousand).

16. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 (thousands of Canadian dollars)	**2014**	**2013**
Accounts receivable	541	(802)
Materials and supplies	(356)	443
Income taxes receivable	14	(1,108)
Long-term accounts receivable	(576)	(256)
Accounts payable	173	(284)
Accrued liabilities	5,105	(1,526)
Accrued interest	30	–
Post-retirement and post-employment benefit liability	1,076	760
	6,007	(2,773)

Supplementary information:		
Net interest paid	1,447	1,453

As a result of using the cost recovery model applied to achieve after tax breakeven net income, any PILs paid are fully recovered.

17. CONTINGENCIES

Legal Proceedings

Hydro One Remote Communities is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Transfer of Assets

The transfer orders by which Hydro One acquired certain of Ontario Hydro's businesses as of April 1, 1999 did not transfer title to some assets located on Reserves (as defined in the *Indian Act* (Canada)). Currently, the OEFC holds these assets. 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 these assets to itself. Hydro One cannot predict the aggregate amount that it may have to pay, either on an annual or one-time basis, to obtain the required consents. In 2014, Hydro One paid approximately $1 million (2013 – $2 million) in respect of these consents. If Hydro One or the Company cannot obtain the required consents, the OEFC will continue to hold these assets for an indefinite period of time. If Hydro One cannot reach a satisfactory settlement, it may have to relocate these assets to other locations at a cost that could be substantial or, in a limited number of cases, to abandon a line and replace it with diesel-generation facilities. The costs relating to these assets could have a material adverse effect on Hydro One's and the Company's results of operations if Hydro One is not able to recover them in future rate orders.

18. COMMITMENTS

Operating Lease

Hydro One Remote Communities is committed as lessee to an operating lease agreement for use of reserve land to operate a hydro facility for a period of 10 years.

During the year ended December 31, 2014, the Company made lease payments totalling $120 thousand (2013 – $1 million). At December 31, 2014, the future minimum lease payments under non-cancellable operating leases were as follows: 2015 – $120 thousand; 2016 – $120 thousand; 2017 – $120 thousand; 2018 – $150 thousand; 2019 – $150 thousand; and thereafter – $450 thousand.

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	10,650,000	11,963,000
	Total tangible capital assets	2008	+	67,506,000	64,028,000
	Total accumulated amortization of tangible capital assets	2009	–	24,588,000	23,256,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	23,929,000	20,960,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	77,497,000	73,695,000
	Liabilities				
	Total current liabilities	3139	+	16,910,000	23,939,000
	Total long-term liabilities	3450	+	61,143,000	50,325,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	78,053,000	74,264,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	-556,000	-569,000
	Total liabilities and shareholder equity	3640	=	77,497,000	73,695,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=		

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

Income statement information

Description	GIFI	
Operating name	0001	Ontario Hydro Remote Communities Service Company Inc.
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	+	52,130,000	50,035,000
	Cost of sales	8518	–	25,869,000	25,568,000
	Gross profit/loss	8519	=	26,261,000	24,467,000
	Cost of sales	8518	+	25,869,000	25,568,000
	Total operating expenses	9367	+	26,251,000	25,558,000
	Total expenses (mandatory field)	9368	=	52,120,000	51,126,000
	Total revenue (mandatory field)	8299	+	52,130,000	50,035,000
	Total expenses (mandatory field)	9368	–	52,120,000	51,126,000
	Net non-farming income	9369	=	10,000	-1,091,000
	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	=	10,000	-1,091,000
	Total other comprehensive income	9998	=	13,000	13,000
	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	–	10,000	-1,091,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	13,000	13,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	13,000	13,000

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Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. 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 Guide 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 ☒ 2 No ☐

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

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note

If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report . . . . . 1 ☒

Completed a review engagement report . . . . . 2 ☐

Conducted a compilation engagement . . . . . 3 ☐

Part 3 – Reservations

If you selected option **1** or **2** under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? . . . . . **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **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 ☒ 2 No ☐

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	210		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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

Assets – lines 1000 to 2599

1062	4,454,000	1066	2,683,000	1122	2,092,000
1480	1,301,000	1481	120,000	1599	10,650,000
1740	54,258,000	1741	-22,291,000	1900	11,110,000
1901	-2,297,000	1920	2,138,000	2008	67,506,000
2009	-24,588,000	2420	19,716,000	2421	4,213,000
2589	23,929,000	2599	77,497,000		

Liabilities – lines 2600 to 3499

2620	9,812,000	2629	172,000	2860	6,806,000
2960	120,000	3139	16,910,000	3140	33,000,000
3320	15,281,000	3321	12,862,000	3450	61,143,000
3499	78,053,000				

Shareholder equity – lines 3500 to 3640

3580	-556,000	3620	-556,000	3640	77,497,000

Retained earnings – lines 3660 to 3849

3849	0

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

Description

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.

Sequence number **0003** 01

Other comprehensive income – lines 7000 to 7020

7020	13,000

Revenue – lines 8000 to 8299

8000	52,130,000	8089	52,130,000	8299	52,130,000

Cost of sales – lines 8300 to 8519

8408	25,869,000	8518	25,869,000	8519	26,261,000

Operating expenses – lines 8520 to 9369

8623	1,198,394	8670	4,623,000	8714	1,559,000
9270	18,870,606	9367	26,251,000	9368	52,120,000
9369	10,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	10,000	9990	10,000	9998	13,000
9999	13,000				

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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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

	Amount calculated on line 9999 from Schedule 125				13,000	A
	Add:					
	Provision for income taxes – current		101	10,000		
	Amortization of tangible assets		104	4,623,000		
	Non-deductible meals and entertainment expenses		121	24,595		
	Reserves from financial statements – balance at the end of the year		126	20,998,342		
	Subtotal of additions			25,655,937 ▶	25,655,937	
	Other additions:					
	Debt issue expense		208	16,207		
	Miscellaneous other additions:					
600	OPEB US GAAP Valuation		290	301,794		
602	2014 Ontario Co-op & Apprentice credits		292	55,644		
604	Computer software expensed	2,910				
	Total	2,910	294	2,910		
	Subtotal of other additions		199	376,555 ▶	376,555	
	Total additions		500	26,032,492 ▶	26,032,492	B
	Amount A **plus** amount B				26,045,492	
	Deduct:					
	Capital cost allowance from Schedule 8		403	3,272,255		
	Reserves from financial statements – balance at the beginning of the year		414	23,828,275		
	Contributions to deferred income plans from Schedule 15		417	346,924		
	Subtotal of deductions			27,447,454 ▶	27,447,454	
	Other deductions:					
	Non-taxable/deductible other comprehensive income items		347	13,000		
	Miscellaneous other deductions:					
700	Reverse Environmental interest & valuation adjusts in S13		390	541,444		
701	Prior year bonus reversal		391	8,461		
702	2013 Prov to return for ONT ITC in OMA		392	30,604		
703	Deductible removal costs	85,619				
	Total	85,619	393	85,619		
704	See attached	505,382				
	OPEB costs capitalized	272,391				
	Total	777,773	394	777,773		
	Subtotal of other deductions		499	1,456,901 ▶	1,456,901	
	Total deductions		510	28,904,355 ▶	28,904,355	
	Net income (loss) for income tax purposes – enter on line 300 of the T2 return				-2,858,863	

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Bond Discount (761120)	678	00
Amortization underwriting fee (761780)	2,597	00
Amortization of Hedge loss (761770)	12,925	00
Amortization of prospectus fees (761790)	7	00
Total	16,207	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Capitalized interest	146,004	00
Capitalized overhead	349,173	00
20 (1)(e) deduction re: prospectus fees	205	00
20(1)(e) deduction re: underwriting fees	10,000	00
Total	505,382	00

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- 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				-2,858,863	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")				-2,858,863	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)				-2,858,863	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") If amount G is negative, enter it on line 110 as a positive.				-2,858,863	G

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year		426,215	e		
Deduct: Non-capital loss expired*	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102	426,215	▶	426,215	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	2,858,863	h		
Subtotal (amount g **plus** amount h)		2,858,863	▶	2,858,863	I
Subtotal (amount H **plus** amount I)				3,285,078	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)					3,285,078	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	3,285,078	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 Enter amount g on line 334 of the T2 Return.	330		g		
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 . . . . **530** c

Enter amount c on line 655 of Schedule 6.

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	2,858,863			N/A		2,858,863
1st preceding taxation year 2013-12-31	426,215	N/A		N/A			426,215
2nd preceding taxation year 2012-12-31		N/A		N/A			
3rd preceding taxation year 2011-12-31		N/A		N/A			
4th preceding taxation year 2010-12-31		N/A		N/A			
5th preceding taxation year 2009-12-31		N/A		N/A			
6th preceding taxation year 2008-12-31		N/A		N/A			
7th preceding taxation year 2007-12-31		N/A		N/A			
8th preceding taxation year 2006-12-31		N/A		N/A			
9th preceding taxation year 2005-12-31		N/A		N/A			
10th preceding taxation year 2004-12-31		N/A		N/A			
11th preceding taxation year 2003-12-31		N/A		N/A			
12th preceding taxation year 2002-12-31		N/A		N/A			
13th preceding taxation year 2001-12-31		N/A		N/A			
14th preceding taxation year 2000-12-31		N/A		N/A			
15th preceding taxation year 1999-12-31		N/A		N/A			
16th preceding taxation year		N/A		N/A			
17th preceding taxation year 0000-02-29		N/A		N/A			
18th preceding taxation year 1997-03-31		N/A		N/A			
19th preceding taxation year 1996-03-31		N/A		N/A			
20th preceding taxation year 1995-03-31		N/A		N/A			*
Total	426,215	2,858,863					3,285,078

* **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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

Part 1 – Allocation of taxable income

100 ______________________ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		**B** Total salaries and wages paid in jurisdiction	**C** (B x taxable income**) / G	**D** Gross revenue	**E** (D x taxable income**) / H	**F** Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	**003** 1 Yes ☐	**103**		**143**		
Newfoundland and Labrador Offshore	**004** 1 Yes ☐	**104**		**144**		
Prince Edward Island	**005** 1 Yes ☐	**105**		**145**		
Nova Scotia	**007** 1 Yes ☐	**107**		**147**		
Nova Scotia Offshore	**008** 1 Yes ☐	**108**		**148**		
New Brunswick	**009** 1 Yes ☐	**109**		**149**		
Quebec	**011** 1 Yes ☐	**111**		**151**		
Ontario	**013** 1 Yes ☐	**113**		**153**		
Manitoba	**015** 1 Yes ☐	**115**		**155**		
Saskatchewan	**017** 1 Yes ☐	**117**		**157**		
Alberta	**019** 1 Yes ☐	**119**		**159**		
British Columbia	**021** 1 Yes ☐	**121**		**161**		
Yukon	**023** 1 Yes ☐	**123**		**163**		
Northwest Territories	**025** 1 Yes ☐	**125**		**165**		
Nunavut	**026** 1 Yes ☐	**126**		**166**		
Outside Canada	**027** 1 Yes ☐	**127**		**167**		
Total		**129** **G**		**169** **H**		

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

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

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) I6

Deduct:

Ontario qualifying environmental trust tax credit	**450**			
Ontario co-operative education tax credit (from Schedule 550)	**452**	12,000		
Ontario apprenticeship training tax credit (from Schedule 552)	**454**	43,644		
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		55,644	► 55,644	J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) . . . . . **290** -55,644 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**	-55,644

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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	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		17,343,527	307,174		0	153,587	17,497,114	4	0	0	699,885	16,950,816
2.	2		492,079			0		492,079	6	0	0	29,525	462,554
3.	3		705,908			0		705,908	5	0	0	35,295	670,613
4.	6		4,483,692	1,296,475		0	648,238	5,131,929	10	0	0	513,193	5,266,974
5.	8		887,720	188,258		0	94,129	981,849	20	0	0	196,370	879,608
6.	10		290,862	63,000		0	31,500	322,362	30	0	0	96,709	257,153
7.	12		176	1,966		0	983	1,159	100	0	0	1,159	983
8.	13	Bisco Water Well		47,121		0		47,121	NA	0	0	3,927	43,194
9.	13	Hillsport Water Well	37,980			0		37,980	NA	0	0	1,019	36,961
10.	13	Oba Water Well	19,478			0		19,478	NA	0	0	2,782	16,696
11.	17		13,181,511	2,471,438		0	1,235,719	14,417,230	8	0	0	1,153,378	14,499,571
12.	42		168,835			0		168,835	12	0	0	20,260	148,575
13.	43.1		835,102	323,546		0	161,773	996,875	30	0	0	299,063	859,585
14.	45		674			0		674	45	0	0	303	371
15.	47		2,526,299	413,001		1	206,500	2,732,799	8	0	0	218,624	2,720,675
16.	50		1,387			0		1,387	55	0	0	763	624
		Totals	40,975,230	5,111,979		1	2,532,429	43,554,779				3,272,255	42,814,953

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)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

	Name 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 Inc.		86999 4731 RC0001	1					
2.	Hydro One Networks Inc.		87086 5821 RC0001	3					
3.	Hydro One Telecom Inc.		86800 1066 RC0001	3					
4.	Hydro One Telecom Link Limited		88786 7513 RC0001	3					
5.	Hydro One Brampton Networks Inc.		86486 7635 RC0001	3					
6.	Hydro One Lake Erie Link Managem		87892 1519 RC0001	3					
7.	Hydro One Lake Erie Link Company		87560 6519 RC0001	3					
8.	Hydro One B2M LP Inc.		81838 2046 RC0001	3					
9.	B2M GP Inc.		81838 1840 RC0001	3					
10.	Hydro One B2M Holdings Inc.		82217 7531 RC0001	3					
11.	1908872 Ontario Inc.		82581 6838 RC0001	3					
12.	1908873 Ontario Inc.		83392 0978 RC0001	3					
13.	NORFOLK ENERGY INC.		86289 0399 RC0001	3					
14.	NORFOLK POWER DISTRIBUTION I		86289 2593 RC0001	3					
15.	NORFOLK POWER INC.		88974 1211 RC0001	3					
16.	HYDRO ONE LAKE ERIE MANAGEME		87892 1519 RC0002	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

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	12,387,842		820,139		13,207,981
2	RRPP Rev Var (427191)	-1,985,463			2,592,970	-4,578,433
3	Environmental Liability	13,425,896			1,057,102	12,368,794
4						
	Reserves from Part 2 of Schedule 13					
	Totals	23,828,275		820,139	3,650,072	20,998,342

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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- 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 Networks Inc	483 Bay Street Toronto ON CA M5G 2P5			943,963		
2	Hydro One Inc.	483 Bay Street Toronto ON CA M5G 2P5			47,712		

T2 SCH 14 (99)

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- 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	1,545,318	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	1,545,318	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	1,198,394	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	346,924	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 2014

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 Remote Communities Inc.	87083 6269 RC0001	1	500,000		
2	Hydro One Inc.	86999 4731 RC0001	1	500,000		
3	Hydro One Networks Inc.	87086 5821 RC0001	1	500,000	100.0000	500,000
4	Hydro One Telecom Inc.	86800 1066 RC0001	1	500,000		
5	Hydro One Telecom Link Limited	88786 7513 RC0001	1	500,000		
6	Hydro One Brampton Networks Inc.	86486 7635 RC0001	1	500,000		
7	Hydro One Lake Erie Link Management Inc	87892 1519 RC0001	1	500,000		
8	Hydro One Lake Erie Link Company Inc.	87560 6519 RC0001	1	500,000		
9	Hydro One B2M LP Inc.	81838 2046 RC0001	1	500,000		
10	B2M GP Inc.	81838 1840 RC0001	1	500,000		
11	Hydro One B2M Holdings Inc.	82217 7531 RC0001	1	500,000		
12	1908872 Ontario Inc.	82581 6838 RC0001	1	500,000		
13	1908873 Ontario Inc.	83392 0978 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	NORFOLK ENERGY INC.	86289 0399 RC0001	1	500,000			
15	NORFOLK POWER DISTRIBUTION INC.	86289 2593 RC0001	1	500,000			
16	NORFOLK POWER INC.	88974 1211 RC0001	1	500,000			
17	HYDRO ONE LAKE ERIE MANAGEMENT INC.	87892 1519 RC0002	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 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.

Canada

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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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) . . . .

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)* . . . . ▶ **350**

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**

* 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 ☐ 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 500,000 x 10 = 5,000,000 A

Excess ($8,000,000 **minus** amount A; if negative, enter "0") . . . . 3,000,000 B

$ 40,000,000 **minus** line 398 from Part 9 . . . . 40,000,000 a

Amount a **divided** by $ 40,000,000 . . . . 1 C

Expenditure limit for the stand-alone corporation (amount B **multiplied** by amount C) . . . . 3,000,000 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 Number of days in the tax year / 365 365 = ... F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410** 3,000,000

* 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** ________ x 15 % = ________ H

Line 410 **minus** line 350 (if negative, enter "0") . . . . 3,000,000 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) . . . . ________ 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** ________

Credit allocated from a partnership . . . . **550** ________

Subtotal (total of lines 530 to 550) ________ ▶ ________ O

Total credit available (line 520 **plus** amount O) . . . . ________ P

Deduct:

Credit deducted from Part I tax (enter at amount E in Part 30) . . . . **560** ________

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) ________ ▶ ________ 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**	
1.	[redacted]	Truck and Coach Technician	70,263	7,026	2,000	
				Total current-year credit (enter at line 640 in Part 22)	2,000	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			849	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		849	
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	2,000		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		2,000	▶ 2,000	D
Total credit available (line 625 **plus** amount D)			2,849	E
Deduct:				
Credit deducted from Part I tax (enter at amount G in Part 30)	660			
Credit carried back to the previous year(s) (amount G from Part 23)				a
Subtotal (line 660 **plus** amount a)			▶	F
ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F)	690		2,849	

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	2013-12-31			Credit to be applied	**941**	
2nd previous tax year	2012-12-31			Credit to be applied	**942**	
3rd previous tax year	2011-12-31			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) . . . . ______ 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) . . . . ______ 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) . . . . ______ 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)
2,000				2,000

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2013-12-31				
2012-12-31	849			849
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				
0000-02-29				
1997-03-31				
1996-03-31				
1995-03-31				*
Total	849			849

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit 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.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder			Percentage common shares	Percentage preferred shares
		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number		
	100	**200**	**300**	**350**	**400**	**500**
1	Hydro One Inc.	86999 4731 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

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Schedule 88

Internet Business Activities

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- File this schedule if your corporation earns income from one or more webpages or websites.

- You may earn income from your webpages or websites if:
  - you sell goods and/or services on your own pages or websites. You may have a shopping cart and process payment transactions yourself or through a third-party service;
  - your site doesn't support transactions but your customers call, complete, and submit a form, or email you to make a purchase, order, booking, and others;
  - you sell goods and/or services on auction, marketplace, or similar websites operated by others; or
  - you earn income from advertising, income programs, or traffic your site generates. For example:
    - static advertisements you place on your site for other businesses
    - affiliate programs
    - advertising programs such as Google AdSense or Microsoft adCentre
    - other types of traffic programs.

- Also file this schedule if you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites from which you earn income.

- File this schedule with your *T2 – Corporation Income Tax Return*.

How many Internet webpages or websites does your corporation earn income from? 1

Provide the Internet webpage or website addresses (also known as URL addresses)*:

http:// http://www.hydroone.com/OURCOMMITMENT/REMOTECOMMUNITIES/Pages/home.aspx

http://

http://

http://

http://

What is the percentage of the corporation's gross revenue generated from the Internet in comparison to the corporation's total gross revenue? . . . . %

* If you have more than five websites, enter the addresses of those that generate the most Internet income. If you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites, enter the addresses of the pages if they generate income.

Canada

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

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

Number of days in the tax year before July 1, 2011 / Number of days in the tax year	/ 365	x	12.00 %	=	%	A1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	365 / 365	x	11.50 %	=	11.50000 %	A2

Ontario basic rate of tax for the year (rate A1 **plus** A2) 11.50000 ► 11.50000 % A3

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A3 from Part 1) 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
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)		3
Business limit reduction (amount from line E of the T2 return) ______ x Number of days in the tax year after May 1, 2014 / Number of days in the tax year: 244 / 365 =		4
Amount from line 3 **minus** amount from line 4 (if negative, enter "0") =		5
Enter the least of amounts 1, 2, 3 and 5		D
Ontario domestic factor: Ontario taxable income * / Taxable income earned in all provinces and territories **: 1,000.00 / 1,000 =	1.00000	E

Amount D x factor E ______ a

Ontario taxable income (amount B from Part 2) ______ b

Ontario small business income (lesser of amount a and amount b)		F
Number of days in the tax year before July 1, 2011 / Number of days in the tax year: ___ / 365 x 7.50 % =	%	G1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year: 365 / 365 x 7.00 % =	7.00000 %	G2
OSBD rate for the year (rate G1 **plus** G2)	7.00000 %	G3
Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G3)		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 b 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

OSBD rate for the year (rate G3 from Part 3) . . . . 7.00000 %

Amount L **multiplied** by the OSBD rate for the year . . . . ______ M

Ontario domestic factor (factor E from Part 3) . . . . 1.00000 N

Ontario credit union tax reduction (amount M **multiplied** by factor N) . . . . ______ O

Enter amount O on line 410 of Schedule 5.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	**112**	77,497,000
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**	34,642,918,031
Total assets (total of lines 112 to 116)		34,720,415,031
Total revenue of the corporation for the tax year **	**142**	52,130,000
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**	7,717,001,012
Total revenue (total of lines 142 to 146)		7,769,131,012

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	13,000	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	10,000			
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		10,000 ▶		10,000	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 Other comprehensive income included in income	382	13,000			
383	384				
385	386				
387	388				
389	390				
Subtotal		13,000 ▶		13,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	10,000	

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** 10,000

Deduct:

CMT loss available (amount R from Part 7) 2,642,765

Minus: Adjustment for an acquisition of control * . . . . . . **518** ______

Adjusted CMT loss available . . . . 2,642,765 ▶ 2,642,765 C

Net income subject to CMT calculation (if negative, enter "0") . . . . **520** ______

Amount from line 520 ______ x Number of days in the tax year before July 1, 2010 / Number of days in the tax year ______ / 365 x 4 % = ______ 1

Amount from line 520 ______ x Number of days in the tax year after June 30, 2010 / Number of days in the tax year 365 / 365 x 2.7 % = ______ 2

Subtotal (amount 1 **plus** amount 2) . . . . ______ 3

Gross CMT: amount on line 3 above x OAF ** . . . . **540** ______

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ______

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ______ D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . ______

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) 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 6

Subtotal (if negative, enter "0") ▶ N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) 55,644

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 *		2,642,765 Q		
Deduct:				
CMT loss expired *	700			
CMT loss carryforward at the beginning of the tax year * (see note below)		2,642,765 ▶	720	2,642,765
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)				2,642,765 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)				10,000
Subtotal (if negative, enter "0")				2,632,765 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	2,632,765 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.

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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 Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 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 Inc.	86999 4731 RC0001	13,232,000,000	1,181,000,000
2	Hydro One Networks Inc.	87086 5821 RC0001	19,885,000,000	5,928,000,000
3	Hydro One Telecom Inc.	86800 1066 RC0001	76,512,000	91,901,000
4	Hydro One Telecom Link Limited	88786 7513 RC0001	1,017,000	442,000
5	Hydro One Brampton Networks Inc.	86486 7635 RC0001	417,718,000	495,798,000
6	Hydro One Lake Erie Link Management Inc	87892 1519 RC0001	0	0
7	Hydro One Lake Erie Link Company Inc.	87560 6519 RC0001	18,000	0
8	Hydro One B2M LP Inc.	81838 2046 RC0001	210,000	0
9	B2M GP Inc.	81838 1840 RC0001	497,935,000	717,000
10	Hydro One B2M Holdings Inc.	82217 7531 RC0001	455,065,000	617,000
11	1908872 Ontario Inc.	82581 6838 RC0001	2,500,001	0
12	1908873 Ontario Inc.	83392 0978 RC0001	2,000,001	0
13	NORFOLK ENERGY INC.	86289 0399 RC0001	1,426,208	109,194
14	NORFOLK POWER DISTRIBUTION INC.	86289 2593 RC0001	71,449,046	18,416,818
15	NORFOLK POWER INC.	88974 1211 RC0001	0	0
16	HYDRO ONE LAKE ERIE MANAGEMENT INC.	87892 1519 RC0002	67,775	0
		Total	450 34,642,918,031	550 7,717,001,012

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.

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Hydro One Remote Communities Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	**120** Ontario Corporation No.
Ontario		1998-08-18	1310735

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

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
483	Bay Street 8th Floor	

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

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Toronto	ON	CA	M5G 2P5

Part 3 – Change identifier

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

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

Part 4 – Certification

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

450 BARAGETTI
Last name

451 GIOVANNA
First name

454 ______________________,
Middle name(s)

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

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

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

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:

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

510 Care of (if applicable)

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

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

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

Part 6 – Language of preference

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

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

- 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
SELMA YAM	(416) 345-6827

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** 10,596,626

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$ \quad 400,000}{\$ \quad 200,000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	**B** Name of qualifying co-operative education program **405**
1.	Carleton University	Mechanical Engineering
2.	Carleton University	Mechanical Engineering
3.	McMaster University	Mechanical Engineering
4.	McMaster University	Mechanical Engineering
5.		

	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**
1.	[redacted]	2014-01-06	2014-04-28
2.	[redacted]	2014-05-01	2014-08-29
3.	[redacted]	2014-05-05	2014-08-28
4.	[redacted]	2014-09-01	2014-12-31
5.			

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 %	25,456	25.000 %		16
2.		10.000 %	25,456	25.000 %		17
3.		10.000 %	21,011	25.000 %		16
4.		10.000 %	21,011	25.000 %		17
5.		10.000 %		25.000 %		

	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
1.	6,364	3,000	3,000		3,000
2.	6,364	3,000	3,000		3,000
3.	5,253	3,000	3,000		3,000
4.	5,253	3,000	3,000		3,000
5.					

Ontario co-operative education tax credit (total of amounts in column K) 500 12,000 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.

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SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2014-12-31

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

Part 1 – Corporate information (please print)

110 Name of person to contact for more information	**120** Telephone number including area code
SELMA YAM	(416) 345-6827

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes ☐ 2 No ☒

If **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ______

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes ☒ 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** 10,596,626

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:

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

Specified percentage . . . . . **310** 25.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Specified percentage . . . . . **312** 35.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario apprenticeship training tax credit

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

	A Trade code 400	B Apprenticeship program/ trade name 405	C Name of apprentice 410
1.	310t	Truck And Coach Technician	[redacted]
2.	310t	Truck And Coach Technician	[redacted]
3.	309a	Electrician-Construction and Maintenance	[redacted]
4.	310t	Truck And Coach Technician	[redacted]
5.	434a	Powerline Technician	[redacted]
6.	434a	Powerline Technician	[redacted]
7.			

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425	F Start date of employment as an apprentice in the tax year (see note 2 below) 430	G End date of employment as an apprentice in the tax year (see note 3 below) 435
1.	[redacted]	2011-05-30	2014-01-01	2014-12-31
2.	[redacted]	2011-05-30	2014-01-01	2014-12-31
3.	[redacted]	2010-01-11	2014-01-01	2014-01-11
4.	[redacted]	2013-01-28	2014-01-01	2014-12-31
5.	[redacted]	2010-05-03	2014-01-01	2014-05-03
6.	[redacted]	2011-03-28	2014-01-01	2014-12-31

	D Original contract or training agreement number **420**	**E** Original registration date of apprenticeship contract or training agreement (see note 1 below) **425**	**F** Start date of employment as an apprentice in the tax year (see note 2 below) **430**	**G** End date of employment as an apprentice in the tax year (see note 3 below) **435**
7.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) 441	**H2** Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442	**H3** Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	**I** Maximum credit amount for the tax year (see note 2 below) 445
1.		365	365	10,000
2.		365	365	10,000
3.		11	11	274
4.		365	365	10,000
5.		123	123	3,370
6.		365	365	10,000
7.				

	J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451	**J2** Eligible expenditures after March 26, 2009 (see note 3 below) 452	**J3** Eligible expenditures for the tax year (column J1 **plus** column J2) 450	**K** Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460
1.		88,419	88,419	30,947
2.		87,226	87,226	30,529
3.		111,380	111,380	38,983
4.		70,263	70,263	24,592
5.		102,571	102,571	35,900
6.		118,505	118,505	41,477
7.				

	L ATTC on eligible expenditures (lesser of columns I and K) 470	**M** ATTC on repayment of government assistance (see note 5 below) 480	**N** ATTC for each apprentice (column L or column M, whichever applies) 490
1.	10,000		10,000
2.	10,000		10,000
3.	274		274
4.	10,000		10,000
5.	3,370		3,370
6.	10,000		10,000
7.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 43,644 **O**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O ______ x percentage on line 170 in Part 1 ______ % = ... ______ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = ($5,000 x H1/365*) + ($10,000 x H2/365*)
* 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.

For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.
Complete a **separate entry** for each repayment of government assistance.

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.ca.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

055 **Do not use this area**

Filed: 2017-08-28
EB-2017-0051
Exhibit D2-09-01
Attachment 3
Page 1 of 81

Identification

Business number (BN) **001** 87083 6269 RC0001

Corporation's name
002 Hydro One Remote Communities 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.)
011 680 Beaverhall Place
012
City **015** Thunder Bay
Province, territory, or state **016** ON
Country (other than Canada) **017**
Postal code/Zip code **018** P7E 6G9

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	☒	9
Is the corporation an associated CCPC?	160	☒	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	151	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	☒	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	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	☒	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	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	☐	3
Is the corporation claiming any type of losses?	204	☒	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	☐	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
Does the corporation have any property that is eligible capital property?	210	☐	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	☐	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	☐	
Is the corporation claiming a surtax credit?	237	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
Is the corporation claiming a Part I tax credit?	242	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	254	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255	☐	92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates 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**	☐	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	**266**	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	**267**	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	**268**	☒	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	**269**	☐	54

Additional information

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

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 generation and distribution	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the tax year?	**291**	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	**292**	1 Yes ☐	2 No ☒
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	**294**	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	**295**	1 Yes ☐	2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			**300**	4,474,062	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**	3,285,078			
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		3,285,078	►	3,285,078	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				1,188,984	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			**355**		D
Taxable income (amount C **plus** amount D)			**360**	1,188,984	
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)				1,188,984	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** 4,474,062 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** 1,188,984 B

Business limit (see notes 1 and 2 below) . . . . . **410** 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 ______ x **415** *** ______ D = ... ______ E
11,250

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

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x Number of days in the tax year before January 1, 2016 304 / Number of days in the tax year 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)				1,188,984	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")				1,188,984	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				154,568	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 (Number of days in the tax year after 2015) ____ / 304 (Number of days in the tax year)) % = ________ A

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 (Number of days in the tax year after 2015) ____ / 304 (Number of days in the tax year)) % = ________ C

(if negative, enter "0") ________ ▶ ________ D

Amount A **minus** amount D (if negative, enter "0") . . . . ________ E

Taxable income from line 360 on page 3 . . . . 1,188,984 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

1,188,984 K

x (26 2 / 3 + 4 x Number of days in the tax year after 2015 ____ / Number of days in the tax year 304) % = 317,062 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . 175,499 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 . . . . ________ x [(1 / 3) + (5 x (Number of days in the tax year after 2015) ____ / 304 (Number of days in the tax year)) %] = ________ S

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	451,814	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	1,188,984	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)	1,188,984	▶	1,188,984	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x $\frac{\text{Number of days in the tax year after 2015: }\_\_\_}{304\text{ Number of days in the tax year}}$) % of whichever is less: amount C or amount F . . . 604 ______ G

Subtotal (**add** amounts A, B, and G) 451,814 H

Deduct:

Small business deduction from line 430 on page 4				I
Federal tax abatement	608	118,898		
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	154,568		
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	2,849		
Subtotal		276,315	▶ 276,315	J

Part I tax payable – Amount H **minus** amount J . . . 175,499 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	175,499
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		175,499

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	105,046
Total tax payable	770	280,545 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	580,325	
Total credits	890	580,325 ▶	580,325 B

Refund code 894 1 Overpayment 299,780

Balance (amount A **minus** amount B) -299,780

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 2016-04-26
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
2015-10-31	Balance per MOF	580,325
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments/transfer	

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 580,325 **A**

Total instalments credited to the taxation year per T9 580,325 **B**

Transfer

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

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	9,423,000	10,650,000
	Total tangible capital assets	2008	+	68,581,000	67,506,000
	Total accumulated amortization of tangible capital assets	2009	–	25,986,000	24,588,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	20,210,000	23,929,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	72,228,000	77,497,000
	Liabilities				
	Total current liabilities	3139	+	17,593,000	16,910,000
	Total long-term liabilities	3450	+	60,179,000	61,143,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	77,772,000	78,053,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	-5,544,000	-556,000
	Total liabilities and shareholder equity	3640	=	72,228,000	77,497,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-5,000,000	

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

Income statement information

Description **GIFI**

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.
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	+	39,985,000	52,130,000
	Cost of sales	8518	–	18,714,000	25,869,000
	Gross profit/loss	8519	=	21,271,000	26,261,000
	Cost of sales	8518	+	18,714,000	25,869,000
	Total operating expenses	9367	+	21,113,000	26,251,000
	Total expenses (mandatory field)	9368	=	39,827,000	52,120,000
	Total revenue (mandatory field)	8299	+	39,985,000	52,130,000
	Total expenses (mandatory field)	9368	–	39,827,000	52,120,000
	Net non-farming income	9369	=	158,000	10,000
	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	=	158,000	10,000
	Total other comprehensive income	9998	=	12,000	13,000
	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	–	5,158,000	10,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	12,000	13,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-4,988,000	13,000

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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 ☒ 2 No ☐

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

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**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 Remote Communities Inc.	87083 6269 RC0001	2015-10-31

Assets – lines 1000 to 2599

1062	3,633,000	1122	3,043,000	1480	2,627,000
1481	120,000	1599	9,423,000	1740	55,044,000
1741	-23,466,000	1900	11,565,000	1901	-2,520,000
1920	1,972,000	2008	68,581,000	2009	-25,986,000
2420	15,952,000	2421	4,258,000	2589	20,210,000
2599	72,228,000				

Liabilities – lines 2600 to 3499

2620	9,704,000	2629	729,000	2860	7,040,000
2960	120,000	3139	17,593,000	3140	33,000,000
3320	13,443,000	3321	13,736,000	3450	60,179,000
3499	77,772,000				

Shareholder equity – lines 3500 to 3640

3580	-544,000	3600	-5,000,000	3620	-5,544,000
3640	72,228,000				

Retained earnings – lines 3660 to 3849

3680	-5,000,000	3849	-5,000,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

Description

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.

Sequence number **0003** 01

Other comprehensive income – lines 7000 to 7020

7020	12,000

Revenue – lines 8000 to 8299

8000	39,985,000	8089	39,985,000	8299	39,985,000

Cost of sales – lines 8300 to 8519

8408	18,714,000	8518	18,714,000	8519	21,271,000

Operating expenses – lines 8520 to 9369

8623	913,201	8670	3,941,000	8714	1,399,000
9270	14,859,799	9367	21,113,000	9368	39,827,000
9369	158,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	158,000	9990	5,158,000	9998	12,000
9999	-4,988,000				

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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 Remote Communities Inc.	87083 6269 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					-4,988,000	A
Add:						
Provision for income taxes – current		101	5,158,000			
Amortization of tangible assets		104	3,941,000			
Non-deductible meals and entertainment expenses		121	17,159			
Reserves from financial statements – balance at the end of the year		126	23,030,407			
Subtotal of additions			32,146,566	▶	32,146,566	
Other additions:						
Debt issue expense		208	14,349			
Miscellaneous other additions:						
604 Computer software expensed	11,602					
Total	11,602	294	11,602			
Subtotal of other additions		199	25,951	▶	25,951	
Total additions		500	32,172,517	▶	32,172,517	B
Amount A **plus** amount B					27,184,517	
Deduct:						
Reserves from financial statements – balance at the beginning of the year		414	20,998,342			
Contributions to deferred income plans from Schedule 15		417	374,812			
Subtotal of deductions			21,373,154	▶	21,373,154	
Other deductions:						
Non-taxable/deductible other comprehensive income items		347	12,000			
Miscellaneous other deductions:						
700 Reverse Environmental interest adjusts in S13		390	299,718			
701 2015 Ontario Apprentice credits accrual reversal		391	43,943			
702 2014 Prov to return for ONT ITC in OMA		392	55,644			
703 Deductible removal costs	125,878					
Total	125,878	393	125,878			
704 See attached	534,816					
OPEB costs capitalized	265,302					
Total	800,118	394	800,118			
Subtotal of other deductions		499	1,337,301	▶	1,337,301	
Total deductions		510	22,710,455	▶	22,710,455	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return					4,474,062	

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Bond Discount (761120)	636	00
Amortization underwriting fee (761780)	2,487	00
Amortization of Hedge loss (761770)	11,215	00
Amortization of prospectus fees (761790)	11	00
Total	14,349	00

Attached Schedule with Total

Line 704 – Amount

Title Line 704 – Amount

Description	Amount	
Capitalized interest	86,394	00
Capitalized overhead	439,951	00
20 (1)(e) deduction re: prospectus fees	170	00
20(1)(e) deduction re: underwriting fees	8,301	00
Total	534,816	00

Attached Schedule with Total

Line 604 – Amount

Title Line 604 – Amount

Description	Amount	
class 12 - computer application software license	884	00
class 8 - computer and other equipment cost < 2k capitalized	10,718	00
Total	11,602	00

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

- 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			4,474,062	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")				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)				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")				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		3,285,078	e		
Deduct: Non-capital loss expired*	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102	3,285,078	▶	3,285,078	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		h		
Subtotal (amount g **plus** amount h)			▶		I
Subtotal (amount H **plus** amount I)				3,285,078	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	3,285,078	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)		3,285,078	▶	3,285,078	K
Non-capital losses before any request for a carryback (amount J **minus** amount K)					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				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	530		c			
Enter amount c on line 655 of Schedule 6.						
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				N/A		
1st preceding taxation year 2014-12-31	2,858,863	N/A		N/A	2,858,863		
2nd preceding taxation year 2013-12-31	426,215	N/A		N/A	426,215		
3rd preceding taxation year 2012-12-31		N/A		N/A			
4th preceding taxation year 2011-12-31		N/A		N/A			
5th preceding taxation year 2010-12-31		N/A		N/A			
6th preceding taxation year 2009-12-31		N/A		N/A			
7th preceding taxation year 2008-12-31		N/A		N/A			
8th preceding taxation year 2007-12-31		N/A		N/A			
9th preceding taxation year 2006-12-31		N/A		N/A			
10th preceding taxation year 2005-12-31		N/A		N/A			
11th preceding taxation year 2004-12-31		N/A		N/A			
12th preceding taxation year 2003-12-31		N/A		N/A			
13th preceding taxation year 2002-12-31		N/A		N/A			
14th preceding taxation year 2001-12-31		N/A		N/A			
15th preceding taxation year 2000-12-31		N/A		N/A			
16th preceding taxation year 1999-12-31		N/A		N/A			
17th preceding taxation year		N/A		N/A			
18th preceding taxation year 0000-02-29		N/A		N/A			
19th preceding taxation year 1997-03-31		N/A		N/A			
20th preceding taxation year 1996-03-31		N/A		N/A			*
Total	3,285,078				3,285,078		

* **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 Remote Communities Inc.	87083 6269 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
1,188,984		1,188,984	136,733

Ontario basic income tax (from Schedule 500)	270	136,733		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		136,733	136,733	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)			136,733	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")			136,733	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")			136,733	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")			136,733	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)			136,733	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	9,000		
Ontario apprenticeship training tax credit (from Schedule 552)	454	22,687		
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		31,687	31,687	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		105,046	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**	105,046

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 Remote Communities Inc.	87083 6269 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		16,950,816	449,902		17,400,718			4	0	0		
2.	2		462,554			462,554			6	0	0		
3.	3		670,613			670,613			5	0	0		
4.	6		5,266,974			5,266,974			10	0	0		
5.	8		879,608	271,385	3,488	1,154,481			20	0	0		
6.	10		257,153	3,488	-3,488	257,153			30	0	0		
7.	12		983	884		1,867			100	0	0		
8.	13	Bisco Water Well	43,194			43,194			NA	0	0		
9.	13	Hillsport Water Well	36,961			36,961			NA	0	0		
10.	13	Oba Water Well	16,696			16,696			NA	0	0		
11.	17		14,499,571	403,067		14,902,638			8	0	0		
12.	42		148,575			148,575			12	0	0		
13.	43.1		859,585	95		859,680			30	0	0		
14.	45		371			371			45	0	0		
15.	47		2,720,675	98,864		2,819,539			8	0	0		
16.	50		624			624			55	0	0		
		Totals	42,814,953	1,227,685		44,042,638							

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)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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 NETWORKS INC.	CA	87086 5821 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 I	CA	86289 2593 RC0001	3					
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.		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

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	13,207,981		873,639		14,081,620
2	RRPP Rev Var (427191)	-4,578,433		1,714,556		-2,863,877
3	Environmental Liability	12,368,794			556,130	11,812,664
4						
	Reserves from Part 2 of Schedule 13					
	Totals	20,998,342		2,588,195	556,130	23,030,407

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 Remote Communities Inc.	87083 6269 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 Networks Inc	483 Bay Street Toronto ON CA M5G 2P5			756,800		
2	Hydro One Inc.	483 Bay Street Toronto ON CA M5G 2P5			39,850		

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 Remote Communities Inc.	87083 6269 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	1,288,013	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	1,288,013	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	913,201	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	374,812	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 Asso-ciation code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Hydro One Remote Communities Inc.	87083 6269 RC0001	1	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 NETWORKS INC.	87086 5821 RC0001	1	500,000	100.0000	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 Association 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				
				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

Canada Revenue Agency Agence du revenu du Canada

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 Remote Communities Inc.	87083 6269 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) . . . . ______

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)* . . . . ______ ▶ **350** ______

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** ______

* 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 ☐ 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 500,000 x 10 = 5,000,000 A

Excess ($8,000,000 **minus** amount A; if negative, enter "0") . . . . 3,000,000 B

$ 40,000,000 **minus** line 398 from Part 9 . . . . 40,000,000 a

Amount a **divided** by $ 40,000,000 . . . . 1 C

Expenditure limit for the stand-alone corporation (amount B **multiplied** by amount C) . . . . 3,000,000 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 3,000,000 x $\frac{\text{Number of days in the tax year}}{365}$ $\frac{304}{365}$ = ... 2,498,630 F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410** 2,498,630

* 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** ________ x 15 % = ________ H

Line 410 **minus** line 350 (if negative, enter "0") . . . . 2,498,630 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) . . . . ________ 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** ________

Credit allocated from a partnership . . . . **550** ________

Subtotal (total of lines 530 to 550) ________ ▶ ________ O

Total credit available (line 520 **plus** amount O) . . . . ________ P

Deduct:

Credit deducted from Part I tax (enter at amount E in Part 30) . . . . **560** ________

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) ________ ▶ ________ 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**

Total current-year credit (enter at line 640 in Part 22) ________ 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				2,849	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**	2,849	
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**				
Credit allocated from a partnership	**655**				
Subtotal (total of lines 630 to 655)			▶		D
Total credit available (line 625 **plus** amount D)				2,849	E
Deduct:					
Credit deducted from Part I tax (enter at amount G in Part 30)	**660**	2,849			
Credit carried back to the previous year(s) (amount G from Part 23)			a		
Subtotal (line 660 **plus** amount a)		2,849	▶	2,849	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)		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)	2,849	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)	2,849	I

Enter amount I at line 652 of the T2 return.

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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)

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	2,000		2,000	
2013-12-31				
2012-12-31	849		849	
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				
0000-02-29				
1997-03-31				
1996-03-31				*
Total	2,849		2,849	

B+C+D+G **Total ITC utilized** 2,849

* 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 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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						

Canada

Canada Revenue Agency   Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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** -280,626 A

Taxable income for the year (DICs enter "0") * . . . . . **110** 1,188,984 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** 1,188,984

After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year)) . . . . . **190** 856,068 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) 575,442 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** 575,442

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** 575,442

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 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 2013-12-31

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 2012-12-31

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 88

Internet Business Activities

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

- File this schedule if your corporation earns income from one or more webpages or websites.
- You may earn income from your webpages or websites if:
  - you sell goods and/or services on your own pages or websites. You may have a shopping cart and process payment transactions yourself or through a third-party service;
  - your site doesn't support transactions but your customers call, complete, and submit a form, or email you to make a purchase, order, booking, and others;
  - you sell goods and/or services on auction, marketplace, or similar websites operated by others; or
  - you earn income from advertising, income programs, or traffic your site generates. For example:
    - static advertisements you place on your site for other businesses
    - affiliate programs
    - advertising programs such as Google AdSense or Microsoft adCentre
    - other types of traffic programs.
- Also file this schedule if you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites from which you earn income.
- File this schedule with your *T2 – Corporation Income Tax Return*.

How many Internet webpages or websites does your corporation earn income from? 1

Provide the Internet webpage or website addresses (also known as URL addresses)*:

http:// http://www.hydroone.com/OURCOMMITMENT/REMOTECOMMUNITIES/Pages/home.aspx

http://

http://

http://

http://

What is the percentage of the corporation's gross revenue generated from the Internet in comparison to the corporation's total gross revenue? . . . . 0.01 %

* If you have more than five websites, enter the addresses of those that generate the most Internet income. If you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites, enter the addresses of the pages if they generate income.

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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 * . . . . 1,188,984 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . 136,733 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)	4,474,062	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)		3

Ontario business limit reduction:

Amount from line 3 .... a

Deduct:

Amount from line E of the T2 return ____ x Number of days in the tax year after May 1, 2014 304 / Number of days in the tax year 304 = ____ 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 * 1,188,984.00 / Taxable income earned in all provinces and territories ** 1,188,984 = ... 1.00000 E

Amount D × ODF (line E) ____ c

Ontario taxable income (amount B from Part 2) 1,188,984 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 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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	72,228,000
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	10,000,000,000
Total assets (total of lines 112 to 116)		10,072,228,000
Total revenue of the corporation for the tax year **	142	48,008,306
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	5,000,000,000
Total revenue (total of lines 142 to 146)		5,048,008,306

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	-4,988,000	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	5,158,000			
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		5,158,000 ▶		5,158,000	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 Other comprehensive income included in income	382	12,000			
383	384				
385	386				
387	388				
389	390				
Subtotal		12,000 ▶		12,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	158,000	

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** 158,000

Deduct:

CMT loss available (amount R from Part 7) 2,632,765

Minus: Adjustment for an acquisition of control * **518**

Adjusted CMT loss available . . . . 2,632,765 ▶ 2,632,765 C

Net income subject to CMT calculation (if negative, enter "0") **520**

Amount from line 520 ______ 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 ______ x (Number of days in the tax year after June 30, 2010 304 / Number of days in the tax year 304) x 2.7 % = ______ 2

Subtotal (amount 1 **plus** amount 2) . . . . ______ 3

Gross CMT: amount on line 3 above x OAF ** **540**

Deduct:

Foreign tax credit for CMT purposes *** **550**

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ______ D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 136,733

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) 136,733 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 6

Subtotal (if negative, enter "0") 136,733 ► 136,733 N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 136,733

Deduct:

Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5) 31,687

Subtotal (if negative, enter "0") 105,046 ► 105,046 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 *		2,632,765		Q
Deduct:				
CMT loss expired *	**700**			
CMT loss carryforward at the beginning of the tax year * (see note below)		2,632,765 ▶ **720**	2,632,765	
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)			2,632,765	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)			158,000	
Subtotal (if negative, enter "0")			2,474,765	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**	2,474,765	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.

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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 Remote Communities Inc.	87083 6269 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 NETWORKS INC.	87086 5821 RC0001	10,000,000,000	5,000,000,000
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** 10,000,000,000	**550** 5,000,000,000

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.

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-10-31

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

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Hydro One Remote Communities Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	**120** Ontario Corporation No.
Ontario		1998-08-18	1310735

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

200 Care of (if applicable)

210 Street number: 483
220 Street name/Rural route/Lot and Concession number: Bay Street 8th Floor
230 Suite number:
240 Additional address information if applicable (line 220 must be completed first): South Tower
250 Municipality (e.g., city, town): Toronto
260 Province/state: ON
270 Country: CA
280 Postal/zip code: M5G 2P5

Part 3 – Change identifier

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

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

Part 4 – Certification

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

450 BARAGETTI — Last name
451 GIOVANNA — First name

454 ______________________, Middle name(s)

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

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

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

Part 5 – Mailing address

500 1 Please enter one of the following numbers in this box:

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

510 Care of (if applicable)

520 Street number

530 Street name/Rural route/Lot and Concession number

540 Suite number

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

560 Municipality (e.g., city, town)

570 Province/state

580 Country

590 Postal/zip code

Part 6 – Language of preference

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

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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 Glendy Cheung	**120** Telephone number including area code (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** 10,826,578

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$ \quad 400{,}000}{\$ \quad 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	**B** Name of qualifying co-operative education program **405**
1.	McMaster University	Mechanical Engineering
2.	McMaster University	Mechanical Engineering
3.	University of Toronto	Mechanical Engineering

	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**
1.	[redacted]	2015-01-01	2015-04-30
2.	[redacted]	2015-05-01	2015-08-28
3.	[redacted]	2015-05-04	2015-08-31

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 %	25,174	25.000 %		16
2.		10.000 %	25,174	25.000 %		17
3.		10.000 %	20,866	25.000 %		17

	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.	6,294	3,000	3,000		3,000
2.	6,294	3,000	3,000		3,000
3.	5,217	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500** 9,000 **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.

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Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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** 10,826,528

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.	434a	Powerline Technician	[redacted]
2.	310t	Truck And Coach Technician	[redacted]
3.	310t	Truck And Coach Technician	[redacted]
4.	434a	Powerline Technician	[redacted]
5.	310t	Truck And Coach Technician	[redacted]
6.	310t	Truck And Coach Technician	[redacted]
7.	310t	Truck And Coach Technician	[redacted]
8.	309a	Electrician-Construction and Maintenance	[redacted]
9.	310t	Truck And Coach Technician	[redacted]
10.			
11.			

	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
1.	[redacted]	2012-02-27	2015-08-03	2015-10-31
2.	[redacted]	2013-01-28	2015-10-05	2015-10-31
3.	[redacted]	2013-01-28	2015-01-07	2015-02-02
4.	[redacted]	2013-01-28	2015-01-05	2015-07-31
5.	[redacted]	2013-01-28	2015-06-29	2015-10-26
6.	[redacted]	2013-01-28	2015-07-06	2015-09-23
7.	[redacted]	2012-05-28	2015-03-30	2015-06-25
8.	[redacted]	2012-06-03	2015-06-01	2015-10-31
9.	[redacted]	2013-01-28	2015-01-01	2015-02-04
10.				
11.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – 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.		90		90	2,466
2.		27		27	740
3.		27		27	740
4.		208		208	5,699
5.		120		120	3,288
6.		80		80	2,192
7.		88		88	2,411
8.		153		153	4,192
9.		35		35	959
10.					
11.					

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.		13,440		13,440	4,704
2.		5,786		5,786	2,025
3.		6,626		6,626	2,319
4.		42,267		42,267	14,793
5.		24,755		24,755	8,664
6.		20,021		20,021	7,007
7.		17,220		17,220	6,027
8.		28,239		28,239	9,884
9.		8,311		8,311	2,909
10.					
11.					

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.	2,466		2,466
2.	740		740
3.	740		740
4.	5,699		5,699
5.	3,288		3,288
6.	2,192		2,192
7.	2,411		2,411
8.	4,192		4,192
9.	959		959
10.			
11.			

Ontario apprenticeship training tax credit (total of amounts in column N) 500 22,687 **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.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 **Do not use this area**

Filed: 2017-08-28
EB-2017-0051
Exhibit D2-09-01
Attachment 4
Page 1 of 62

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** 87083 6269 RC0001

Corporation's name
002 Hydro One Remote Communities 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** 2015-11-01 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**	☒	9
Is the corporation an associated CCPC?	**160**	☒	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	**161**	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	**151**	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	**162**	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	**163**	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	**164**	☐	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	**165**	☐	15
Is the corporation claiming a loss or deduction from a tax shelter?	**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**	☒	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**	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	**202**	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	**203**	☒	3
Is the corporation claiming any type of losses?	**204**	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	**205**	☐	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	**206**	☐	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	**207**	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	**208**	☒	8
Does the corporation have any property that is eligible capital property?	**210**	☒	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**	☐	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**	☐	
Is the corporation claiming a surtax credit?	**237**	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	**238**	☐	38
Is the corporation claiming a Part I tax credit?	**242**	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	**243**	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	**244**	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	**249**	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	**250**	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	**253**	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	**254**	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	**255**	☐	92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates 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**	☒	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	**266**	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	**267**	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	**268**	☒	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	**269**	☐	54

Additional information

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

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 generation and distribution	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the tax year?	**291**	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	**292**	1 Yes ☐	2 No ☒
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 **294** ______ YYYY MM DD

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? **295** 1 Yes ☐ 2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			**300**	3,293	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")				3,293	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			**355**		D
Taxable income (amount C **plus** amount D)			**360**	3,293	
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)				3,293	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** 3,293 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** 3,293 B

Business limit (see notes 1 and 2 below) . . . . **410** 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 ______ x **415** *** ______ D / 11,250 = ... ______ 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)				3,293	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")				3,293	I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by		13 %		428	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 Number of days in the tax year after 2015 ______ / Number of days in the tax year 4) % = ________ A

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 Number of days in the tax year after 2015 ______ / Number of days in the tax year 4) % = ________ C

(if negative, enter "0") ________ ▶ ________ D

Amount A **minus** amount D (if negative, enter "0") . . . . ________ E

Taxable income from line 360 on page 3 . . . . 3,293 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

3,293 K

x (26 2 / 3 + 4 x Number of days in the tax year after 2015 ______ / Number of days in the tax year 4) % = 878 L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . 494 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 . . . . 35,000,000 x [(1 / 3) + (5 x Number of days in the tax year after 2015 ______ / Number of days in the tax year 4) %] = 11,666,667 S

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			1,251	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	3,293	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)	3,293	▶	3,293	F

Refundable tax on CCPC's investment income –

(6 2 / 3 + 4 x ____) % of whichever is less: amount C or amount F Number of days in the tax year after 2015 / 4 Number of days in the tax year	604		G
Subtotal (**add** amounts A, B, and G)		1,251	H

Deduct:

Small business deduction from line 430 on page 4			I		
Federal tax abatement	608	329			
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	428			
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		757	▶	757	J
Part I tax payable – Amount H **minus** amount J				494	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	494
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		494

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	379
Total tax payable	770	873 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) 873

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 873

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 2016-04-29 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 ☒

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 Remote Communities Inc.	87083 6269 RC0001	2015-11-04

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	12,280,000	9,423,000
	Total tangible capital assets	2008	+	68,581,000	68,581,000
	Total accumulated amortization of tangible capital assets	2009	–	26,032,000	25,986,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	20,236,000	20,210,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	75,065,000	72,228,000
	Liabilities				
	Total current liabilities	3139	+	15,430,000	17,593,000
	Total long-term liabilities	3450	+	60,179,000	60,179,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	75,609,000	77,772,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	-544,000	-5,544,000
	Total liabilities and shareholder equity	3640	=	75,065,000	72,228,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-5,000,000	-5,000,000

* 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 Remote Communities Inc.	87083 6269 RC0001	2015-11-04

Income statement information

Description	GIFI	
Operating name	0001	Ontario Hydro Remote Communities Service Company Inc.
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	+	690,000	39,985,000
	Cost of sales	8518	–	271,000	18,714,000
	Gross profit/loss	8519	=	419,000	21,271,000
	Cost of sales	8518	+	271,000	18,714,000
	Total operating expenses	9367	+	419,000	21,113,000
	Total expenses (mandatory field)	9368	=	690,000	39,827,000
	Total revenue (mandatory field)	8299	+	690,000	39,985,000
	Total expenses (mandatory field)	9368	–	690,000	39,827,000
	Net non-farming income	9369	=		158,000
	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	=		158,000
	Total other comprehensive income	9998	=		12,000
	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	–		5,158,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		12,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=		-4,988,000

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 Remote Communities Inc.	87083 6269 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 ☒ 2 No ☐

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

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . **200** 1 Yes ☐ 2 No ☒

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

	In net income Increase (decrease)	**In OCI** Increase (decrease)
Property, plant, and equipment	**210**	**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 Remote Communities Inc.

BN: 87083 6269 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 Remote Communities Inc. (Hydro One Remote Communities or the Company) was incorporated on August 18, 1998 under the Business Corporations Act (Ontario) and is a wholly owned subsidiary of Hydro One. Hydro One Remote Communities operates 19 small electrical, generation and distribution systems in remote communities in northern Ontario that are not connected to the Province's electricity grid. The Company's business is 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 (US) Generally Accepted Accounting Principles (GAAP) and in Canadian dollars. These Financial Statements have been prepared 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. As 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.

The Company uses a cost recovery model applied to achieve breakeven net income. Certain amounts presented in these Financial Statements represent allocations from Hydro One that are subject to review and approval by the OEB. For the comparative period from January 1 to October 31, 2015, the Company has reported a net loss due to recognition of tax expense resulting from the Company no longer being exempt from tax under the Federal Tax Regime. This tax is not recovered from ratepayers as it is funded by the Company's shareholder, and therefore, it is not included in the cost recovery model applied to achieve breakeven net income.

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 and expenses during the reporting periods. Management evaluates these estimates on an on-going basis based upon: historical experience; current conditions; and assumptions believed to be reasonable at the time the assumption is 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 impairment, contingencies, unbilled revenue, allowance for doubtful accounts and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates, which may be impacted by future decisions made by the OEB.

Rate Setting

On September 24, 2014, Hydro One Remote Communities filed an Incentive Regulation Mechanism application with the OEB for 2015 rates, seeking approval for increased base rates for the distribution and generation of electricity of 1.7%. On March 19, 2015, the OEB approved an increase of approximately 1.6% to basic rates for the distribution and generation of electricity, with an effective date of May 1, 2015.

Regulatory Accounting

The OEB has the general power to include or exclude costs, revenues, losses or gains 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.

Hydro One Remote Communities is regulated under a cost recovery model applied to achieve breakeven net income, after consideration of income taxes / provision for payments in lieu of corporate income taxes (PILs). Any excess or deficiency in Rural and Remote Rate Protection (RRRP) amounts necessary to lead to breakeven net income is added to, or drawn from, the Remote Rate Protection Revenue (RRPR) variance account. The balance in the RRPR variance account is subject to future review and disposition by the OEB.

Revenue Recognition

Revenues attributable to the generation and 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 RRRP which is an amount relating to rate protection for remote customers received from the Independent Electricity

System Operator (IESO) based on a standardized customer rate that is approved by the OEB. Current legislation provides RRRP for prescribed classes of rural, residential and remote consumers by reducing the electricity rates that would otherwise apply.

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.

Long-term accounts receivable are recorded at their invoiced amount and represent amounts due from specified First Nation communities. The component of long-term accounts receivable that is energy-related does not bear interest. These amounts are reduced by fixed-interval payments, received monthly throughout the term of the agreement. Provision for uncollectible amounts for this component is set at the inception of the balance and is maintained until settlement of those amounts. The provision for this component is monitored and adjusted only if required with management discretion. The component of long-term accounts receivable that is non-energy related is reduced annually by a fixed incremental amount which is expensed through performance of the associated contract. There is no provision associated with these amounts.

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, Hydro One Remote Communities 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, Hydro One Remote Communities 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 as 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 as 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 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 Remote Communities. 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 cash 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%.

Fuel, Materials and Supplies

Fuel is used in the generation of electricity. 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 replacements of asset components, is included on the 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, 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 generation, distribution, and administration and service assets. Property, plant and equipment also includes future use assets, such as major components and spare parts and capitalized project development costs associated with deferred capital projects.

Generation

Generation assets are used in the generation of electricity, including hydroelectric equipment, wind turbines, diesel generators, and tank farms.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices, and metering systems.

Administration and Service

Administration and service assets include administrative buildings, personal computers, tools, and other minor assets.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment. 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 in Progress

Construction 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

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category.

The Company periodically initiates an external independent review of its property, plant and equipment depreciation rates, as required by the OEB. Any changes arising from 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, 2013.

A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

Average
Rate
Service Life Range Average

Generation	20 years	3% - 7%	5%
Distribution	45 years	1% - 7%	2%
Administration and service	36 years	3% - 20%	4%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, 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 assets where no asset retirement obligation has been recorded.

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 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 Remote Communities' 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. As 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 the external transaction costs related to obtaining debt financing and presents such amounts as deferred debt issuance costs on the Balance Sheets. Deferred debt issuance costs are amortized over the contractual life of the related debt on an effective-interest rate 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 includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges. The Company amortizes its net unamortized hedging losses on discontinued cash flow hedges to financing charges using the effective interest method over the term of the associated hedged debt. Hydro One Remote Communities presents OCI and net income 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 investments; 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 amount of accounts receivable to be a reasonable estimate 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.

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

The Company currently does not engage in derivative trading or speculative activities and had no derivative instruments outstanding at November 4, 2015 and October 31, 2015. OCI includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of Hydro One's 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 plans are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized in 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 all plans is 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 Remote Communities. 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 Note 15 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2015.

Post-retirement and post-employment benefits

Hydro One has post-retirement and post-employment benefit plans covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The benefit obligations of the these post-retirement and post-employment benefit plans are not segregated, or funded separately, for Hydro One Remote Communities. Accordingly, for purposes of these Financial Statements, the post-retirement and post-employment benefit obligations are allocated to the Company based on base pensionable earnings.

The Company records a regulatory asset equal to its allocated share of Hydro One's incremental net unfunded projected benefit obligation for post-retirement and post-employment plans at each year end based on annual actuarial reports. The regulatory asset for the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans, in absence of regulatory accounting, would be recognized in accumulated OCI (AOCI). A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process.

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.

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 lives of active Hydro One employees in the plan and over the remaining life expectancy of inactive Hydro One 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 associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the actuarial gains and losses 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 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.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in Note 15 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2015.

Loss Contingencies

Hydro One Remote Communities is 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. 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 the longer the projection period. A significant upward or downward trend in the number of claims filed, the nature of the alleged injury, and the average cost of resolving each such 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 Remote Communities records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) based on the present value of these estimated future expenditures. The Company determines the present value 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 Remote Communities reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

T2 BAR CODE RETURN

Name: **Hydro One Remote Communities Inc.**

BN: **87083 6269 RC 0001**

Tax Year Start: **2015-11-01**

Tax Year End: **2015-11-04**

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-11-04

Assets – lines 1000 to 2599

1062	3,834,000	1066	2,656,000	1122	3,043,000
1480	2,627,000	1481	120,000	1599	12,280,000
1740	55,044,000	1741	-23,512,000	1900	11,565,000
1901	-2,520,000	1920	1,972,000	2008	68,581,000
2009	-26,032,000	2420	15,978,000	2421	4,258,000
2589	20,236,000	2599	75,065,000		

Liabilities – lines 2600 to 3499

2620	7,966,000	2629	752,000	2860	6,592,000
2960	120,000	3139	15,430,000	3140	33,000,000
3320	13,443,000	3321	13,736,000	3450	60,179,000
3499	75,609,000				

Shareholder equity – lines 3500 to 3640

3500	5,000,000	3580	-544,000	3600	-5,000,000
3620	-544,000	3640	75,065,000		

Retained earnings – lines 3660 to 3849

3660	-5,000,000	3849	-5,000,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-11-04

Description

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	690,000	8089	690,000	8299	690,000

Cost of sales – lines 8300 to 8519

8408	271,000	8518	271,000	8519	419,000

Operating expenses – lines 8520 to 9369

8670	60,000	8714	24,000	9270	335,000
9367	419,000	9368	690,000		

Extraordinary items and taxes – lines 9970 to 9999

9999	0

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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				0	A
Add:					
Amortization of tangible assets	104	60,000			
Subtotal of additions		60,000	▶	60,000	
Other additions:					
Miscellaneous other additions:					
604					
Total	294				
Subtotal of other additions	199	0	▶	0	
Total additions	500	60,000	▶	60,000	B
Amount A **plus** amount B				60,000	
Deduct:					
Capital cost allowance from Schedule 8	403	42,707			
Cumulative eligible capital deduction from Schedule 10	405	13,888			
Subtotal of deductions		56,595	▶	56,595	
Other deductions:					
Miscellaneous other deductions:					
700 S.20(1)(e) deduction	390	112			
704					
Total	394				
Subtotal of other deductions	499	112	▶	112	
Total deductions	510	56,707	▶	56,707	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				3,293	

T2 SCH 1 E (12)

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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 Remote Communities Inc.	87083 6269 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.

		Complete if payer corporation is connected			
Name of payer corporation (from which the corporation received the dividend) **200**	**A**	**B** Enter 1 if payer corporation is connected **205**	**C** Business Number of connected corporation **210**	**D** Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (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.

				Complete if payer corporation is connected		
F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* **240**	**F1** Eligible dividends (included in column F)	**F2**	**FF**	**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	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	**410**	**420**	**430**	
1	Hydro One Inc.	86999 4731 RC0001	2015-11-04	35,000,000	

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 35,000,000

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** 35,000,000

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)		35,000,000
Other dividends paid in the tax year (total of 510 to 540)		
Total dividends paid in the tax year	**500**	35,000,000

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 35,000,000

T2 SCH 3 E (10)

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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				15,342,650	0	250,549	15,092,101	4	0	0	6,616	15,336,034
2.	2				91,815	0		91,815	6	0	0	60	91,755
3.	3				749	0		749	5	0	0		749
4.	6				5,920,147	0	108,040	5,812,107	10	0	0	6,369	5,913,778
5.	8				1,089,847	0	151,381	938,466	20	0	0	2,057	1,087,790
6.	10				844,719	0	6,994	837,725	30	0	0	2,754	841,965
7.	17				16,460,167	0	407,488	16,052,679	8	0	0	14,074	16,446,093
8.	43.1				1,273,932	0	27,010	1,246,922	30	0	0	4,099	1,269,833
9.	45				2,418	0		2,418	45	0	0	12	2,406
10.	47				7,649,418	0	83,849	7,565,569	8	0	0	6,633	7,642,785
11.	13	Bisco Water Well		7,854	38,711	0	3,927	42,638	NA	0	0	17	46,548
12.	13	Hillsport Water Well			39,846	0		39,846	NA	0	0	11	39,835
13.	13	Oba Water Well			17,999	0		17,999	NA	0	0	5	17,994
14.	94	Construction in progress			1,904,128	0		1,904,128	0	0	0		1,904,128
15.	94	Future use			1,936,342	0		1,936,342	0	0	0		1,936,342
16.	94	Land			359,667	0		359,667	0	0	0		359,667
17.	94	Landscaping			47,952	0		47,952	0	0	0		47,952
		Totals		7,854	53,020,507		1,039,238	51,989,123				42,707	52,985,654

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.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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 NETWORKS INC.	CA	87086 5821 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 I	CA	86289 2593 RC0001	3					
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)

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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	24,137,840				
Subtotal (line 222 plus line 226)		24,137,840	x 3 / 4 = 18,103,380			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")			18,103,380 ▶		18,103,380	D
Amount transferred on amalgamation or wind-up of subsidiary				224		E
Subtotal (add amounts A, D, and E)				230	18,103,380	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)					18,103,380	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	18,103,380					
less amount from line 249						
Current year deduction	18,103,380	x 7.00 % =	250	13,888 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)				13,888 ▶	13,888	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300		18,089,492	M

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

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)					N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988			**400**	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)			**401**	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	**402**	3			
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	**408**	4			
Line 3 minus line 4 (if negative, enter "0")		▶		5	
Total of lines 1, 2 and 5				6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7			
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8			
Subtotal (line 7 plus line 8)	**409**	▶		9	
Line 6 minus line 9 (if negative, enter "0")				▶	O
Line N minus line O (if negative, enter "0")					P
Line 5				x 1 / 2 =	Q
Line P minus line Q (if negative, enter "0")					R
Amount R				x 2 / 3 =	S
Amount N or amount O, whichever is less					T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)				**410**	

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SCHEDULE 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 Remote Communities Inc.	87083 6269 RC0001	1	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 NETWORKS INC.	87086 5821 RC0001	1	500,000	100.0000	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 I	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.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder			Percentage common shares	Percentage preferred shares
		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number		
	100	200	300	350	400	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 Remote Communities Inc.	87083 6269 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** 559,108 A

Taxable income for the year (DICs enter "0") * . . . . . **110** 3,293 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** 3,293

After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year)) . . . . . **190** 2,371 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) 561,479 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** 561,479

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** 561,479

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 Remote Communities Inc.	87083 6269 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		35,000,000			
Total taxable dividends paid in the tax year	**100**	35,000,000			
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**	561,479	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 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-11-04

- 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 * . . . . 3,293 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . . . 379 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) 3,293 1

Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) 2

Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) 3

Ontario business limit reduction:

Amount from line 3 . . . . a

Deduct:

Amount from line E of the T2 return ______ x Number of days in the tax year after May 1, 2014 4 / Number of days in the tax year 4 = ______ 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 * 3,293.00 / Taxable income earned in all provinces and territories ** 3,293 = ... 1.00000 E

Amount D × ODF (line E) ______ c

Ontario taxable income (amount B from Part 2) 3,293 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 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 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**	75,065,000
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**	10,000,000,000
Total assets (total of lines 112 to 116)		10,075,065,000
Total revenue of the corporation for the tax year **	**142**	62,962,500
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**	5,000,000,000
Total revenue (total of lines 142 to 146)		5,062,962,500

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**

Add (to the extent reflected in income/loss):

Provision for current income taxes/cost of current income taxes **220**

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 ▶ 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**

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** ______

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** ______

Amount from line 520 ______ 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 ______ x Number of days in the tax year after June 30, 2010 / Number of days in the tax year 4 / 4 x 2.7 % = ______ 2

Subtotal (amount 1 **plus** amount 2) . . . . ______ 3

Gross CMT: amount on line 3 above x OAF ** . . . . **540** ______

Deduct:

Foreign tax credit for CMT purposes *** . . . . **550** ______

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . ______ D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 379

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) 379 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) . . 2

For a life insurance corporation:

Gross CMT (line 540 from Part 3) 3

Gross SAT (line 460 from Part 6 of Schedule 512) 4

The **greater** of amounts 3 and 4 5

Deduct: line 2 or line 5, whichever applies: 6

Subtotal (if negative, enter "0") 379 ▶ 379 N

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 379

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") 379 ▶ 379 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 Remote Communities Inc.	87083 6269 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 NETWORKS INC.	87086 5821 RC0001	10,000,000,000	5,000,000,000
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 10,000,000,000	550 5,000,000,000

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.

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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.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business number (BN) **001** 87083 6269 RC0001

Corporation's name

002 Hydro One Remote Communities 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** 2015-11-05 YYYY MM DD

To which tax year does this return apply?

Tax year start **060** 2015-11-05 YYYY MM DD

Tax year-end **061** 2015-12-31 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	☒	9
Is the corporation an associated CCPC?	160	☐	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	151	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	☒	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	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	☒	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	☒	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	☐	3
Is the corporation claiming any type of losses?	204	☐	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	☐	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	☐	7
Does the corporation have any property that is eligible for capital cost allowance?	208	☒	8
Does the corporation have any property that is eligible capital property?	210	☒	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, provincial, or territorial foreign tax credits, or any federal 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	☒	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	☒	———
Is the corporation claiming a surtax credit?	237	☐	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238	☐	38
Is the corporation claiming a Part I tax credit?	242	☐	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243	☐	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244	☐	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249	☐	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250	☐	39
Is the corporation claiming a Canadian film or video production tax credit refund?	253	☐	T1131
Is the corporation claiming a film or video production services tax credit refund?	254	☐	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255	☐	92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates 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	☐	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	☐	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	☐	54

Additional information

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

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

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

284	Electricity generation and distribution	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	292	1 Yes ☐	2 No ☒
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	294	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes ☐	2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		203,578	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")			203,578	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		203,578	
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)			203,578	Z
Taxable income for the year from a personal services business**				Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

** For a taxation year that ends after 2015.

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) . . . . ______ C.1

Corporation's business limit amount assigned to related CPCCs by virtue of the rules proposed in the March 22, 2016 Federal Budget (For more information, consult the Help (F1).) . . . . ______ C.2

Business limit after assignment (amount C.1 **minus** amount C.2) . . . . ______ ▶ **410** ______ 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 ______ x **415** *** ______ D / 11,250 = ... ______ 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 57 / 57 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 ______ / 57 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)			203,578	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")			203,578	Q
General tax reduction – Amount Q **multiplied** by 13 %			26,465	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 (Number of days in the tax year after 2015 / 57 Number of days in the tax year)) % = A

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 (Number of days in the tax year after 2015 / 57 Number of days in the tax year)) % = C

(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

K x (26 2 / 3 + 4 x (Number of days in the tax year after 2015 / Number of days in the tax year 57)) % = L

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 . . . . x [(1 / 3) + (5 x (Number of days in the tax year after 2015 / 57 Number of days in the tax year)) %] = S

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**	77,360	A

* If an amount of taxable income for the year from a personal services business has been entered on line Z.1, the result of the following calculation will be added to the amount on line 550:

Amount Z.1 ______ x (Number of days in the taxation year that are after 2015 ______ / Number of days in the taxation year 57) x 5 % = ______ A.1

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 (Number of days in the tax year after 2015 ______ / Number of days in the tax year 57)) % of whichever is less: amount C or amount F **604** ______ G

Subtotal (**add** amounts A, B, and G)	77,360	H

Deduct:

Small business deduction from line 430 on page 4			I	
Federal tax abatement	**608**	20,358		
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**	26,465		
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**	170		
Subtotal		46,993	▶ 46,993	J

Part I tax payable – Amount H **minus** amount J	30,367	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**	30,367
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		30,367

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**	15,727
Total tax payable	**770**	46,094 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**	60,000	
Total credits	**890**	60,000 ▶	60,000 B

Refund code **894** 1 Overpayment 13,906 ◀

Balance (amount A **minus** amount B) -13,906

Direct deposit request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

If the result is 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**.

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 2016-06-21 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: Brian Soares

Telephone number: (416) 345-6728

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
2015-12-31	Instalments	60,000
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments	
	Instalments/transfer	

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 60,000 **A**

Total instalments credited to the taxation year per T9 60,000 **B**

Transfer

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

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	9,110,000	12,280,000
	Total tangible capital assets	2008	+	68,463,000	68,581,000
	Total accumulated amortization of tangible capital assets	2009	–	25,793,000	26,032,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	19,766,000	20,236,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	71,546,000	75,065,000
	Liabilities				
	Total current liabilities	3139	+	12,111,000	15,430,000
	Total long-term liabilities	3450	+	59,890,000	60,179,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	72,001,000	75,609,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	-455,000	-544,000
	Total liabilities and shareholder equity	3640	=	71,546,000	75,065,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-4,913,000	-5,000,000

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

Income statement information

Description **GIFI**

Operating name 0001 Ontario Hydro Remote Communities Service Company Inc.
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	+	7,646,000	690,000
	Cost of sales	8518	–	4,265,000	271,000
	Gross profit/loss	8519	=	3,381,000	419,000
	Cost of sales	8518	+	4,265,000	271,000
	Total operating expenses	9367	+	2,911,000	419,000
	Total expenses (mandatory field)	9368	=	7,176,000	690,000
	Total revenue (mandatory field)	8299	+	7,646,000	690,000
	Total expenses (mandatory field)	9368	–	7,176,000	690,000
	Net non-farming income	9369	=	470,000	

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	=	470,000	

	Total other comprehensive income	9998	=	2,000	

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	–	383,000	
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	2,000	
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	89,000	

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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. 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 ☒ 2 No ☐

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

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**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 Remote Communities Inc.**

BN: **87083 6269 RC 0001**
Tax Year Start: **2015-11-05**
Tax Year End: **2015-12-31**

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 Remote Communities Inc. (Hydro One Remote Communities or the Company) was incorporated on August 18, 1998 under the Business Corporations Act (Ontario) and is a wholly owned subsidiary of Hydro One. Hydro One Remote Communities operates 19 small electrical, generation and distribution systems in remote communities in northern Ontario that are not connected to the Province's electricity grid. The Company's business is 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 (US) Generally Accepted Accounting Principles (GAAP) and in Canadian dollars. These Financial Statements have been prepared 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. As 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 December 31, 2015 and the results of its operations and its cash flows for the period from November 5, 2015 to December 31, 2015. The comparative information is presented as at November 4, 2015 and for the period from November 1, 2015 to November 4, 2015.

The Company uses a cost recovery model applied to achieve breakeven net income. Certain amounts presented in these Financial Statements represent allocations from Hydro One that are subject to review and approval by the OEB. For the current period, the Company has reported net income due to recognition of tax recovery resulting from the Company no longer being exempt from tax under the Federal Tax Regime. This tax is not recovered from ratepayers as it is funded by the Company's shareholder, and therefore, it is not included in the cost recovery model applied to achieve breakeven net income. See Note 6 - Income Taxes.

Hydro One Remote Communities performed an evaluation of subsequent events through to March 15, 2016, the date these Financial Statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these Financial Statements. See Note 20 - Subsequent Event.

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 and expenses during the reporting periods. Management evaluates these estimates on an on-going basis based upon: historical experience; current conditions; and assumptions believed to be reasonable at the time the assumption is 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 impairment, contingencies, unbilled revenue, allowance for doubtful accounts and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates, which may be impacted by future decisions made by the OEB.

Rate Setting

On September 24, 2014, Hydro One Remote Communities filed an Incentive Regulation Mechanism application with the OEB for 2015 rates, seeking approval for increased base rates for the distribution and generation of electricity of 1.7%. On March 19, 2015, the OEB approved an increase of approximately 1.6% to basic rates for the distribution and generation of electricity, with an effective date of May 1, 2015.

Regulatory Accounting

The OEB has the general power to include or exclude costs, revenues, losses or gains 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.

Hydro One Remote Communities is regulated under a cost recovery model applied to achieve breakeven net income, after consideration of income taxes / provision for payments in lieu of corporate income taxes (PILs). Any excess or deficiency in Rural and Remote Rate Protection (RRRP) amounts necessary to lead to breakeven net income is added to, or drawn from, the Remote Rate Protection Revenue (RRPR) variance account. The balance in the RRPR variance account is subject to future review and disposition by the OEB.

Revenue Recognition

Revenues attributable to the generation and 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 RRRP which is an amount relating to rate protection for remote customers received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB. Current legislation provides RRRP for prescribed classes of rural, residential and remote consumers by reducing the electricity rates that would otherwise apply.

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.

Long-term accounts receivable are recorded at their invoiced amount and represent amounts due from specified First Nation communities. The component of long-term accounts receivable that is energy-related does not bear interest. These amounts are reduced by fixed-interval payments, received monthly throughout the term of the agreement. Provision for uncollectible amounts for this component is set at the inception of the balance and is maintained until settlement of those amounts. The provision for this component is monitored and adjusted only if required with management discretion. The component of long-term accounts receivable that is non-energy related is reduced annually by a fixed incremental amount which is expensed through performance of the associated contract. There is no provision associated with these amounts.

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, Hydro One Remote Communities 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, Hydro One Remote Communities 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 as 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 as 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 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 Remote Communities. 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 cash 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%.

Fuel, Materials and Supplies

Fuel is used in the generation of electricity. 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 replacements of asset components, is included on the 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, 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 generation, distribution, and administration and service assets. Property, plant and equipment also includes future use assets, such as major components and spare parts and capitalized project development costs associated with deferred capital projects.

Generation

Generation assets are used in the generation of electricity, including hydroelectric equipment, wind turbines, diesel generators, and tank farms.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices, and metering systems.

Administration and Service

Administration and service assets include administrative buildings, personal computers, tools, and other minor assets.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment. 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 in Progress

Construction 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

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category.
The Company periodically initiates an external independent review of its property, plant and equipment depreciation rates, as required by the OEB. Any changes arising from 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, 2013.

A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

	Average	Rate	
	Service Life	Range	Average
Generation	20 years	3% - 7%	5%

Distribution	45 years	1% - 7%	2%
Administration and service	36 years	3% - 20%	4%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, 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 assets where no asset retirement obligation has been recorded.

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 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 Remote Communities' 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. As at December 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 the external transaction costs related to obtaining debt financing and presents such amounts as deferred debt issuance costs on the Balance Sheets. Deferred debt issuance costs are amortized over the contractual life of the related debt on an effective-interest rate 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 includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges. The Company amortizes its net unamortized hedging losses on discontinued cash flow hedges to financing charges using the effective interest method over the term of the associated hedged debt. Hydro One Remote Communities presents OCI and net income 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 investments; 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 amount of accounts receivable to be a reasonable estimate 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.

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 disclosed in Note 11 - Fair Value of Financial Instruments and Risk Management.

Derivative Instruments and Hedge Accounting

The Company currently does not engage in derivative trading or speculative activities and had no derivative instruments outstanding at December 31, 2015. OCI includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of Hydro One's 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 plans are considered to be underfunded when the projected benefit obligation exceeds the fair value of the plan assets. Liabilities are recognized in 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 all plans is 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 Remote Communities. 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 Note 15 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2015.

Post-retirement and post-employment benefits

Hydro One has post-retirement and post-employment benefit plans covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The benefit obligations of the these post-retirement and post-employment benefit plans are not segregated, or funded separately, for Hydro One Remote Communities. Accordingly, for purposes of these Financial Statements, the post-retirement and post-employment benefit obligations are allocated to the Company based on base pensionable earnings.

The Company records a regulatory asset equal to its allocated share of Hydro

One's incremental net unfunded projected benefit obligation for post-retirement and post-employment plans at each year end based on annual actuarial reports. The regulatory asset for the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans, in absence of regulatory accounting, would be recognized in accumulated OCI (AOCI). A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process.

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.

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 lives of active Hydro One employees in the plan and over the remaining life expectancy of inactive Hydro One 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 associated regulatory asset, to the extent of the remeasurement adjustment.

For post-employment obligations, the actuarial gains and losses 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 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.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in Note 15 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2015.

Stock-Based Compensation

Hydro One measures share grant plans based on fair value of share grants as estimated based on the grant date Hydro One Limited share price. The costs are recognized in the financial statements using the graded-vesting attribution method for share grant plans that have both a performance condition and a service condition. The Company records a regulatory asset equal to the accrued costs of share grant plans recognized in each period, as management considers it to be probable that such costs will be recovered in the future through the rate-setting process.

Loss Contingencies

Hydro One Remote Communities is 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. 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 the longer the projection period. A significant upward or downward trend in the number of claims filed, the nature of the alleged injury, and the average cost of resolving each such 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 Remote Communities records a liability for the estimated future expenditures associated with the contaminated land assessment and remediation (LAR) based on the present value of these estimated future expenditures. The Company determines the present value 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 Remote Communities reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

3. NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Guidance Not Yet Adopted

In January 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. This ASU eliminates the requirements for reporting entities to consider whether an underlying event or transaction is extraordinary and to show the item separately in the income statement. This ASU is effective for fiscal years, and interim periods within these years, beginning after December 15, 2015. The adoption of this ASU is not anticipated to have an impact on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Upon adoption of this ASU in the first quarter of 2016, the Company's deferred debt issuance costs that are currently presented under other long-term assets will be reclassified as a deduction from the carrying amount of long-term debt.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to customers about whether a cloud computing arrangement includes a software license, as well as the related accounting for the arrangement. This ASU is effective for fiscal years, and interim periods within these years, beginning after December 15, 2015. The Company is currently assessing the impact of adoption of this ASU on its financial statements.

In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. This ASU defers by one year the effective date of ASU 2014-09, Revenue from Contracts with Customers

(Topic 606) issued by the FASB in May 2014. ASU 2014-09 provides guidance on revenue recognition that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance in ASU 2014-09 is now effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is currently assessing the impact of adoption of ASU 2014-09 on its financial statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The amendments in this ASU require that all deferred tax assets and liabilities be classified as noncurrent on the balance sheet. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Upon adoption of this ASU in the first quarter of 2017, the current portions of the Company's deferred income tax assets and liabilities will be reclassified as noncurrent assets and liabilities on the Balance Sheets.

4. DEPRECIATION AND AMORTIZATION

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Depreciation of property, plant and equipment	428
Asset removal costs	120
Amortization of regulatory assets	353
	901

5. FINANCING CHARGES

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Interest on long-term debt	246
Interest on inter-company demand facility	13
Amortization of hedging losses	2
Other	5
Less: Interest capitalized on construction in progress	(11)
	255

6. INCOME TAXES

Income taxes / provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. The reconciliation between the statutory and the effective tax rates is provided as follows:

(thousands of Canadian dollars) Period from November 5 to December

31, 2015

Income taxes / provision for PILs at statutory rate	124
Increase (decrease) resulting from:	
Net temporary differences included in amounts charged to customers:	
RRPR variance account	1,514
Environmental expenditures	(65)
Overheads capitalized for accounting but deducted for tax purposes	(47)
Pension contribution in excess of pension expense	(30)
Interest capitalized for accounting but deducted for tax purposes	54
Losses carryforward	(2,210)
Depreciation and amortization in excess of capital cost allowance	1,005
Post-retirement and post-employment benefit expense in excess of cash payments	136
Other	72
Net temporary differences	429
Prior year adjustments	(161)
Other permanent differences	(9)
Total income taxes / provision for PILs	383
Current income taxes / provision for PILs	383
Deferred income taxes / provision for PILs	-
Total income taxes / provision for PILs	383

Effective income tax rate	81.5%

The provision for PILs / current income taxes is remitted to, or received from, the OEFC (PILs Regime) and the CRA (Federal Tax Regime), respectively. At December 31, 2015, the Company had $327 thousand receivable from the OEFC, and $37 thousand payable to the CRA.

Departure Tax

On October 31, 2015, the Company's exemption from tax under the Federal Tax Regime ceased to apply. Under the PILs Regime, the Company was deemed to have disposed of its assets immediately before it lost its tax exempt status under the Federal Tax Regime, resulting in Hydro One Remote Communities making payments in lieu of tax (Departure Tax) totalling $5,000 thousand. To enable Hydro One Remote Communities to make the Departure Tax payment, Hydro One subscribed for 64 common shares of Hydro One Remote Communities for $5,000 thousand. The Company used the proceeds of this share subscription to pay the Departure Tax.

For the period ended December 31, 2015, Hydro One Remote Communities' income taxes include income tax recovery of $87 thousand relating to the partial utilization of the deferred tax asset generated upon the transition from the PILs Regime to the Federal Tax Regime. The following table presents a reconciliation of net income to net income under the cost recovery model to achieve breakeven net income:

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Net income before income taxes	470

Income taxes under cost-recovery model 470

Net income under cost-recovery model -

Tax recovery (87)

Net income 87

Deferred Income Tax Assets

Deferred income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. At December 31, 2015, deferred income tax assets and liabilities consisted of the following:

(thousands of Canadian dollars) December 31, 2015

Deferred income tax assets

Post-retirement and post-employment benefits expense in excess of cash payments

5,038

Environmental expenditures 3,984

Depreciation and amortization in excess of capital cost allowance

926

Regulatory amounts not recognized for tax 1,845 2,263

(5,803)

Other (215)

Total deferred income tax assets 3,930

Less: current portion 125

3,805

During the period ended December 31, 2015, there was no change in the rate applicable to future taxes. The Company has recorded a valuation allowance in the amount of $6,622 thousand in respect of capital property.

7. ACCOUNTS RECEIVABLE

December 31, 2015 (thousands of Canadian dollars)	Current accounts receivable	Long-term accounts receivable	Total
Accounts receivable - billed	3,514	1,181	4,695
Accounts receivable - unbilled	1,077	-	1,077
Accounts receivable, gross	4,591	1,181	5,772
Allowance for doubtful accounts	(156)	(111)	(267)
Accounts receivable, net	4,435	1,070	5,505

The following table shows the movements in the total allowance for doubtful accounts for the period ended December 31, 2015:

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Allowance for doubtful accounts - beginning of period	(240)
Write-offs	1
Adjustments to allowance for doubtful accounts	(28)
Allowance for doubtful accounts - end of period	(267)

8. PROPERTY, PLANT AND EQUIPMENT

December 31, 2015 (thousands of Canadian dollars) Property, Plant and
Equipment Accumulated Depreciation Construction
in Progress
Total
Generation 45,779 21,150 2,966 20,330
826 20,330
25,455 20,330

Distribution 9,780 2,049 312 8,043
Administration and Service 11,716 2,594 50 9,172
67,275 25,793 1,188 42,670

Financing charges capitalized on property, plant and equipment under construction were $11 thousand for the period ended December 31 2015.

9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-making process. Hydro One Remote Communities has recorded the following regulatory assets and liabilities:

(thousands of Canadian dollars) December 31, 2015
Regulatory assets:

Environmental	11,051
RRPR variance account	
03	
	2,760
Post-retirement and post-employment benefits	2,285
Share-based compensation	99
Total regulatory assets	16,195
Less: current portion	1,483
	14,712

Regulatory liabilities:	
Deferred income tax regulatory liability	3,930
Total regulatory liabilities	3,930
Less: current portion	125
	3,805

Environmental

The Company records a liability for the estimated future expenditures required to remediate environmental contamination. Because such expenditures are expected to be recovered in future rates, the Company has recorded an equivalent amount as a regulatory asset. During the period ended December 31, 2015, the environmental regulatory asset decreased by $448 thousand to reflect related changes in the Company's environmental liabilities. The environmental regulatory asset is amortized to results of operations based on the pattern of actual expenditures incurred and charged to environmental liabilities. The OEB has the discretion to examine and assess the prudency and the timing of recovery of all of the Company's actual environmental expenditures. In the absence of rate-regulated accounting, during the period ended December 31, 2015, operation, maintenance and administration expenses would have been lower by $448 thousand. In addition, amortization expense would have been lower by $366 and financing charges would have been higher by $53 thousand.

RRPR Variance Account

Hydro One Remote Communities receives RRRP amounts from the IESO. At December 31, 2015, the Company recognized a regulatory asset representing the amounts required to achieve breakeven net income, as regulated under the cost recovery model, in excess of cumulative RRRP amounts received. During the period ended December 31, 2015, RRRP amounts received were higher than amounts required to achieve breakeven net income, and as such, the regulatory asset was reduced by $103 thousand. In the absence of rate-regulated accounting, revenue for the period ended December 31, 2015 would have been higher by $103 thousand.

Post-Retirement and Post-Employment Benefits

The Company recognizes the net unfunded status of post-retirement and post-employment obligations on the Balance Sheets with an incremental offset to the associated regulatory assets. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process. The post-retirement and 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. In the absence of rate-regulated accounting, 2015 OCI would have been higher by $352 thousand.

Share-based Compensation

The Company recognizes costs associated with stock-based compensation in a regulatory asset as management considers it probable that stock-based compensation costs will be recovered in the future through the rate-setting process. At December 31, 2015 the stock-based compensation costs relate to the share grant plans, are measured at fair value estimated based on grant date Hydro One Limited share price and recognized using the graded-vesting attribution method. In the absence of rate-regulated accounting, during the period ended December 31, 2015 operation, maintenance and administration expenses would have been higher by $69 thousand.

Deferred Income Tax Regulatory Liability

Deferred income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company has recognized regulatory assets and liabilities that correspond to deferred income taxes that flow through the rate-setting process. In the absence of rate-regulated accounting, the Company's income tax expense would have been recognized using the liability method and there would be no regulatory accounts established for taxes to be recovered through future rates. As a result, the income tax expense for the period ended December 31, 2015 would have been lower by approximately $429 thousand.

10. LONG-TERM DEBT

Long-term debt totalling $33,000 thousand is payable to Hydro One and consists of a $23,000 thousand note maturing in 2036 and a $10,000 thousand note maturing in 2044.

The $23,000 thousand note was issued on May 19, 2005, with an interest rate of 5.38% per annum and a maturity date of May 20, 2036. On issuance of this note, $115 thousand of transaction costs and a $31 thousand debt discount incurred by Hydro One were allocated to Hydro One Remote Communities, based on its proportionate share of Hydro One's related debt issue.

The $10,000 thousand note was issued on June 6, 2014, with an interest rate of 4.19% per annum and a maturity date of June 6, 2044. On issuance of this note, $50 thousand of transaction costs and a $10 thousand debt discount incurred by Hydro One were allocated to Hydro One Remote Communities, based on its proportionate share of Hydro One's related debt issue.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

Hydro One Remote Communities classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Hydro One Remote Communities has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2015, the Company's carrying amounts of accounts receivable, inter-company demand facility, and accounts payable are representative of fair value because of the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial assets and liabilities at December 31, 2015 are as follows:

December 31, 2015 (thousands of Canadian dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Inter-company demand facility	6,056	6,056	6,056	-	-
Long-term debt	33,000	37,957	-	37,957	-
	39,056	44,013	6,056	37,957	-

The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no significant transfers between any of the levels during the period ended December 31, 2015.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Company does not have commodity risk. The foreign exchange risk is currently not significant, although Hydro One could in the future decide to issue and allocate foreign currency-denominated debt to the Company, along with an allocation of the resulting foreign exchange gains and losses. The Company is exposed to fluctuations in interest rates related to the interest charges passed on by Hydro One on the outstanding inter-company demand facility. The Company is charged interest on overdraft inter-company balances based on the one-month bankers' acceptance rate, plus 0.15%.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2015, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Remote Communities did not earn a significant amount of revenue from any individual customer. At December 31, 2015, there was no significant accounts receivable balance due from any single customer.

At December 31, 2015, the Company's total provision for bad debts was $267 thousand. Adjustments and write-offs are determined on the basis of a review of overdue accounts, taking into consideration historical experience. At December 31, 2015, approximately 44% of the Company's current accounts receivable were aged more than 60 days. Sufficient allowances have been recorded to reflect the risk of potential credit losses.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One Remote Communities meets its short-term liquidity requirements through the inter-company demand facility with Hydro One and funds from operations. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

At December 31, 2015, accounts payable and accrued liabilities in the amount of $5,721 thousand are expected to be settled in cash at their carrying amounts within the next 12 months.

At December 31, 2015, Hydro One Remote Communities had long-term debt in the principal amount of $33,000 thousand. Principal repayments and weighted average interest rates are summarized by the number of years to maturity in the following table.

Years to Maturity	Long-term Debt Principal Repayments (thousands of Canadian dollars)	Weighted Average Interest Rate (%)
1 year	-	5.0
2 years	-	5.0
3 years	-	5.0
4 years	-	5.0
5 years	-	5.0
	-	5.0
6 - 10 years	-	5.0
Over 10 years	33,000	5.0
	33,000	5.0

Interest payments on long-term debt are summarized by year in the following table:

Year	Interest Payments (thousands of Canadian dollars)
2016	1,656
2017	1,656
2018	1,656
2019	1,656

2020	1,656	
		8,280
2021-2025	8,282	
2026 +	20,744	
		37,306

12. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Hydro One has a defined benefit pension plan, a supplementary pension plan, and post-retirement and post-employment benefit plans. The defined benefit pension plan (Pension Plan) is contributory and covers most regular employees of Hydro One and its subsidiaries. The supplementary pension plan provides members of the Pension Plan with benefits that would have been earned and payable under the Pension Plan but for the limitations imposed by the Income Tax Act (Canada). The supplementary pension plan obligation is included with other post-retirement and post-employment benefit obligations on the Balance Sheets.

Pension Benefits

The Pension Plan provides benefits based on highest three-year average pensionable earnings. For new management employees who commenced employment on or after January 1, 2004, and for new Society of Energy Professionals represented staff hired after November 17, 2005, benefits are based on highest five-year average pensionable earnings. After retirement, pensions are indexed to inflation.

Company and employee contributions to the Pension Plan are based on actuarial valuations performed at least every three years. Hydro One's annual Pension Plan contributions during the period ended December 31, 2015 of $28 million were based on an actuarial valuation effective December 31, 2013 and the expected level of pensionable earnings. Estimated annual Pension Plan contributions for 2016 are approximately $180 million, based on the actuarial valuation as at December 31, 2013 and projected levels of pensionable earnings. Future minimum contributions beyond 2016 will be based on an actuarial valuation effective no later than December 31, 2016. Contributions are payable one month in arrears. All of the contributions are expected to be in the form of cash.

At December 31, 2015, based on the December 31, 2013 actuarial valuation, the present value of Hydro One's projected pension benefit obligation was estimated to be $7,683 million. The fair value of pension plan assets available for these benefits was $6,731 million.

Post-Retirement and Post-Employment Benefits

During the period ended December 31, 2015, Hydro One Remote Communities charged $112 thousand of post-retirement and post-employment benefit costs to results of operations, and capitalized $61 thousand as part of the cost of property, plant and equipment. Benefits paid by the Company were $13 thousand. In addition, the incremental offset to decrease the associated post-retirement and post-employment benefits regulatory assets by $352 thousand was recorded on the Company's Balance Sheets to reflect the expected regulatory inclusion of this amount in future rates, which would otherwise be recorded in OCI.

The Company presents its post-retirement and post-employment benefit liability on the Balance Sheets within the following line items:

(thousands of Canadian dollars)	December 31, 2015
Accrued liabilities	373
Post-retirement and post-employment benefit liability	13,517
	13,890

13. ENVIRONMENTAL LIABILITIES

The Company has accrued the following discounted amounts for environmental liabilities on the Balance Sheets at December 31, 2015:

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Environmental liabilities, beginning of period	11,812
Interest accretion	53
Expenditures	(366)
Revaluation adjustment	(448)
Environmental liabilities, end of period	11,051
Less: current portion	1,483
	9,568

The following table shows the reconciliation between the undiscounted basis of the environmental liabilities and the amount recognized on the Balance Sheets after factoring in the discount rate:

(thousands of Canadian dollars)	December 31, 2015
Undiscounted environmental liabilities	11,474
Less: discounting accumulated liabilities to present value	423
Discounted environmental liabilities	11,051

At December 31, 2015, the estimated future environmental expenditures were as follows:

(thousands of Canadian dollars)

2016	1,483
2017	1,960
2018	1,891
2019	2,429
2020	3,711
	11,474

The Company records a liability for the estimated future expenditures for the contaminated LAR 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.

There are uncertainties in estimating future environmental costs due to potential external events such as changes in legislation or regulations, and advances in remediation technologies. In determining the amounts to be recorded as environmental liabilities, the Company estimates the current cost of completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation rate assumption of approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future expenditures have been discounted using a rate of 3.6%. All factors used in estimating the Company's environmental liabilities represent management's best estimates of the present value of costs required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions.

The Company's best estimate of the total estimated future expenditures to complete its LAR program is $11,474 thousand. These expenditures are expected to be incurred over the period from 2016 to 2020. As a result of its annual review of environmental liabilities, during the period ended December 31, 2015, the Company recorded a revaluation adjustment to decrease the LAR environmental liability by $448 thousand.

14. SHARE CAPITAL

Common Shares

The Company has 267 issued and outstanding common shares. The Company is authorized to issue an unlimited number of common shares.

The following table presents the movement in common shares during the year ended December 31, 2015.

(number of common shares)

Number of common shares - January 1, 2015	2
Share split (a)	200
Common shares issued (b)	64
Common shares issued (c)	1
Number of common shares - December 31, 2015	267

(a) On November 2, 2015, all of the issued and outstanding common shares of Hydro Once Remote Communities were changed into 202 issued and outstanding common shares of the Company.

(b) On November 4, 2015, Hydro One Remote Communities issued 64 common shares to Hydro One for proceeds of $5 million.

(c) On November 3, 2015, Hydro One Remote Communities declared a stock dividend on its common shares, which due to the number of shares issued and the resulting effect on the price per share was treated as a stock split. On November 5, 2015, Hydro One Remote Communities effected a reverse split and issued as consideration one common share to Hydro One. There was no impact to the capital structure of Hydro One Remote Communities as a net result of the stock dividend and the reverse split.

Dividends

The Company does not pay dividends under its breakeven business model.

15. STOCK-BASED COMPENSATION

The following compensation plans were established by Hydro One Limited, however they represent components of compensation costs of Hydro One and its subsidiaries, including Hydro One Remote communities, in current and future periods.

Share Grant Plans

At December 31, 2015, Hydro One Limited had two share grant plans, one for the benefit of certain members of the Power Workers' Union (the PWU Share Grant Plan) and one for the benefit of certain members of The Society of Energy Professionals (the Society Share Grant Plan). Hydro One and Hydro One Limited entered into an intercompany agreement, such that Hydro One will pay Hydro One Limited for the compensation costs associated with these plans. The agreement requires Hydro One Remote Communities to reimburse Hydro One for the value of shares granted to the Company's eligible employees relating to these plans.

The PWU Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of the Power Workers' Union annually, commencing on April 1, 2017 and continuing until the earlier of April 1, 2028 or the date an eligible employee no longer meets the eligibility criteria of the PWU Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on April 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. The requisite service period for the PWU share grant plan begins on July 3, 2015, which is the date the share grant plans were ratified by the PWU. The number of common shares issued annually to each eligible employee will be equal to 2.7% of such eligible employee's salary as at April 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the PWU Share Grant Plan shall not exceed 3,981,763 common shares. During the period ended December 31, 2015, 38,541 Hydro One Limited common shares were granted under the PWU Share Grant Plan to employees of Hydro One Remote Communities.

The Society Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of The Society of Energy Professionals annually, commencing on April 1, 2018 and continuing until the earlier of April 1, 2029 or the date an eligible employee no longer meets the eligibility criteria of the Society Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on September 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. Therefore the requisite service period for the Society Share Grant Plan begins on September 1, 2015. The number of common shares issued annually to each eligible employee will be equal to 2.0% of such eligible employee's salary as at September 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the Society Share Grant Plan shall not exceed 1,434,686 common shares. During the period ended December 31, 2015, 14,655 Hydro One Limited common shares were granted under the Society Share Grant Plan to employees of Hydro One Remote Communities.

The fair value of the Hydro One Limited share grants is estimated based on the grant date Hydro One Limited share price of $20.50 and is recognized using the graded-vesting attribution method as the share grant plans have both a performance condition and a service condition. Total fair value of shares granted to employees of Hydro One Remote Communities during the period ended December 31, 2015 is $1,091 thousand. Total share based compensation recognized during the period ended December 31, 2015 by Hydro One Remote Communities was $99 thousand and was recorded as a regulatory asset. The historical turnover rate relating to members of the Power Workers' Union and The Society of Energy Professionals is not believed to be reflective of a future turnover rate due to benefits conferred by the share grant plans. At December 31, 2015, the Company expects all eligible employees to receive the share grants until such time that they no longer meet the eligibility criteria and therefore, a forfeiture rate of 0% is assumed in amounts recognized during the period ended December 31, 2015. The Company will reevaluate this assumption in subsequent periods based on actual experience.

A summary of Hydro One Remote Communities' share grant activity under the Share Grant Plans as of December 31, 2015 is presented below:

Period from November 5 to December 31, 2015	Share Grants (Number)	Weighted-Average Price
Outstanding - beginning of period	-	-
Granted (non-vested)	53,196	$20.50
Outstanding - end of period	53,196	-

Employee Share Ownership Plan

Effective December 15, 2015, Hydro One Limited established an Employee Share Ownership Plan (ESOP). Under the ESOP, certain eligible management and non-represented employees may contribute between 1% and 6% of their base salary towards purchasing common shares of Hydro One Limited. The Company will match 50% of the employee's contributions, up to a maximum Company contribution of $25,000 per calendar year. No contributions were made under the ESOP during 2015.

Long-term Incentive Plan

Effective August 31, 2015, the Board of Directors of Hydro One Limited adopted a Long-term Incentive Plan (LTIP). Under the LTIP, long-term incentives will be granted to certain executive and management employees of Hydro One Limited and its subsidiaries, and all equity-based awards will be settled in newly-issued shares of Hydro One Limited from treasury, consistent with the provisions of the plan. The aggregate number of shares issuable under the LTIP shall not exceed 11,900,000 shares of Hydro One Limited.

The LTIP provides flexibility to award a range of vehicles, including restricted share units, performance share units, stock options, share appreciation rights, restricted shares, deferred share units and other share-based awards. The mix of vehicles is intended to vary by role to recognize the level of executive accountability for overall business performance. No long-term incentives were awarded during 2015.

16. RELATED PARTY TRANSACTIONS

Hydro One Remote Communities is a subsidiary of Hydro One. Hydro One is owned by Hydro One Limited, and the Province is the majority shareholder of Hydro One Limited. The OEFC and IESO are related parties to Hydro One Remote

Communities because they are controlled or significantly influenced by the Province. Transactions between these parties and Hydro One Remote Communities are described below.

IESO

" Hydro One Remote Communities receives amounts for RRRP from the IESO. RRRP amounts received for the period ended December 31, 2015 were $5,376 thousand. Consistent with its breakeven business model, the Company recognized $5,273 thousand as RRRP revenue for the period ended December 31, 2015, with the difference recorded in the RRPR variance account.

OEFC

" During the period ended December 31, 2015, Hydro One Remote Communities made a Departure Tax payment to the OEFC totaling $5 million.

The amounts due to and from related parties as a result of the transactions referred to above are as follows:

(thousands of Canadian dollars)	December 31, 2015
Accounts receivable	95
Income tax receivable	327

Transactions with related parties occur at normal market prices or at a proxy for fair value based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances at period end are interest free and settled in cash.

Hydro One and Subsidiaries

" The Company provides services to, and receives services from, Hydro One and its other subsidiaries. Amounts due to and from Hydro One and its other subsidiaries are settled through the inter-company demand facility.
The Company has entered into various agreements with Hydro One and its other subsidiaries related to the provision of corporate functions and services, such as legal, financial and human resources services, and operational services, such as environmental, forestry, and line services. Revenues for the period ended December 31, 2015 $68 thousand related to the provision of services to Hydro One and its other subsidiaries. Operation, maintenance and administration costs for the period ended December 31, 2015 include $448 thousand related to the purchase of services from Hydro One and its other subsidiaries.

" The Company's long-term debt is due to Hydro One. In addition, balances payable or receivable under the inter-company demand facility are due to or from Hydro One and its other subsidiaries. Financing charges for the period ended December 31, 2015 include interest expense on the long-term debt of $246 thousand, and interest expense on the inter-company demand facility of $13 thousand. At December 31, 2015, the Company had accrued interest payable to Hydro One totaling $172 thousand.

" In 2015, Hydro One Limited established certain stock-based compensation plans, however they represent components of costs of Hydro One and its subsidiaries, including Hydro One Remote Communities in current and future periods. Hydro One and Hydro One Limited entered into an intercompany agreement, such that Hydro One will pay Hydro One Limited for the compensation costs associated with the share grant plans. The agreement requires Hydro One Remote Communities to reimburse Hydro One for the value of shares granted to the Company's eligible employees relating to these plans. At December 31, 2015, Hydro One Remote Communities had a payable of $99 thousand to Hydro One associated with these plans. See Note 15 - Stock-based Compensation.

17. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

(thousands of Canadian dollars)	Period from November 5 to December 31, 2015
Accounts receivable	(601)
Fuel, materials and supplies	303
Income taxes receivable	2,329
Long-term accounts receivable	16
Accounts payable	(548)
Accrued liabilities	(566)
Accrued interest	(580)
Income taxes payable	37
Post-retirement and post-employment benefit liability	33
	423

Supplementary information:

Net interest paid	827
Taxes paid	5,000

As a result of using the cost recovery model applied to achieve after tax breakeven net income, any income tax expense paid are fully recovered.

18. CONTINGENCIES

Legal Proceedings

Hydro One Remote Communities is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

In September 2015, Hydro One and three of its subsidiaries, including Hydro One Remote Communities, were served with a class action suit in which the representative plaintiff is seeking up to $125 million in damages related to allegations of improper billing practices. Hydro One intends to defend the action. Due to the preliminary stage of legal proceedings, an estimate of a possible loss related to this claim cannot be made.

Transfer of Assets

The transfer orders by which Hydro One acquired certain of Ontario Hydro's businesses as of April 1, 1999 did not transfer title to some assets located on Reserves (as defined in the Indian Act (Canada)). Currently, the OEFC holds these assets. 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 these assets to itself. Hydro One cannot predict the aggregate amount that it may have to pay, either on an annual or one-time basis, to obtain the required consents. If Hydro One or the Company cannot obtain the required consents, the OEFC will continue to hold these assets for an indefinite period of time. If Hydro One cannot reach a satisfactory settlement, it may have to relocate these assets to other locations at a cost that could be substantial or, in a limited number of cases, to abandon a line and replace it with diesel-generation facilities. The costs relating to these assets could have a material adverse effect on Hydro One's and the Company's results of operations if Hydro One is not able to recover them in future rate orders.

19. COMMITMENTS

Operating Lease

Hydro One Remote Communities is committed as lessee to an operating lease agreement for use of reserve land to operate a hydro facility for a period of 10 years.

During the period ended December 31, 2015, the Company made lease payments totalling $nil. At December 31, 2015, the future minimum lease payments under non-cancellable operating leases were as follows: 2016 - $120 thousand; 2017 - $120 thousand; 2018 - $150 thousand; 2019 - $150 thousand; 2020 - $150 thousand; and thereafter - $300 thousand.

20. SUBSEQUENT EVENT

Long-term Debt

On February 24, 2016, Hydro One Remote Communities issued a $10,000 thousand note with a maturity date of February 24, 2026 and a coupon rate of 2.79%. The note is payable to Hydro One Inc.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

Assets – lines 1000 to 2599

1062	4,435,000	1066	327,000	1122	2,740,000
1480	1,483,000	1481	125,000	1599	9,110,000
1740	55,559,000	1741	-23,199,000	1900	11,716,000
1901	-2,594,000	1920	1,188,000	2008	68,463,000
2009	-25,793,000	2420	15,961,000	2421	3,805,000
2589	19,766,000	2599	71,546,000		

Liabilities – lines 2600 to 3499

2620	5,721,000	2629	172,000	2680	37,000
2860	6,056,000	2960	125,000	3139	12,111,000
3140	33,000,000	3320	13,517,000	3321	13,373,000
3450	59,890,000	3499	72,001,000		

Shareholder equity – lines 3500 to 3640

3500	5,000,000	3580	-542,000	3600	-4,913,000
3620	-455,000	3640	71,546,000		

Retained earnings – lines 3660 to 3849

3660	-5,000,000	3680	87,000	3849	-4,913,000

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

Description

Operating name . . . . **0001** Ontario Hydro Remote Communities Service Company Inc.

Sequence number **0003** 01

Other comprehensive income – lines 7000 to 7020

7008	2,000

Revenue – lines 8000 to 8299

8000	7,646,000	8089	7,646,000	8299	7,646,000

Cost of sales – lines 8300 to 8519

8408	4,265,000	8518	4,265,000	8519	3,381,000

Operating expenses – lines 8520 to 9369

8670	901,000	8714	255,000	9270	1,755,000
9367	2,911,000	9368	7,176,000	9369	470,000

Extraordinary items and taxes – lines 9970 to 9999

9970	470,000	9990	383,000	9998	2,000
9999	89,000				

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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

	Amount calculated on line 9999 from Schedule 125					89,000	A
	Add:						
	Provision for income taxes – current		101	383,000			
	Amortization of tangible assets		104	901,000			
	Non-deductible meals and entertainment expenses		121	3,586			
	Reserves from financial statements – balance at the end of the year		126	22,181,378			
	Subtotal of additions			23,468,964	▶	23,468,964	
	Other additions:						
	Debt issue expense		208	2,963			
	Miscellaneous other additions:						
600	Computer software expenses		290	1,287			
601	OPEB US GAAP Valuation		291	351,492			
602	Opening OPEB Liability adjustment		292	55,115			
603	Enviromental interest and valuation adjustment	395,009					
	Total	395,009	293	395,009			
604							
	Total		294				
	Subtotal of other additions		199	805,866	▶	805,866	
	Total (lines 101 to 199)		500	24,274,830	▶	24,274,830	B
	Amount A **plus** amount B					24,363,830	C

Deduct:

Capital cost allowance from Schedule 8	403	630,903		
Cumulative eligible capital deduction from Schedule 10	405	197,745		
Reserves from financial statements – balance at the beginning of the year	414	23,030,407		
Contributions to deferred income plans from Schedule 15	417	101,721		
Subtotal of deductions		23,960,776 ▶	23,960,776	

Other deductions:

Non-taxable/deductible other comprehensive income items	347	2,000	

Miscellaneous other deductions:

700	Deductible removable costs		390	6,695		
701	See attached		391	113,606		
702	OPEB costs capitalized		392	68,491		
703	2015 Ontario Apprentice credits accrual reversal	8,684				
	Total	8,684	393	8,684		
704						
	Total		394			
	Subtotal of other deductions		499	199,476 ▶	199,476	
	Total (lines 401 to 499)		510	24,160,252 ▶	24,160,252	D
	Net income (loss) for income tax purposes (amount C **minus** amount D)				203,578	E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Amount	
Class 12 - computer application software license	884	00
Class 8 - computer and other equipment cost < 2K	403	00
Total	1,287	00

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Amount	
Bond Discount (761120)	131	00
Amortization underwriting fee (761780)	514	00
Amortization of Hedge loss (761770)	2,316	00
Amortization of Prospectus fees (761790)	2	00
Total	2,963	00

Attached Schedule with Total

Line 391 – Amount for line 701

Title Line 391 – Amount for line 701

Description	Amount	
Capitalized interest	10,872	00
Capitalized overhead	101,112	00
20(1)(e) deduction re: prospectus fees	33	00
20(1)(e) deduction re: underwriting fees	1,589	00
Total	113,606	00

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

Part 1 – Allocation of taxable income

100 ______________________ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *	**B** Total salaries and wages paid in jurisdiction	**C** (B x taxable income) / G	**D** Gross revenue	**E** (D x taxable income) / H	**F** Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador **003** 1 Yes ☐	**103**		**143**		
Newfoundland and Labrador Offshore **004** 1 Yes ☐	**104**		**144**		
Prince Edward Island **005** 1 Yes ☐	**105**		**145**		
Nova Scotia **007** 1 Yes ☐	**107**		**147**		
Nova Scotia Offshore **008** 1 Yes ☐	**108**		**148**		
New Brunswick **009** 1 Yes ☐	**109**		**149**		
Quebec **011** 1 Yes ☐	**111**		**151**		
Ontario **013** 1 Yes ☐	**113**		**153**		
Manitoba **015** 1 Yes ☐	**115**		**155**		
Saskatchewan **017** 1 Yes ☐	**117**		**157**		
Alberta **019** 1 Yes ☐	**119**		**159**		
British Columbia **021** 1 Yes ☐	**121**		**161**		
Yukon **023** 1 Yes ☐	**123**		**163**		
Northwest Territories **025** 1 Yes ☐	**125**		**165**		
Nunavut **026** 1 Yes ☐	**126**		**166**		
Outside Canada **027** 1 Yes ☐	**127**		**167**		
Total	**129** G		**169** H		

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

** 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.
3. Special rules for establishing a corporation's gross revenue and salaries and wages attributable to a jurisdiction are provided in cases where the corporation operates in a partnership and the partnership had permanent establishments in more than one jurisdiction. See Guide T4068, *Guide for the Partnership Information Return* and prescribed Form T5013 Sch 5, *Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions*.

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
203,578		203,578	23,411

Ontario basic income tax (from Schedule 500)	270	23,411		
Deduct: Ontario small business deduction (from Schedule 500)	402			
Subtotal		23,411	23,411	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)			23,411	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 political contributions tax credit (from Schedule 525)	415			
Subtotal				D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")			23,411	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")			23,411	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")			23,411	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)			23,411	I6
Deduct:				
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	3,000		
Ontario apprenticeship training tax credit (from Schedule 552)	454	4,684		
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		7,684	7,684	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6)	290		15,727	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**	15,727

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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	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		15,336,034	113,867		0	56,934	15,392,967	4	0	0	96,153	15,353,748
2.	2		91,755			0		91,755	6	0	0	860	90,895
3.	3		749			0		749	5	0	0	6	743
4.	6		5,913,778			0		5,913,778	10	0	0	92,352	5,821,426
5.	8		1,087,790	16,076		0	8,038	1,095,828	20	0	0	34,226	1,069,640
6.	10		841,965			0		841,965	30	0	0	39,446	802,519
7.	17		16,446,093	175,312		0	87,656	16,533,749	8	0	0	206,559	16,414,846
8.	43.1		1,269,833			0		1,269,833	30	0	0	59,491	1,210,342
9.	45		2,406			0		2,406	45	0	0	169	2,237
10.	47		7,642,785	893,285		0	446,643	8,089,427	8	0	0	101,062	8,435,008
11.	13	Bisco Water Well	46,548			0		46,548	NA	0	0	293	46,255
12.	13	Hillsport Water Well	39,835			0		39,835	NA	0	0	156	39,679
13.	13	Oba Water Well	17,994			0		17,994	NA	0	0	70	17,924
14.	94	Construction in progress	1,904,128			784,000		1,120,128	0	0	0		1,120,128
15.	94	Future use	1,936,342			34,000		1,902,342	0	0	0		1,902,342
16.	94	Land	359,667			0		359,667	0	0	0		359,667
17.	94	Landscaping	47,952			0		47,952	0	0	0		47,952
18.	12			775		0	388	387	100	0	0	60	715
		Totals	52,985,654	1,199,315		818,000	599,659	52,767,310				630,903	52,736,066

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 information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, 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)

Fixed Assets Reconciliation

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

Tax return

Additions for tax purposes – Schedule 8 regular classes		1,199,315		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+	-1,287		
Other (specify):				
Current year capitalized allocations	+	168,885		
Future use decrease	+	-34,180		
CIP decrease	+	-784,000		
Unreconciled difference- immaterial rounding	+	267		
Total additions per books	=	549,000	▶	549,000
Proceeds up to original cost – Schedule 8 regular classes				
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
	+			
Total proceeds per books	=		– ▶	
Depreciation and amortization per accounts – Schedule 1			–	428,000
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	121,000

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		42,670,000
Opening net book value	–	42,549,000
Net change per financial statements	=	121,000

If the amounts from the tax return and the financial statements differ, explain why below.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

	Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	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 NETWORKS INC.	CA	87086 5821 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 I	CA	86289 2593 RC0001	3					
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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")			200	18,089,492	A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226				
Subtotal (line 222 plus line 226)		x 3 / 4 =			B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1 / 2 =			C
amount B minus amount C (if negative, enter "0")			▶		D
Amount transferred on amalgamation or wind-up of subsidiary			224		E
Subtotal (add amounts A, D, and E)			230	18,089,492	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)				18,089,492	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	18,089,492				
less amount from line 249					
Current year deduction	18,089,492	x 7.00 % =	250	197,745 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			197,745 ▶	197,745	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	17,891,747	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	14,081,620			191,390	13,890,230
2	RPPP Rev Var (427191)	-2,863,877		103,944		-2,759,933
3	Enviromental Liability - LONG T	11,812,664			761,583	11,051,081
4						
	Reserves from Part 2 of Schedule 13					
	Totals	23,030,407		103,944	952,973	22,181,378

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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- 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 Networks Inc.	483 Bay Street Toronto ON CA M5G 2P5			151,354		
2	Hydro One Inc	483 Bay Street Toronto ON CA M5G 2P5			7,970		

T2 SCH 14 (99)

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- 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	339,070	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	339,070	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	237,349	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	101,721	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 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 *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 *Income Tax Act* and the *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 IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see 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), 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.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on 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) for more information.

Detailed information (continued)

- 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) for more information.
- 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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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 80% of the contributions made **after** 2012; for contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance 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 ____________ A1

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 B1

Deduct:

Credit deemed as a remittance of co-op corporations **210**

Credit expired **215**

Subtotal (line 210 **plus** line 215) ▶ C1

ITC at the beginning of the tax year (amount B1 **minus** amount C1) **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 from amount A1 in Part 4) . . . . . . x 10 % = **240**

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) . . . . . x 5 % = **242**

Credit allocated from a partnership **250**

Subtotal (total of lines 230 to 250) ▶ D1

Total credit available (line 220 **plus** amount D1) E1

Deduct:

Credit deducted from Part I tax (enter at amount D8 in Part 30) **260**

Credit carried back to the previous year(s) (from amount H1 in Part 6) . . . . . . a

Credit transferred to offset Part VII tax liability **280**

Subtotal (total of line 260, amount a, and line 280) ▶ F1

Credit balance before refund (amount E1 **minus** amount F1) G1

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 G1 **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 of lines 901 to 903 (enter amount H1 on line a in Part 5) H1

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 in Part 5) I1

Credit balance before refund (from amount G1 in Part 5) J1

Refund (40 % of amount I1 or J1, whichever is less) K1

Enter amount K1 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 (from line 557 on Form T661) . . . .

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 in Part 3)* . . . . ▶ **350**

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**

* 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. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

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 ☐ 2 No ☐

Complete lines 390 and 398 if you answered **no** to the question on 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 on 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 (from line 390 in Part 9) or $500,000, whichever is more x 10 = A2

Excess ($8,000,000 **minus** amount A2; if negative, enter "0") B2

$ 40,000,000 **minus** line 398 in Part 9 . . . . a

Amount a **divided** by $ 40,000,000 . . . . C2

Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)* D2

For an associated corporation:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49* **400** E2

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 x $\frac{\text{Number of days in the tax year}}{365}$ 57 = ... F2

Your SR&ED expenditure limit for the year (enter the amount from amount D2, E2, or F2, whichever applies) **410**

* Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less* . . . . . . **420** ______ x 35 % = ______ G2

Line 350 **minus** line 410 (if negative, enter "0") . . . . **430** ______ x 15 **% = ______ H2

Line 410 **minus** line 350 (if negative, enter "0") . . . . ______ b

Capital expenditures (from line 360 in Part 8) or amount b above, whichever is less* . . . . **440** ______ x 35 % = ______ I2

Line 360 **minus** amount b above (if negative, enter "0") . . . . **450** ______ x 15 **% = ______ J2

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.***

460 ______ x 35 % = ______ c

480 ______ x 15 % = ______ d

Subtotal (amount c **plus** amount d) ______ ▶ ______ K2

Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12) . . . . ______ L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC 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. If your rate is different than 15%, enter the amounts at lines 430 or 450 and use the appropriate rate instead of 15%.

*** The ITC on the repayment (the credit) is calculated using the ITC rate that you used to determine your ITC at the time your qualified expenditures for ITC purposes were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate. If the rate is different than 20% or 35%, enter the amount at line 480 and use the appropriate rate instead of 20%.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year . . . . ______ M2

Deduct:

Credit deemed as a remittance of co-op corporations . . . . **510** ______

Credit expired . . . . **515** ______

Subtotal (line 510 **plus** line 515) ______ ▶ ______ N2

ITC at the beginning of the tax year (amount M2 **minus** amount N2) . . . . **520** ______

Add:

Credit transferred on amalgamation or wind-up of subsidiary . . . . **530** ______

Total current-year credit (from amount L2 in Part 11) . . . . **540** ______

Credit allocated from a partnership . . . . **550** ______

Subtotal (total of lines 530 to 550) ______ ▶ ______ O2

Total credit available (line 520 **plus** amount O2) . . . . ______ P2

Deduct:

Credit deducted from Part I tax (enter at amount E8 in Part 30) . . . . **560** ______

Credit carried back to the previous year(s) (from amount S2 in Part 13) . . . . ______ e

Credit transferred to offset Part VII tax liability . . . . **580** ______

Subtotal (total of line 560, amount e, and line 580) ______ ▶ ______ Q2

Credit balance before refund (amount P2 **minus** amount Q2) . . . . ______ R2

Deduct:

Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies) . . . . **610** ______

ITC closing balance on SR&ED (amount R2 **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 of lines 911 to 913 (enter amount S2 at line e in Part 12) ______ S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on 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 in Part 12 **minus** amount K2 in Part 11) ______ f

Refundable credits (amount f or amount R2 in Part 12, whichever is less)* ______ T2

Deduct:

Amount T2 or amount G2 in Part 11, whichever is less ______ U2

Net amount (amount T2 **minus** amount U2; if negative, enter "0") ______ V2

Amount V2 **multiplied** by 40 % ______ W2

Add:

Amount U2 ______ X2

Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12) ______ Y2

Enter the total of line 310 in Part 5 and line 610 in 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 Y2.

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 on line 101 in Part 2.

Credit balance before refund (from amount R2 in Part 12) ______ Z2

Deduct:

Amount Z2 or amount G2 in Part 11, whichever is less ______ AA2

Net amount (amount Z2 **minus** amount AA2; if negative, enter "0") ______ BB2

Amount BB2 or amount I2 in Part 11, whichever is less ______ CC2

Amount CC2 **multiplied** by 40 % ______ DD2

Add :

Amount AA2 ______ EE2

Refund of ITC (amount DD2 **plus** amount EE2) ______ FF2

Enter FF2, 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 amount A3 on line C3 in Part 17)	A3

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 on line B3.

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**	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 (total of column F) (enter amount B3 on line D3 in Part 17) B3

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

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.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line E3 in Part 17) **760** ______

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)		F3

Enter amount F3 on line A8 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

Total of column 826 ► A4

Total pre-production mining expenditures (total of lines 810 to 821 and amount A4) 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 on line 830 above 832

Excess (line 830 **minus** line 832) (if negative, enter "0") B4

Add:

Repayments of government and non-government assistance 835

Pre-production mining expenditures (amount B4 **plus** line 835) C4

* 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 D4

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 **plus** line 845) ► E4

ITC at the beginning of the tax year (amount D4 **minus** amount E4) **850**

Add:

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

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18) . . **870** x 10 % = a

Pre-production mining exploration expenditures incurred in 2013 (applicable part from amount C4 in Part 18) . . **872** x 5 % = b

Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18) . . **874** x 7 % = c

Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18) . . **876** x 4 % = d

Current year credit (total of amounts a to d) **880** ► F4

Total credit available (total of lines 850, 860, and amount F4) G4

Deduct:

Credit deducted from Part I tax (enter at amount F8 in Part 30) **885**

Credit carried back to the previous year(s) (from amount I4 in Part 20) . . . . e

Subtotal (line 885 **plus** amount e) ► H4

ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4) **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 of lines 921 to 923
(enter amount I4 on line e in Part 19) I4

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**	
1.	[redacted]	309A	1,700	170	170	
				Total current-year credit (total of column E) (enter amount A5 on line 640 in Part 22)	170	A5

* Other than qualified expenditure incurred, and 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				B5
Deduct:				
Credit deemed as a remittance of co-op corporations	612			
Credit expired after 20 tax years	615			
Subtotal (line 612 **plus** line 615)			▶	C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5)	625			
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	630			
ITC from repayment of assistance	635			
Total current-year credit (from amount A5 in Part 21)	640	170		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		170	▶ 170	D5
Total credit available (line 625 **plus** amount D5)			170	E5
Deduct:				
Credit deducted from Part I tax (enter on line G8 in Part 30)	660	170		
Credit carried back to the previous year(s) (from amount G5 in Part 23)			a	
Subtotal (line 660 **plus** amount a)		170	▶ 170	F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5)	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 of lines 931 to 933 (enter amount G5 on line a in Part 22)			G5

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

	Capital cost allowance 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 (total of column 695) **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) . . . . ________ A6

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 in amount A6 . . . . **725** ________

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . ________ B6

Add:

Repayments by the corporation of government and non-government assistance . . . . **735** ________

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . **745** ________

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 in Part 24) . . . . ________ x 25 % = ________ C6

Number of child care spaces . . . . **755** ________ x $ 10,000 = ________ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . ________ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year F6

Deduct:

Credit deemed as a remittance of co-op corporations **765**

Credit expired after 20 tax years **770**

Subtotal (line 765 **plus** line 770) ▶ G6

ITC at the beginning of the tax year (amount F6 **minus** amount G6) **775**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **777**

Total current-year credit (from amount E6 in Part 25) **780**

Credit allocated from a partnership **782**

Subtotal (total of lines 777 to 782) ▶ H6

Total credit available (line 775 **plus** amount H6) I6

Deduct:

Credit deducted from Part I tax (enter on line H8 in Part 30) **785**

Credit carried back to the previous year(s) (from amount K6 in Part 27) . . . . a

Subtotal (line 785 **plus** amount a) ▶ J6

ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6) **790**

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

	Year Month Day			
1st previous tax year	2015-11-04	. . . . Credit to be applied	**941**	
2nd previous tax year	2015-10-31	. . . . Credit to be applied	**942**	
3rd previous tax year	2014-12-31	. . . . Credit to be applied	**943**	

Total of lines 941 to 943
(enter amount K6 on line a in Part 26) K6

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 . . . . ______ A7

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 A7, and line 799) . . . . ______ B7

Enter amount B7 on line B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F3 in Part 17)		A8
Recaptured child care spaces ITC (from amount B7 in Part 28)		B8
Total recapture of investment tax credit (amount A8 **plus** amount B8)		C8

Enter amount C8 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)		D8
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)		E8
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		F8
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	170	G8
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		H8
Total ITC deducted from Part I tax (total of amounts D8 to H8)	170	I8

Enter amount I8 on line 652 of the T2 return.

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)
170	170			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2015-11-04				
2015-10-31				
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				
1999-03-31				
1998-03-31				*
Total				

B+C+D+G **Total ITC utilized** 170

* 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.

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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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- 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	22,181,378		
Capital stock (or members' contributions if incorporated without share capital)	103	5,000,000		
Retained earnings	104			
Contributed surplus	105			
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	33,000,000		
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)		60,181,378 ▶	60,181,378	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)			60,181,378	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	3,930,000		
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	4,913,000		
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)		8,843,000 ▶	8,843,000	B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190		51,338,378	

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	1,070,000
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	1,070,000

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)		51,338,378	C
Deduct: Investment allowance for the year (line 490)		1,070,000	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	50,268,378	

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) 50,268,378 x Taxable income earned in Canada **610** 203,578 / Taxable income 203,578 = **Taxable capital employed in Canada** **690** 50,268,378

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 – Deferred tax debit balance at the end of the year

Title Part 1 – Deferred tax debit balance at the end of the year

Description	Amount	
deferred income tax assets short term	125,000	00
deferred income tax assets long term	3,805,000	00
Total	3,930,000	00

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

Provide only one number per shareholder

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 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 88

Internet Business Activities

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- File this schedule if your corporation earns income from one or more webpages or websites.

- You may earn income from your webpages or websites if:
  - you sell goods and/or services on your own pages or websites. You may have a shopping cart and process payment transactions yourself or through a third-party service;
  - your site doesn't support transactions but your customers call, complete, and submit a form, or email you to make a purchase, order, booking, and others;
  - you sell goods and/or services on auction, marketplace, or similar websites operated by others; or
  - you earn income from advertising, income programs, or traffic your site generates. For example:
    - static advertisements you place on your site for other businesses
    - affiliate programs
    - advertising programs such as Google AdSense or Microsoft adCentre
    - other types of traffic programs.

- Also file this schedule if you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites from which you earn income.

- File this schedule with your *T2 – Corporation Income Tax Return*.

How many Internet webpages or websites does your corporation earn income from? 1

Provide the Internet webpage or website addresses (also known as URL addresses)*:

http:// http://www.hydroone.com/OURCOMMITMENT/REMOTECOMMUNITIES/Pages/home.aspx

http://

http://

http://

http://

What is the percentage of the corporation's gross revenue generated from the Internet in comparison to the corporation's total gross revenue? . . . . 0.001 %

* If you have more than five websites, enter the addresses of those that generate the most Internet income. If you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites, enter the addresses of the pages if they generate income.

Canadä

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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. 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 * . . . . 203,578 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1) . . . . 23,411 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

Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) 2

Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) 3

Ontario business limit reduction:

Amount from line 3 . . . . a

Deduct:

Amount from line E of the T2 return × Number of days in the tax year after May 1, 2014 57 / Number of days in the tax year 57 = 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 * 203,578.00 / Taxable income earned in all provinces and territories ** 203,578 = ... 1.00000 E

Amount D × ODF (line E) c

Ontario taxable income (amount B from Part 2) 203,578 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 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2015-12-31

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

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	71,546,000
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	10,000,000,000
Total assets (total of lines 112 to 116)		10,071,546,000
Total revenue of the corporation for the tax year **	142	48,961,228
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	5,000,000,000
Total revenue (total of lines 142 to 146)		5,048,961,228

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	89,000	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	383,000			
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		383,000 ▶		383,000	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 Other comprehensive income	382	2,000			
383	384				
385	386				
387	388				
389	390				
Subtotal		2,000 ▶		2,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	470,000	

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**	470,000	
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**	470,000	

Amount from line 520	470,000	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 57	x	4 % =		1
Amount from line 520	470,000	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	57 / 57	x	2.7 % =	12,690	2
			Subtotal (amount 1 **plus** amount 2)				12,690	3

Gross CMT: amount on line 3 above x OAF **	**540**	12,690	
Deduct:			
Foreign tax credit for CMT purposes ***	**550**		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		12,690	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		23,411	
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)		23,411 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	12,690 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:		12,690 6		
Subtotal (if negative, enter "0")		10,721 ▶	10,721	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		23,411		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		7,684		
Subtotal (if negative, enter "0")		15,727 ▶	15,727	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.

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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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 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 NETWORKS INC.	87086 5821 RC0001	10,000,000,000	5,000,000,000
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 10,000,000,000	550 5,000,000,000

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

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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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- 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: GLENDY CHEUNG

120 Telephone number including area code: (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** 100,000

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \quad \textbf{minus} \quad \$ \quad 400{,}000}{\$ \quad 200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . **310** 15.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . . **312** 30.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	**B** Name of qualifying co-operative education program **405**
1.	University of Toronto	Mechanical Engineering

	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**
1.	[redacted]	2015-09-01	2015-12-31

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.		15.000 %	20,866	30.000 %		16

	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.	6,260	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500** 3,000 **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 Remote Communities Inc.	87083 6269 RC0001	2015-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. 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** 100,000

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:

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

Specified percentage . . . . . **312** 45.000 %

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:

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

Specified percentage . . . . . **314** 30.000 %

* 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	B Apprenticeship program/trade name	C Name of apprentice
	400	405	410
1.	309a	Electrician-Construction and Maintenance	[redacted]
2.	310t	Truck And Coach Technician	[redacted]
3.	309a	Electrician-Construction and Maintenance	[redacted]
4.	434a	Powerline Technician	[redacted]

	D Original contract or training agreement number	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1)	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2)	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3)
	420	425	430	435
1.	[redacted]	2013-06-03	2015-11-01	2015-11-26
2.	[redacted]	2013-01-28	2015-11-01	2015-12-23
3.	[redacted]	2014-05-26	2015-12-01	2015-12-31
4.	[redacted]	2012-02-27	2015-11-01	2015-12-31

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 in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) **442**	**H2** 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) **443**	**I** Maximum credit amount for the tax year (see note 2) **445**
1.	26		712
2.	53		1,452
3.	31		849
4.	61		1,671

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) **453**	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) **460**
1.	4,798		2,159
2.	11,357		5,111
3.	4,059		1,827
4.	11,820		5,319

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures 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 J2: 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 = (J1 × line 312) or (J2 × 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.	712		712
2.	1,452		1,452
3.	849		849
4.	1,671		1,671

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 4,684 **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.

200

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T2 Corporation Income Tax Return

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 cra.gc.ca or Guide T4012, *T2 Corporation - Income Tax Guide*.

Identification

Business number (BN) **001** 87083 6269 RC0001

Corporation's name
002 Hydro One Remote Communities 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 or 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 TAX DEPARTMENT
022 483 BAY STREET 7TH FLOOR
023 SOUTH TOWER
City **025** TORONTO
Province, territory, or state **026** ON
Country (other than Canada) **027**
Postal or ZIP code **028** M5G 2P5

Location of books and records (if different from head office address)
Has this address 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 or ZIP code **038** M5G 2P5

040 **Type of corporation at the end of the tax year** (tick one)
- ☐ 1 Canadian-controlled private corporation (CCPC)
- ☐ 2 Other private corporation
- ☐ 3 Public corporation
- ☒ 4 Corporation controlled by a public corporation
- ☐ 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . **043** Year Month Day

To which tax year does this return apply?

Tax year start		Tax year-end
060 Year Month Day 2016-01-01		**061** Year Month Day 2016-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? . . . . **063** 1 Yes ☐ 2 No ☒
If **yes**, provide the date control was acquired . . . . **065** Year Month Day

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**	☒	9
Is the corporation an associated CCPC?	**160**	☐	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	**161**	☐	49
Does the corporation have any non-resident shareholders who own voting shares?	**151**	☐	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	**162**	☐	11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	**163**	☐	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	**164**	☒	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	**165**	☒	15
Is the corporation claiming a loss or deduction from a tax shelter?	**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**	☐	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**	☒	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	**202**	☐	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	**203**	☐	3
Is the corporation claiming any type of losses?	**204**	☒	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	**205**	☒	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	**206**	☐	6
i) Is the corporation claiming the small business deduction and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); 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**	☒	8
Does the corporation have any property that is eligible capital property?	**210**	☒	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, provincial, or territorial foreign tax credits, or any federal 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**	☒	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**	☒	
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)

		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**	☐	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	**266**	☐	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	**267**	☐	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	**268**	☐	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	**269**	☐	54

Additional information

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

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

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

284	Electricity generation and distribution	**285**	100.000 %
286		**287**	%
288		**289**	%

Did the corporation immigrate to Canada during the tax year?	**291**	1 Yes ☐	2 No ☒
Did the corporation emigrate from Canada during the tax year?	**292**	1 Yes ☐	2 No ☒
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 **294** Year Month Day

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**	-404,460	A
Deduct:					
Charitable donations from Schedule 2	**311**				
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
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
Taxable income for the year from a personal services business**					Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

** For a taxation year that ends after 2015.

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 8, **minus** 4 times the amount on line 636** on page 8, 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** ____________ 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 ____________ x **415** *** ____________ D / 11,250 = ... ____________ E

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

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) . . . . ____________ G

Amount F **minus** amount G . . . . **427** ____________ H

Small business deduction

Amount A, B, C, or H, whichever is the least ____________ x Number of days in the tax year before January 1, 2016 ____ / Number of days in the tax year 366 x 17 % = ____________ 1

Amount A, B, C, or H, whichever is the least ____________ x Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 17.5 % = ____________ 2

Total of amounts 1 and 2 (enter amount I on line J on page 8) **430** ____________ I

* 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.

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

	J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount **490**	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J [3] **500**	L Business limit assigned to corporation identified in column J [4] **505**
1.				
			Total **510** ____________	Total **515** ____________

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
(A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
(B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
(I) persons (other than the private corporation) with which the corporation deals at arm's length, or
(II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

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 services 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 427 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 8.

* 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 services 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 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** A

Amount A x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 366 x 26 2 / 3 % = 1

Amount A x Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 30 2 / 3 % = 2

Subtotal (amount 1 **plus** amount 2) ▶ B

Foreign investment income from Schedule 7 . . . . **445** C

Amount C x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 366 x 9 1 / 3 % = 3

Amount C x Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 8 % = 4

Subtotal (amount 3 **plus** amount 4) D

Foreign non-business income tax credit from line 632 on page 8 **minus** amount D (if negative, enter "0") . . . . E

Amount B **minus** amount E (if negative, enter "0") . . . . F

Foreign non-business income tax credit from line 632 on page 8 . . . . G

Number of days in the tax year before January 1, 2016 / Number of days in the tax year 366 x 35 = ... 5

Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 38 2 / 3 = ... 38.66667 6

Subtotal (amount 5 **plus** amount 6) 38.6667 H

Amount G x 100 / H x 100 / 38.6667 = ... I

Taxable income from line 360 on page 3 . . . . J

Deduct:

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . K

Amount I L

Foreign business income tax credit from line 636 on page 8 . . . . x 4 = M

Subtotal (total of amounts K to M) ▶ N

Subtotal (amount J **minus** amount N) O

Amount O x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 366 x 26 2 / 3 % = 7

Amount O x Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 30 2 / 3 % = 8

Subtotal (amount 7 **plus** amount 8) ▶ P

Part I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) . . . . Q

Refundable portion of Part I tax – Amount F, P, or Q, whichever is the least . . . . **450** R

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**			
		►		A
Add:				
Refundable portion of Part I tax from line 450 on page 6			B	
Total Part IV tax payable from Schedule 3			C	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	**480**			
Subtotal (add amounts B, C, and line 480)		►		D
Refundable dividend tax on hand at the end of the tax year – Amount A **plus** amount D			**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 3 of Schedule 3 E

Amount E x Number of days in the tax year before January 1, 2016 / Number of days in the tax year 366 x 33 1 / 3 % = 1

Amount E x Number of days in the tax year after December 31, 2015 366 / Number of days in the tax year 366 x 38 1 / 3 % = 2

Subtotal (amount 1 **plus** amount 2) ► F

Refundable dividend tax on hand at the end of the tax year from line 485 above G

Dividend refund – Amount F or G, whichever is less H

Enter amount H on line 784 on page 9.

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

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business **555** ________ x $\frac{\text{Number of days in the tax year after December 31, 2015} \quad 366}{\text{Number of days in the tax year} \quad 366}$ x 5 % = **560** ________ B

Recapture of investment tax credit from Schedule 31 . . . . **602** ________ C

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 . . . . ________ D

Taxable income from line 360 on page 3 . . . . ________ E

Deduct:

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . ________ F

Net amount (amount E **minus** amount F) ________ ► ________ G

Amount D or G, whichever is less ________ x $\frac{\text{Number of days in the tax year before January 1, 2016} \quad \_\_\_\_}{\text{Number of days in the tax year} \quad 366}$ x 6 2 / 3 % = ________ 1

Amount D or G, whichever is less ________ x $\frac{\text{Number of days in the tax year after December 31, 2015} \quad 366}{\text{Number of days in the tax year} \quad 366}$ x 10 2 / 3 % = ________ 2

Refundable tax on CCPC's investment income (amount 1 **plus** amount 2) . . . . . . **604** ________ ► ________ H

Subtotal (**add** amounts A, B, C, and H) ________ I

Deduct:

Small business deduction from line 430 on page 4 . . . . ________ J

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 ________ ► ________ K

Part I tax payable – Amount I **minus** amount K . . . . ________ L

Enter amount L on line 700 on page 9.

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 cra.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 L on page 8	**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**		
Total tax payable	**770**		A

Deduct other credits:

Investment tax credit refund from Schedule 31	**780**			
Dividend refund from amount H on page 7	**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**	29,233		
Tax instalments paid	**840**	372,676		
Total credits	**890**	401,909	▶ 401,909	B

Refund code **894** 2 Overpayment 401,909 ◀ Balance (amount A **minus** amount B) -401,909

Direct deposit request

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

☐ Start ☐ Change information

910 ____ Branch number

914 ____ Institution number

918 ____ Account number

If the result is 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 cra.gc.ca/payments.

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** LOPEZ (Last name) **951** CHRIS (First name) **954** SVP, Finance (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 2017-06-26 Date (yyyy/mm/dd) ____ Signature of the authorized signing officer of the corporation **956** (416) 345-4575 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 of other authorized person) **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
2016-01-28	Instalments	30,000
2016-02-26	Instalments	30,000
2016-03-31	Instalments	30,000
2016-04-29	Instalments	30,000
2016-05-31	Instalments	30,000
2016-07-29	Instalments	60,000
2016-08-31	Instalments	30,000
2016-09-30	Instalments	30,000
2016-10-31	Instalments	30,000
2016-11-30	Instalments	30,000
2016-12-30	Instalments	30,000
2016-02-26	Transfer from 2015-12-31	13,906
2016-01-28	Total transfer to prior years	-1,230

Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	372,676	**A**
Total instalments credited to the taxation year per T9	372,676	**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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	16,932,000	9,110,000
	Total tangible capital assets	2008	+	70,256,000	68,463,000
	Total accumulated amortization of tangible capital assets	2009	–	26,630,000	25,793,000
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	43,845,000	19,766,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	104,403,000	71,546,000
	Liabilities				
	Total current liabilities	3139	+	7,972,291	12,111,000
	Total long-term liabilities	3450	+	96,352,000	59,890,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	104,324,291	72,001,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	78,709	-455,000
	Total liabilities and shareholder equity	3640	=	104,403,000	71,546,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-4,393,291	-4,913,000

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

Income statement information

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

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	50,357,000	7,646,000
	Cost of sales	8518	–	23,669,000	4,265,000
	Gross profit/loss	8519	=	26,688,000	3,381,000
	Cost of sales	8518	+	23,669,000	4,265,000
	Total operating expenses	9367	+	26,241,291	2,911,000
	Total expenses (mandatory field)	9368	=	49,910,291	7,176,000
	Total revenue (mandatory field)	8299	+	50,357,000	7,646,000
	Total expenses (mandatory field)	9368	–	49,910,291	7,176,000
	Net non-farming income	9369	=	446,709	470,000
	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	=	446,709	470,000
	Total other comprehensive income	9998	=	14,000	2,000
	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	–	-73,000	383,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+	14,000	2,000
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	533,709	89,000

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. 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 ☒ 2 No ☐

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

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

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

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

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

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

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

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . **200** 1 Yes ☐ 2 No ☒

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

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	**210**		**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 Remote Communities Inc.

BN: 87083 6269 RC 0001
Tax Year Start: 2016-01-01
Tax Year End: 2016-12-31

S.13(7.4) Election

Taxpayer is electing under subsection 13(7.4) of the Income Tax Act with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount elected to reduce the cost of depreciable property instead of being included in income is $3,373,446.

Financial Statement Notes

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 Remote Communities Inc. (Hydro One Remote Communities or the Company) was incorporated on August 18, 1998 under the Business Corporations Act (Ontario) and is a wholly owned subsidiary of Hydro One. Hydro One Remote Communities operates 19 small electrical, generation and distribution systems in remote communities in northern Ontario that are not connected to the Province's electricity grid. The Company's business is 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 (US) Generally Accepted Accounting Principles (GAAP) and in Canadian dollars. The Company uses a cost recovery model applied to achieve breakeven net income and the Financial Statements are prepared for the use of the OEB. Certain amounts presented in these Financial Statements represent allocations from Hydro One that are subject to review and approval by the OEB. Consolidated Financial Statements of Hydro One for the year ended December 31, 2016 have been prepared and are publicly available.

For the year ended December 31, 2015, the Company has reported a net loss due to recognition of tax expense resulting from the Company no longer being exempt from tax under the Federal Tax Regime. This tax is not recovered from ratepayers as it is funded by the Company's shareholder, and therefore, it is not included in the cost recovery model applied to achieve breakeven net income. See note 6 - Income Taxes.

Hydro One Remote Communities performed an evaluation of subsequent events through to April 27, 2017, the date these Financial Statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these Financial Statements. No such events or transactions were identified.

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 impairments, contingencies, unbilled revenues, allowance for doubtful accounts, and deferred income tax assets and liabilities. Actual results may differ significantly from these estimates.

Rate Setting

On March 17, 2016, the OEB approved an increase of 2.10% to Hydro One Remote Communities' basic rates for the distribution and generation of electricity, with an effective date of May 1, 2016.

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 been 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 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 include its regulatory assets and liabilities in 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 would be reflected in results of operations in the period that the assessment is made.

Hydro One Remote Communities is regulated under a cost recovery model applied to achieve breakeven net income, after consideration of income taxes / provision for payments in lieu of corporate income taxes (PILs). Any excess or deficiency in Rural and Remote Rate Protection (RRRP) amounts necessary to lead to breakeven net income is added to, or drawn from, the Remote Rate Protection Revenue (RRPR) variance account. The balance in the RRPR variance account is subject to future review and disposition by the OEB.

The departure tax recovery is not recoverable from ratepayers and therefore is not included in the cost recovery model applied to achieve breakeven net income.

Revenue Recognition

Revenues attributable to the generation and 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. At the end of each month, electricity delivered to customers since the date of the last billed meter reading is estimated, and the corresponding unbilled revenue is recorded. The unbilled revenue estimate is affected by energy consumption, weather, and changes in the composition of customer classes.

Distribution revenue also includes RRRP which is an amount relating to rate protection for remote customers received from the Independent Electricity System Operator (IESO) based on a standardized customer rate that is approved by the OEB. Current legislation provides RRRP for prescribed classes of rural, residential and remote consumers by reducing the electricity rates that would otherwise apply.

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 billed accounts receivable by applying internally developed loss rates to the outstanding receivable balances by aging category. Loss rates applied to the billed 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 allowance for doubtful accounts is affected by changes in volume, prices and economic conditions.

Long-term accounts receivable are recorded at their invoiced amount and represent amounts due from specified First Nation communities. The component of long-term accounts receivable that is energy-related does not bear interest. These amounts are reduced by fixed-interval payments, received monthly throughout the term of the agreement. Provision for uncollectible amounts for this component is set at the inception of the balance and is maintained until settlement of those amounts. The provision for this component is monitored and adjusted only if required with management discretion. The component of long-term accounts receivable that is non-energy related is reduced annually by a fixed incremental amount which is expensed through performance of the associated contract. There is no provision associated with these amounts.

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, Hydro One Remote Communities 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, Hydro One Remote

Communities 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 as 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 using new information about recognition or measurement as it 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 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 as 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 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 Remote Communities. 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 cash 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%.

Fuel, Materials and Supplies

Fuel is used in the generation of electricity. 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 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, 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 generation, distribution, and administration and service assets. Property, plant and equipment also includes future use assets, such as major components and spare parts and capitalized project development costs associated with deferred capital projects.

Generation

Generation assets are used in the generation of electricity, including hydroelectric equipment, wind turbines, diesel generators, and tank farms.

Distribution

Distribution assets include assets related to the distribution of low-voltage electricity, including lines, poles, switches, transformers, protective devices, and metering systems.

Administration and Service

Administration and service assets include administrative buildings, personal computers, tools, and other minor assets.

Capitalized Financing Costs

Capitalized financing costs represent interest costs attributable to the construction of property, plant and equipment. The financing cost of attributable borrowed funds is capitalized as part of the acquisition cost of such assets. The capitalized financing costs are a reduction of 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 in Progress

Construction 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

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category. The Company periodically initiates an external independent review of its property, plant and equipment depreciation rates, as required by the OEB. Any changes arising from 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, 2013.

A summary of average service lives and depreciation and amortization rates for the various classes of assets is included below:

	Average	Rate	
	Service Life	Range	Average
Generation	20 years	3% - 7%	5%

Distribution	46 years	1% - 7%	2%
Administration and service	36 years	3% - 20%	4%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, 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.

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 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 Remote Communities' 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. As at December 31, 2016 and 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 the external transaction costs related to obtaining debt financing and presents such amounts net of related debt on the Balance Sheets. Deferred debt issuance costs are amortized over the contractual life of the related debt on an effective-interest rate 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 includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges. The Company amortizes its net unamortized hedging losses on discontinued cash flow hedges to financing charges using the effective interest method over the term of the associated hedged debt. Hydro One Remote Communities presents net income and OCI 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 amount of accounts receivable to be a reasonable estimate 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.

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 disclosed in note 11 - Fair Value of Financial Instruments and Risk Management.

Derivative Instruments and Hedge Accounting

The Company currently does not engage in derivative trading or speculative activities and had no derivative instruments outstanding at December 31, 2016 and 2015. OCI includes the amortization of net unamortized hedging losses on the Company's proportionate share of Hydro One's discontinued cash flow hedges.

Employee Future Benefits

Employee future benefits provided by Hydro One include pension, post-retirement and post-employment benefits. The costs of Hydro One's 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 defined benefit 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. Defined benefit pension, post-retirement and post-employment plans 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. For the year ended December 31, 2016, the measurement date for all plans was December 31.

Pension Benefits

Hydro One has a contributory defined benefit pension plan (Pension Plan) covering most regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The 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.

Hydro One recognizes its contributions to the defined contribution pension plan as pension expense, with a portion being capitalized as part of labour costs included in capital expenditures. The expensed amount is included in operation, maintenance and administration costs in the Statements of Operations and Comprehensive Income (Loss).

A detailed description of Hydro One pension plans is provided in note 18 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2016.

Post-retirement and Post-employment Benefits

Hydro One has post-retirement and post-employment benefit plans covering all regular employees of Hydro One and its subsidiaries, including Hydro One Remote Communities. The benefit obligations of these post-retirement and post-employment benefit plans are not segregated, or funded separately, for Hydro One Remote Communities. Accordingly, for purposes of these Financial Statements, the post-retirement and post-employment benefit obligations are allocated to the Company based on base pensionable earnings.

The Company records a regulatory asset equal to its allocated share of Hydro One's incremental net unfunded projected benefit obligation for post-retirement and post-employment plans at each year end based on annual actuarial reports. The regulatory asset for the incremental net unfunded projected benefit obligation for post-retirement and post-employment plans, in absence of regulatory accounting, would be recognized in accumulated OCI. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process.

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.

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 Hydro One employees in the plan and over the remaining life expectancy of inactive Hydro One 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 actuarial gains and losses 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.

A detailed description of Hydro One post-retirement and post-employment benefits is provided in note 18 - Pension and Post-Retirement and Post-Employment Benefits, to the Consolidated Financial Statements of Hydro One for the year ended December 31, 2016.

Stock-Based Compensation

Share Grant Plans

Hydro One measures share grant plans based on fair value of share grants as estimated based on the grant date Hydro One Limited's share price. The costs are recognized in the financial statements using the graded-vesting attribution method for share grant plans that have both a performance condition and a service condition. The Company records a regulatory asset equal to the accrued costs of share grant plans recognized in each period. Forfeitures are recognized as they occur (see note 3).

Long-term Incentive Plan (LTIP)

The Company measures its LTIP at fair value based on the grant date share price of Hydro One Limited's common shares. The related compensation expense is recognized over the vesting period on a straight-line basis. Forfeitures are recognized as they occur.

Loss Contingencies

Hydro One Remote Communities is 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 favourable 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 Remote Communities records a liability for the estimated future expenditures associated with contaminated land assessment and remediation (LAR) based on the present value of these estimated future expenditures. The Company determines the present value 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 Remote Communities reviews its estimates of future environmental expenditures annually or more frequently if there are indications that circumstances have changed.

3. NEW ACCOUNTING PRONOUNCEMENTS

The following tables present Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) that are applicable to Hydro One Remote Communities:

Recently Adopted Accounting Guidance

ASU Date issued Description Effective date Impact on Hydro One

2015-01 January
2015 Extraordinary items are no longer required to be presented separately in the income statement.
January 1, 2016 No material impact upon adoption
2015-03 April 2015 Debt issuance costs are required to be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability consistent with debt discounts or premiums. January 1, 2016 Reclassification of deferred debt issuance costs and net unamortized debt premiums as an offset to long-term debt. Applied retrospectively (see note 10).

2015-05 April 2015 Cloud computing arrangements that have been assessed to contain a software licence should be accounted for as internal-use software.
January 1, 2016 No material impact upon adoption
2015-17 November 2015 All deferred tax assets and liabilities are required to be classified as noncurrent on the balance sheet.
January 1, 2017 This ASU was early adopted as of April 1, 2016 and

was applied prospectively. As a result, the current portions of the Company's deferred income tax assets are reclassified as noncurrent assets on the Balance Sheet. Prior periods were not retrospectively adjusted (see note 6).

2016-09 March 2016 Several aspects of the accounting for stock-based payment transactions were simplified, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows.
January 1, 2017 This ASU was early adopted as of October 1, 2016 and was applied retrospectively. As a result, the Company accounts for forfeitures as they occur. There were no other material impacts upon adoption.

Recently Issued Accounting Guidance Not Yet Adopted

ASU Date issued Description Effective date Anticipated impact on Hydro One

2014-09
2015-14 2016-08 2016-10 2016-12
2016-20 May 2014 - December 2016 ASU 2014-09 was issued in May 2014 and provides guidance on revenue recognition relating to the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2015-14 deferred the effective date of ASU 2014-09 by one year. Additional ASUs were issued in 2016 that simplify transition and provide clarity on certain aspects of the new standard.
January 1, 2018 Hydro One has completed its initial assessment and

has identified relevant revenue streams. No quantitative determination has been made as a detailed assessment is now underway and will continue through to the third quarter of 2017, with the end result being a determination of the financial impact of this standard. The Company is on track for implementation of this standard by the effective date.

2016-02 February 2016 Lessees are required to recognize the rights and obligations resulting from operating leases as assets (right to use the underlying asset for the term of the lease) and liabilities (obligation to make future lease payments) on the balance sheet.
January 1, 2019 An initial assessment is currently underway encompassing a review of all existing leases, which will be followed by a detailed review of relevant contracts. No quantitative determination has been made at this time. The Company is on track for implementation of this standard by the effective date.

2016-13 June 2016 The amendment provides users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date.
January 1, 2019 Under assessment
2016-15 August 2016 The amendments provide guidance for eight specific cash flow issues with the objective of reducing the existing diversity in practice.
January 1, 2018 Under assessment
2016-18 November 2016 The amendment requires that restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning and end-of-period balances in the statement of cash

flows.

January 1, 2018 Under assessment

4. DEPRECIATION AND AMORTIZATION

Year ended December 31 (thousands of dollars)	2016	2015
Depreciation of property, plant and equipment	2,751	2,711
Asset removal costs	620	968
Amortization of regulatory assets	1,247	1,223
	4,618	4,902

5. FINANCING CHARGES

Year ended December 31 (thousands of dollars)	2016	2015
Interest on long-term debt	1,915	1,655
Interest expense (income) on inter-company demand facility	(48)	65
Amortization of hedging losses	14	14
Other	31	41
Interest capitalized on construction in progress	(115)	(97)
	1,797	1,678

6. INCOME TAXES

Income taxes / provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax

rate. The reconciliation between the statutory and the effective tax rates is
provided as follows:

Year ended December 31 (thousands of dollars) 2016 2015

Income taxes / provision for PILs at statutory rate 118 166

Increase (decrease) resulting from:
Net temporary differences recoverable in future rates charged to customers:

Depreciation and amortization in excess of capital cost allowance
364 1,112
RRPR variance account 296 482
Post-retirement and post-employment benefit expense in excess of cash
payments 223 201
Losses carryforward - (870)
Change in valuation allowance (516)
) -
Environmental expenditures (330) (324)
Overheads capitalized for accounting but deducted for tax purposes
(104) (141)
Pension contribution in excess of pension expense (76) (119)
Interest capitalized for accounting but deducted for tax purposes
(31) (26)
Other (27) 72
Net temporary differences (201) 387
Net tax expense resulting from transition from PILs Regime to Federal Tax
Regime - expenditures 5,000

Prior year adjustments (15) (3)

Other permanent differences 25 (9)

Total income taxes / provision for PILs (73) 5,541

The major components of income tax expense (recovery) are as follows:

Year ended December 31 (thousands of dollars) 2016 2015

Current income taxes / provision for (recovery of) PILs (73)

5,541

Deferred income taxes / provision for PILs - -

Total income taxes / provision for (recovery of) PILs (73) 5,541

Effective income tax rate (16.2%) 882%

The provision for PILs / current income taxes is remitted to, or received from, the OEFC (PILs Regime) and the CRA (Federal Tax Regime), respectively. At December 31, 2016, the Company had $463 thousand receivable from the CRA (2015 - $37 thousand payable to the CRA) and $nil receivable from the OEFC (2015 - $327 thousand).

On October 31, 2015, the Company's exemption from tax under the Federal Tax Regime ceased to apply. Under the PILs Regime, the Company was deemed to have disposed of its assets immediately before it lost its tax exempt status under the Federal Tax Regime, resulting in Hydro One Remote Communities making payments in lieu of tax (Departure Tax) totaling $5 million. To enable Hydro One Remote Communities to make the Departure Tax payment, Hydro One subscribed for 64 common shares of Hydro One Remote Communities for $5 million. The Company used the proceeds of this share subscription to pay the Departure Tax.

For the year ended December 31, 2016, the Company reported net income due to recognition of departure tax recovery. The following table presents a reconciliation of net income (loss) to net income under the cost recovery model to achieve breakeven net income:

Year ended December 31 (thousands of dollars)	2016	2015
Net income before income taxes	447	628
Income taxes under cost-recovery model	447	628
Net income under cost-recovery model	-	-
Tax expense - Departure Tax	-	5,000
Tax recovery	(520)	(87)
Net income (loss)	520	(4,913)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities arise from differences between the carrying amounts and tax bases of the Company's assets and liabilities. At December 31, 2016 and 2015, deferred income tax assets and liabilities consisted of the following items:

December 31 (thousands of dollars)	2016	2015
Deferred income tax assets (liabilities)		
Post-retirement and post-employment benefits expense in excess of cash payments	5,440	5,038
Environmental expenditures	12,924	3,984
Depreciation and amortization in excess of capital cost allowance		

6,617 7,548

Regulatory amounts not recognized for tax 1,845 2,263

(14,358)

(5,803)

Other (299) (215)

10,324 10,552

Less: Valuation allowance (6,106) (6,622)

Total deferred income tax assets 4,218 3,930

Less: current portion - 125

4,218 3,805

During 2016 and 2015, there was no change in the rate applicable to deferred tax assets and liabilities. The valuation allowance for deferred tax assets as at December 31, 2016 was $6,106 thousand (2015 - $6,622 thousand). The valuation allowance primarily relates to temporary differences for non-depreciable assets. As at December 31, 2016, the Company has non-capital losses of $55 thousand, which would expire in 2036.

7. ACCOUNTS RECEIVABLE

December 31, 2016 (thousands of dollars) Current accounts receivable Long-term accounts receivable

Total

Accounts receivable - billed 3,396 702 4,098

Accounts receivable - unbilled	2,302	-	2,302
Accounts receivable, gross	5,698	702	6,400
Allowance for doubtful accounts	(141)	(57)	(198)
Accounts receivable, net	5,557	645	6,202

December 31, 2015 (thousands of dollars)	Current accounts receivable	Long-term accounts receivable	Total
Accounts receivable - billed	3,514	1,181	4,695
Accounts receivable - unbilled	1,077	-	1,077
Accounts receivable, gross	4,591	1,181	5,772
Allowance for doubtful accounts	(156)	(111)	(267)
Accounts receivable, net	4,435	1,070	5,505

The following table shows the movements in the total allowance for doubtful accounts for the years ended December 31, 2016 and 2015:

December 31 (thousands of dollars)	2016	2015
Allowance for doubtful accounts - January 1	(267)	(304)

Write-offs 69 67

Adjustments to allowance for doubtful accounts - (30)

Allowance for doubtful accounts - December 31 (198) (267)

8. PROPERTY, PLANT AND EQUIPMENT

December 31, 2016 (thousands of dollars) Property, Plant

and Equipment1 Accumulated Depreciation Construction

in Progress

Total

Generation 46,508 21,492 181 25,197

Distribution 10,542 2,234 476 8,784

Administration and service 12,496 2,904 53 9,645

69,546 26,630 710 43,626

1 Includes future use assets totalling $2,013 thousand.

December 31, 2015 (thousands of dollars) Property, Plant

and Equipment1 Accumulated Depreciation Construction

in Progress

Total

Generation 45,779 21,150 2,966 20,330

826 20,330

96 25,455 20,330

Distribution 9,780 2,049 312 8,043

Administration and service 11,716 2,594 50 9,172

67,275 25,793 1,188 42,670

1 Includes future use assets totalling $1,902 thousand.

Financing charges capitalized on property, plant and equipment under construction were $115 thousand in 2016 (2015 - $97 thousand).

9. REGULATORY ASSETS AND LIABILITIES

Regulatory assets and liabilities arise as a result of the rate-setting process. Hydro One Remote Communities has recorded the following regulatory assets and liabilities:

December 31 (thousands of dollars) 2016 2015

Regulatory assets:

Environmental 35,845

11,051

RRPR variance account 1,644 2,760

Post-retirement and post-employment benefits 2,334 2,285

Stock-based compensation 318 99

Total regulatory assets 40,141

16,195

Less: current portion 1,183

1,483

38,958

14,712

Regulatory liabilities:

Deferred income tax regulatory liability	4,218	3,930
Total regulatory liabilities	4,218	3,930
Less: current portion	-	125
	4,218	3,805

Environmental

The Company records a liability for the estimated future expenditures required to remediate environmental contamination. Because such expenditures are expected to be recoverable in future rates, the Company has recorded an equivalent amount as a regulatory asset. In 2016, the environmental regulatory asset increased by $25,732 thousand (2015 - decreased by $448 thousand) to reflect related changes in the Company's environmental liabilities. The environmental regulatory asset is amortized to results of operations based on the pattern of actual expenditures incurred and charged to environmental liabilities. The OEB has the discretion to examine and assess the prudency and the timing of recovery of all of the Company's actual environmental expenditures. In the absence of rate-regulated accounting, 2016 operation, maintenance and administration expenses would have been higher by $25,732 thousand (2015 - lower by $448 thousand). In addition, 2016 amortization expense would have been lower by $1,247 thousand (2015 - $1,222 thousand), and 2016 financing charges would have been higher by $309 thousand (2015 - $352 thousand).

RRPR Variance Account

Hydro One Remote Communities receives RRRP amounts from the IESO. At December

31, 2016, the Company recognized a regulatory asset representing the amounts required to achieve breakeven net income, as regulated under the cost recovery model, in excess of cumulative RRRP amounts received. In 2016, RRRP amounts received were higher than amounts required to achieve breakeven net income, and as such, the regulatory asset was reduced by $1,116 thousand (2015 - $1,818 thousand). In the absence of rate-regulated accounting, 2016 revenue would have been higher by $1,116 thousand (2015 - $1,818 thousand).

Post-Retirement and Post-Employment Benefits

The Company recognizes the net unfunded status of post-retirement and post-employment obligations on the Balance Sheets with an incremental offset to the associated regulatory assets. A regulatory asset is recognized because management considers it to be probable that post-retirement and post-employment benefit costs will be recovered in the future through the rate-setting process. The post-retirement and 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. In the absence of rate-regulated accounting, 2016 OCI would have been lower by $49 thousand (2015 - higher by $352 thousand).

Stock-based Compensation

The Company recognizes costs associated with share grant plans in a regulatory asset as management considers it probable that share grant plans costs will be recovered in the future through the rate-setting process. In the absence of rate-regulated accounting, 2016 operation, maintenance and administration expenses would have been higher by $156 thousand (2015 - $69 thousand).

Deferred Income Tax Regulatory Liability

Deferred income taxes are recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. The Company has recognized regulatory assets and liabilities that correspond to deferred income taxes that flow through the rate-setting process. In the absence of rate-regulated accounting, the Company's income tax expense would have been recognized using the liability method and there would be no regulatory accounts established for taxes to be recovered through future rates. As a result, the 2016 income tax expense would have been higher by approximately $201 thousand (2015 - lower by $387 thousand).

10. LONG-TERM DEBT

The following table presents outstanding long-term debt at December 31, 2016 and 2015:

December 31 (thousands of dollars)	2016	2015
3.02% note due 20261	10,000	-
5.38% note due 2036	23,000	23,000
4.19% note due 2044	10,000	10,000
	43,000	33,000
Less: Deferred debt issuance costs2	(179)	(144)
Less: Net unamortized debt premiums2	(38)	(35)

Long-term debt	42,783	32,821

1 On February 24, 2016, Hydro One Remote Communities issued a $10 million note with a maturity date of February 24, 2026 and a coupon rate of 3.02%. The note is payable to Hydro One.

2 Effective January 1, 2016, deferred debt issuance costs and net unamortized debt discounts were reclassified from other long-term assets as an offset to long-term debt upon adoption of ASU 2015-03 (see note 3). Balances as at December 31, 2015 were updated to reflect the retrospective adoption of ASU 2015-03.

Principal repayments and related weighted average interest rates are summarized by the number of years to maturity in the following table:

Long-term Debt
Principal Repayments Weighted Average
Interest Rate

Years to Maturity	(thousands of dollars)	(%)
1 - 5 years	-	-
6 - 10 years	10,000	3.0
Over 10 years	33,000	5.0
	43,000	4.6

Interest payment obligations related to long-term debt are summarized by year in the following table:

Year	Interest Payments (thousands of dollars)
2017	1,958
2018	1,958
2019	1,958
2020	1,958
2021	1,958
	9,790
2022-2026	9,642
2027+	19,089
	38,521

11. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

Hydro One Remote Communities classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Hydro One Remote Communities has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2016 and 2015, the Company's carrying amounts of accounts receivable, inter-company demand facility, and accounts payable are representative of fair value because of the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial assets and liabilities at December 31, 2016 and 2015 is as follows:

December 31, 2016 (thousands of dollars) Carrying

Value Fair

Value

Level 1

Level 2

Level 3

Assets:

Inter-company demand facility 7,253 7,253 7,253 - -

7,253 7,253 7,253 - -

Liabilities:

Long-term debt	42,783	48,588	-	48,588	-
	42,783	48,588	-	48,588	-

December 31, 2015 (thousands of dollars) Carrying

Value Fair

Value

Level 1

Level 2

Level 3

Liabilities:

Inter-company demand facility	6,056	6,056	6,056	-	-
Long-term debt	32,821	37,957	-	37,957	-
	38,877	44,013	6,056	37,957	-

The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no significant transfers between any of the fair value levels during the years ended December 31, 2016 and 2015.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in costs, foreign exchange rates and interest rates. The Company is exposed to fluctuations in interest rates related to the interest charges passed on by Hydro One on the outstanding inter-company demand facility. The Company is charged interest on overdraft inter-company balances based on the one-month bankers' acceptance rate, plus 0.15%. The Company is not currently exposed to material commodity price risk or material foreign exchange risk.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2016 and 2015, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, Hydro One Remote Communities did not earn a significant amount of revenue from any single customer. At December 31, 2016 and 2015, there was no significant accounts receivable balance due from any single customer.

At December 31, 2016, the Company's provision for bad debts was $197 thousand (2015 - $267 thousand). Adjustments and write-offs were determined on the basis of a review of overdue accounts, taking into consideration historical experience. At December 31, 2016, approximately 40% (2015 - 44%) of the Company's net accounts receivable were aged more than 60 days. The Company's credit risk for accounts receivable is limited to the carrying amounts on its Balance Sheets.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One Remote Communities meets its short-term liquidity requirements through the inter-company demand facility with Hydro One and funds from operations. The short-term liquidity available to the Company should be sufficient to fund normal operating requirements.

At December 31, 2016, accounts payable and accrued liabilities in the amount of $7,626 thousand (2015 - $5,721 thousand) are expected to be settled in cash at their carrying amounts within the next 12 months.

12. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

Hydro One has a defined benefit pension plan (Pension Plan), a defined contribution pension plan (DC Plan), a supplementary pension plan, and post-retirement and post-employment benefit plans.

Defined Contribution Pension Plan

Hydro One established a DC Plan effective January 1, 2016. The DC Plan is mandatory and covers eligible management employees hired on or after January 1, 2016, as well as management employees hired before January 1, 2016 who were not eligible or had not irrevocably elected to join the Pension Plan as of September 30, 2015. Members of the DC Plan have an option to contribute 4%, 5% or 6% of their pensionable earnings, with matching contributions by Hydro One.

The Company's contributions to the DC Plan for the year ended December 31, 2016 were $8 thousand (2015 - $nil). At December 31, 2016, Company contributions payable included in accrued liabilities on the Balance Sheets were less than $1 thousand (2015 - $nil).

Defined Benefit Pension Plan

The Pension Plan is a defined benefit contributory plan which covers all regular employees of Hydro One and its subsidiaries. The Pension Plan provides benefits based on highest three-year average pensionable earnings. For management employees who commenced employment on or after January 1, 2004, and for Society of Energy Professionals-represented staff hired after November 17, 2005, benefits are based on highest five-year average pensionable earnings. After retirement, pensions are indexed to inflation. Membership in the Pension Plan was closed to management employees who were not eligible or had not irrevocably elected to join the Pension Plan as of September 30, 2015. These employees are eligible to join the DC Plan.

Hydro One and employee contributions to the Pension Plan are based on actuarial valuations performed at least every three years. Annual Pension Plan contributions for 2016 of $108 million (2015 - $177 million) were based on an actuarial valuation effective December 31, 2015 (2015 - based on an actuarial valuation effective December 31, 2013) and the level of pensionable earnings. Estimated annual Pension Plan contributions for 2017 and 2018 are approximately $105 million and $102 million, respectively, based on the actuarial valuation as at December 31, 2015 and projected levels of pensionable earnings. Future minimum contributions beyond 2018 will be based on an actuarial valuation effective no later than December 31, 2018. Contributions are payable one month in arrears. All of the contributions are expected to be in the form of cash.

The Hydro One Supplemental Pension Plan (Supplemental Plan) provides members of the Pension Plan with benefits that would have been earned and payable under the Pension Plan but for limitations imposed by the Income Tax Act (Canada). The Supplemental Plan obligation is included with other post-retirement and post-employment benefit obligations on the Balance Sheets.

At December 31, 2016, the present value of Hydro One's projected pension benefit obligation was estimated to be $7,774 million (2015 - $7,683 million). The fair value of pension plan assets available for these benefits was $6,874 million (2015 - $6,731 million).

Post-Retirement and Post-Employment Benefits

During the year ended December 31, 2016, Hydro One Remote Communities charged $866 thousand (2015 - $759 thousand) of post-retirement and post-employment benefit costs to results of operations, and capitalized $347 thousand (2015 - $325 thousand) as part of the cost of property, plant and equipment. Benefits paid by the Company in 2016 were $63 thousand (2015 - $51 thousand). In addition, the incremental offset to increase the associated post-retirement and post-employment benefits regulatory assets by $49 thousand (2015 - $351 thousand decrease) was recorded on the Company's Balance Sheets to reflect the expected regulatory inclusion of this amount in future rates, which would otherwise be recorded in OCI.

The Company presents its post-retirement and post-employment benefit liability on the Balance Sheets within the following line items:

December 31 (thousands of dollars)	2016	2015
Accrued liabilities	400	373
Post-retirement and post-employment benefit liability	14,689	13,517
	15,089	13,890

13. ENVIRONMENTAL LIABILITIES

The Company has accrued the following discounted amounts for environmental liabilities on the Balance Sheets at December 31, 2016 and 2015:

Year ended December 31 (thousands of dollars)	2016	2015
Environmental liabilities, January 1	11,051	12,369
Interest accretion	309	352
Expenditures	(1,247)	(1,222)
Revaluation adjustment	25,732	(448)
Environmental liabilities, December 31	35,845	11,051
Less: current portion	1,183	1,483
	34,662	9,568

The following table shows the reconciliation between the undiscounted basis of the environmental liabilities and the amount recognized on the Balance Sheets after factoring in the discount rate:

December 31 (thousands of dollars)	2016	2015
Undiscounted environmental liabilities	37,286	11,474
Less: discounting accumulated liabilities to present value	1,441	422
Discounted environmental liabilities	35,845	11,051

At December 31, 2016, the estimated future environmental expenditures were as follows:

(thousands of dollars)	
2017	1,183
2018	1,073
2019	1,794
2020	3,628
2021	3,203
Thereafter	26,405
	37,286

The Company records a liability for the estimated future expenditures for the contaminated LAR 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.

There are uncertainties in estimating future environmental costs due to potential external events such as changes in legislation or regulations, and advances in remediation technologies. In determining the amounts to be recorded as environmental liabilities, the Company estimates the current cost of completing required work and makes assumptions as to when the future expenditures will actually be incurred, in order to generate future cash flow information. A long-term inflation rate assumption of approximately 2% has been used to express these current cost estimates as estimated future expenditures. Future expenditures have been discounted using factors ranging from approximately 2.3% to 3.6%, depending on the appropriate rate for the period when expenditures are expected to be incurred. All factors used in estimating the Company's environmental liabilities represent management's best estimates of the present value of costs required to meet existing legislation or regulations. However, it is reasonably possible that numbers or volumes of contaminated assets, cost estimates to perform work, inflation assumptions and the assumed pattern of annual cash flows may differ significantly from the Company's current assumptions.

The Company's best estimate of the total estimated future expenditures to complete its LAR program is $37,286 thousand (2015 - $11,474 thousand). These expenditures are expected to be incurred over the period from 2017 to 2044. As a result of its annual review of environmental liabilities, the Company recorded a revaluation adjustment in 2016 to increase the LAR environmental liability by $25,732 thousand (2015 - decrease of $448 thousand).

14. SHARE CAPITAL

Common Shares

The Company has 267 issued and outstanding common shares. The Company is authorized to issue an unlimited number of common shares.

The following table presents the movement in common shares during the year ended December 31, 2015. There was no movement in common shares during the year ended December 31, 2016.

(number of common shares)	
Number of common shares - January 1, 2015	2
Share split (a)	200
Common shares issued (b)	64
Common shares issued (c)	1
Number of common shares - December 31, 2015	267

(a) On November 2, 2015, all of the issued and outstanding common shares of Hydro Once Remote Communities were changed into 202 issued and outstanding common shares of the Company.

(b) On November 4, 2015, Hydro One Remote Communities issued 64 common shares to Hydro One for proceeds of $5 million.

(c) On November 3, 2015, Hydro One Remote Communities declared a stock dividend on its common shares, which due to the number of shares issued and the resulting effect on the price per share was treated as a stock split. On November 5, 2015, Hydro One Remote Communities effected a reverse split and issued as consideration one common share to Hydro One. There was no impact to the capital structure of Hydro One Remote Communities as a net result of the stock dividend and the reverse split.

Dividends

The Company does not pay dividends under its breakeven business model.

15. STOCK-BASED COMPENSATION

The following compensation plans were established by Hydro One Limited; however they represent components of compensation costs of Hydro One and its subsidiaries, including Hydro One Remote communities, in current and future periods.

Share Grant Plans

At December 31, 2016, Hydro One Limited had two share grant plans (Share Grant Plans), one for the benefit of certain members of the Power Workers' Union (the PWU Share Grant Plan) and one for the benefit of certain members of The Society of Energy Professionals (the Society Share Grant Plan). Hydro One and

Hydro One Limited entered into an intercompany agreement, such that Hydro One will pay Hydro One Limited for the compensation costs associated with these plans. The agreement requires Hydro One Remote Communities to reimburse Hydro One for the value of shares granted to the Company's eligible employees relating to these plans.

The PWU Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of the Power Workers' Union annually, commencing on April 1, 2017 and continuing until the earlier of April 1, 2028 or the date an eligible employee no longer meets the eligibility criteria of the PWU Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on April 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. The requisite service period for the PWU Share Grant Plan begins on July 3, 2015, which is the date the share grant plan was ratified by the PWU. The number of common shares issued annually to each eligible employee will be equal to 2.7% of such eligible employee's salary as at April 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the PWU Share Grant Plan shall not exceed 3,981,763 common shares. In 2015, 38,541 Hydro One Limited common shares were granted under the PWU Share Grant Plan to employees of Hydro One Remote Communities.

The Society Share Grant Plan provides for the issuance of common shares of Hydro One Limited from treasury to certain eligible members of The Society of Energy Professionals annually, commencing on April 1, 2018 and continuing until the earlier of April 1, 2029 or the date an eligible employee no longer meets the eligibility criteria of the Society Share Grant Plan. To be eligible, an employee must be a member of the Pension Plan on September 1, 2015, be employed on the date annual share issuance occurs and continue to have under 35 years of service. Therefore the requisite service period for the Society Share Grant Plan begins on September 1, 2015. The number of common shares issued annually to each eligible employee will be equal to 2.0% of such eligible employee's salary as at September 1, 2015, divided by $20.50, being the price of the common shares of Hydro One Limited in the IPO. The aggregate number of Hydro One Limited common shares issuable under the Society Share Grant Plan shall not exceed 1,434,686 common shares. In 2015, 14,655 Hydro One Limited common shares were granted under the Society Share Grant Plan to employees of Hydro One Remote Communities.

The 2015 fair value of Hydro One Limited shares granted to employees of Hydro One Remote Communities was $1,091 thousand. The fair value was estimated based on the grant date Hydro One Limited share price of $20.50 and is recognized using the graded-vesting attribution method as the share grant plans have both a performance condition and a service condition. No shares were granted under the Share Grant Plans in 2016. Total stock-based compensation recognized during 2016 by Hydro One Remote Communities was $219 thousand (2015 - $99 thousand) and was recorded as a regulatory asset.

A summary of Hydro One Remote Communities' share grant activity under the Share Grant Plans during years ended December 31, 2016 and 2015 is presented below:

Year ended December 31, 2016 Share Grants
(Number of common shares) Weighted-Average
Price

Share grants outstanding - January 1 53,196 $20.50

Granted (non-vested) - -

Share grants forfeited (9) $20.50

Share grants transferred in1 3,455 $20.50

Share grants transferred out2 (2,921) $20.50

Share grants outstanding - December 31 53,721 $20.50

1 Share grants transferred in relate to PWU employees transferred from Hydro One Networks to Hydro One Remote Communities. These employees have been granted Hydro One Limited shares under the PWU Share Grant Plan in 2015.

2 Share grants transferred out relate to PWU employees transferred from Hydro One Remote Communities to Hydro One Networks. These employees have been granted Hydro One Limited shares under the PWU Share Grant Plan in 2015.

Year ended December 31, 2015 Share Grants

(Number of common shares) Weighted-Average

Price

Share grants outstanding - January 1 - -

Granted (non-vested) 53,196 $20.50

Share grants outstanding - December 31 53,196 $20.50

Employee Share Ownership Plan

Effective December 15, 2015, Hydro One Limited established an Employee Share Ownership Plan (ESOP). Under the ESOP, certain eligible management and non-represented employees may contribute between 1% and 6% of their base salary towards purchasing common shares of Hydro One Limited. The Company matches 50% of the employee's contributions, up to a maximum Company contribution of $25,000 per calendar year. In 2016, Company contributions made under the ESOP were $19 thousand (2015 - $nil).

Long-term Incentive Plan

Effective August 31, 2015, the Board of Directors of Hydro One Limited adopted an LTIP. Under the LTIP, long-term incentives are granted to certain executive and management employees of Hydro One Limited and its subsidiaries, and all equity-based awards will be settled in newly-issued shares of Hydro One Limited from treasury, consistent with the provisions of the plan. The aggregate number of shares issuable under the LTIP shall not exceed 11,900,000 shares of Hydro One Limited.

The LTIP provides flexibility to award a range of vehicles, including restricted share units (RSUs), performance share units (PSUs), stock options, share appreciation rights, restricted shares, deferred share units and other stock-based awards. The mix of vehicles is intended to vary by role to recognize the level of executive accountability for overall business performance.

During 2016, Hydro One Limited granted awards under its LTIP to employees of Hydro One Remote Communities, consisting of PSUs and RSUs, all of which are equity settled in Hydro One Limited shares, as follows:

Year ended December 31, 2016	Number of PSUs	Number of RSUs
Units outstanding - January 1	-	-
Units granted	2,581	2,729
Units forfeited	-	-

Units outstanding - December 31	2,581	2,729

The grant date total fair value of the awards was $133 thousand (2015 - $nil). The compensation expense recognized by the Company relating to these awards during 2016 was $21 thousand (2015 - $nil).

16. RELATED PARTY TRANSACTIONS

Hydro One Remote Communities is a subsidiary of Hydro One. Hydro One is owned by Hydro One Limited, and the Province is the majority shareholder of Hydro One Limited. The IESO and OEFC are related parties to Hydro One Remote Communities because they are controlled or significantly influenced by the Province.

Year ended December 31

2016 2015

Related Party Transaction (thousands of dollars)

IESO Supply of electricity to remote northern communities - amounts received1 32,259 32,259

OEFC Departure tax payment - 5,000

Hydro One Limited and its subsidiaries Common shares issued2 - 5,000

Revenues related to the provision of services3 469 213

Costs expensed related to purchase of services3 2,965 2,973

Interest expense on long-term debt	1,915	1,655
Interest expense (income) on inter-company demand facility	(48)	65
Stock-based compensation costs	219	99

1 Consistent with the break even business model, the Company recognized $31,143 thousand as RRRP revenue in 2016 (2015 - $30,441 thousand), with the difference recorded in the regulatory asset RRPR variance account.

2 On November 4, 2015, Hydro One Remote Communities issued 64 common shares to Hydro One for proceeds of $5 million.

3 The Company has entered into various agreements with Hydro One and its other subsidiaries related to the provision of corporate functions and services, such as legal, financial and human resources services, and operational services, such as environmental, forestry, and line services.

Transactions with related parties are based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances at period end are interest free and settled in cash.

The amounts due to and from related parties as a result of the transactions referred to above are as follows:

December 31 (thousands of dollars)	2016	2015
Inter-company demand facility	7,253	(6,056)
Accrued interest	280	172
Accounts receivable	-	95
Income tax receivable	-	327

17. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 (thousands of dollars)	2016	2015
Accounts receivable	(1,122)	19
Fuel, materials and supplies	264	(648)
Income taxes receivable	(136)	2,356
Long-term accounts receivable	425	180
Other assets	(24)	-
Accounts payable	39	468
Accrued liabilities	2,231	(4,741)
Accrued interest	108	-
Income taxes payable	(37)	37
Post-retirement and post-employment benefit liability	1,123	1,007
	2,871	(1,322)

Supplementary information:

Net interest paid	1,807	1,655
Taxes paid	-	5,000

As a result of using the cost recovery model applied to achieve after tax breakeven net income, any income tax expense paid are fully recovered.

18. CONTINGENCIES

Legal Proceedings

Hydro One Remote Communities is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Hydro One and three of its subsidiaries, including Hydro One Remote Communities, are defendants in a class action suit in which the representative plaintiff is seeking up to $125 million in damages related to allegations of improper billing practices. A certification motion in the class action is pending. Due to the preliminary stage of legal proceedings, an estimate of a possible loss related to this claim cannot be made.

Transfer of Assets

The transfer orders by which Hydro One acquired certain of Ontario Hydro's businesses as of April 1, 1999 did not transfer title to some assets located on Reserves (as defined in the Indian Act (Canada)). Currently, the OEFC holds these assets. 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 these assets to itself. Hydro One cannot predict the aggregate amount that it may have to pay, either on an annual or one-time basis, to obtain the required consents. In 2016, Hydro One paid approximately $1 million (2015 - $1 million) in respect of consents obtained. If Hydro One or the Company cannot obtain the required consents, the OEFC will continue to hold these assets for an indefinite period of time. If Hydro One cannot reach a satisfactory settlement, it may have to relocate these assets to other locations at a cost that could be substantial or, in a limited number of cases, to abandon a line and replace it with diesel-generation facilities. The costs relating to these assets could have a material adverse effect on Hydro One's and the Company's results of operations if Hydro One is not able to recover them in future rate orders.

19. COMMITMENTS

Operating Lease

Hydro One Remote Communities is committed as lessee to an operating lease agreement for use of reserve land to operate a hydro facility for a period of 10 years. During the year ended December 31, 2016, the Company made lease payments totalling $120 thousand (2015 - $120 thousand). The following table presents a summary of Hydro One Remote Communities' commitments under lease agreements due in the next 5 years and thereafter.

December 31, 2016 (thousands of dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
Operating lease commitments	120	150	150	150	150	150

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

Assets – lines 1000 to 2599

1062	5,557,000	1066	463,000	1122	2,476,000
1400	7,253,000	1480	1,183,000	1599	16,932,000
1740	57,050,000	1741	-23,726,000	1900	12,496,000
1901	-2,904,000	1920	710,000	2008	70,256,000
2009	-26,630,000	2420	39,627,000	2421	4,218,000
2589	43,845,000	2599	104,403,000		

Liabilities – lines 2600 to 3499

2620	7,692,291	2629	280,000	3139	7,972,291
3140	42,783,000	3320	14,689,000	3321	38,880,000
3450	96,352,000	3499	104,324,291		

Shareholder equity – lines 3500 to 3640

3500	5,000,000	3580	-528,000	3600	-4,393,291
3620	78,709	3640	104,403,000		

Retained earnings – lines 3660 to 3849

3660	-4,913,000	3680	519,709	3849	-4,393,291

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

Description

Sequence number **0003** 01

Other comprehensive income – lines 7000 to 7020

7008	14,000

Revenue – lines 8000 to 8299

8000	50,357,000	8089	50,357,000	8299	50,357,000

Cost of sales – lines 8300 to 8519

8408	23,669,000	8518	23,669,000	8519	26,688,000

Operating expenses – lines 8520 to 9369

8523	38,006	8623	717,246	8670	4,618,291
8714	1,797,000	9270	19,070,748	9367	26,241,291
9368	49,910,291	9369	446,709		

Extraordinary items and taxes – lines 9970 to 9999

9970	446,709	9990	-73,000	9998	14,000
9999	533,709				

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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

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

Amount calculated on line 9999 from Schedule 125				533,709	A

Add:

Provision for income taxes – current	101	-73,000			
Amortization of tangible assets	104	4,618,291			
Non-deductible meals and entertainment expenses	121	19,003			
Reserves from financial statements – balance at the end of the year	126	13,596,022			
Subtotal of additions		18,160,316	▶	18,160,316	

Other additions:

Debt issue expense	208	1,041
Financing fees deducted in books	216	5,902

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	2015 Federal apprenticeship credits	170
2	Non-deductible LTIP	14,769
3	Expenses capitalized for tax	2,228
4	2015 provision to return for Ont ITC in OMA	52,627
5	2016 Ontario co-op and apprentice credits accrual reversal	9,028
6	Regulatory Assets - Env. Liability (Opening)	11,051,081
7	Capital contributions received 12(1)(x)	3,373,446
	Total of column 2	14,503,349

Total of column 2 ▶	296	14,503,349			
Subtotal of other additions	199	14,510,292	▶	14,510,292	
Total additions	500	32,670,608	▶	32,670,608	B
Amount A **plus** amount B				33,204,317	C

Deduct:

Capital cost allowance from Schedule 8	403	4,144,708			
Cumulative eligible capital deduction from Schedule 10	405	1,252,422			
Other reserves on line 280 from Schedule 13	413	114,586			
Reserves from financial statements – balance at the beginning of the year	414	22,181,378			
Contributions to deferred income plans from Schedule 15	417	287,313			
Subtotal of deductions		27,980,407	▶	27,980,407	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Deduction under 20(1)(e) ITA	18,603
2	Deductible removable costs	87,225
3	Deduction for capitalized amounts - see attached	506,896
4	Deductible OPEB costs	395,189
5	Environmental payments	1,247,011

	1 Description **705**	2 Amount **395**
6	Capital contributions - 13(7.4) election	3,373,446

Total of column 2 5,628,370 ▶ **396** 5,628,370

Subtotal of other deductions **499** 5,628,370 ▶ 5,628,370

Total deductions **510** 33,608,777 ▶ 33,608,777 D

Net income (loss) for income tax purposes (amount C **minus** amount D) . . . . -404,460 E

Enter amount E on line 300 of the T2 return.

Attached Schedule with Total

Line 208 – Debt issue expense

Title Line 208 – Debt issue expense

Description	Operator (Note)	Amount
Bond Discount (761120)		1,041 00
	Total	1,041 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Description	Operator (Note)	Amount	
Capitalized interest		115,179	00
Capitalized overhead	+	391,717	00
	+		
	+		
	+		
	Total	506,896	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 216 – Financing fees deducted in books

Title Line 216 – Financing fees deducted in books

Description	Operator (Note)	Amount	
Amortization underwriting fee (761780)		5,775	00
Amortization of Prospectus fees (761790)	+	127	00
	+		
	Total	5,902	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Line 395 – Amount

Title Line 395 – Amount

Description	Operator (Note)	Amount	
OPEB cost capitalized		346,853	00
OPEB US GAAP Valuation	+	48,336	00
	+		
	Total	395,189	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Deduction summary as per paragraph 20(1)(e) of the ITA

Federal

Deduction summary as per paragraph 20(1)(e) of the ITA

Description		Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	E Annual deduction (This amount is posted to one of the lines 395 of Schedule 1)	F Balance at the end of the year
1.	Prospectus costs - 2014	2014-12-31	1,024	410	205	409
2.	Prospectus costs - 2016	2016-12-31	1,738		349	1,389
3.	Underwriting fees - 2014	2014-12-31	50,000	20,000	10,027	19,973
4.	Underwriting fees - 2016	2016-12-31	40,000		8,022	31,978
		Totals	92,762	20,410	18,603	53,749

Deduction as per paragraph 20(1)(e) of the ITA

This workchart allows you to determine the tax deduction as per paragraph 20(1)(e) of the Income Tax Act (ITA). It relates to the expenses of issuing or selling shares, units or interests and expenses of borrowing money.

Ensure that any of these expenses deducted in the financial statements have been added back on line 216, "Financing fees deducted in books," and/or on line 235, "Share issue expense" to Schedule 1, if applicable.

* If the check box was selected, the annual deduction will be equal to the amount in column C.

1 Description: Prospectus costs - 2014

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 366 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2014-12-31	1,024	410	614	205	205	409

2 Description: Prospectus costs - 2016

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 366 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2016-12-31	1,738		1,738	349	349	1,389

3 Description: Underwriting fees - 2014

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 366 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2014-12-31	50,000	20,000	30,000	10,027	10,027	19,973

4 Description: Underwriting fees - 2016

Subparagraph 20(1)(e)(v) is applicable in the taxation year*	Date of expense	A Expense amount	B Amounts deductible in the preceding taxation years	C Balance before the annual expense (column A minus column B)	D 20 % of amount A x number of days in the taxation year 366 / **365**	E Annual deduction (C or D, whichever is less)*	F Balance at the end of the year (column C minus column E)
☐	2016-12-31	40,000		40,000	8,022	8,022	31,978

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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				-404,460	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 under paragraph 110(1)(k)			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")				-404,460	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)				-404,460	E
Add: (decrease a loss)					
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)					F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")				-404,460	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 (note 1)	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 on the wind-up of a subsidiary (note 2) corporation	105		g		
Current-year non-capital loss (from amount G)	110	404,460	h		
Subtotal (amount g **plus** amount h)		404,460	▶	404,460	I
Subtotal (amount H **plus** amount I)				404,460	J

Note 1: 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.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

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 (note 3)	**135**		l		
Subtotal (total of amounts i to l)			▶		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)				404,460	L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	**901**	203,578	m		
Second previous tax year to reduce taxable income	**902**	3,293	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)		206,871	▶	206,871	M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	**180**			197,589	N

Note 3: 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 an amalgamation or on 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 (note 4)			e		
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			f		
Enter amount e or f, whichever is less	**215**		g		
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000	**220**				E
Subtotal (total of amounts C to E)					F

Note

If there has been an amalgamation or a wind–up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220 above.

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs 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 (note 6)	225		G
Capital losses before any request for a carryback (amount F **minus** amount G)			H

Deduct – **Request to carry back capital loss to** (note 7):

	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

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents 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 (note 8)	300		b		
Farm losses at the beginning of the tax year (amount a **minus** amount b)	302		▶		A
Add:					
Farm losses transferred on an amalgamation or on the wind–up 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 Enter amount g on line 334 of the T2 Return.	330		g		
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9)	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

Note 8: 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.

Note 9: 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 (note 10), 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 (note 11)	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 an amalgamation or on the wind-up of a subsidiary corporation	405		f		
Current-year restricted farm loss (from amount C) Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.	410		g		
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 Enter amount h on line 333 of the T2 return.	430		h		
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.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: 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 7 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:					
Listed personal property losses from previous tax years applied against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
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 account number **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** column 6) **620**
1.							

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 account number **630**	Tax year ending yyyy/mm/dd **632**	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary **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**
1.							

Continuity of limited partnership losses that can be carried forward to future tax years

	1	2	3	4	5	6
	Partnership account number **660**	Limited partnership losses at the end of the previous tax year **662**	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary **664**	Current-year limited partnership losses (from line 620) **670**	Limited partnership losses applied in the current year (must be equal to or less 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**
1.						

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

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 ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

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*.

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	404,460		206,871	N/A		197,589
1st preceding taxation year 2015-12-31		N/A		N/A			
2nd preceding taxation year 2015-11-04		N/A		N/A			
3rd preceding taxation year 2015-10-31		N/A		N/A			
4th preceding taxation year 2014-12-31		N/A		N/A			
5th preceding taxation year 2013-12-31		N/A		N/A			
6th preceding taxation year 2012-12-31		N/A		N/A			
7th preceding taxation year 2011-12-31		N/A		N/A			
8th preceding taxation year 2010-12-31		N/A		N/A			
9th preceding taxation year 2009-12-31		N/A		N/A			
10th preceding taxation year 2008-12-31		N/A		N/A			
11th preceding taxation year 2007-12-31		N/A		N/A			
12th preceding taxation year 2006-12-31		N/A		N/A			
13th preceding taxation year 2005-12-31		N/A		N/A			
14th preceding taxation year 2004-12-31		N/A		N/A			
15th preceding taxation year 2003-12-31		N/A		N/A			
16th preceding taxation year 2002-12-31		N/A		N/A			
17th preceding taxation year 2001-12-31		N/A		N/A			
18th preceding taxation year 2000-12-31		N/A		N/A			
19th preceding taxation year 1999-12-31		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		404,460		206,871			197,589

* **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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- Use this schedule if, during the tax year, the corporation:
  - – had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - – is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - – has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references 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 subsection 400(2).

** For corporations other than those described under section 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.
3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

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 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 12,439

Ontario special additional tax on life insurance corporations (from Schedule 512) 280

Subtotal 12,439 ► 12,439 H6

Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) 12,439 I6

Deduct:

Ontario qualifying environmental trust tax credit 450

Ontario co-operative education tax credit (from Schedule 550) 452 12,000

Ontario apprenticeship training tax credit (from Schedule 552) 454 29,672

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 41,672 ► 41,672 J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) 290 -29,233 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**	-29,233

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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

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

Is the corporation electing under *Regulation* 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	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		15,353,748	860,207		0	430,104	15,783,851	4	0	0	631,354	15,582,601
2.	2		90,895			0		90,895	6	0	0	5,454	85,441
3.	3		743			0		743	5	0	0	37	706
4.	6		5,821,426			0		5,821,426	10	0	0	582,143	5,239,283
5.	8		1,069,640	95,257		0	47,629	1,117,268	20	0	0	223,454	941,443
6.	10		802,519			0		802,519	30	0	0	240,756	561,763
7.	17		16,414,846	1,941,193		0	970,597	17,385,442	8	0	0	1,390,835	16,965,204
8.	43.1		1,210,342			0		1,210,342	30	0	0	363,103	847,239
9.	45		2,237			0		2,237	45	0	0	1,007	1,230
10.	47		8,435,008	564,965		0	282,483	8,717,490	8	0	0	697,399	8,302,574
11.	13	Bisco Water Well	46,255			0		46,255	NA	0	0	4,233	42,022
12.	13	Hillsport Water Well	39,679			0		39,679	NA	0	0	1,107	38,572
13.	13	Oba Water Well	17,924			0		17,924	NA	0	0	3,000	14,924
14.	94	Construction in progress	1,120,128		-1,120,128	0			0	0	0		
15.	94	Future use	1,902,342		-1,902,342	0			0	0	0		
16.	94	Land	359,667		-359,667	0			0	0	0		
17.	94	Landscaping	47,952		-47,952	0			0	0	0		
18.	12		715	223		0	112	826	100	0	0	826	112
		Totals	52,736,066	3,461,845	-3,430,089		1,730,925	51,036,897				4,144,708	48,623,114

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 information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, 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.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

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

	Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	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 NETWORKS INC.	CA	87086 5821 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 I	CA	86289 2593 RC0001	3					
17.	HALDIMAND COUNTY ENERGY INC	CA	89076 2412 RC0001	3					
18.	HALDIMAND COUNTY HYDRO INC	CA	89075 9814 RC0001	3					
19.	WOODSTOCK HYDRO SERVICES IN	CA	89909 5012 RC0001	3					
20.	1937672 ONTARIO INC.	CA	81722 4561 RC0001	3					
21.	GREAT LAKES POWER TRANSMISSI	CA	83008 2335 RC0001	3					
22.	GREAT LAKES POWER TRANSMISSI	CA	84500 6386 RC0001	3					
23.	GREAT LAKES POWER TRANSMISSI	CA	82511 0216 RC0001	3					
24.	1228185 ONTARIO INC.	CA	88706 6090 RC0001	3					
25.	EAST WEST TIE INC.	CA	80044 2113 RC0001	3					
26.	HYDRO ONE EAST-WEST TIE INC.	CA	80105 5880 RC0001	3					
27.	1937680 ONTARIO INC.	CA	81930 4924 RC0001	3					
28.	1937681 ONTARIO INC.	CA	81722 4363 RC0001	3					
29.	Additional details available upon rec	CA	NR	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)

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") . . . . **200** 17,891,747 A

Add: Cost of eligible capital property acquired during the taxation year **222**

Other adjustments **226**

Subtotal (line 222 plus line 226) x 3 / 4 = B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 . . . . **228** x 1 / 2 = C

amount B minus amount C (if negative, enter "0") ▶ D

Amount transferred on amalgamation or wind-up of subsidiary . . . . **224** E

Subtotal (add amounts A, D, and E) **230** 17,891,747 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) . . . . 17,891,747 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 17,891,747

less amount from line 249

Current year deduction . . . . 17,891,747 x 7.00 % = **250** 1,252,422 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 1,252,422 ▶ 1,252,422 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") . . . . **300** 16,639,325 M

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

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount) N

Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 **400** 1

Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) **401** 2

Total of CEC deductions claimed for taxation years beginning before July 1, 1988 **402** 3

Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 **408** 4

Line 3 minus line 4 (if negative, enter "0") ▶ 5

Total of lines 1, 2 and 5 6

Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400 7

Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000 8

Subtotal (line 7 plus line 8) **409** ▶ 9

Line 6 minus line 9 (if negative, enter "0") ▶ O

Line N minus line O (if negative, enter "0") P

Line 5 x 1 / 2 = Q

Line P minus line Q (if negative, enter "0") R

Amount R x 2 / 3 = S

Amount N or amount O, whichever is less T

Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1) **410**

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SCHEDULE 13

CONTINUITY OF RESERVES

Name of corporation	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

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

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

Part 2 – Other reserves

Description		Balance at the beginning of the year $	Transfer on an amalgamation or the wind-up of a subsidiary $	Add $	Deduct $	Balance at the end of the year $
Reserve for doubtful debts	☐	**110**	**115**			**120**
Reserve for undelivered goods and services not rendered	☒	**130**	**135**	114,586		**140** 114,586
Reserve for prepaid rent	☐	**150**	**155**			**160**
Reserve for refundable containers . .	☐	**190**	**195**			**200**
Reserve for unpaid amounts	☐	**210**	**215**			**220**
Other tax reserves	☐	**230**	**235**			**240**
Totals		**270**	**275**	114,586		**280** 114,586

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

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

T2 SCH 13 E (11)

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	13,890,230		1,198,398		15,088,628
2	Reg Asset re RRPR Var (42719	-2,759,933		1,115,610		-1,644,323
3	Enviromental Liabilities	11,051,081		24,794,042		35,845,123
4	Reg asset re Environ. Liabilities			-35,845,123		-35,845,123
5	Bonus accrual - 413741			37,131		37,131
6						
	Reserves from Part 2 of Schedule 13			114,586		114,586
	Totals	22,181,378		-8,585,356		13,596,022

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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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 Networks Inc.	8th Floor South Tower 483 Bay Street Toronto ON CA M5G 2P5			1,050,603		
2	Hydro One Inc	8th Floor South Tower 483 Bay Street Toronto ON CA M5G 2P5			92,827		

T2 SCH 14 (99)

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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	996,978	1059104			
2	1	7,581	1289982			

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	1,004,559	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	717,246	B
Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0")	287,313	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 29

PAYMENTS TO NON-RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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
1	SEL Schweitzer Laboratories Inc.	NE 2350 Hopkins Crt Pullman WA US 99163	09	14,812

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)

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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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	49,289,428		
Capital stock (or members' contributions if incorporated without share capital)	103	5,000,000		
Retained earnings	104			
Contributed surplus	105			
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	42,783,000		
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)		97,072,428 ▶	97,072,428	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)			97,072,428	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	4,218,000		
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	4,393,291		
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)		8,611,291 ▶	8,611,291	B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)	190		88,461,137	

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	7,253,000
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	7,253,000

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)		88,461,137	C
Deduct: Investment allowance for the year (line 490)		7,253,000	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	81,208,137	

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)	81,208,137	x	Taxable income earned in Canada	**610** 1,000	=	**Taxable capital employed in Canada**	**690** 81,208,137
			Taxable income	1,000			

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.

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Schedule 88

Internet Business Activities

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- File this schedule if your corporation earns income from one or more webpages or websites.

- You may earn income from your webpages or websites if:
  - you sell goods and/or services on your own pages or websites. You may have a shopping cart and process payment transactions yourself or through a third-party service;
  - your site doesn't support transactions but your customers call, complete, and submit a form, or email you to make a purchase, order, booking, and others;
  - you sell goods and/or services on auction, marketplace, or similar websites operated by others; or
  - you earn income from advertising, income programs, or traffic your site generates. For example:
    - static advertisements you place on your site for other businesses
    - affiliate programs
    - advertising programs such as Google AdSense or Microsoft adCentre
    - other types of traffic programs.

- Also file this schedule if you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites from which you earn income.

- File this schedule with your *T2 – Corporation Income Tax Return*.

How many Internet webpages or websites does your corporation earn income from? 1

Provide the Internet webpage or website addresses (also known as URL addresses)*:

http:// http://www.hydroone.com/OURCOMMITMENT/REMOTECOMMUNITIES/Pages/home.aspx

http://

http://

http://

http://

What is the percentage of the corporation's gross revenue generated from the Internet in comparison to the corporation's total gross revenue? . . . . 0.001 %

* If you have more than five websites, enter the addresses of those that generate the most Internet income. If you don't have a website but you have created a profile or other page describing your business on blogs, auction, market place, or any other portal or directory websites, enter the addresses of the pages if they generate income.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

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

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	104,403,000
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	50,000,000
Total assets (total of lines 112 to 116)		154,403,000
Total revenue of the corporation for the tax year **	142	50,357,000
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	100,000,000
Total revenue (total of lines 142 to 146)		150,357,000

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**	533,709	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	**220**				
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			▶		A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	**320**	73,000			
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		73,000	▶	73,000	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			**490**	460,709	

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** 460,709

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** 460,709

Amount from line 520	460,709	x	Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 366	x	4 % =		1
Amount from line 520	460,709	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	366 / 366	x	2.7 % =	12,439	2

Subtotal (amount 1 **plus** amount 2) 12,439 3

Gross CMT: amount on line 3 above x OAF ** **540** 12,439

Deduct:

Foreign tax credit for CMT purposes *** **550**

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . 12,439 D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . .

Net CMT payable (if negative, enter "0") . . . . 12,439 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 *		12,690	G			
Deduct:						
CMT credit expired *	600					
CMT credit carryforward at the beginning of the current tax year * (see note below)		12,690	▶	620	12,690	
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)					12,690	H
Deduct:						
CMT credit deducted in the current tax year (amount P from Part 5)						I
Subtotal (amount H **minus** amount I)					12,690	J
Add:						
Net CMT payable (amount E from Part 3)		12,439				
SAT payable (amount O from Part 6 of Schedule 512)						
Subtotal		12,439	▶		12,439	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	25,129	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)					12,690	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)	12,439	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:			12,439	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)			41,672			
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.

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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 Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 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 NETWORKS INC.	87086 5821 RC0001	50,000,000	100,000,000
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	GREAT LAKES POWER TRANSMISSION HOLDINGS IN	83008 2335 RC0001	0	0
22	GREAT LAKES POWER TRANSMISSION INC.	84500 6386 RC0001	0	0
23	GREAT LAKES POWER TRANSMISSION HOLDING CO	82511 0216 RC0001	0	0
24	1228185 ONTARIO INC.	88706 6090 RC0001	0	0
25	EAST WEST TIE INC.	80044 2113 RC0001	0	0
26	HYDRO ONE EAST-WEST TIE INC.	80105 5880 RC0001	0	0
27	1937680 ONTARIO INC.	81930 4924 RC0001	0	0
28	1937681 ONTARIO INC.	81722 4363 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**
29	Additional details available upon request	NR	0	0
		Total	**450** 50,000,000	**550** 100,000,000

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.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- 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** 1,880,249

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**
1.	University of Toronto	Mechanical Engineering
2.	University of Toronto	Mechanical Engineering
3.	Ryerson University	Mechanical Engineering
4.	Ryerson University	Mechanical Engineering

	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**
1.	[redacted]	2016-01-01	2016-04-30
2.	[redacted]	2016-05-01	2016-08-26
3.	[redacted]	2016-05-02	2016-08-31
4.	[redacted]	2016-09-01	2016-12-31

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 %	15,562	25.000 %		17
2.		10.000 %	15,562	25.000 %		17
3.		10.000 %	20,058	25.000 %		17
4.		10.000 %	20,058	25.000 %		17

	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.	3,891	3,000	3,000		3,000
2.	3,891	3,000	3,000		3,000
3.	5,015	3,000	3,000		3,000
4.	5,015	3,000	3,000		3,000

Ontario co-operative education tax credit (total of amounts in column K) **500** 12,000 **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.

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Schedule 552

Ontario Apprenticeship Training Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
Hydro One Remote Communities Inc.	87083 6269 RC0001	2016-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. 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** 1,880,249

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:

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

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:

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

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.	310t	Truck And Coach Technician	[redacted]
3.	310t	Truck And Coach Technician	[redacted]
4.	310t	Truck And Coach Technician	[redacted]
5.	310t	Truck And Coach Technician	[redacted]
6.	310t	Truck And Coach Technician	[redacted]
7.	434a	Powerline Technician	[redacted]
8.	434a	Powerline Technician	[redacted]

	D Original contract or training agreement number **420**	**E** Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) **425**	**F** Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) **430**	**G** End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) **435**
1.	[redacted]	2014-05-26	2016-01-01	2016-12-16
2.	[redacted]	2012-05-28	2016-01-04	2016-03-25
3.	[redacted]	2014-01-13	2016-04-24	2016-07-29
4.	[redacted]	2014-01-13	2016-05-24	2016-07-27
5.	[redacted]	2014-01-13	2016-07-04	2016-09-29
6.	[redacted]	2014-01-13	2016-10-03	2016-11-30
7.	[redacted]	2013-01-28	2016-01-04	2016-06-30

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (YYYYMMDD) (see note 1) 425	F Start date of employment as an apprentice in the tax year (YYYYMMDD) (see note 2) 430	G End date of employment as an apprentice in the tax year (YYYYMMDD) (see note 3) 435
8.	[redacted]	2013-01-28	2016-07-04	2016-12-23

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 in the tax year employed as an apprentice in a qualifying apprenticeship program that began before April 24, 2015 (see note 1) **442**	**H2** 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) **443**	**I** Maximum credit amount for the tax year (see note 2) **445**
1.	350		9,563
2.	81		2,213
3.	96		2,623
4.	64		1,749
5.	87		2,377
6.	58		1,585
7.	178		4,863
8.	172		4,699

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

Note 2: Maximum credit = ($10,000 × H1/365*****) or ($5,000 × H2/365*****), whichever applies.
***** 366 days, if the tax year includes February 29

	J1 Eligible expenditures incurred after March 26, 2009 for a qualifying apprenticeship program that began before April 24, 2015 (see note 3) **452**	**J2** Eligible expenditures incurred for a qualifying apprenticeship program that began after April 23, 2015 (see note 3) **453**	**K** Eligible expenditures **multiplied** by specified percentage (see note 4) **460**
1.	50,440		17,654
2.	73,063		25,572
3.	94,232		32,981
4.	85,659		29,981
5.	124,020		43,407
6.	88,616		31,016
7.	119,680		41,888
8.	109,952		38,483

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures 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 J2: 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 = (J1 × line 312) or (J2 × 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.	9,563		9,563
2.	2,213		2,213
3.	2,623		2,623
4.	1,749		1,749
5.	2,377		2,377
6.	1,585		1,585
7.	4,863		4,863

	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**
8.	4,699		4,699

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 29,672 **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.

Filed: 2017-08-28
EB-2017-0051
Exhibit D2
Tab 10
Schedule 1

DEPRECIATION AND AMORTIZATION EXPENSES

2013 TO 2018

Attachment 1:	Depreciation and Amortization Expenses 2013 – OEB Chapter 2, Appendix 2-C
Attachment 2:	Depreciation and Amortization Expenses 2014 – OEB Chapter 2, Appendix 2-C
Attachment 3:	Depreciation and Amortization Expenses 2015 – OEB Chapter 2, Appendix 2-C
Attachment 4:	Depreciation and Amortization Expenses 2016 – OEB Chapter 2, Appendix 2-C
Attachment 5:	Depreciation and Amortization Expenses 2017 – OEB Chapter 2, Appendix 2-C
Attachment 6:	Depreciation and Amortization Expenses 2018 – OEB Chapter 2, Appendix 2-C

Appendix 2-C
Depreciation and Amortization Expense
2013 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1615	Land			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1620	Buildings &Fixtures	$ 3,583,639	-$ 52,478	$ 3,636,117			$ -	$ 110,891		0.00%	35.00	2.86%	$ 103,889	$ -	$ 1,584	$ 105,473	$ 124,399	$ 18,926
1650	Reservoirs Dams & Water	-$ 79,422	-$ 79,422	$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1665	Fuel Holders Produce	$ 4,187,261		$ 4,187,261			$ -	$ 1,982,200		0.00%	35.00	2.86%	$ 119,636	$ -	$ 28,317	$ 147,953	$ 169,359	$ 21,406
1670	Prime Movers	$ 319,717	-$ 3,673,133	$ 3,992,849			$ -	$ 3,190,922		0.00%	10.00	10.00%	$ 399,285	$ -	$ 159,546	$ 558,831	$ 1,120,389	$ 561,558
1675	Generators	$ 5,225,868	-$ 82,652	$ 5,308,520			$ -	$ 1,374,135		0.00%	16.00	6.25%	$ 331,783	$ -	$ 42,942	$ 374,724	$ 388,504	$ 13,780
1680	Accessory Electc Equ	$ 1,146,751		$ 1,146,751			$ -	$ 1,017,063		0.00%	17.00	5.88%	$ 67,456	$ -	$ 29,914	$ 97,370	$ 145,497	$ 48,127
1685	Misc Power Plant Equ	$ 2,014,172	-$ 151,369	$ 2,165,541			$ -	$ 35,011		0.00%	25.00	4.00%	$ 86,622	$ -	$ 700	$ 87,322	$ 98,641	$ 11,319
1805	Land	$ 238,544		$ 238,544			$ -			0.00%	50.00	2.00%	$ 4,771	$ -	$ -	$ 4,771	$ 5,712	$ 941
1806	L&Rights	$ 165,157		$ 165,157			$ -			0.00%	100.00	1.00%	$ 1,652	$ -	$ -	$ 1,652	$ 2,271	$ 619
1808	Buildings			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 1,702,419	-$ 17	$ 1,702,437			$ -	$ 279,003		0.00%	55.00	1.82%	$ 30,953	$ -	$ 2,536	$ 33,490	$ 41,705	$ 8,215
1835	Overhead Conductors & Devices	$ 1,136,584	-$ 22	$ 1,136,606			$ -	$ 118,872		0.00%	50.00	2.00%	$ 22,732	$ -	$ 1,189	$ 23,921	$ 31,672	$ 7,751
1840	Underground Conduit			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1845	Underground Conductors & Devices	$ 64,897	-$ 19	$ 64,917			$ -	$ 94,879		0.00%	30.00	3.33%	$ 2,164	$ -	$ 1,581	$ 3,745	$ 5,641	$ 1,896
1850	Line Transformers	$ 1,319,192		$ 1,319,192			$ -			0.00%	35.00	2.86%	$ 37,691	$ -	$ -	$ 37,691	$ 45,834	$ 8,143
1855	Services (Overhead & Underground)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters	$ 131,366	-$ 57	$ 131,423			$ -	$ 214,160		0.00%	5.00	20.00%	$ 26,285	$ -	$ 21,416	$ 47,701	$ 45,472	-$ 2,229
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ 7,486,020		$ 7,486,020			$ -	$ 571,911		0.00%	40.00	2.50%	$ 187,150	$ -	$ 7,149	$ 194,299	$ 180,309	-$ 13,990
1910	Leasehold Improvements	$ 57,718		$ 57,718			$ -			0.00%	10.00	10.00%	$ 5,772	$ -	$ -	$ 5,772	$ 7,677	$ 1,905
1915	Office Furniture & Equipment (10 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 45,536		$ 45,536			$ -			0.00%	7.00	14.29%	$ 6,505	$ -	$ -	$ 6,505	$ 9,389	$ 2,884
1920	Computer Equipment - Hardware			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 39,268		$ 39,268			$ -			0.00%	5.00	20.00%	$ 7,854	$ -	$ -	$ 7,854	$ 13,625	$ 5,771
1930	Transportation Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1935	Stores Equipment	$ 150,892		$ 150,892			$ -			0.00%	8.00	12.50%	$ 18,862	$ -	$ -	$ 18,862	$ 33,246	$ 14,384
1940	Tools, Shop & Garage Equipment	$ 29,061		$ 29,061			$ -	$ 21,224		0.00%	6.00	16.67%	$ 4,844	$ -	$ 1,769	$ 6,612	$ 8,359	$ 1,747
1945	Measurement & Testing Equipment	$ 39,041		$ 39,041			$ -	$ 57,030		0.00%	5.00	20.00%	$ 7,808	$ -	$ 5,703	$ 13,511	$ 16,449	$ 2,938
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	-$ 10,405	-$ 10,405	$ -			$ -			0.00%	7.00	14.29%	$ -	$ -	$ -	$ -	$ 687	$ 687
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 188,891		$ 188,891			$ -	$ 136,214		0.00%	5.00	20.00%	$ 37,778	$ -	$ 13,621	$ 51,400	$ 68,658	$ 17,258
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
A	Maj Rollup Acc Dep Suspense	-$ 343,689		-$ 343,689			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
C	Suspense/Conversion/Error			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ 29,010,541**	**-$ 4,049,575**	**$ 33,060,115**	**$ -**	**$ -**	**$ -**	**$ 9,203,515**					**$ 1,511,490**	**$ -**	**$ 317,967**	**$ 1,829,458**	**$ 2,563,495**	**$ 734,037**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 the prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

Appendix 2-C
Depreciation and Amortization Expense
2014 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1)[1]	Less Fully Depreciated[7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change[2]	Less Fully Depreciated[8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change[3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change[4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions[5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance[6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1615	Land			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1620	Buildings &Fixtures	$ 3,147,605		$ 3,147,605			$ -			0.00%	35.00	2.86%	$ 89,932	$ -	$ -	$ 89,932	$ 123,387	$ 33,455
1650	Reservoirs Dams & Water			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1665	Fuel Holders Produce	$ 5,893,849		$ 5,893,849			$ -	$ 1,234,762		0.00%	35.00	2.86%	$ 168,396	$ -	$ 17,639	$ 186,035	$ 206,904	$ 20,869
1670	Prime Movers	$ 4,759,973	-$ 2,682,164	$ 7,442,137			$ -	$ 1,853,579		0.00%	10.00	10.00%	$ 744,214	$ -	$ 92,679	$ 836,893	$ 1,044,464	$ 207,571
1675	Generators	$ 4,306,403	-$ 427,177	$ 4,733,580			$ -	$ 618,691		0.00%	16.00	6.25%	$ 295,849	$ -	$ 19,334	$ 315,183	$ 411,702	$ 96,519
1680	Accessory Electc Equ	$ 1,648,731	-$ 28,014	$ 1,676,745			$ -	$ 323,546		0.00%	17.00	5.88%	$ 98,632	$ -	$ 9,516	$ 108,148	$ 142,172	$ 34,024
1685	Misc Power Plant Equ	$ 1,993,887	-$ 13,948	$ 2,007,835			$ -	$ 273,666		0.00%	25.00	4.00%	$ 80,313	$ -	$ 5,473	$ 85,787	$ 106,123	$ 20,336
1805	Land	$ 198,837		$ 198,837			$ -			0.00%	50.00	2.00%	$ 3,977	$ -	$ -	$ 3,977	$ 5,712	$ 1,735
1806	L&Rights	$ 171,220		$ 171,220			$ -			0.00%	100.00	1.00%	$ 1,712	$ -	$ -	$ 1,712	$ 2,271	$ 559
1808	Buildings			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 1,956,550	-$ 150	$ 1,956,700			$ -	$ 455,279		0.00%	55.00	1.82%	$ 35,576	$ -	$ 4,139	$ 39,715	$ 48,533	$ 8,818
1835	Overhead Conductors & Devices	$ 1,235,495	-$ 22	$ 1,235,517			$ -	$ 259,132		0.00%	50.00	2.00%	$ 24,710	$ -	$ 2,591	$ 27,302	$ 34,026	$ 6,724
1840	Underground Conduit			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1845	Underground Conductors & Devices	$ 64,271	-$ 23	$ 64,294			$ -	$ 106,185		0.00%	30.00	3.33%	$ 2,143	$ -	$ 1,770	$ 3,913	$ 7,444	$ 3,531
1850	Line Transformers	$ 1,370,862	-$ 11	$ 1,370,873			$ -	$ 201,371		0.00%	35.00	2.86%	$ 39,168	$ -	$ 2,877	$ 42,045	$ 49,593	$ 7,548
1855	Services (Overhead & Underground)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters	$ 361,414	-$ 57	$ 361,471			$ -	$ 40,166		0.00%	5.00	20.00%	$ 72,294	$ -	$ 4,017	$ 76,311	$ 35,721	-$ 40,590
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ 8,004,192		$ 8,004,192			$ -	$ 368,887		0.00%	40.00	2.50%	$ 200,105	$ -	$ 4,611	$ 204,716	$ 189,482	-$ 15,234
1910	Leasehold Improvements	$ 50,042		$ 50,042			$ -	$ 47,121		0.00%	10.00	10.00%	$ 5,004	$ -	$ 2,356	$ 7,360	$ 7,677	$ 317
1915	Office Furniture & Equipment (10 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 36,147		$ 36,147			$ -	$ 21,700		0.00%	7.00	14.29%	$ 5,164	$ -	$ 1,550	$ 6,714	$ 10,004	$ 3,290
1920	Computer Equipment - Hardware			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 26,667		$ 26,667			$ -			0.00%	5.00	20.00%	$ 5,333	$ -	$ -	$ 5,333	$ 11,849	$ 6,516
1930	Transportation Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1935	Stores Equipment	$ 117,645		$ 117,645			$ -			0.00%	8.00	12.50%	$ 14,706	$ -	$ -	$ 14,706	$ 28,971	$ 14,265
1940	Tools, Shop & Garage Equipment	$ 41,842		$ 41,842			$ -	$ 26,784		0.00%	6.00	16.67%	$ 6,974	$ -	$ 2,232	$ 9,206	$ 12,360	$ 3,154
1945	Measurement & Testing Equipment	$ 79,622		$ 79,622			$ -	$ 19,962		0.00%	5.00	20.00%	$ 15,924	$ -	$ 1,996	$ 17,921	$ 23,619	$ 5,698
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	-$ 6,414	-$ 6,414	-$ 0			$ -			0.00%	7.00	14.29%	-$ 0	$ -	$ -	-$ 0	$ 687	$ 687
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 256,710		$ 256,710			$ -	$ 118,868		0.00%	5.00	20.00%	$ 51,342	$ -	$ 11,887	$ 63,229	$ 91,350	$ 28,121
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
A	Maj Rollup Acc Dep Suspense	-$ 240,316		-$ 240,316			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
C	Suspense/Conversion/Error			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ 35,647,295**	**-$ 3,157,979**	**$ 38,805,274**	**$ -**	**$ -**	**$ -**	**$ 5,969,699**					**$ 1,961,468**	**$ -**	**$ 184,667**	**$ 2,146,135**	**$ 2,594,051**	**$ 447,916**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 the prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

Appendix 2-C
Depreciation and Amortization Expense
2015 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1612	Land Rights (Formally known as Account 1906)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1615	Land			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1620	Buildings &Fixtures	$ 3,024,218		$ 3,024,218			$ -	$ 385,060		0.00%	35.00	2.86%	$ 86,406	$ -	$ 5,501	$ 91,907	$ 132,687	$ 40,780
1650	Reservoirs Dams & Water			$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1665	Fuel Holders Produce	$ 6,921,707		$ 6,921,707			$ -			0.00%	35.00	2.86%	$ 197,763	$ -	$ -	$ 197,763	$ 212,150	$ 14,387
1670	Prime Movers	$ 5,570,288	-$ 2,889,966	$ 8,460,254			$ -	$ 973,391		0.00%	10.00	10.00%	$ 846,025	$ -	$ 48,670	$ 894,695	$ 1,070,467	$ 175,772
1675	Generators	$ 4,513,392	-$ 471,859	$ 4,985,251			$ -	$ 822,035		0.00%	16.00	6.25%	$ 311,578	$ -	$ 25,689	$ 337,267	$ 421,061	$ 83,794
1680	Accessory Electc Equ	$ 1,830,105	-$ 31,753	$ 1,861,858			$ -	$ 95		0.00%	17.00	5.88%	$ 109,521	$ -	$ 3	$ 109,524	$ 150,977	$ 41,453
1685	Misc Power Plant Equ	$ 2,161,430	-$ 14,046	$ 2,175,476			$ -	$ 4,560		0.00%	25.00	4.00%	$ 87,019	$ -	$ 91	$ 87,110	$ 109,075	$ 21,965
1805	Land	$ 193,125		$ 193,125			$ -			0.00%	50.00	2.00%	$ 3,863	$ -	$ -	$ 3,863	$ 5,712	$ 1,850
1806	L&Rights	$ 168,949		$ 168,949			$ -			0.00%	100.00	1.00%	$ 1,689	$ -	$ -	$ 1,689	$ 2,271	$ 582
1808	Buildings			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1810	Leasehold Improvements			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1825	Storage Battery Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 2,363,296	-$ 165	$ 2,363,461			$ -	$ 79,105		0.00%	55.00	1.82%	$ 42,972	$ -	$ 719	$ 43,691	$ 50,610	$ 6,919
1835	Overhead Conductors & Devices	$ 1,460,601	-$ 22	$ 1,460,623			$ -	$ 139,846		0.00%	50.00	2.00%	$ 29,212	$ -	$ 1,398	$ 30,611	$ 37,146	$ 6,535
1840	Underground Conduit			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1845	Underground Conductors & Devices	$ 163,012	-$ 73	$ 163,085			$ -			0.00%	30.00	3.33%	$ 5,436	$ -	$ -	$ 5,436	$ 7,701	$ 2,265
1850	Line Transformers	$ 1,511,300	-$ 18	$ 1,511,318			$ -	$ 120,118		0.00%	35.00	2.86%	$ 43,181	$ -	$ 1,716	$ 44,896	$ 51,922	$ 7,026
1855	Services (Overhead & Underground)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters	$ 365,859	-$ 57	$ 365,916			$ -	$ 33,655		0.00%	5.00	20.00%	$ 73,183	$ -	$ 3,365	$ 76,549	$ 38,233	-$ 38,316
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ 8,183,597		$ 8,183,597			$ -	$ 437,828		0.00%	40.00	2.50%	$ 204,590	$ -	$ 5,473	$ 210,063	$ 200,421	-$ 9,642
1910	Leasehold Improvements	$ 89,486		$ 89,486			$ -			0.00%	10.00	10.00%	$ 8,949	$ -	$ -	$ 8,949	$ 15,650	$ 6,701
1915	Office Furniture & Equipment (10 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 47,843		$ 47,843			$ -			0.00%	7.00	14.29%	$ 6,835	$ -	$ -	$ 6,835	$ 10,775	$ 3,940
1920	Computer Equipment - Hardware			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 14,818		$ 14,818			$ -			0.00%	5.00	20.00%	$ 2,964	$ -	$ -	$ 2,964	$ 9,497	$ 6,533
1930	Transportation Equipment			$ -			$ -	$ 3,488		0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1935	Stores Equipment	$ 88,674		$ 88,674			$ -			0.00%	8.00	12.50%	$ 11,084	$ -	$ -	$ 11,084	$ 22,325	$ 11,241
1940	Tools, Shop & Garage Equipment	$ 56,266		$ 56,266			$ -	$ 4,329		0.00%	6.00	16.67%	$ 9,378	$ -	$ 361	$ 9,738	$ 14,446	$ 4,708
1945	Measurement & Testing Equipment	$ 75,965		$ 75,965			$ -	$ 9,735		0.00%	5.00	20.00%	$ 15,193	$ -	$ 974	$ 16,167	$ 25,189	$ 9,022
1950	Power Operated Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	-$ 7,101	-$ 7,101	-$ 0			$ -			0.00%	7.00	14.29%	-$ 0	$ -	$ -	-$ 0	$ 687	$ 687
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 284,228		$ 284,228			$ -	$ 264,539		0.00%	5.00	20.00%	$ 56,846	$ -	$ 26,454	$ 83,300	$ 122,464	$ 39,164
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1985	Miscellaneous Fixed Assets			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
A	Maj Rollup Acc Dep Suspense	-$ 240,316		-$ 240,316			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
C	Suspense/Conversion/Error			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ 39,012,803**	**-$ 3,415,059**	**$ 42,427,862**	**$ -**	**$ -**	**$ -**	**$ 3,277,784**					**$ 2,153,687**	**$ -**	**$ 120,413**	**$ 2,274,100**	**$ 2,711,466**	**$ 437,366**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:
1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

Appendix 2-C
Depreciation and Amortization Expense
2016 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	**Description**	**Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]**	**Less Fully Depreciated [7]**	**Net Amount of Existing Assets Before Policy Change to be Depreciated**	**Opening Gross Book Value of Assets Acquired After Policy Change [2]**	**Less Fully Depreciated [8]**	**Net Amount of Assets Acquired After Policy Change to be Depreciated**	**Current Year Additions**	**Average Remaining Life of Assets Existing Before Policy Change [3]**	**Depreciation Rate Assets Acquired After Policy Change**	**Life of Assets Acquired After Policy Change [4]**	**Depreciation Rate on New Additions**	**Depreciation Expense on Assets Existing Before Policy Change**	**Depreciation Expense on Assets Acquired After Policy Change**	**Depreciation Expense on Current Year Additions [5]**	**Total Current Year Depreciation Expense**	**Depreciation Expense per Appendix 2-BA Fixed Assets, Column J**	**Variance [6]**
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1612	Land Rights (Formally known as Account 1906)	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1615	Land	$ -		$ -			$ -	$ 211,340		0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1620	Buildings &Fixtures	$ 3,276,591		$ 3,276,591			$ -			0.00%	35.00	2.86%	$ 93,617	$ -	$ -	$ 93,617	$ 137,030	$ 43,413
1650	Reservoirs Dams & Water	$ -		$ -			$ -			0.00%	-	0.00%	$ -	$ -	$ -	$ -		$ -
1665	Fuel Holders Produce	$ 6,709,557		$ 6,709,557			$ -			0.00%	35.00	2.86%	$ 191,702	$ -	$ -	$ 191,702	$ 207,882	$ 16,180
1670	Prime Movers	$ 5,473,412	-$ 3,093,416	$ 8,566,828			$ -	$ 2,150,627		0.00%	10.00	10.00%	$ 856,683	$ -	$ 107,531	$ 964,214	$ 1,079,006	$ 114,792
1675	Generators	$ 4,914,366	-$ 527,894	$ 5,442,260			$ -	$ 716,876		0.00%	16.00	6.25%	$ 340,141	$ -	$ 22,402	$ 362,544	$ 420,843	$ 58,299
1680	Accessory Electc Equ	$ 1,679,223	-$ 35,795	$ 1,715,018			$ -			0.00%	17.00	5.88%	$ 100,883	$ -	$ -	$ 100,883	$ 150,977	$ 50,094
1685	Misc Power Plant Equ	$ 2,056,915	-$ 14,451	$ 2,071,366			$ -			0.00%	25.00	4.00%	$ 82,855	$ -	$ -	$ 82,855	$ 109,075	$ 26,220
1805	Land	$ 187,413		$ 187,413			$ -			0.00%	50.00	2.00%	$ 3,748	$ -	$ -	$ 3,748	$ 5,712	$ 1,964
1806	L&Rights	$ 166,678		$ 166,678			$ -			0.00%	100.00	1.00%	$ 1,667	$ -	$ -	$ 1,667	$ 2,271	$ 604
1808	Buildings	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1810	Leasehold Improvements	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1825	Storage Battery Equipment	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 2,365,241	-$ 181	$ 2,365,422			$ -	$ 293,078		0.00%	55.00	1.82%	$ 43,008	$ -	$ 2,664	$ 45,672	$ 53,920	$ 8,248
1835	Overhead Conductors & Devices	$ 1,616,400	-$ 22	$ 1,616,422			$ -	$ 223,571		0.00%	50.00	2.00%	$ 32,328	$ -	$ 2,236	$ 34,564	$ 42,713	$ 8,149
1840	Underground Conduit	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1845	Underground Conductors & Devices	$ 155,311	-$ 159	$ 155,470			$ -			0.00%	30.00	3.33%	$ 5,182	$ -	$ -	$ 5,182	$ 7,701	$ 2,519
1850	Line Transformers	$ 1,552,857	-$ 25	$ 1,552,882			$ -	$ 75,044		0.00%	35.00	2.86%	$ 44,368	$ -	$ 1,072	$ 45,440	$ 53,207	$ 7,767
1855	Services (Overhead & Underground)	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1860	Meters	$ 361,281	-$ 63	$ 361,344			$ -	$ 74,092		0.00%	5.00	20.00%	$ 72,269	$ -	$ 7,409	$ 79,678	$ 41,563	-$ 38,115
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ 8,421,004		$ 8,421,004			$ -	$ 801,442		0.00%	40.00	2.50%	$ 210,525	$ -	$ 10,018	$ 220,543	$ 209,500	-$ 11,043
1910	Leasehold Improvements	$ 73,836		$ 73,836			$ -			0.00%	10.00	10.00%	$ 7,384	$ -	$ -	$ 7,384	$ 12,993	$ 5,609
1915	Office Furniture & Equipment (10 years)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 37,068		$ 37,068			$ -			0.00%	7.00	14.29%	$ 5,295	$ -	$ -	$ 5,295	$ 10,775	$ 5,480
1920	Computer Equipment - Hardware			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 5,321		$ 5,321			$ -			0.00%	5.00	20.00%	$ 1,064	$ -	$ -	$ 1,064	$ 4,083	$ 3,019
1930	Transportation Equipment	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1935	Stores Equipment	$ 66,349		$ 66,349			$ -			0.00%	8.00	12.50%	$ 8,294	$ -	$ -	$ 8,294	$ 18,844	$ 10,550
1940	Tools, Shop & Garage Equipment	$ 46,149		$ 46,149			$ -	$ 36,445		0.00%	6.00	16.67%	$ 7,692	$ -	$ 3,037	$ 10,729	$ 17,337	$ 6,608
1945	Measurement & Testing Equipment	$ 60,511		$ 60,511			$ -			0.00%	5.00	20.00%	$ 12,102	$ -	$ -	$ 12,102	$ 23,962	$ 11,860
1950	Power Operated Equipment	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	-$ 7,788	-$ 7,788	$ 0			$ -			0.00%	7.00	14.29%	$ 0	$ -	$ -	$ 0	$ 687	$ 687
1955	Communication Equipment (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 429,791		$ 429,791			$ -	$ 73,742		0.00%	5.00	20.00%	$ 85,958	$ -	$ 7,374	$ 93,332	$ 141,025	$ 47,693
1970	Load Management Controls Customer Premises			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1975	Load Management Controls Utility Premises	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1985	Miscellaneous Fixed Assets	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
A	Maj Rollup Acc Dep Suspense	-$ 240,316		-$ 240,316			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
C	Suspense/Conversion/Error	$ -		$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
	Total	**$ 39,579,231**	**-$ 3,679,791**	**$ 43,259,022**	**$ -**	**$ -**	**$ -**	**$ 4,656,257**					**$ 2,206,765**	**$ -**	**$ 163,744**	**$ 2,370,509**	**$ 2,751,106**	**$ 380,597**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 the prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

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Exhibit D2-10-01
Attachment 5
Page 1 of 1

Appendix 2-C
Depreciation and Amortization Expense
2017 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1612	Land Rights (Formally known as Account 1906)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1615	Land	$ -		$ -			$ -	$ -		0.00%	-	0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1620	Buildings &Fixtures	$ 3,350,901		$ 3,350,901			$ -	$ 13,760		0.00%	35.00	2.86%	$ 95,740	$ -	$ 197	$ 95,937	$ 140,158	$ 44,221
1650	Reservoirs Dams & Water	$ -		$ -			$ -	$ 206,000		0.00%	-	0.00%	$ -	$ -	$ -	$ -	$ 29,429	$ 29,429
1665	Fuel Holders Produce	$ 6,501,675		$ 6,501,675			$ -	$ 663,960		0.00%	35.00	2.86%	$ 185,762	$ -	$ 9,485	$ 195,247	$ 212,862	$ 17,615
1670	Prime Movers	$ 6,108,533	-$ 3,093,416	$ 9,201,949			$ -	$ 293,963		0.00%	10.00	10.00%	$ 920,195	$ -	$ 14,698	$ 934,893	$ 1,145,586	$ 210,693
1675	Generators	$ 5,064,899	-$ 527,894	$ 5,592,793			$ -	$ 139,268		0.00%	16.00	6.25%	$ 349,550	$ -	$ 4,352	$ 353,902	$ 402,004	$ 48,102
1680	Accessory Electc Equ	$ 1,528,246	-$ 35,795	$ 1,564,041			$ -	$ 275,300		0.00%	17.00	5.88%	$ 92,002	$ -	$ 8,097	$ 100,099	$ 158,465	$ 58,366
1685	Misc Power Plant Equ	$ 1,947,840	-$ 14,451	$ 1,962,291			$ -	$ 244,400		0.00%	25.00	4.00%	$ 78,492	$ -	$ 4,888	$ 83,380	$ 131,722	$ 48,342
1805	Land	$ 181,701		$ 181,701			$ -	$ -		0.00%	50.00	2.00%	$ 3,634	$ -	$ -	$ 3,634	$ 5,712	$ 2,078
1806	L&Rights	$ 164,407		$ 164,407			$ -	$ -		0.00%	100.00	1.00%	$ 1,644	$ -	$ -	$ 1,644	$ 2,271	$ 627
1808	Buildings	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1810	Leasehold Improvements	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1825	Storage Battery Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 2,604,399	-$ 181	$ 2,604,580			$ -	$ 331,289		0.00%	55.00	1.82%	$ 47,356	$ -	$ 3,012	$ 50,368	$ 58,452	$ 8,084
1835	Overhead Conductors & Devices	$ 1,797,258	-$ 22	$ 1,797,280			$ -	$ 236,538		0.00%	50.00	2.00%	$ 35,946	$ -	$ 2,365	$ 38,311	$ 45,582	$ 7,271
1840	Underground Conduit	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1845	Underground Conductors & Devices	$ 147,610	-$ 159	$ 147,769			$ -	$ -		0.00%	30.00	3.33%	$ 4,926	$ -	$ -	$ 4,926	$ 7,701	$ 2,775
1850	Line Transformers	$ 1,574,350	-$ 25	$ 1,574,375			$ -	$ 152,081		0.00%	35.00	2.86%	$ 44,982	$ -	$ 2,173	$ 47,155	$ 55,779	$ 8,624
1855	Services (Overhead & Underground)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1860	Meters	$ 393,810	-$ 63	$ 393,873			$ -	$ 56,487		0.00%	5.00	20.00%	$ 78,775	$ -	$ 5,649	$ 84,423	$ 43,756	-$ 40,667
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1908	Buildings & Fixtures	$ 9,012,946		$ 9,012,946			$ -	$ 818,452		0.00%	40.00	2.50%	$ 225,324	$ -	$ 10,231	$ 235,554	$ 225,375	-$ 10,179
1910	Leasehold Improvements	$ 60,843		$ 60,843			$ -	$ -		0.00%	10.00	10.00%	$ 6,084	$ -	$ -	$ 6,084	$ 12,993	$ 6,909
1915-A	Office Furniture & Equipment (10 years)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 26,293		$ 26,293			$ -	$ 17,500		0.00%	7.00	14.29%	$ 3,756	$ -	$ 1,250	$ 5,006	$ 8,998	$ 3,992
1920-A	Computer Equipment - Hardware	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920-B	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 1,238		$ 1,238			$ -	$ 8,750		0.00%	5.00	20.00%	$ 248	$ -	$ 875	$ 1,123	$ 1,238	$ 115
1930	Transportation Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1935	Stores Equipment	$ 47,505		$ 47,505			$ -	$ 26,250		0.00%	8.00	12.50%	$ 5,938	$ -	$ 1,641	$ 7,579	$ 17,859	$ 10,280
1940	Tools, Shop & Garage Equipment	$ 65,257		$ 65,257			$ -	$ -		0.00%	6.00	16.67%	$ 10,876	$ -	$ -	$ 10,876	$ 17,544	$ 6,668
1945	Measurement & Testing Equipment	$ 36,549		$ 36,549			$ -	$ 21,000		0.00%	5.00	20.00%	$ 7,310	$ -	$ 2,100	$ 9,410	$ 21,634	$ 12,224
1950	Power Operated Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1955	Communications Equipment	-$ 8,475	-$ 7,788	-$ 687			$ -	$ -		0.00%	7.00	14.29%	-$ 98	$ -	$ -	-$ 98	$ 687	$ 785
1955	Communication Equipment (Smart Meters)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 362,508		$ 362,508			$ -	$ 101,500		0.00%	5.00	20.00%	$ 72,502	$ -	$ 10,150	$ 82,652	$ 131,056	$ 48,404
1970	Load Management Controls Customer Premises	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1980	System Supervisor Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1985	Miscellaneous Fixed Assets	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1990	Other Tangible Property	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1995	Contributions & Grants	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
A	Maj Rollup Acc Dep Suspense	-$ 240,316		-$ 240,316			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
C	Suspense/Conversion/Error	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
	Total	**$ 40,902,038**	**-$ 3,679,791**	**$ 44,581,829**	**$ -**	**$ -**	**$ -**	**$ 3,606,498**					**$ 2,270,942**	**$ -**	**$ 81,162**	**$ 2,352,104**	**$ 2,876,863**	**$ 524,759**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 the prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

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Exhibit D2-10-01
Attachment 6
Page 1 of 1

Appendix 2-C
Depreciation and Amortization Expense
2018 (Accounting Standard USGAAP)

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d- e	g	h	i = 1/h	j	k = 1/j	l = c/j was l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1612	Land Rights (Formally known as Account 1906)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1615	Land	$ -		$ -			$ -	$ -		0.00%	-	0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1620	Buildings &Fixtures	$ 3,224,503		$ 3,224,503			$ -	$ 17,280		0.00%	35.00	2.86%	$ 92,129	$ -	$ 247	$ 92,376	$ 140,590	$ 48,214
1650	Reservoirs Dams & Water	$ 176,571		$ 176,571			$ -	$ -		0.00%	-	0.00%	$ -	$ -	$ -	$ -	$ 29,429	$ 29,429
1665	Fuel Holders Produce	$ 6,952,773		$ 6,952,773			$ -	$ 103,680		0.00%	35.00	2.86%	$ 198,651	$ -	$ 1,481	$ 200,132	$ 223,494	$ 23,362
1670	Prime Movers	$ 5,256,510	-$ 3,093,416	$ 8,349,926			$ -	$ 972,469		0.00%	10.00	10.00%	$ 834,993	$ -	$ 48,623	$ 883,616	$ 1,143,573	$ 259,957
1675	Generators	$ 4,802,163	-$ 527,894	$ 5,330,057			$ -	$ 375,896		0.00%	16.00	6.25%	$ 333,129	$ -	$ 11,747	$ 344,875	$ 443,590	$ 98,715
1680	Accessory Electc Equ	$ 1,645,081	-$ 35,795	$ 1,680,876			$ -	$ 545,400		0.00%	17.00	5.88%	$ 98,875	$ -	$ 16,041	$ 114,916	$ 180,788	$ 65,872
1685	Misc Power Plant Equ	$ 2,060,518	-$ 14,451	$ 2,074,969			$ -	$ 86,400		0.00%	25.00	4.00%	$ 82,999	$ -	$ 1,728	$ 84,727	$ 135,336	$ 50,609
1805	Land	$ 175,989		$ 175,989			$ -	$ -		0.00%	50.00	2.00%	$ 3,520	$ -	$ -	$ 3,520	$ 5,712	$ 2,192
1806	L&Rights	$ 162,136		$ 162,136			$ -	$ -		0.00%	100.00	1.00%	$ 1,621	$ -	$ -	$ 1,621	$ 2,271	$ 650
1808	Buildings	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1810	Leasehold Improvements	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1825	Storage Battery Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 2,877,236	-$ 181	$ 2,877,417			$ -	$ 205,620		0.00%	55.00	1.82%	$ 52,317	$ -	$ 1,869	$ 54,186	$ 63,120	$ 8,934
1835	Overhead Conductors & Devices	$ 1,988,214	-$ 22	$ 1,988,236			$ -	$ 143,934		0.00%	50.00	2.00%	$ 39,765	$ -	$ 1,439	$ 41,204	$ 49,044	$ 7,840
1840	Underground Conduit	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1845	Underground Conductors & Devices	$ 139,909	-$ 159	$ 140,068			$ -	$ -		0.00%	30.00	3.33%	$ 4,669	$ -	$ -	$ 4,669	$ 7,701	$ 3,032
1850	Line Transformers	$ 1,670,652	-$ 25	$ 1,670,677			$ -	$ 112,726		0.00%	35.00	2.86%	$ 47,734	$ -	$ 1,610	$ 49,344	$ 58,888	$ 9,544
1855	Services (Overhead & Underground)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1860	Meters	$ 406,541	-$ 63	$ 406,604			$ -	$ 51,040		0.00%	5.00	20.00%	$ 81,321	$ -	$ 5,104	$ 86,425	$ 47,046	-$ 39,379
1860	Meters (Smart Meters)			$ -			$ -			0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1905	Land	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1908	Buildings & Fixtures	$ 9,606,023		$ 9,606,023			$ -	$ 407,100		0.00%	40.00	2.50%	$ 240,151	$ -	$ 5,089	$ 245,239	$ 237,386	-$ 7,853
1910	Leasehold Improvements	$ 47,850		$ 47,850			$ -	$ -		0.00%	10.00	10.00%	$ 4,785	$ -	$ -	$ 4,785	$ 12,993	$ 8,208
1915-A	Office Furniture & Equipment (10 years)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1915	Office Furniture & Equipment (5 & 7 years)	$ 34,795		$ 34,795			$ -	$ 17,500		0.00%	7.00	14.29%	$ 4,971	$ -	$ 1,250	$ 6,221	$ 7,646	$ 1,425
1920-A	Computer Equipment - Hardware	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920-B	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 8,750		$ 8,750			$ -	$ 8,750		0.00%	5.00	20.00%	$ 1,750	$ -	$ 875	$ 2,625	$ -	-$ 2,625
1930	Transportation Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1935	Stores Equipment	$ 55,896		$ 55,896			$ -	$ 26,250		0.00%	8.00	12.50%	$ 6,987	$ -	$ 1,641	$ 8,628	$ 16,838	$ 8,210
1940	Tools, Shop & Garage Equipment	$ 47,713		$ 47,713			$ -	$ -		0.00%	6.00	16.67%	$ 7,952	$ -	$ -	$ 7,952	$ 14,625	$ 6,673
1945	Measurement & Testing Equipment	$ 35,915		$ 35,915			$ -	$ 21,000		0.00%	5.00	20.00%	$ 7,183	$ -	$ 2,100	$ 9,283	$ 14,917	$ 5,634
1950	Power Operated Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1955	Communications Equipment	-$ 9,162	-$ 7,788	-$ 1,374			$ -	$ -		0.00%	7.00	14.29%	-$ 196	$ -	$ -	-$ 196	$ 687	$ 883
1955	Communication Equipment (Smart Meters)			$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 332,952		$ 332,952			$ -	$ 101,500		0.00%	5.00	20.00%	$ 66,590	$ -	$ 10,150	$ 76,740	$ 105,872	$ 29,132
1970	Load Management Controls Customer Premises	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1980	System Supervisor Equipment	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1985	Miscellaneous Fixed Assets	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1990	Other Tangible Property	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1995	Contributions & Grants	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
A	Maj Rollup Acc Dep Suspense	-$ 240,316		-$ 240,316			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
B	Acc Dep - Contra for Group Retirement	$ 172,061		$ 172,061			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
C	Suspense/Conversion/Error	$ -		$ -			$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
	Total	**$ 41,631,273**	**-$ 3,679,791**	**$ 45,311,064**	**$ -**	**$ -**	**$ -**	**$ 3,196,545**					**$ 2,211,893**	**$ -**	**$ 110,995**	**$ 2,322,887**	**$ 2,941,546**	**$ 618,659**

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
2 the prior year's additions.
3 A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated.
4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
6 The applicant must provide an explanation of material variances in evidence.
7 This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
8 This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset